Chapter 11

An attitudinal measure of corporate reputation

Albert Caruana

AT THE END OF THIS CHAPTER READERS SHOULD BE ABLE TO:

1. Recognize that different stakeholders consider different aspects of corporate reputation
2. Consider utilizing an attitudinal conceptualization of corporate reputation
3. Follow the outlined procedure for the operationalization of corporate reputation from a chosen stakeholder's perspective

KEY POINTS

- There is often considerable confusion in distinguishing among corporate identity, image, and reputation. In corporate reputation the focus is on differences among the various stakeholders of the firm.
- The prevalent definition of corporate reputation is critically considered and the various attempts at developing questionnaires to measure it are evaluated. An alternative attitudinal measure of corporate reputation is put forward that is developed in the context of the theory of planned behavior.
- A procedure that enables the development of questionnaires can provide a direct evaluation of corporate reputation. This also provides a diagnostic procedure tailored to provide management with insights as to how corporate reputation can be improved.
- The robust questionnaire development procedure outlined opens the way to future research that can provide a more meaningful examination and understanding of the variables that influence corporate reputation and the effect this in turn has on other concepts.
Corporate reputation has received increasing attention in recent years. Its importance is highlighted in the literature, primarily because of the various beneficial outcomes that have been suggested. These include the intention to purchase a service, a positive outlook of buyers towards salespersons and products, attracting investors, lowering the cost of capital, and enhancing the competitive ability of the firm, and the ability to attract good employees.

The area of corporate reputation suffers from an absence of sufficient clarity, particularly in its theoretical underpinning. At times the theoretical issue is not considered at all. At other times either a stakeholder's perception is put forward as its basis or a firm's perspective that emphasizes signaling theory. Signaling theory suggests that a firm will provide signals through its actions and communications. The company adopts these signals to reveal hidden attributes to its stakeholders. The company adopts these signals to reveal hidden attributes to its stakeholders. Therefore, a rational stakeholder expects a sensible company to honor the implicit commitment transmitted by a signal. Failing to honor the commitment is perceived by the consumer to be economically unwise. The signals emitted form the basis of the company's corporate reputation.

The literature exhibits a number of attempts that have been made to measure corporate reputation. These attempts are rendered all the more challenging due to an absence of clarity among the use of the terms corporate identity, corporate image, and corporate reputation that have at times also been used interchangeably. Berens and Van Riel (2004) group the various measures developed under three main headings, namely those relating to: (1) social expectations; (2) corporate personality traits; and (3) trust. The result is a plethora of measures with myriad dimensions that are meant to capture the corporate reputation construct with little agreement on an acceptable measure with the necessary measurement rigorous to help develop and deepen the theory related to corporate reputation.

This chapter takes an attitudinal perspective of corporate reputation within the context of the theory of planned behavior (Ajzen 1991). Although the approach presented here represents a fundamental departure from current methods it is in no way intended to muddy the water further. Rather, it seeks to latch on to an established theory with established questionnaire-building procedures that provides an opportunity for rapid advances in better understanding of the role of corporate reputation in relation to other concepts. In this chapter, corporate identity, corporate image, and corporate reputation are first reviewed and the main ways in which corporate reputation is currently measured are considered. It proceeds to argue for an alternative attitudinal measure within the theory of planned behavior and maps out an application of the theory to the development of corporate identity, corporate image, and corporate reputation.

The terms corporate reputation, corporate identity, and image create a degree of confusion that requires clarification. Unfortunately, despite significant contributions in the last few years towards understanding and identifying corporate identity, a definitive definition of this concept and its measurement does not yet exist. Moingeon (1999) holds that organizational identity is a complex advance over organizational culture because it permits researchers to explore more depth the dynamics of organizations. The author also argues that a definition of organizational identity is both an analysis of the visible part of the organization (the symbolic products) and an analysis of the hidden part of the organization (organizational imagination), which is much harder task. In again corporate identity has been defined in terms of an organization's ethos, aims, and values, and create a sense of individuality and differentiation. Following a review of the literature, Meléwar and Jenkins (2002) examine the definitions, modes, and specific elements of corporate identity and propose a holistic model for corporate identity, based on four dimensions—communication and visual identity, corporate culture, and market conditions. Interestingly, Bromley (2000) argues that corporate identity is the way members conceptualize their organization, restricts it therefore to the view of internal stakeholders, he they employees, managers, and others.

Stuart (1999) looks at corporate image claims that if corporate identity is managed, then the resulting corporate image will accurately reflect the beliefs, and strategic direction of the company. Much of the research on corporate image is about the way an organization presents itself to its publics, especially visually (Bromley 2000). Goiti and Wilson (2001) review different views in the marketing literature in an attempt to clearly define the concept of corporate reputation and identify its relationship with corporate image. The author identifies between the "analogous" school of thought, which views corporate reputation as synonymous with corporate image, and the "differentiated" school of thought, which considers the terms to be different but according to the views of the authors, interrelated. They argue that, on balance, the weight of evidence suggests that there is a dynamic, bilateral relationship between a firm's corporate reputation and its projected corporate image.

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Corporate reputation has received increasing attention in recent years. Its importance is highlighted in the literature, primarily because of the various beneficial outcomes that have been suggested that it is capable of providing. These include the intention to purchase a service; a positive outlook of buyers towards salespersons and products; attracting investors, lowering the cost of capital and enhancing the competitive ability of the firm; and the ability to attract good employees.

The area of corporate reputation suffers from an absence of sufficient clarity, particularly in its theoretical underpinning. At times the theoretical issue is not considered at all. At other times either a stakeholder's "perception" is put forward as its basis or a firm's perspective that emphasizes signaling theory. Signaling theory suggests that a firm will provide signals through its actions and communications. The company adopts these signals to reveal hidden attributes to its stakeholders. Signaling theory shows that "high signaling costs" ensure that it is in both parties' interest to send honest signals despite prima facie incentives to deceive. Therefore, a rational stakeholder expects a sensible company to honor the implicit commitment transmitted by a signal. Failing to honor the commitment is perceived by the consumer to be economically unwise. The signals emitted form the basis of the company's corporate reputation.

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**CORPORATE IDENTITY, CORPORATE IMAGE, AND CORPORATE REPUTATION**

The terms corporate reputation, corporate identity, and image create a degree of confusion that requires clarification. Unfortunately, despite significant contributions in the last few years towards understanding and identifying corporate identity, a definitive definition of this concept and its measurement does not yet exist. Moingeon (1999) holds that organizational identity is a conceptual advance over organizational culture because it permits researchers to explore more depth the dynamics of organizations. The author also argues that a deeper insight of organizational identity is both an analysis of the visible part of the organization (the symbolic products) and an analysis of the hidden part of the organization (organizational imagination), which is a much harder task. In again corporate identity has been defined in terms of an organization's ethos, aims, and values and create a sense of individuality and differentiation. Following a review of the literature, Melewar and Jenkins (2002) examine the definitions, modes, and specific elements of corporate identity and propose a holistic model for corporate identity, based on four dimensions—communication and visual identity, corporate culture, and market conditions. Interestingly, Bromley (2000) argues that corporate identity is the way members conceptualize their organization, restricts it therefore to the view of internal stakeholders, he they employees, managers, and others.

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organization. Visual enhancements, like logos and branding, play an important but secondary role. On the other hand, it is corporate image with its emphasis on external stakeholders and its stronger emphasis on branding and media dimensions that sustains a firm's desired positioning. Notwithstanding, it would not be possible to achieve a tenable corporate image in the absence of a relevant corporate identity as it is the latter that sustains it. Therefore, while short-term success in building a positive corporate image may be possible (e.g. for a new company, or in an image repositioning exercise through extensive use of media advertising), long-run success is not sustainable in the absence of congruence provided by a meaningful corporate identity. Without the sustenance that corporate identity can provide, corporate image success is at best fleeting. Figure 11.1 seeks to capture the above in diagrammatic form.

Fombrun (1996: 72) defines corporate reputation as "a perceptual representation of a company’s past actions and future prospects that describes the firm’s overall appeal to all of its key constituents when compared with other leading rivals.” This definition emphasizes the process of how corporate reputation comes about. It makes four main points: it establishes perception as the basis for reputation formation; it recognizes the existence of various stakeholders but suggests the aggregation of these perceptions across stakeholders; it puts forward the relative nature of the perception process in relation to competitors; and it holds that reputation is cumulative, being the result not only of a company’s past actions but also of its past actions. Gotsi and Wilson (2001) argue that reputations embody two fundamental dimensions of firms’ effectiveness: an appraisal of firms’ economic performance, and an evaluation of firms’ success in fulfilling social responsibilities. It has been said that in today’s world, the emotional viewpoint of the media and public opinion predominate and they influence changes in corporate reputation. Critical news reports and specific negative incidents have an ability to diminish the reputation of a firm. In this context the media, especially print media, plays a crucial role since most stakeholders rely on print and visual media to obtain and disseminate information about a firm.

Fombrun’s definition has been very influential and has conditioned much of what has come later. Moreover, the idea that corporate reputation is an aggregation of the perception of different stakeholders has received wide acceptance. For example, Dalton (2003: 27) defines corporate reputation as the sum of the values that stakeholders attribute to a company based on their perception and the interpretation of the image that it communicates and its behavior over time. This position is supported by other writers who assert that reputation is the sum total of stakeholders’ perceptions and a direct function of the perceptions of the public involved with a company or its brands. Yet this notion of corporate reputation as an aggregation of all stakeholders’ salient perceptions probably owes its origin to the position adopted by the first questionnaire on corporate reputation used by Fortune in its Most Admired Companies measure since 1983. One can appreciate its “practical” summary benefits for communication purposes in such a publication; however such an aggregation does not exist in the perception of any stakeholder group and is a complete fiction. Wartick (2002: 376–8) provides a practical example to show how this process of aggregation can be very misleading. In line with this position this chapter argues that any aggregation should be of single stakeholder’s perception and there is not one but a number of corporate reputations for a firm that necessarily vary by stakeholder group. Therefore, in considering corporate reputation the emphasis is on differences among the various stakeholders of the firm while in the case of corporate identity and corporate image the emphasis is on differences among firms, which differences enable the firm to achieve a desired positioning.

**CURRENT QUESTIONNAIRES USED TO MEASURE CORPORATE REPUTATION**

The area of corporate reputation will develop more holistically and be able to provide management with worthwhile findings only if researchers are able to ensure more rigor in the measures that are meant to capture corporate reputation. Following a review of the literature, Berens and Van Riel (2004) identify three main types of perceptions to discuss and/or measure corporate reputation, namely those relating to: (1) social expectations; (2) corporate personality traits and (3) trust. Each is reflected in fairly well-established questionnaires such as (1) the annual Fortune’s (latest 2006) Most Admired Companies and the Reputation Quotient (Fombrun, Gardberg and Sever 2000) (2) Corporate Personality scale (Davies, Chun, da Silva, and Roper 2001) and (3) Corporate Credibility scale (Newell and Goldsmith 2001), respectively. The result is myriad dimensions that are meant to capture the corporate reputation concept. Moreover, examination of
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these measures often indicates poor or dubious questionnaire development procedures that stall real progress in better understanding corporate reputation. These questionnaires will be considered in more detail.

The Fortune Most Admired Companies and the Reputation Quotient (RQ) questionnaires represent the two principal social expectation type of measures that have been used. Possibly because it was the first of its kind, Fortune magazine’s annual list of America’s most admired companies enjoys high visibility and recognition. Since 1983 Fortune has asked top executives, directors, and financial analysts to rate companies within their industries on eight or nine attributes depending on whether American or global companies are being assessed. The attributes are: (1) long-term investment value; (2) financial soundness; (3) wise use of corporate assets; (4) quality of management; (5) quality of products or service; (6) innovativeness; (7) ability to attract and retain talented people; (8) social responsibility to the community and the environment; and in the case of global firms (9) effectiveness in doing business globally. Fryxell and Wang (1994) criticize the Fortune index in that out of the eight attributes used for American firms the first four attributes listed above relate to performance, while constructs like innovation, corporate social responsibility, and management quality and human resources issues are being captured by single-item measures. Indeed, confirmatory factor analysis indicates that with the exception of the question dealing with “Social responsibility to the community and the environment,” the reply to the rest of the questions are being influenced by the perceptions that respondents have of the financial potential of the particular firm (Fryxell and Wang 1994: 11). This, therefore, suggests that the Fortune index measures little beyond the firm’s reputation for financial performance.

In measuring corporate reputation via the Reputation Quotient (RQ), Fombrun, Gardberg, and Sever (2000: 243) use the following “integrative” definition that holds that corporate reputation “is a collective representation of a firm’s behaviour and outcomes that describes the firm’s ability to render valued results to multiple stakeholders.” This perspective, which has also been used in other subsequent research, indicates a signaling perspective as against the earlier definition of Fombrun (1996: 72) that had a stronger emphasis on stakeholder perception of corporate reputation. Indeed, the original RQ consisted of 32 questions grouped into 8 categories subsequently reduced to a 20-question version to make up an aggregate measure that scores an organization on six categories. These are reported to be: (1) emotional appeal (good feeling about the company/admire and respect the company/trust the company); (2) products and services (stands behind products/services/has high-quality products/services/develops innovative products/services/has good products/services); (3) vision and leadership (has excellent leadership/has a clear vision for the future/recognition and takes advantage of market opportunities); (4) workplace environment (is well managed/looks like a good company to work for/looks like it has good employees); (5) financial performance (record of profitability/looks like a low-risk investment/strong prospects for future growth/tends to outperform its competitors); (6) social responsibility (supports good causes environmen tally responsible/treats people well). As part of the validation testing the authors report the removal of the 3 emotional appeal questions and report that the remaining 17 questions load onto a single Rational Appeal factor. They therefore suggest that corporate reputation combines two factors: Emotional Appeal and Rational Appeal. In addition, work-in-progress has been reported involving cross-nationality validity and equivalence testing to develop a “global” RQ. However, given the nature of the instrument this is likely to be no easy task.

The operationalization of the RQ instrument is inadequately grounded in theory and it is hard to see how the definition used has guided instrument development. Moreover, the process of aggregation pursued that involves obtaining an overall score that purports to provide the aggregate reputation of all stakeholders appears to be driven by commercial rather than sound measurement considerations. The resultant aggregate score is too approximate to meaningfully capture and communicate the perception of anyone and can be quite misleading. In addition, insufficient support is provided to arrive at a balanced view of the rigor underlying the development of the RQ instrument, including its dimensionality, reliability of individual factors, and thorough testing for validity.

A second stream of measures of corporate reputation has focused on personality. The idea of corporate personality comes from the existence of a five-factor structure identified in human personality research which Aaker (1997) extended and applied to develop her brand personality instrument. Inspired by this work, Davies et al. (2001) make use of the “personality metaphor” to look at organizations. They in turn seek to extend the measure of brand personality to capture both external corporate image and also internal corporate identity. Utilizing this approach the authors identify seven rather than the five factors in Aaker’s original instrument. Some commonality is reported among the two sets of factors. More recently, Slaughter, Zickar, Highhouse, and Mohr (2004) have developed an organizational personality instrument whose items share many commonalities with the instrument proposed by Aaker. This is an interesting stream of research that could benefit from further theoretical development and measurement testing. A deeper explication of the theoretical basis for the use of personality or its metaphor in relation to organizations as against perceptions would also be beneficial. It might be best to treat external corporate image and internal corporate identity as part of organizational personality which makes it possible for management to clearly position the firm by consciously emphasizing one or a set of possible organizational personality dimensions. Therefore, while organizational personality seeks to emphasize differences among brands, corporate reputation needs to recognize differences among the many stakeholders of the same brand.
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The third stream of measures of corporate reputation has focused on corporate credibility and owes its inspiration to the important role that source credibility plays in communications and advertising. Corporate credibility is defined by Newell and Goldsmith (2001: 238) as the perceived expertise, reliability, trustworthiness, and truthfulness of a company. Using established questionnaire development procedures corporate credibility is captured via eight questions consisting of the two dimensions of expertise and trustworthiness. These dimensions appear to be important in building corporate reputation but are likely to be more appropriately envisaged as variables that result in corporate reputation but are not a direct and integral part of the concept.

In all the measures that have been considered there is an underlying assumption that corporate reputation should be a "net" aggregation of the perceptions of all the different stakeholders. It is here argued that any attempt at identifying an overall corporate reputation among all stakeholders is a measure of fiction that is not reflective of any constituent stakeholder’s reality. Each stakeholder may have knowledge about issues concerning the company that extend beyond narrow stakeholders’ interest but the weighting attributed to these issues cannot be as high as the weighting given to those issues that directly impact the stakeholder group. This aspect of aggregation across stakeholders has clouded the concept’s measurement and requires revision.

AN ALTERNATIVE ATTITUDE-BASED MEASURE

Corporate reputation is rooted in perceptions that give rise to beliefs. It can be argued that the point of departure is that stakeholders initially continue to accept current beliefs concerning the corporate reputation of the firm. Such beliefs have privileged status and do not require justification. However, new perceptions resulting from additional or changing information that is processed requires justification and may result in a change of belief and an adjustment in corporate reputation. With such a perspective it is possible to consider beliefs as the mechanism that allows the formation of a corporate reputation.

A look at the literature indicates that an attitudinal basis offers a useful foundation of advancement in developing a sound corporate reputation measure. Indeed, Fombrun (1996: 37) at one point does in effect put forward such an attitudinal perspective describing corporate reputation as the overall estimation in which a company is held by its constituents. The author further argues that a corporate reputation represents the “net” affective or emotional reaction—good or bad, weak or strong—of customers, investors, employees, and the general public to the company’s name. This position reflects early work by Levitt (1965) who describes perceived company reputation as the perception of the extent to which a particular vendor company is well known, good or bad, reliable,

trustworthy, reputable, and believable. Using the attitudinal approach of Levitt, Brown (1995: 175) measures corporate reputation using 6, 7 point, bipolar questions that ask respondents to rank the firm under consideration to all companies in the industry and to rate the firm on a set of items as follows: the very best—the very worst; the least reliable—the most reliable; the least reputable—the most reputable; the least believable—the most believable; not at all known—the best known; and the least trustworthy—the most trustworthy. On the basis of the above it appears that an attitudinal measure of corporate reputation is also able to offer a useful way forward.

ATTITUDES AND THE THEORY OF PLANNED BEHAVIOR

The view of attitudes held by most contemporary social psychologists suggests that the main attribute of an attitude is its evaluative nature, and consists of a disposition to respond favorably or unfavorably to an object, person, institution, or event (Ajzen 1988: 4). An attitude comprises three main components: behavioral beliefs, affect, and behavioral intentions, that ultimately result in action. Beliefs consist of knowledge, ideas, and opinions about an attitude object. For most attitude objects (the firm or organization in our case), people may have a set of beliefs. Beliefs about the possible consequences of the behavior and the value the person gives to these outcomes result in behavioral beliefs. The more positive beliefs are associated with the company and the more positive each belief is evaluated, the more favorable the overall behavioral beliefs component will be. Of course the beliefs comprising the behavioral beliefs need not be true or correct; they need only to exist in the person’s mind. The outcome of an attitude is behavioral intentions that consist of a tendency to act or react in a certain way with respect to the attitude object (Ajzen 1988). It includes intentions, commitments, and actions which have to do with the attitude object. It consists of what people say they do or would do under particular conditions. For instance, investing persons who hold a positive attitude towards a company may express the intention to buy the company’s shares and vice versa.

The theory of planned behavior (TPB) argues that human behavior is influenced by attitudes toward a specific behavior, rather than by general attitudes. These attitudes are the result of beliefs about the possible consequences of the behavior and the value that people give to these outcomes. Thus, individual form certain beliefs about an object and these beliefs, in turn, lead to the formation of attitudes that are consistent with them. Since beliefs already have a positive or negative connotation, persons inevitably acquire a favorable or unfavorable attitude toward an attitude object. TPB offers a framework linking attitude towards an object together with Subjective Norms (SN) and Perceived Behavioral Control (PBC) to behavior intention and actual action. Behavioral intentions reflect the willingness
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In all the measures that have been considered there is an underlying assumption that corporate reputation should be a "net" aggregation of the perceptions of all the different stakeholders. It is here argued that any attempt at identifying an overall corporate reputation among all stakeholders is a measurement fiction that is not reflective of any constituent stakeholder's reality. Each stakeholder may have knowledge about issues concerning the company that extend beyond narrow stakeholders' interest but the weighting attributed to these issues cannot be as high as the weighting given to those issues that directly impact the stakeholder group. This aspect of aggregation across stakeholders has clouded the concept's measurement and requires revision.

AN ALTERNATIVE ATTITUDE-BASED MEASURE

Corporate reputation is rooted in perceptions that give rise to beliefs. It can be argued that the point of departure is that stakeholders initially continue to accept current beliefs concerning the corporate reputation of the firm. Such beliefs have privileged status and do not require justification. However, new perceptions resulting from additional or changing information that is processed requires justification and may result in a change of belief and an adjustment in corporate reputation. With such a perspective it is possible to consider beliefs as the mechanism that allows the formation of a corporate reputation.

A look at the literature indicates that an attitudinal basis offers a useful foundation for advancement in developing a sound corporate reputation measure. Indeed, Fombrun (1996: 37) at one point does in effect put forward such an attitudinal perspective describing corporate reputation as the overall estimation in which a company is held by its constituents. The author further argues that a corporate reputation represents the "net" affective or emotional reaction—good or bad, weak or strong—of customers, investors, employees, and the general public to the company's name. This position reflects early work by Levitt (1965) who describes perceived company reputation as the perception of the extent to which a particular vendor company is well known, good or bad, reliable, trustworthy, reputable, and believable. Using the attitudinal approach of Levitt, Brown (1995: 175) measures corporate reputation using 6, 7 point, bipolar questions that ask respondents to compare the firm under consideration to all companies in the industry and to rate the firm on a set of items as follows: the very best—the very worst; the least reliable—the most reliable; the least reputable—the most reputable; the least believable—the most believable; not at all known—the best known; and the least trustworthy—the most trustworthy. On the basis of the above it appears that an attitudinal measure of corporate reputation is able to offer a useful way forward.

ATTITUDES AND THE THEORY OF PLANNED BEHAVIOR

The view of attitudes held by most contemporary social psychologists suggests that the main attribute of an attitude is its evaluative nature, and consists of a disposition to respond favorably or unfavorably to an object, person, institution, or event (Ajzen 1988: 4). An attitude comprises three main components: behavioral beliefs, affect, and behavioral intentions, that ultimately result in action. Beliefs consist of knowledge, ideas, and opinions about an attitude object. For most attitude objects (the firm or organization in our case), people may have a set of beliefs. Beliefs about the possible consequences of the behavior and the value the person gives to these outcomes result in behavioral beliefs. The more positive beliefs are associated with the company and the more positive each belief is evaluated, the more favorable the overall behavioral beliefs component will be. Of course the beliefs comprising the behavioral beliefs need not be true or correct; they need only to exist in the person's mind. The outcome of an attitude is behavioral intentions that consist of a tendency to act or react in a certain way with respect to the attitude object (Ajzen 1988). It includes intentions, commitments, and actions which have to do with the attitude object. It consists of what people say they do or would do under particular conditions. For instance, investing persons who hold a positive attitude towards a company may express the intention to buy the company's shares and vice versa.

The theory of planned behavior (TPB) argues that human behavior is influenced by attitudes toward a specific behavior, rather than by general attitudes. These attitudes are the result of beliefs about the possible consequences of the behavior and the value the person gives to these outcomes. Thus, individuals form certain beliefs about an object and these beliefs, in turn, lead to the formation of attitudes that are consistent with them. Since beliefs already have a positive or negative connotation, persons inevitably acquire a favorable or unfavorable attitude toward an attitude object. TPB offers a framework linking attitude toward an object together with Subjective Norms (SN) and Perceived Behavioral Control (PBC) to behavior intention and actual action. Behavioral intentions reflect the willingness...
of the individuals to try to perform the particular behavior. Generally, the stronger the individual’s intention to engage in a particular behavior the more likely the individual is to actually perform that behavior.

APPLYING THE QUESTIONNAIRE DEVELOPMENT PROCESS IN THE TpB TO CORPORATE REPUTATION

It is possible for individuals to have multiple attitudes and corporate reputation can be treated as one such attitude. On the basis of the TpB, it is possible to utilize both an indirect belief-based measure of corporate reputation as well as a direct attitude-based measure of corporate reputation. Both belief-based and attitude-based measures of corporate reputation need to be developed from the perspective of one of the many possible stakeholder perspectives. However, in capturing the attitude-based measure of corporate reputation it is possible to have the same instrument across the different stakeholders groups by using the semantic scale format for a six-question measure as described by Brown (1995). It would take the following form:

Compared to all companies in the industry how would you rate XYZ Company:

- the very worst: ________________
- the least reliable: ________________
- the least reputable: ________________
- the least believable: ________________
- the least trustworthy: ________________
- the most reliable: ________________
- the most reputable: ________________
- the most believable: ________________
- the most trustworthy: ________________

This questionnaire is known to be unidimensional, exhibits high item-total correlations and provides good levels of reliability in terms of Cronbach alpha (Brown 1995). The scale consists of a mix of adjectives together with the least reliable/most reliable item that helps capture the overall evaluation.

Indirect belief-based items provide an alternative way of measuring corporate reputation. These must necessarily be developed for each stakeholder group and the questions used are unlikely to be common across the different stakeholders’ groups. Indeed where any commonality in beliefs may exist the particular belief may be subject to a different weighting for evaluation purposes. The set of beliefs identified together with their “explanation” of corporate reputation allows for depth and enhanced understanding. In essence the set of identified beliefs and their subsequent evaluation are similar to dimensions of a concept. They provide a diagnostic capability that can make for meaningful corporate reputation

management action. Ajzen (2002: 8-11) provides a procedure for building the belief-based questionnaire. The author starts by pointing out that: (1) in identifying beliefs it is necessary to identify beliefs that are readily accessible in memory (salient); (2) unlike in the case of the attitude-based measure of corporate reputation, the belief-based questions need not exhibit internal consistency as it is the single aggregation resulting from the beliefs that is the measure, and (3) testing of reliability should be via test-retest procedures. A first step involves piloting. In the case of the corporate reputation of a particular stakeholder group the researcher will be looking at a list of the most commonly held beliefs (modal accessible beliefs) among the group. The first step is to ask about advantages followed by the disadvantages and finally probing for further issues. The advantage question for a service firm could be framed along the following lines:

- Compared to all companies in the industry, what do you believe are the advantages of using the services provided by XYZ Company?

If a long list of beliefs results it is possible to group these into categories and a subset included in a questionnaire to capture the concept. Each of the beliefs identified need to be suitably worded and accompanied by a 7-point scale described by extremely unlikely (= 1) and extremely likely (= 7) at either end. In addition, the same issue also needs to be evaluated with a 7-point scale suitably described at either end. This procedure for building the questions that make up the measure needs to be repeated for each advantage/disadvantage identified.

CASE VIGNETTE: Virgin

We like to think that corporate names mean something. By selecting products from certain firms we are not just buying a product. We may be reducing perceived risk, saving time to spend it doing other more important things in life or simply using our purchase to make a statement about our lifestyle choices. Of course we often pay a premium for the privilege—often without even batting an eyelid. Take the Virgin group, with the quirky, innovative, and fun positioning that sets it apart from the other large, faceless corporations. The company is epitomized by its founder Richard Branson who has built the Virgin empire that encompasses unrelated businesses that include, trains, cars, finance, soft drinks, music, mobile phones, holidays, wines, publishing, bridal wear, and cosmetics. The Virgin name is an effective source of differentiation in the market for the different businesses under this umbrella brand. However, the Virgin name does not stand for the same values among investors as among customers.

Yet in today's increasingly global marketplace, large multinational corporations adopt more than one stance. Take the likes of Procter & Gamble and Unilever. Between them, they own almost every consumer product you could think

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of. They differentiate primarily at the individual product brand level rather than at the corporate level. It is probably correct to say that consumers do not care as to who owns which brand. In all likelihood the average shopper may not even care that Max Factor belongs to Procter & Gamble and that Flora margarine belongs to Unilever, as long as the product is able to meet his or her needs. But other stakeholders often do. There are those for whom this knowledge is relevant. Others view consumers, shareholders, regulators, and many others. Yet what is relevant is unlikely to be the same or equally relevant to all.

CONCLUSION

This chapter commenced by considering the issue of corporate identity, corporate image, and corporate reputation. It recognizes the internal stakeholder focus of corporate identity and its effect on corporate image. The latter effect is among external stakeholders and is enhanced via strong media inputs. It further argues that the present aggregation of all stakeholders to arrive at a “net” corporate reputation is erroneous. Any aggregation of corporate reputation should be single stakeholder’s perception and there is not one but a number of corporate reputations for a firm that necessarily vary by stakeholder group. Examination of some of the principal questionnaires currently in use to capture corporate reputation indicates various shortcomings that include both measure deficiencies and an absence of a clear theoretical base. Without development in this area it will be difficult to foster further understanding and theory testing and development.

In line with various indications provided by other authors, this chapter argues for an attitude-based measure of corporate reputation and proposes the adoption of the theory of planned behavior as an underpinning theory. In this context it suggests adopting the questionnaire development methodology of this theory, arguing that it is possible to measure corporate reputation either as a belief-based and/or attitude-based concept. The decision as to which measure to opt for depends much on the use that it will be put to. If the objective of the organization is to understand the corporate reputation held by one of its stakeholder group, it can utilize both methods. The firm would use the attitude-based measure as an aggregate summary score of corporate reputation among the particular stakeholder group while it would use the belief-based measure to allow for deeper diagnostics and understanding. The results from both measures should be highly correlated as the same concept is being captured. On the other hand, if the organization wishes to measure its corporate reputation among different stakeholder groups it can use the attitude-based measure that provides a summary measure for each stakeholder group. Moreover, since the measure will have the same questions, a direct comparison of scores is possible. However, it should not be aggregated to arrive at some supposed overall measure of corporate reputation. Beliefs and their evaluation will necessarily vary by stakeholder group so a comparison among stakeholders is not possible with a belief-based measure of corporate reputation. For the purpose of theory development either belief-based or attitude-based measure of corporate reputation can be used but an attitude-based measure would appear to be more appropriate. This questionnaire development process allows for the systematic investigation of variables that have a direct effect on corporate reputation as well as the incorporation of SN and PBC and their effect on intentions. It opens the way for deeper understanding of the role of corporate reputation.

Like any other theory, the theory of planned behavior is not without its critics. Thus, other theorists have proposed that the attitude’s accessibility in memory is what influences the attitude–behavior link. Therefore, it is in cases when the individual has direct contact with the attitude object, has a particular vested interest in the behavior, or is significantly confident about the attitude, that the attitude–behavior link is most likely to predict behavior. Notwithstanding these observations, the operationalization of corporate reputation via TPB as has been discussed can potentially open the way to building a useful understanding of the role of corporate reputation, enabling empirical investigation of the effect of such variables as trust, service quality, and satisfaction on corporate reputation and in turn its effect on various outcomes.

ISSUES FOR FURTHER DISCUSSION

1. Is a focus on the concepts of brand and organizational personality likely to be more useful than an emphasis on corporate image and corporate identity?
2. What are the principal variables that are likely to have a direct effect on corporate reputation? What are some of the likely outcomes of corporate reputation?
3. Is corporate reputation more relevant to service firms rather than to industrial or consumer product firms?
4. Compared to other companies in one of the industries the firm competes in, identify the key advantages and disadvantages you associate with using the product offerings of Virgin taking a (a) customers’, (b) shareholders’, and (c) employees’ perspective.
5. Repeat the exercise for Unilever to identify the key advantages and disadvantages you associate, taking a (a) customers’, (b) shareholders’, (c) employees’ perspective. Contrast your findings for Virgin and Unilever.
6. To what extent can one speak of one overall corporate reputation?
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5. Repeat the exercise for Unilever to identify the key advantages and disadvantages you associate with using the product offerings of Unilever taking a (a) customers', (b) shareholders', (c) employees' perspective.

6. To what extent can one speak of one overall corporate reputation?
Chapter 12

Corporate reputation building

An Asian perspective

Nopprorn Srivoravilai and T. C. Melewar

AT THE END OF THIS CHAPTER READERS SHOULD BE ABLE TO:

1. Understand the economic and non-economic determinants of corporate reputation
2. Appreciate the cultural complexities that exist in the understanding of a generic research concept
3. Realize the importance of long-term corporate reputation in the Asian context

KEY POINTS

- Reputation is a term that is difficult to verbalize and is usually used interchangeably with other related words such as image, identity, or brand
- Few studies have discussed in great detail about the risk of not having an acceptable reputation. Nowadays, practitioners are well aware of reputation risk and regard it as one of the most critical threats to corporations
- Different stakeholders usually focus on different aspects of reputation. Investors, for instance, would generally pay stronger attention to financial performance of a company than would its consumers
- Reputation can be influenced by many factors. However, to date, there has been no clear idea about the comparative impacts of economic and non-economic factors on corporate reputation building

REFERENCES