Measuring Corporate Reputation: A Case Example

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ABSTRACT

Corporate reputation emerges from the images held by various publics of an organization. A positive reputation can result in a number of beneficial consequences that ultimately facilitate better corporate performance. However, meaningful research can only result from measures of reputation that are psychometrically sound. A review of the empirical studies that employ a corporate reputation measure is undertaken and the role of the halo effect is considered. A case study of the beverage industry in Malta is used to describe a typical process for the development of an instrument to measure corporate reputation with the general public. Results are discussed and limitations are noted.

INTRODUCTION

Corporate and brand reputations are relevant to industrial buyers, consumer buyers as well as to stores and service firms including providers of professional services. Indeed, the latter 'have long been concerned about developing and maintaining a high quality reputation' (Hite and Bellizzi, 1986).

Research on corporate reputation is rooted in earlier work on corporate image, corporate identity and personality. Between the 1950s to the 1970s the focus was primarily on the image that external stakeholders held of a firm or store and the graphic design elements were central (Martineau, 1958). During the 1970s and early 1980s strategy moved to center stage and corporate identity and corporate personality became salient. The interaction of strategic stance and organization culture creates particular corporate personalities that extend beyond visual identification and induces multiple corporate identities among different publics of the firm. Since the late 1980s the focus has shifted to corporate reputation and incorporates not only the current image but also the organization's past behavior (Fombrun and Shanley, 1990).

Corporate reputation is closely related to brand equity. Multi-product companies commonly use 'umbrella branding' in a variety of markets' — the practice of labeling more than one product with a single name. Umbrella branding plays a role not only at the brand but also at the corporate level. The intangible nature of service products in particular does not favor individual product branding and renders corporate umbrella branding particularly important for service firms. Here, 'the company name is the brand name' (Berry, Lefkowith and Clark, 1988).

There are two underlying theoretical approaches to understanding the concept of corporate reputation. These can be termed piecemeal-based processing and category-based processing (Keaveney and Hunt, 1992). The piecemeal-based model is characterized by:

(1) attributes that are evaluated anew each time they are encountered
(2) evaluations are independent of other attributes present and

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(3) overall judgements are formed by combining these isolated elements.

On the other hand, category-based processing argues that individuals will first attempt to match a stimulus to a known category stored in memory (Fiske and Pavelchak, 1984). Most conceptualizations of corporate reputation, corporate image, identity and related constructs rely on the piecemeal model and consider related but not identical attributes in their measures. However, findings from empirical studies can only be integrated into useful theoretical frameworks if the measures used meet strong psychometric criteria. This point is well made by Jacoby (1978) who in considering the measures used by marketers holds that:

> 'More stupefying than the sheer number of our measures is the ease with which they are proposed and the uncritical manner in which they are accepted. In point of fact, most of our measures are only measures because someone says that they are, not because they have been shown to satisfy standard measurement criteria (validity, reliability, and sensitivity).'

The purpose of this paper is to review measurement instruments that have been used, highlighting their strengths and weaknesses and to describe a method for actually developing reputational measures. The process is illustrated with the development of an instrument for measuring corporate reputation among consumers in the beverage industry. The role of a halo effect is considered, and limitations are noted.

CORPORATE REPUTATION AND ITS CONSEQUENCES

The various definitions of corporate reputation have considered at least four elements. Fombrun (1996) emphasizes that corporate reputation represents the *net affective* or emotional reaction and involves the overall estimation in which a company is held by its constituents. A second aspect considers the *object specific components* on which this overall evaluation is based that may include the extent to which the firm is well known; good or bad, reliable, trustworthy, reputable and believable (Brown, 1995; Levitt, 1965). Weigelt and Camerer (1988) group these attributes under the two headings of economic and non-economic variables while emphasizing a third aspect in that reputation is the result of *past actions*. For these authors corporate reputation is defined as a set of economic and non-economic attributes ascribed to a firm, and inferred from the firm's past behavior (Yoon, Guffey and Kijewski, 1993). A fourth aspect of corporate reputation emphasizes *information cues* that result from direct and indirect experiences and information received (Fombrun and Shanley, 1990; Sullivan, 1990; Yoon, Guffey and Kijewski, 1993). Spence (1974) emphasizes the management aspect and asserts that it is the outcome of a competitive process in which firms signal their key characteristics to constituents to maximize social status.

Firms interact with a multitude of publics, each of which often gives different consideration to a common set of reputation attributes. Therefore, the firm often has not just one but an array of images that together shape its reputation. For example, in looking at corporate reputation, managers and stockbrokers are likely to place strong emphasis on financial performance. This is so because Western firms, in particular, are under considerable pressure to show positive short-term profit performance (Webster, 1988). On the other hand, consumers are likely to attribute greater importance to consistently high quality (Yoon, Guffey and Kijewski, 1993). For consumers, the firm's financial performance may be of less import in assigning a reputation to the firm. The images of the firm held by the different publics cannot be of equal concern to management, and often it is the firm's reputation with its customers that is most salient.

A positive corporate reputation has been related to a number of beneficial outputs or consequences for the firm. It has been linked empirically to the intention to purchase a service (Yoon, Guffey and Kijewski, 1993); to the attitude of buyers to salespersons and products in a purchase situation (Brown, 1995); to attracting investors, lowering the cost of capital, and enhancing the competitive ability of the firm (Fombrun and Shanley, 1990). There is also theoretical support for a positive effect of corporate reputation on perceived product quality and to deterring competitor entry when a tough stance is adopted (Weigelt and Camerer, 1988). Corporate reputation has also been related to strong organization identification by employees, 'inter-organizational co-operation or citizenship behavior' and the attraction of quality personnel (Dutton, Dukerich and Harquail, 1994).

These beneficial consequences should all ultimately contribute to performance differences between firms (Fombrun 1996; Rao, 1994). It has been argued that firms with a good overall reputation own a valuable asset. Yet unlike other assets, reputation cannot be easily traded on the open market as it represents a 'higher order' rather than a 'mobile' resource (Hunt and Morgan, 1995). The topic of accounting for corporate reputation is beginning to receive increased attention (c.f. Belkaoui and Pavlik, 1992; Fombrun, 1996).

Smith (1988) who considers the related concept of brand equity provides three possible methods to determine the value of a brand during mergers, namely: a market, cost and income approach. According to the author the latter is the most appropriate with accountants inclined to price a brand at four to six times the annual profit it realizes.

CORPORATE REPUTATION MEASUREMENT

For a number of years *Fortune* has published an annual corporate reputation index based on research carried out in the USA among some six to 14,000 senior executives, outside directors and financial analysts. These respondents are asked to rate the ten largest companies in their industry. Each firm is assessed on eight attributes (see Table 1) that tap into a broader conceptualization of reputation that extends beyond financial performance. No reliability or validity testing of the instrument is reported.

In considering how to measure corporate reputation, Fombrun and Shanley (1990) rightly argue against the use of single items in the *Fortune* scale to measure reputational attributes. Therefore they compute an index of overall corporate reputation derived from the eight attributes in the *Fortune* survey. Acceptable levels of reliability and the results of a factor analysis are reported (Table 1). Fryxell and Wang (1994) criticize the *Fortune* index and point out that four of the eight items in the index refer to performance while constructs like innovation, corporate social responsibility and management quality are being measured by single items. Using confirmatory factor analysis, they reanalyze the *Fortune* data and show that 'all but one of the items (ie, Community and Environment Responsibility) appear to be directly influenced by the raters' perception of the financial potential of the firm'. It appears that the *Fortune* corporate reputation index therefore measures little beyond economic performance. The results highlight the need for firms seeking to build their corporate reputation to go beyond the dissemination of favorable accounting information as, on its own, this is not sufficient.

Brown (1995), who focuses on the industrial seller-buyer relationship, relies on a different measure of corporate reputation.

Table 1: Summary of corporate reputation (and related) measures

Reference	*Public*	*Items*	*Dimensions*
Corporate Reputation			
Fortune	Senior executives, directors and financial analysts of main industries in USA	8	Eight dimensions: quality of management; quality of products or services; innovativeness; long-term investment value; financial soundness; ability to attract, develop and keep talented people; responsibility to the community and the environment and wise use of corporate assets
Fombrun and Shanley (1990)		–	Cronbach alpha of 0.97 with a single factor resulting from factor analysis of *Fortune* data between 1982 to 1986.
Fryxell and Wang (1994)		–	CFA indicates only a single Performance factor plus Community and Environment Responsibility
Brown (1995)	Industrial buyers	6	Cronbach alpha of 0.92 and support for convergent and discriminant validity from CFA
Yoon, Guffey and Kijewski (1993)	Corporate customers of service firms	10	Factor analysis of the results from the 11 companies leans towards a unidimensional construct
Corporate Image			
LeBlanc and Nguyen (1995)	customers of service firm	36	Corporate image - 6 factors: Reputation of directors; Service offering; Contact personnel; Corporate identity; Access to service and physical environment
Andreassen and Lanseng (1997)	customers of service firm	8	Items assess how modem a company is; its society; the width of its portfolio; the level of customer orientation; trustworthiness; impressions from advertising and impressions from the media. A unidimensional construct with Cronbach alpha of 0.90 is indicated.
Store Image			
Mazursky and Jacoby (1986)	Final customers of stores	–	Identifies 8 facets: merchandise, quality, merchandise assortment, locational convenience, merchandise pricing, service, service in general, store atmosphere and pleasantness of shopping
Brand Image			
Aaker (1991)	Customers of an automotive firm	20	Suggests the need to identify attributes with every application. Provides an example from the automotive industry.

The study looks at purchasing agents from 20 states in the Eastern USA and investigates the role of corporate reputation on attitudes to salespersons and products among in-suppliers and out-suppliers. The author uses the early definition by Levitt (1965) who describes corporate reputation as the buyer's perception of the extent to which a particular vendor company is well known, good or bad, reliable, trustworthy, reputable and believable. This is operationalized by six, 7-point, bipolar items with acceptable psychometric properties (Table 1).

Yoon, Guffey and Kijewski (1993) consider the effects of company reputation on intention to buy among corporate customers of eleven US insurance firms. The reputation attributes in their 10-item instrument 'were developed from the marketing literature and confirmed through informal communication with industry experts'. Ten-point scales were used for each item, weighted according to a schema of importance that the authors developed. Factor analysis of the reputation items point to a unidimensional construct for eight of the companies and two factors resulting in the case of the other three companies. The study by LeBlanc and Nguyen (1995) seeks to identify the underlying dimensions used by customers in their evaluation of corporate image among customers of a Canadian credit union. From a review of the literature the authors propose five dimensions of corporate image that include corporate identity and reputation. They further suggest that reputation encompasses management style and leadership, credibility of actions, guarantees of reliable service, and an organizational culture that is focused on customer needs. A 36-item, 7-point, Likert type, instrument is developed and data collected from 352 customers. While the Cronbach alpha for the dimensions that result range from 0.76 to 0.92 and are acceptable, the resultant six factors do not correspond too well to the hypothesized dimensions (Table 1). In the case of the reputation factor it appears that what the dimension captures is simply directors' reputation. In a more recent paper that also focuses on customers of a credit union, Nguyen and LeBlanc (1988) operationalize the corporate image construct on the basis of only two items. These deal only with customers' likability of the cooperative nature of the credit union and of its focus on providing services to a particular linguistic and cultural community. Andreassen and Lanseng (1997) consider the corporate image of a Norwegian insurance company and the effect of this on a number of variables. They define corporate image as an overall attitude toward a company and utilize eight items to measure the construct. (Table 1). A unidimensional construct with Cronbach alpha of 0.90 is reported.

Store image, which is akin to corporate image and reputation, has a long measurement tradition in marketing. In a review of the store image measurement literature, Mazursky and Jacoby (1985) update the earlier synthesis carried out by Lindquist (1974–1975). They identify eight (Table 1) image factors that they categorize under three headings. The first category that they term 'merchandise related aspects' emphasizes quality (cited in 59 per cent of the 26 studies), pricing (59 per cent), and assortment of merchandise (55 per cent). The second category that they term 'service related aspects' consists of quality in general (37 per cent) and salesclerk's service (14 per cent), while a third 'pleasantness of shopping' category includes locational convenience (48 per cent) and an emerging further two facets: store atmosphere and pleasantness of shopping.

The related concept of brand equity has also received much attention. Aaker (1991) considers both qualitative and quantitative measurement techniques. He stresses the importance of identifying the attributes that need to be considered. These perceptions must be obtained not only for the brand of interest but also for competing brands. Aaker (1991: 132) provides a scaling example for the Ford Taurus that makes use of 20 dimensions that are plotted to provide visuals of the image profiles of the Ford Taurus and the Ford LTD.

The interest in brand equity extends beyond academia and has been a source of much attention in recent years by practitioners. A number of commercial research firms provide competing definitions and operationalizations. The *ImagePower* survey from Landor Associates and Louis Harris & Associates (www.landor.com) uses a broad sample of business executives to rate 86 companies in 12 major industries. They build an *ImagePower* index on the basis of four image-based criteria and an overall question regarding business choices. The image-based criteria deal with share of mind in terms of awareness and familiarity, share of heart or high regard, value for money, and momentum in terms of potential for future growth or success.

The *Brand Intelligence* study of Yankelovich Partners (www.yankelovich.com) profiles a brand into three key equity components. Attitudinal equity seeks to determine how compelling a brand's positioning is; behavioral equity considers the loyalty of customers, while economic equity refers to the ability of a brand to command a premium. The analysis purports to provide marketers with relative corporate image ratings enabling better understanding and management of a brand's equity. Total Research Inc. (www.totalres.com) believes that the best and most useful single measure of a brand is customers' perception of the quality of a firm's output. They hold that customers' perception of quality is influenced by at least seven variables. These consist of brand awareness and familiarity; customer satisfaction and loyalty; brand associations; innovation or ability of the brand to 'stay ahead of the market'; distribution share leadership; effective communication of the brand; and identification by customers to the personality of the brand.

THE 'HALO EFFECT' IN CORPORATE REPUTATION

A synthesis of the research reviewed in Table 1 points to a tendency to measure corporate reputation from the perspective of executives in customer and competitor firms. The findings also indicate a propensity towards both a high Cronbach alpha score and a unidimensional factor structure for corporate reputation. The latter could be an indication of the presence of a halo effect. The concept of halo owes its origin to psychology and refers to a concern or a tendency among assessors to appraise individuals consistently with an overall impression rather than on each aspect of performance. It was Thomdike (1920) who first defined halo as 'suffusing ratings of special features with a halo belonging to the individual as a whole'. Balzer and Sulsky (1992) who carry out a meta-analysis of halo studies in the psychology literature over a ten-year period between 1980 to 1990 suggest distinguishing between two conceptualizations of halo which they term *general impression halo* and *dimension similarity halo*. General impression halo is similar to Thorndike's original definition and is described as 'a general impression bias whereby a rater's overall evaluation or impression of a ratee leads the rater to evaluate all aspects of performance in a manner consistent with this general evaluation or impression'. Dimensional similarity halo is a 'rater's tendency to rate similarly dimensions he or she perceives as conceptually similar or logically related'. Unlike the conceptualization by Thorndike, the authors extend the general impression halo beyond just rather positive or rather negative feelings to include any general impression at any level on the evaluation continuum including, 'average, or neither favorable nor unfavorable'. Umbrella branding extensions take advantage of a general impression component in reputation. The original reputation is extended to new products mitigating uncertainties about their performance and thus reducing the cost of their introduction (Karger, 1981; Montegomery, 1975; Robertson and Gatignon, 1986; Tauber, 1988). Such activities represent some return on the firm's investment over time in 'non-salvageable goodwill' (Weigelt and Camerer, 1988) or 'reputational capital' (Fombrun, 1996).

Olins (1990) describes umbrella branding as 'monolithic' but also notes two other categories which he terms 'endorsed and 'branded'. Endorsed firms form part of a group and are 'perceived either by visual or written endorsement to be part of that group' (eg, General Motors). Branded firms refers to companies like Procter & Gamble that have a series of brands that cannot be easily related to one another or to the corporation that owns them. None of these approaches are inherently better and their appropriateness is contingent on commercial circumstances. The characteristics of different industries, the different halo effects that may be at play and the many stakeholders each considering a different set of attributes and even giving different weightings to the same attributes necessitates that firms develop particular corporate reputation measures for each of their stakeholders.

In the next section, we provide a case example that illustrates a process that can be used to develop an instrument to measure corporate reputation that has the desired psychometric properties.

CASE STUDY: DEVELOPING A REPUTATION MEASURE FOR A FIRM IN THE BEVERAGE INDUSTRY

Corporate reputation is particularly relevant among beverage firms which, in the US, are reported to rank second out of 27 industries in terms of 'reputational capital' (Fombrun, 1996). This case study is focused on a beverage firm in Malta. Situated south of Italy, Malta is an independent island state with a population of 0.4m and a growing GNP of $3.2bn. The beverage sector is a salient sector characterized by an oligopolistic structure with two large firms and a number of smaller operators. As is typical in such a market structure most of the competition focuses on promotional activities, distribution and to a lesser extent price. On a per capita consumption basis the Maltese are among the highest consumers of soft drinks, in second place behind the USA. The company involved in this study markets both international brands as well as a number of its own brands and targets a multitude of population segments. Until recently, considerable marketing effort was devoted to tying up retail distributors; however, with increased liberalization the company has increasingly had to rely on its standing in the market.

Table 2 describes a four-phase process model that we used to develop a reputational measure. The procedures indicated follow the general process for instrument development recommended by a number of marketing scholars (cf. Churchill, 1979; Saxe and Weitz, 1982). It also reflects the specific recommendations for developing a reputational measure suggested by (Fombrun 1996: 396) who highlights the need to:

— carefully identify each of the company's key constituent groups
— sample constituents from each group
— solicit their nominations for well-regarded firms
— obtain ratings of those firms on relevant dimensions.

The first stage in our process considers the theoretical perspective for tackling the study. In the second stage, we generate scale items to be used in subsequent scale development. In the third stage, the items generated are subject to a first survey so

Table 2: Phases in the development of a reputation instrument

Phase 1
Theoretical background for the construct
↓
Phase 2
Developing a cognitive map for understanding the construct. Carry out literature search and focus groups to enable generation of items
↓
Phase 3
First survey stage. Purify measure by checking reliability and conduct exploratory factor analysis
↓
Phase 4
Second survey stage. Reassess reliability and conduct validity checks

that the instrument can be developed. In the fourth stage, a second survey is conducted so that the instrument's reliability and validity can be further assessed. During this stage the data are also tested for the presence of a general impression halo.

Stage 1: Theoretical underpinning

Although this aspect is often less emphasized in commercial research it is important to be clear about the theoretical underpinning for a study as this will have a pivotal effect on the subsequent research direction. For the purposes of this study, corporate reputation is taken to represent the assessment made of incomplete information received about attributes of a firm by the public over time. In assessing reputation it is desirable to consider the reputation of the various publics of a firm. However, given the illustrative nature of this study, the focus is on the reputation held by members of the general public. A piecemeal-based processing model is used in operationalizing the corporate reputation concept. The use of a category-based model of corporate reputation development would result in different operationalizations and methodologies. We opted to use a piecemeal-based approach because the increased levels of competition the beverage firm was facing was prompting buyers to indulge in effortful processing to assess available alternatives.

Stage 2: Developing a cognitive map for understanding reputation

Since the literature on corporate reputation summarized in Table 1 is not yet sufficiently rich to provide a sound conceptual basis for investigating the construct, exploratory qualitative research in terms of focus groups was undertaken. These groups are particularly useful at generating items that capture the domain of the construct being investigated. This is in line with the process put forward by Fombrun (1996). By including the particular public on whom the research is focused, it is possible to obtain considerable understanding of the phenomenon. Indeed, the use of focus groups is considered a fundamental first step in the development of sound measures in marketing (Churchill 1979; Parasuraman, Zeithaml and Berry, 1985). Participants in the focus groups were invited after having been chosen from a sample drawn at random from the national electoral register. Four focus groups, each consisting of nine persons, were grouped together on the basis of age and gender. Two groups included only males while the other two groups consisted only of females. Consistency in age was also maintained in the groups and each of the two male and female groups were divided into those older than 30 years of age and those between 18 and 30. This sought to achieve homogeneity so as to ensure maximum participation (Parasuraman, Zeithaml and Berry, 1985).

As a starting point, the five elements noted by Aaker (1991) for brand equity were used to explore the corporate reputation construct for well-regarded beverage firms. This stage sought to identify what reputation meant for consumers and to generate a set of items. The discussion in each of the four focus groups concentrated on the reputation of the firms in the industry. There were some noticeable differences between male and female participants. Females over 30 years of age tended to judge corporate reputation through their own experience of the products. Females also tended to place more value on factors such as product variety and hygienic packaging than attributes such as company tradition and years in operation.

The results of the focus groups together with the literature reviewed, provided a basis for developing a total of 34 items that could be included in an instrument aimed at measuring the reputation of a beverage firm by the consumer public (see Table 3). The questionnaire included both positively and negatively stated items to control for the possibility of acquiescence (Cronbach, 1946). The item statements were given to an expert panel that consisted of 12 managers and senior managers in the marketing department of a beverage company. They were asked to rank each item into one of three categories namely: clearly representative; somewhat representative; and not representative. This exercise sought to understand how well the items used captured the reputation dimensions involved. It also helped eliminate items that were thought of as not being represen-

Table 3: 34 Items resulting from literature and content analysis of focus groups

Item		*Count*
1	Producer of quality products	9
2	Cleanliness of work place	5
3	Quality advertising	4
4	Public or private ownership	4
5	Organization at work place	3
6	Diversified company/group	3
7	Sponsors many activities	3
8	Publishes annual accounts	3
9	Employment with firm is highly regarded	3
10	Soundness of company	3
11	Employees wear uniform	2
12	Exports	2
13	Strong management	2
14	Invests heavily in the business	2
15	Advertising levels	2
16	Care of employees*	1
17	Care of employees' families*	1
18	Exclusive distribution contracts	1
19	Donations to social causes	1
20	Conduct factory tours	1
21	Convenience of delivery times	1
22	Wide product range	1
23	Long established tradition	1
24	Owners of various franchises	1
25	Product containers	1
26	Develops own brands	1
27	Product labeling	1
28	Trained employees	1
29	Distinctive cartons/boxes	1
30	Condition of company vehicles	1
31	Well known products/brands	1
32	Innovative/continuous research	1
33	Ability to handle complaints	1
34	Profitability	1

* indicates items deleted by managers

tative of the construct or not sufficiently clear. Two items were eliminated because they were not deemed sufficiently related to the construct. This brought the questionnaire down to 32 items.

Stage 3: Preliminary Survey

In order to purify the scale the 32-item questionnaire was administered to a quota sample of 120 consumers of the beverage firm. Participants were drawn from different geographical localities. The quota was based on each of two age and gender variables. Each respondent was asked to indicate their degree of agreement or disagreement on a five-point Likert scale that ranged from 1 = 'I disagree strongly' to 5 = 'I agree strongly'. Most image researchers continue to use some version of the semantic differential or horizontal bi-polar adjective rating scale (Golden, Albaum and Zimmer, 1987). However, generally different scale types do not effect the results obtained. Following the collection of data, negatively-worded items were reverse scored and descriptive statistics for all items in the scale were computed. Items that exhibited corrected item-total correlations below 0.5 were not contributing significantly to the measurement of the corporate reputation construct and were therefore eliminated (McKelvey, 1976). This resulted in a 12-item questionnaire with corrected item-total correlations that were all greater than 0.5 and with squared multiple correlations greater than 0.35. Coefficient alpha (Cronbach, 1951) enables the assessment of the quality of an instrument in terms of reliability. The elimination of items in the scale improved coefficient alpha from 0.89 to 0.91, comfortably exceeding the suggested cut-off point of 0.70 (Nunnally, 1978) indicating that the resultant 12-item scale had a high degree of internal consistency. Results are shown in Table 4. To establish the dimensionality of the scale the resultant 12 items were subjected to an exploratory factor analysis using a principal axis factoring procedure followed by a varimax rotation. The results indicate a uni-dimensional factor structure.

Stage 4: Second survey stage

In the second survey, the research instrument consisted of 19 items. This was made up of: (1) the 12-item scale developed in the first survey; (2) a six-item, seven-point, semantic differential scale, based on the conceptualization of company reputation by Levitt (1965) and operationalized by Brown (1995), as well as a single item asking the 'overall impression' respondents had of the particular beverage firm. Like the 12-item instrument developed in the first study, the single item measure used consisted of a five-point Likert-type item described by 1 = 'Very Poor' to 5 = 'Very Good'. This is in line with the suggestion by Balzer and Sulsky (1992) aimed at measuring the presence or absence of a general impression halo effect.

The revised instrument was administered to 164 undergraduate students reading for a degree in management at the University of Malta. The data collected were first analyzed to determine the psychometric properties of the instrument resulting from the first survey. In terms of reliability, a coefficient alpha of 0.74 was obtained, exceeding the suggested cut-off point of 0.70 (Nunnally, 1967). After a second data collection it is possible to assess the validity of an instrument (Churchill, 1979). The scale can be said to have content validity. This aspect of a scale's validity is necessarily qualitative rather than quantitative and concerns the thoroughness with which a construct and its domain are explicated and the extent to which the scale items represent the construct's domain (Parasuraman, Zeithaml and Berry, 1988). Dimensionality was again assessed with exploratory factor analysis using the principal axis factoring

Table 4: Item-total statistics of the resulting 12-item scale

Item	*Scale Mean if Item Deleted*	*Scale Variance if Item Deleted*	*Corrected Item-Total Correlation*	*Squared Multiple Correlation*	*Alpha if Item Deleted*
1 XYZ produces quality products.	46.90	53.54	0.68	0.61	0.90
2 XYZ uses high caliber adverts.	47.08	53.20	0.68	0.53	0.90
3 XYZ sponsor many activities.	47.29	53.53	0.55	0.40	0.90
4 XYZ are always willing to welcome visitors to tour the factory.	47.44	53.43	0.53	0.37	0.90
5 XYZ is a long-established company.	46.76	53.47	0.72	0.64	0.90
6 Employment with XYZ is highly regarded.	47.25	51.51	0.67	0.55	0.90
7 The employees of XYZ are well trained.	47.34	54.54	0.53	0.38	0.90
8 XYZ offer a variety of well-known products.	46.87	55.00	0.58	0.47	0.90
9 XYZ has strong management.	47.09	51.66	0.70	0.59	0.90
10 XYZ carry out a lot of advertising.	47.05	52.97	0.62	0.48	0.90
11 XYZ is a sound company.	46.71	53.41	0.82	0.77	0.90
12 For its size XYZ secures good profits.	46.83	54.60	0.64	0.49	0.90

Alpha = 0.91 Standardized item alpha = 0.91

procedure followed by a varimax rotation. A single factor again resulted.

Evidence of convergent validity is provided by the extent to which a scale correlates with other measures designed to measure the same construct (Churchill, 1979). The reputation scale developed by Brown (1995) that provided a coefficient alpha of 0.72 was used to assess the convergent validity of the scale developed in this study. Correlation between the sum of the items in the two scales resulted in a statistically significant coefficient of 0.43 ($p < 0.001$) providing support for the convergent validity of the corporate reputation instrument that has been developed. To some extent the five elements highlighted by Aaker (1991) are reflected in the instrument that has been developed. Thus the issue of perceived quality can be seen in items 1 and 2; awareness in items 5 and 10; loyalty in item 8; corporate associations in items 6 and 11; and proprietary assets in item 7.

Olins (1990) has argued that corporate identity manifests itself primarily in three visible and one invisible area. The visible areas are: the products and services the firm makes or sells; the environments where the company makes or sells its products or services and communications or how the firm explains what it does. The invisible aspect concerns the way an organization behaves. The instrument of this study can also be viewed as encompassing the four parameters highlighted by Olins (1990). Products are highlighted in items 1 and 8; Environments in item 4; Communication in items 2, 3 and 10 and Behavior in items 6 and 9. However, any grouping of items on an inspection basis is necessarily rather arbitrary especially when the result of the exploratory factor analysis points to a unidimensional construct.

To assess the presence of a general impression halo effect we follow Balzer and Sulsky's (1992) suggestion. They recommend the computation of 'an average absolute or squared discrepancy between the overall rating and each of the performance dimension ratings' and that 'the lower the mean discrepancy, the more likely general impression halo is possible'. The mean of respondent's overall perception of the particular firm's corporate reputation was computed and a value of 3.90 was obtained. Table 5 provides the computations between the overall score and the mean of individual items of the scale as well as the overall average of the discrepancy. The low overall average absolute discrepancy score obtained of 0.12 provides support for the presence of a general impression halo effect on the scores for each of the individual attributes on the corporate reputation scale.

CONCLUSION AND LIMITATIONS

The results indicate that, consistent with previous research in multiple industries, the corporate reputation of a beverage firm in Malta with the general public loads on a single factor and is highly correlated with an overall rating. The research describes a potentially useful process for the development of a corporate reputation measure that posseses the necessary psychometric properties. The importance of corporate reputation is related to the positive effects it can have on various variables that contribute significantly to performance. Given the different circumstances facing many firms, it may be necessary to develop industry specific instruments. These can allow for the periodic collection of data enabling the firm to keep track of its corporate reputation and to take corrective action as necessary.

The results of this case study also indicate the existence of an overall halo in this industry, something that may be true for other industries in different parts of the world. Could the 'halo' be the 'reputation'?

Table 5: Average absolute discrepancies between overall rating of the beverage firm and each of the performance dimension ratings

Item	*Item Mean*	*Discrepancy**
1 XYZ produces quality products.	3.98	-0.08
2 XYZ uses high caliber adverts.	3.45	0.45
3 XYZ sponsor many activities.	3.37	0.53
4 XYZ are always willing to welcome visitors to tour the factory.	3.55	0.35
5 XYZ is a long-established company.	4.38	-0.48
6 Employent with XYZ is highly regarded.	3.07	0.83
7 The employees of XYZ are well trained.	3.28	0.62
8 XYZ offer a variety of well-known products.	4.14	-0.24
9 XYZ has strong management.	3.87	0.03
10 XYZ carry out a lot of advertising.	3.89	0.01
11 XYZ is a sound company.	4.29	-0.39
12 For its size XYZ secures good profits.	4.06	-0.16
Overall average absolute mean discrepancy	3.78	0.12

* The mean score obtained for the item of overall corporate reputation was 3.90.

Once established, a general impression halo describes the perceptions that publics hold of the firm and may outlast the actual reality. It is critical for firms to defend the general impression halo the public holds. The best way to do so is to ensure that the information cues emanating from the organization actually reflect reality. A lack of congruence can severely damage the organization's credibility. Thus a green, clean marketing image such as that held by The Body Shop runs the risk of collapsing rapidly if consumers come to believe certain claims (cf. Entine, 1995) as this directly erodes the consumers' general impression halo. There are a number of well-documented examples of firms with strong corporate reputations that are able to overcome product introduction failures such as New Coke (cf. Shell, 1994) and production problems such as Perrier (cf Johnson, 1992). They are able to do so thanks, in part, to a positive general impression halo.

The findings of this case study cannot be genneralized. First, corporate reputation has only been viewed from the perspective of the general public's perceptions of a beverage firm in Malta. Other publics should also be considered. Some items may be country-specific and conditioned by the island's small geographical area. Item 4, which captures the willingness of the firm to welcome visitors to tour the factory, may be a case in point. The small size of the island must be balanced against the advantages that a small community like Malta can provide in terms of accessibility and testing. Results from the case study are also public-specific and other publics may consider different attributes of the firm. Secondly, questions were asked in Maltese. The wording of the items in Tables 4 and 5 have been translated from the original into English and back again to ensure that they approach the original meaning as closely as possible. However, some subtleties are hard to translate. Thirdly, each item in the questionnaire was given equal weighting, notwithstanding that product quality tended to receive the most emphasis from focus group participants. Fourth, although the instrument has acceptable levels of reliability, dimensionability and convergent validity, other forms of validity can be tested in subsequent data collections.

Finally, although the firm considered in the study is a leading beverage firm in the country and known to all respondents, it must be remembered that results come from a quota sample in the first instance, and from a convenience student sample in the second. Despite these limitations, we suggest that future research on corporate reputations emphasize development of a sound measurement instrument in order to pave the way for more robust empirical research. Sound measurement will make it possible to build better models about the antecedents and consequences of corporate reputation and ultimately assess its impact on corporate performance.

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