

# An investigation on the socio-cognitive foundations of reputation robustness

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# ABSTRACT

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Scholars have consistently found that a positive reputation can lead to many benefits for organizations (e.g., Cable & Turban, 2003; Deephouse, 2000; Rindova et al., 2005; Roberts & Dowling, 2002), thereby constituting a fundamental resource for competitive advantage (Barney, 1991). As a result, academics have advocated for a better understanding of what makes reputations stable to the effects of negative events and/or information (e.g., Carter & Ruefli, 2006; Flanagan & O'Shaughnessy, 2005; Love & Kraatz, 2009). However, despite such an acknowledgement, we still know relatively little about what makes a firm's reputation resistant to new events or information, apart from the fact that highly positive reputations are likely to be more resistant (Coombs & Holladay, 2006; Flanagan & O'Shaughnessy, 2005; Love & Kraatz, 2009). To date, scholars who have examined similar topics have looked at reputation stickiness (e.g., Schultz et al., 2001), meaning stability over time in absence of disruptions, and reputation resilience (Rhee & Valdez, 2009), referring to the ability of the reputation to recover after disruptions. This dissertation can be positioned in relation to these two other terms as I look at the stability of a firm's reputation in the presence of events and/or information that can potentially change it. In this regard I use the term *reputation robustness*.

After an initial chapter reviewing the literature on organizational reputation, this dissertation comprises three other chapters investigating different facets of the same phenomenon. In chapter two, I introduce the concept of reputation robustness in order to help explain why the reputation of some organizations is more robust against negative events than the reputation of other organizations. By building on a review of extant reputation research, I identify two sets of factors that are relevant for the understanding of reputation: cognitive and contextual factors. Starting from this review, I put forward a series of propositions on the role of the identified factors in moderating the effect of negative events on stakeholders' reputation judgments and explain how this improves our understanding of reputation management. In chapter three, I elaborate on the role of

familiarity in making people's reputation judgment more robust in light of new information and investigate such a relationship empirically through two experiments. Results lend support for the hypothesis that familiarity mitigates the effect of both positive and negative information on people's reputation judgments. The fourth chapter focuses on the role of ambivalence in moderating the effect of new information, but also more generally in influencing the way in which new information regarding an organization is interpreted. Through one experiment, I find that the reputation judgments of highly ambivalent people are more influenced by new information. At the same time, I find that highly ambivalent people use new information to reduce their sense of ambivalence toward the focal organization, when possible.

Overall, this dissertation contributes to research on organizational reputation by improving the understanding of the variables influencing reputation's robustness to new events or information. In particular, the findings demonstrate that there is more to reputation than its level (whether bad or good) that might cause it to be more or less robust, as suggested by extant research. As discussed in the thesis, these variables are related to stakeholders' cognitive and contextual characteristics and go beyond the ability of the organization to consistently deliver a positive performance.

**Keywords:** Ambivalence, familiarity, new information, reputation judgments, reputation robustness

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# PREFACE

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My journey toward this dissertation began, at least formally, four years ago. During these four years, I have interacted with interesting people around the world, traveled to conferences, attended classes on a variety of topics, and worked on different projects related in some way to the subject of this dissertation. Indeed, by reading through my own thesis, I can see the influence of all of these experiences reflected in its pages.

My scholarly interest for reputation, and in particular for its socio-cognitive underpinnings, started when I was writing my master's thesis in 2010. In my thesis, I tried to detail the process of becoming familiar with an organization and how differing levels of familiarity influence people's impressions of organizations (Mariconda, 2010). Indeed, the interest for the relationship between familiarity and reputation has also characterized a large part of the research produced during my Ph.D. years: In addition to the papers included in this dissertation, I have worked on two other publications on the topic (Mariconda & Lurati, 2013; *forthcoming*—see Annex 3). Such publications are not included in the main body of the dissertation as they are only tangentially related to its main topic. However, the research behind such publications played an important role in the developmental process of my Ph.D. research by increasing my understanding of the literature, the related concepts (e.g., familiarity, prominence, and visibility), academic communities, and indeed my position in relation to these. As a result, I included these two publications, but not others, in the Annexes of this dissertation.

Apart from my master's thesis, my interest for the socio-cognitive aspects of reputation was subsequently reinforced by the feeling that this perspective was perfectly in tune with the zeitgeist in social judgments research. In fact, a series of publications looking at reputation and other social judgments from a socio-cognitive perspective were being published in that period (e.g., Bitektine, 2011; Mishina et al., 2012). Furthermore, interactions with faculty members present at the 2012 Reputation Institute's doctoral consortium in Milan and at the PDW on social evaluations organized by David

Deephouse at the 2012 Academy of Management Meeting in Boston confirmed the feeling that I was on a right track and looking at something relevant.

My choice to use experiments as the methodology in my research was also influenced by various factors. Indeed, experiments have a long tradition as the dominant methodology in psychology research. In this sense, they surely represent the best methodology for understanding the cognitive facets of reputation and other social evaluations. In fact, following the heightened interest for the socio-cognitive approach to the study of social judgments, various scholars started advocating for the use of experiments in reputation research (e.g., Barnett & Pollock, 2012; Bitektine, 2011; Pfarrer et al., 2010). In addition, during the 2012 Academy of Management Meeting, I attended a symposium on experimental research in institutional theory organized by Alex Bitektine and Patrick Haack. This symposium put me in contact with a community of people interested in promoting the role of experiments as a methodology to study the micro-foundations of a series of phenomena and strengthened my confidence in using this approach. Thanks to the relationships established with this community, in 2013 I presented my research at the second edition of the symposium on experimental research at the Academy of Management meeting in Orlando.

To conclude, as briefly detailed here, my scholarly identity and consequently the research contained in this dissertation have been influenced by a whole series of factors—surely, more than I have listed here or can think of. In any case, this dissertation is the result of a selection of three papers made with the aim of giving it a clear structure and storyline. Specifically, this dissertation aims to explore which variables—with particular attention given to cognitive variables—moderate the effect of new information on organizational reputation, making it more robust

# Introduction

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## **Positioning and Purpose of the Research**

Scholars in a variety of disciplines have developed an increasing interest in the concept of corporate reputation (e.g., Barnett & Pollock, 2012; Carroll, 2013; Fombrun & Shanley, 1990; Rindova, Williamson, Petkova, & Sever, 2005; Lange, Lee, & Dai, 2011). Organizations with a positive reputation can benefit from it in a variety of ways; for instance, reputation has been found to predict various economic outcomes, such as consumers' willingness to pay (Boyd, Bergh, & Ketchen, 2010; Rindova et al., 2005) and financial performance (Deephouse, 2000; Roberts & Dowling, 2002). Reputation has also been associated with other positive outcomes, such as increasing attractiveness for potential employees (Cable & Turban, 2003) and business partners (Dollinger, Golden, & Saxton, 1997; Jensen & Roy, 2008). Ultimately, scholars have argued that reputation might be a crucial resource for sustainable competitive advantage (Barney, 1991) and increased survival prospects (Rao, 1994).

Because of the central importance of corporate reputation for organizational success, various scholars have advocated for a better understanding of what makes reputations stable and resistant to negative events, but also for a better understanding of the mechanisms underlying reputational change (Flanagan & O'Shaughnessy, 2005; Love & Kraatz, 2009; Mishina, Block, & Mannor, 2012). Such research has focused on understanding how certain factors moderate the negative effects of a variety of events, such as product recalls (Rhee & Haunschild, 2006), layoffs (Flanagan & O'Shaughnessy, 2005; Love & Kraatz, 2009), material earnings surprises (Pfarrer et al., 2010), and organizational crises in general (Coombs & Holladay, 2006).

However, despite the acknowledgement of the importance of understanding what makes organizational reputation more or less stable and despite the contribution provided by the previously mentioned research, we still lack a thorough understanding of the factors

underlying reputation's resistance to negative events. Scholars who have focused on similar topics have looked at reputation stickiness and reputation resilience. In the case of reputation stickiness (Fischer & Reuber, 2007; Mahon & Mitnick, 2010; Schultz et al., 2001), a firm's reputation becomes so established that it does not change in significant ways over time. In other words, reputation becomes inert. In this respect, various scholars have claimed that reputation is inherently stable (e.g., Fombrun, 1996; Gioia et al., 2000; Highhouse et al., 2009; Schultz et al., 2001; Walker, 2010). However, in this case, reputation stickiness refers to stability over time in the absence of any event that has the potential to disrupt the firm's reputation (Highhouse et al., 2009). Indeed, reputation might be relatively stable over time, but a single negative event might have the potential to damage it severely. Thus, other scholars have looked at a firm's reputation resilience in order to understand which factors might influence a firm's reputation ability to recover, or to rebound, after a negative event has damaged it (Rhee & Valdez, 2009). The contribution of this thesis can be positioned in relation to these two other approaches as I look at a firm's reputation stability against events or information that have the potential to change it. In this regard, I use the term *reputation robustness* to specifically focus on the property of a firm's reputation to remain relatively stable even in the presence of, for instance, negative events. Thus, the overall research question motivating this research is as follows: What are the variables that make an organization's reputation robust against negative events?

In the first part, the thesis focuses on conceptually identifying the factors that moderate the effects of negative events on stakeholders' reputation judgments about the focal organization. I identify two sets of factors that I label as cognitive and contextual factors. In the second part, the thesis focuses on empirically testing the effects of two cognitive variables identified in the previous paper (i.e., familiarity and ambivalence) by understanding how they moderate the effect of new information on stakeholders' reputation judgments.



In the following sections, after making explicit some of the definitions and assumptions underlying the research, I summarize the parts composing this dissertation and later the main contributions.

### **Definitions and Assumptions Made throughout the Research**

Definitions of organizational reputation abound in the literature (e.g., Fischer & Reuber, 2007; Fombrun, 2012; Lange et al., 2011). Furthermore, as highlighted by many scholars (Foreman et al., 2012; King & Whetten, 2008), reputation is often confused with similar terms, such as image, identity, status, and legitimacy (Bitektine, 2011). This complex landscape calls for a clear definition of the term reputation as used in this dissertation, in order to avoid any confusion. According to the most recent literature review on the topic of organizational reputation (Lange et al., 2011), three main approaches have been used to define reputation: reputation as the degree to which a firm is prominent in stakeholders' minds, reputation as being known for a specific attribute or quality and, reputation as an overall evaluation (negative or positive) of an organization. In agreement with the latter perspective, in this thesis I define organizational reputation as a person's generalized evaluation of an organization, capturing the degree to which such a person admires and respects the focal organization (Deephhouse & Jaskiewicz, 2013; Fombrun, 1996; 2012; Lange et al., 2011; Ponzi et al., 2011). Therefore, by relying on such a perspective, I distinguish reputation from variables that I conceptualize as separate from it (e.g., antecedents), such as the level of familiarity with an organization and/or the attributes associated with the organization (Fombrun, 2012).

Throughout the thesis I analyze both conceptually and empirically how the presence of certain variables (e.g., familiarity) moderates the effect of new information on people's reputation judgments. Therefore, an important assumption in this research is that two different persons can evaluate the same organization at the same level of favorability, but differ in their levels of, for instance, familiarity (or other variables). I investigate how such a difference in the level of certain variables influences the stability of reputation to novel information.

In particular, in chapter two, I focus on reputation judgments' reaction to negative events and define the term as any event that has the potential to damage a firm's reputation, such as negative publicity or new information about an organization's actions or behaviors. In the third and fourth chapters, I look at the effect of both negative and positive information. In all chapters, the term *new information* is used broadly to identify any type of information that has the potential to influence people's evaluations (i.e., reputation) of an organization (e.g., Ahluwalia, Burnkrant, & Unnava, 2000; Einwiller, Fedorikhin, Johnson, & Kamins, 2006).

### **Overview of the Dissertation**

This dissertation begins with a chapter reviewing the literature on corporate reputation. After the first chapter, the thesis is composed of three papers investigating separate aspects of the same phenomenon, as explained here.

The first chapter aims to review how reputation has been studied from multiple theoretical perspectives and the similarities and differences among such perspectives. The review suggests that studies on reputation can be clustered into four main groups depending on their perspective: organization-based perspectives, context-based perspectives, evaluator-based perspectives, and outcome-based perspectives. Furthermore, such a literature review provides the first overview, to date, of studies looking at reputation from a socio-cognitive perspective. As I argue in the review chapter, among others, the main merit of studies within this perspective is that they allow us to study what happens inside the minds of the people formulating the reputation judgments, how preexisting evaluations affect the way in which new information is interpreted, and how reputation judgments influence actions and decision. The socio-cognitive perspective is adopted in two of the three papers that are part of this dissertation as well as in parts of the remaining one. Consequently, such a literature review also permits positioning the three papers of this dissertation in the wider reputation literature.

The second chapter, a theoretical essay, constitutes the backbone of the whole dissertation and aims to set the stage for a research program partly developed in the two other chapters and partly to be developed in future research. In this chapter, I introduce the concept of reputation robustness in order to help explain why the reputation of some organizations is more stable against negative events than the reputation of other organizations. I build my theoretical discussion on a review of previous reputation research and identify two sets of factors that are important in understanding reputation: cognitive and contextual factors. Starting from such a review, I put forward a series of propositions on the role of the aforementioned factors in moderating the effect of negative events on stakeholders' reputation judgments. I start by discussing the effects of cognitive factors, focusing on the way in which differing degrees of familiarity and ambivalence toward an organization influence the robustness of the individual evaluator's reputation judgments. I then discuss the contextual factors that are key to understanding reputation robustness; specifically, I investigate the existence of shared legitimizing norms supporting reputation judgments, the level of agreement about the organization's distinguishing attributes, and the role of active publics in influencing organizational reputation. After discussing all the factors in detail, I address the implications and contributions of the paper. I argue that the paper contributes to a thorough understanding of what factors make organizational reputation more stable; I further assert that it promotes a different understanding of reputation management focused less on the predictions of potential risks to the firm's standing and more on the management of relationship with stakeholders.

In chapters three and four, I elaborate conceptually and empirically on the cognitive factors identified in the first paper<sup>1</sup>. Social psychologists have spent a significant amount of time studying the variables that lead to attitudes becoming more stable, resistant to change, and predictive of behavior. Such research has been carried out under the label of attitude strength (e.g., Petty & Krosnick, 1995). The factors determining attitude

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<sup>1</sup> The term "reputation robustness" is introduced in the first paper (second chapter). Given that this paper is yet to be published, in the two other papers, I do not use the term "robustness", but rather use more general terms related to reputation's stability.

strength, thereby making attitudes more robust, are multiple (for recent reviews see, Bassili, 2008; Eaton et al., 2008; Visser et al., 2006). In particular, social psychologists have fought long battles in trying to determine the structural dimensionality of the construct, leading at best to conflicting evidence. Lately, the debate has shifted elsewhere, and some have suggested that the various variables are distinct from one another and that the term *attitude strength* should be used as an umbrella term to refer more generally to a series of variables that share similar qualities, such as resistance to change (Eaton et al., 2008). What is evident for the purposes of the current discussion is that a clear parallel exists between the concept of attitude strength and the concept of reputation robustness. It was far from my objective to investigate all the variables; rather, I have investigated the variables that could be sensibly related to reputation and existing research on the topic—namely, familiarity and ambivalence.

In chapter three, I elaborate on the role of familiarity in making people's reputation judgment more or less stable against new information and investigate such a relationship empirically through two online experiments. Through these two experiments, I find confirmation for the hypothesis that familiarity contributes to making people's reputation judgments more stable against both positive and negative information. The paper provides interesting implications for the understanding of the relationship between familiarity and reputation, beyond existing research that has mostly focused on understanding whether familiarity leads to a more positive reputation, rather than not. Furthermore, the paper contributes to a better understanding of the cognitive foundations of reputation and a better understanding of the positive and negative aspects of being known.

The fourth chapter focuses on the role of ambivalence in influencing reputation's stability but also, more in general, the way in which new information regarding a firm influences in turn people's sense of ambivalence. Only recently have scholars in reputation recognized that people might hold both positive and negative beliefs toward an organization. I investigate how such inconsistent information underlying one's reputation judgments influences evaluations. Through one experiment, I find that the

reputation judgment of people who are highly ambivalent tends to be less stable in light of new information, with both positive and negative valence. At the same time, consistent with previous research in psychology, I find that highly ambivalent people use new information (positive or negative) to reduce their sense of ambivalence toward the focal organization. Taken together, the results suggest that ambivalence might help explain why the reputation judgments of some people are more stable than those of others. This paper also contributes to highlighting the fact that new information can impact organizational reputation in more complex ways than usually implied.

Finally, in the conclusion chapter of the dissertation, after briefly summarizing the positioning and content of the research, I focus on discussing the ways in which the thesis altogether relates to current research on reputation, beyond the specific contributions discussed in the separate papers. I simultaneously highlight the dissertation's limitations and elaborate on the related directions for future research looking at reputation robustness and related aspects.

# Chapter 1: A Multi-theoretical Review of the Organizational Reputation Literature

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Academics from various backgrounds have been interested in studying organizational reputation since the 1950s (Berens & van Riel, 2004). However, research on the topic only started gaining momentum in the field of economics in the 1980s (e.g., Milgrom & Roberts, 1982; Weigelt & Camerer, 1988) and later in the field of strategy in the 1990s (Fombrun, 1996; Fombrun & Shanley, 1990).<sup>2</sup> Since then, much research has been carried out on the topic, consistently attracting the interest of scholars in the fields of communication, marketing, organization theory, and strategy. Due to this multi-disciplinary interest in the topic (Carroll, 2013; van Riel & Fombrun 1997), corporate reputation has been studied using multiple “theoretical lenses” (e.g., Fombrun, 2012; Rindova & Martins, 2012; Walker, 2010), thereby contributing to highlighting the great complexity surrounding a phenomenon that intuitively seems to be otherwise very simple (Lange, Lee, & Dai, 2011).

By reviewing the research on organizational reputation, it is possible to identify four main areas of research interest: the way in which what the organization does or says influences reputation (e.g., Clark & Montgomery, 1998; Elsbach, 2006; Fombrun & Shanley, 1990); the way in which actors and factors in the organizational environment are related to reputation formation and change (Carroll & McCombs 2003; Love & Kraatz, 2009; Meijer & Kleinnijenhuis, 2006; Staw & Epstein, 2000); how specific cognitive and perceptual characteristics of evaluators or evaluative processes are related to reputation (e.g., Brooks et al., 2003; Mishina et al., 2012); and which consequences derive from having a more or less positive reputation for organizations (e.g., Deephouse, 2000; Roberts & Dowling, 2002). In this paper, I identify and review six main theoretical

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<sup>2</sup> Fombrun and Shanley’s (1990) paper is often mentioned as the catalyst that started the greater interest in reputation research (e.g., Carroll, 2013).

streams within the literature on reputation and assign them to one of these four main approaches, depending on their main focus of attention. I have identified these six theoretical streams by both relying on previous literature reviews on reputation (e.g., Fombrun, 2012; Lange et al., 2011; Rindova & Martins, 2012; Walker, 2010) and considering the number of articles published from a given theoretical perspective. Indeed, most existing literature reviews on reputation are based on articles published in leading management journals, incorporating the obvious bias that this implies. In my review of the literature, in order to be more comprehensive, I have also considered other areas such as communication and marketing and both journals with and without an Impact Factor. Of course this literature review does not aim to review all papers written on the topic of reputation, as this would probably be impossible. I acknowledge the fact, as others have also previously done (e.g., Walker, 2010), that various other theoretical approaches have been used to study reputation; however, these have been used in fewer papers and studies.<sup>3</sup>

Five of the six theoretical approaches that I review in this chapter (i.e., signaling theory, impression management theory, institutional theory, mass-media theory, resource-based view of the firm) have been already identified as being among the most important ones by other scholars (e.g., Fombrun 2012; Rindova & Martins, 2012; Walker, 2010). I add to these five streams one that has not been acknowledged in any literature review thus far: socio-cognitive approaches to reputation. Indeed, two of the three papers (and part of the remaining one) in this dissertation belong to this stream of research. As I will discuss in greater detail in this paper, these studies rely on the literature in social psychology to detail the processes underlying the formation and change of reputational judgments.<sup>4</sup>

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<sup>3</sup> Examples of theoretical approaches that have been used less often to study reputation include organizational learning (Rhee, 2009), behavioral theory of the firm (Rhee & Kim, 2012), stakeholder theory (e.g., Fombrun, Gardberg, & Barnett, 2000), upper echelon theory (Carter, 2006), and branding (Schultz, Hatch, & Adams 2012). Other theories and disciplines can, however, be mentioned (e.g., see Carroll, 2013).

<sup>4</sup> In their multi-disciplinary review of reputation, van Riel and Fombrun (2007; see also Fombrun & van Riel, 1997), identified psychology as one of the root disciplines for studies on reputation, arguing that most discussion on reputation originates from insights deriving from the psychological literature. However, the authors did not review the reputation literature that has explicitly built on psychological

I first review what I call organization-based perspectives—that is, those approaches focused on understanding how organizational communications and actions influence reputation (i.e., signaling and impression management approaches). I then review context-based perspectives, which mostly focus on the way in which contextual forces, such as information intermediaries (i.e., the media) or social expectations that are part of the organizational environment, shape the way in which organizations are evaluated (i.e., mass-media and new institutionalism approach). After the contextual perspectives, I review studies that have predominantly relied on the literature in psychology to detail the specific cognitive and affective mechanisms that influence the way in which reputation develops and change. I call this stream the evaluator-based perspectives (i.e., social-cognition approach). Finally, I dedicate one last section to outcome-based perspectives—those theoretical approaches that have tried to detail the consequences of having a positive or negative reputation for an organization (i.e., resource-based view of the firm approach). The order of presentation of the different theoretical approaches does not necessarily follow a specific logic. At the end of the literature review, I discuss the way in which a multi-theoretical appreciation of the reputation literature can help us moving forward in our understanding of the phenomenon at hand. For an overview of the six theoretical approaches, see Table 1 at the end of the chapter.

## **Organization-based Perspectives**

### **Signaling Approach to Reputation**

Signaling theory has informed much of the earlier research on reputation in the fields of economics and strategy (e.g., Fombrun & Shanley, 1990; Milgrom & Roberts, 1982; Weigelt & Camerer, 1988). Signaling theory (Spence, 1973) was initially developed in order to solve the problem of information asymmetries in markets—that is, the fact that not all actors in a given market have perfect information about all other actors (as assumed in standard neo-classical economics) and how this influences market

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theories as done here, but rather reviewed selected models in psychology (e.g., elaboration likelihood model; Petty & Cacioppo, 1986) that have provided insights for the study of reputation.



exchanges. The main idea of signaling theory is that information asymmetries can be at least partially overcome by having one actor reveal or signal certain relevant information to another interested party in order to facilitate the other party's decision making (e.g., hiring a job candidate). Signals are defined as attributes that are observable and alterable by the actors sending them (Spence, 1973); this definition has also been adopted by scholars looking at reputation from a signaling perspective (Fombrun & Shanley, 1990).

Scholars looking at reputation from this perspective define reputation as observers' beliefs about the underlying characteristics of a given actor, based on observations of the actor's past actions. For instance, Weigelt and Camerer defined reputation as "a set of attributes ascribed to a firm, inferred from the firm's past actions" (1988, p. 443). Milgrom and Roberts similarly defined a player's reputation as "the beliefs that other players hold about his [a person, a corporation] unknown characteristics and on the basis of which they predict his behavior" (1982, p. 283). The overall idea is that, in order to manage competitive dynamics, firms signal their relevant characteristics to audiences by undertaking certain actions. According to this theoretical perspective, reputation is substantially based only on the observations of the firm's past actions. Such actions accumulate over time, contributing to making the reputation stable and inert (history-dependent) and thus fundamentally difficult to change.

Classic studies in this perspective have focused on, among other things, understanding how firms can build a certain reputation or exploit an existing one in order to manage competitive dynamics in markets. For instance, Klein and Leffer (1981), using formal theoretical models, showed that firms under the threat of losing their reputation have an incentive to behave in a non-opportunistic way. Kreps and Wilson (1982) and Milgrom and Roberts (1982) also relied on formal theoretical modeling to suggest that incumbent firms have an incentive to build a reputation as tough competitors in order to prevent the entry of new competitors into the market. Clark and Montgomery (1998) used a game simulation to examine how the pattern of actions of a firm (e.g., consistency) over time influences its reputation (i.e., as a credible defender). Basdeo et al. (2006), relying on archival data, elaborated on the signaling theory in economics to show how firms'

reputations are shaped not only by their own actions, but also by those of their competitors.

The main contribution of the signaling perspective on reputation is that it helps explain the way in which reputations help stakeholders draw inferences about firms' underlying characteristics and thus facilitate market exchanges, thereby creating value. By observing a firm's market actions (Clark & Montgomery, 1998; Weigelt & Camerer, 1988) and market signals (Fombrun & Shanley, 1990), observers can draw conclusions about the firm's ability to produce quality outputs, such as products (Rindova et al., 2005; Shapiro, 1983). In this way, for instance, they will be willing to pay more for a product about which they can infer otherwise unknown characteristics. At the same time, the signaling perspective assumes that firms have great control over their reputations as they can decide how to behave and which signals to send or not. For instance, if a firm aggressively defends its competitive position through actions such as price cuts and investments in capacity, this will lead observers' to conclude that such a firm is a tough competitor (Basdeo et al., 2006; Weigelt & Camerer, 1988).

One of the main limitations of such an approach to reputation is that it assumes, to a certain extent, that a perfect match exists between a firm's actions and the way in which these will be interpreted by observers in the market—in other words, firms are practically given complete control over their reputation, meaning that a firm's actions and behaviors are perfect signals of its true character (e.g., Noe, 2012). However, we know from the literature that firms' actions might be ceremonial and send a signal decoupled from the firm's internal reality (e.g., Meyer & Rowan, 1977). Furthermore, firms' signals are likely to be interpreted in biased and self-serving ways (e.g., Rindova & Fombrun, 1999), through the eyes a variety of intermediaries (e.g., Carroll & McCombs, 2003; Deephouse, 2000), or in light of competitors' actions (Basdeo et al., 2006) as well as via a whole series of socially constructed and often taken-for-granted rules (e.g., DiMaggio & Powell, 1983). Similarly, as pointed out by Rindova and Martins (2012), such a perspective does not take into account the spillover effects of reputational judgments from one stakeholder group to another or the consequences that

might arise for a firm having more than one reputation. All these aspects will emerge as I review the other approaches to studying corporate reputation. In any case, future studies adopting a signaling approach to reputation could develop more complete understandings of reputation by modeling more types of signals (Noe, 2012), sent from both the focal firm and other actors present in the firm's environment.

Beyond economists, other scholars from different academic traditions have been interested in understanding how firms try to manage the way in which stakeholders perceive them. Specifically, the next approach that I review, the impression management approach, focuses on understanding the various ways in which firms manage their legitimacy and reputation by using a variety of actions and communications in relation to specific events that challenge the way in which they are perceived.

### **Impression Management Approach to Reputation**

Impression management theory has been among the dominant approaches at the basis of much research in the organization perception management field (Elsbach, 2006), a whole area of research interested in understanding how organizations purposely manage the way in which they are perceived (e.g., reputation, identity, legitimacy) by internal and external stakeholders (e.g., Ginzel, Kramer, & Sutton, 1993). The key assumption of such approaches is that organizations have a strong interest in having "their definition of reality accepted" (Pfeffer, 1981, p. 26), as this ensures the flow of resources.

Both impression management and signaling theory look at the ways in which organizations manage their actions and communications in order to create a certain impression in their audiences. Because of these reasons, certain authors clustered the two approaches together when reviewing the reputation literature (Fombrun, 2012). However, the two approaches also have many differences; for instance, the two have fundamentally different theoretical roots and epistemological assumptions (economics versus sociology and psychology) and different methodological approaches (formal modelling versus a variety of methods). Furthermore, the signaling perspective has historically paid more attention to the role of a firm's competitive actions in influencing

reputation (e.g., price cuts, investments decisions; competitive moves) while impression management scholars have looked more at companies' symbolic actions and communications (press releases, advertisements, charitable contributions; cf. Carter & Dukerich, 1998) following or preceding events that might threaten the firm's legitimacy or reputation.

Impression management theory was initially developed in the fields of psychology and sociology at the individual level of analysis in order to understand how individuals present themselves to others as well as the ways in which individuals try to positively impress others (e.g., Goffman, 1959; Schlenker, 1980; Tedeschi, 1981). Building on such literature, impression management has received significant attention at the organizational level, with studies looking at the way in which organizations manage their identities (Dutton & Dukerich, 1991), legitimacy (Elsbach, 1994; Elsbach & Sutton, 1992), and reputation (Bromley, 1993; Carter, 2006; Carter & Deephouse, 1998; Carter & Dukerich, 1998; Highhouse, Brooks, & Gregarus, 2009). In addition, as suggested by Bromley (1993), impression management at the organizational level can be seen as the main task of public relations. Indeed, much of the literature in public relations, looking for instance at how organizations respond to crises (e.g., Benoit, 1995; Coombs, 2010), can be seen as relying on the same ideas of impression management, even if not explicitly building on it.

Organizational researchers in this area have built comprehensive frameworks looking at the ways in which organizations use a whole series of symbolic and substantive actions in order to manage perceptions before, during, and after positive or negative events (e.g., Elsbach, 2006; 2012). Similarly, public relations scholars have detailed a whole series of response strategies that organizations can use when involved in crises (Benoit, 1995; Coombs, 2010).

Yet scholars in this area of research have not adopted a specific definition of reputation. For instance, Elsbach (2006, p. 17) defined reputations as “enduring status categorizations of the quality of an organization as perceived by external audiences and stakeholders.” Highhouse et al. (2009, p. 1482) defined reputation as “a global (i.e.,

general), temporally stable, evaluative judgment about a firm that is shared by multiple constituencies.” However, definitions of reputations in this area are generally either general evaluative judgments (e.g., good, bad) or more descriptive perceptions (e.g., tough, responsible).

Findings in this area of research, looking at reputation management, are varied and difficult to summarize in a short paragraph. For instance, Carter and Deephouse (1999) developed a case study looking at how Wal-Mart used a series of impression management techniques in order to manage its reputation with different stakeholders, thereby developing at least two different reputations: one for being tough with its suppliers and one for being good to its investors and customers. Carter (2006) and Carter and Duckerich (1999) used archival data and regression analysis to examine how companies use impression management techniques such as advertising and press releases following downturns or upturns in reputational rankings and increased visibility. Highhouse et al. (2009) developed a theoretical model on the formation of corporate reputation, starting from the assumption that corporations are social actors interested in managing their respectability and impressiveness. In addition, Coombs (e.g., 2010) has used experiments to detail how companies should respond to reputation-threatening events in order to at least partially protect their reputation.

The main contribution of studies in this area of research is to show that organizations have at their disposal a whole toolkit to manage the way in which they are perceived by external stakeholders on different occasions (i.e., reputations can be managed). Studies in this area also have a relatively strong normative component as findings can be used as guidelines by organizations in order to manage their reputation (e.g., Coombs, 2010).

On the other hand, a limitation to such approaches is that they tend to assume a direct relationship between organizations’ perception management efforts and audiences’ reactions, partially forgetting the fact that audiences’ perceptions are often decoupled from what the organization does or says and also influenced by third parties’ (e.g., media) interpretations of events. In response to such a limitation, scholars have advocated for more attention to the role of audiences and their interpretations, suggesting

that impression management is a process of reciprocal influence and sense-making (Ginzel et al., 1993). In a similar way, in the field of crisis communication, Coombs (2010) developed a theory arguing that the starting point in deciding how organizations should respond to crises should be the way in which such crises are perceived by stakeholders. In this respect, impression management research on reputation could develop more sophisticated, empirically grounded typologies of preemptive reputation management activities also following positive events (e.g., Elsbach, 2006; 2012) while taking more contextual and cognitive factors into account, potentially influencing the effectiveness of the impression management effort. As we will see with the next two theoretical approaches, contextual factors play an important role in influencing corporate reputation.

## **Context-based Perspectives**

### **New Institutionalism Approach to Reputation**

New institutional theory was developed in the late 1970s and early 1980s in response to the otherwise overly rational approaches to organizing that were dominant until that period. The main focus of the theory, at least in its classic formulations, was to understand how organizations construct, by means of interaction, the environment they are part of (Berger & Luckmann, 1966). Institutionalists study how such a socially constructed environment poses a series of constraints on organizational actions and how organizations conform to the requirements of the environment via substantive or symbolic actions (e.g., DiMaggio & Powell, 1983; Meyer & Rowan, 1977).

One of the main focal points of institutionalism is the one regarding legitimacy (Suchman, 1995), which refers to how organizations come to be seen as appropriate and desirable by conforming to social expectations and the consequences that this can have. Institutionalists tend to pay more attention to legitimacy as a social approval asset, rather than reputation, which has however received a significant amount of attention from such school of thought (e.g., Deephouse & Suchman, 2008).

Research on reputation from an institutional perspective, while almost always relying on similar methods (i.e., archival data and regression analysis), is multi-faceted when it comes to the focus of its attention and therefore requires a more careful appreciation. Indeed, when reading studies on reputation from an institutional perspective, it is possible to identify three related sub-streams that can all be re-conducted to the original incarnations of the theory. Such streams also adopt slightly different ways of defining reputation, as described in the following paragraphs.

A first stream looks at how firms gain a favorable reputation by displaying the appropriate symbols of conformity to social expectations (e.g., Love & Kraatz, 2009). According to this approach, reputation is an overall favorable evaluation gained by being seen as a culturally fit organization (Love & Kraatz, 2009). For instance, research in this stream has found that organizations that adopt popular management techniques are evaluated more positively by audiences, even if these techniques have no effect on profitability (Staw & Epstein, 2000). Philippe and Durand (2011) also found that firms' reputation can benefit in different ways by conforming, to different extents, to corporate environmental disclosure standards.

A second stream of research on reputation from an institutional perspective has looked at the relationship between legitimacy and reputation in order to understand how the two constructs influence one another and also disentangle the different antecedents and consequences of these two similar, albeit different, social approval assets (Bitektine, 2011; Deephouse & Suchman, 2008). According to researchers in this area, reputation is different from legitimacy as the first emphasizes differentiation from competitors whereas the second emphasizes similarity to competitors and adherence to social standards. Thus, a positive reputation is gained by differentiating specific dimensions among competitors. In this regard, Deephouse and Carter (2005), for instance, found that financial performance has a positive effect on a firm's reputation, but not its legitimacy. On the other hand, conformity has a positive effect on legitimacy, but a positive effect on reputation only for firms with lower reputations. Other scholars have claimed that a firm's social identity is the construct based on which audiences evaluate organizations in

terms of legitimacy and reputation (e.g., Foreman et al., 2012; King & Whetten, 2008). According to this perspective, legitimacy is obtained when the minimum requirements of a given social identity are achieved. Positive reputation is instead achieved when the organization is seen positively in relation to the ideal standards of a particular social identity.

A third stream of research within institutional theory has looked at the role of reputational rankings in institutionalizing a firm's reputations (Rindova & Martins, 2012). In this case, reputation can be defined as the relative standing of a firm in comparison to others in rankings created by institutional intermediaries (e.g., Fortune's Most Admired Companies). The idea of this stream is that organizations producing rankings are powerful intermediaries who have the power of determining the criteria around which organizations should be evaluated while also determining how organizations perform along these criteria. Reputation derived from rankings, once it becomes institutionalized, acquires the quality of a social fact (Rao, 1994), a socially constructed property that we see as an objective fact. In addition, organizations that receive certifications from such institutional intermediaries are more prominent in stakeholders' minds and likely to derive a series of benefits from such prominence (e.g., Rindova et al., 2005). Research in this stream has found that reputational rankings have a powerful effect on organizations' fates (e.g., Rao, 1994) and organizational actions (e.g., Elsbach & Kramer, 1996; Martins, 2005).

The main contribution of studies on reputation from an institutional perspective is to show how organizations are part of a socially constructed environment that they have sometimes constructed themselves and that has powerful effects on them. In order to gain favorable reputations, organizations have to conform to a variety of social expectations (e.g., Staw & Epstein, 2000) and perform positively on standards defined by third parties, such as ranking organizations (e.g., Rindova & Martins, 2012). Therefore, from this perspective, we learn that the outside environment has a powerful effect on organizations' fates and the way in which they are evaluated.



On the other hand, studies from an institutional perspective—at least in its most classic formulations—have been criticized for overly focusing on conformity and passive adaptation to standards of conformity (Oliver, 1991). To a certain extent, with some exceptions, this critique applies to studies on reputation from this perspective as well. Although it is true that organizations have to conform to socially desirable standards, it is also true they have margins for resistance and that there are a myriad of different standards and logics that apply differently to different types of organizations. In certain cases, organizations might also acquire the status of celebrities by not conforming to agreed-upon standards (Rindova et al., 2006). In this regard, for instance, institutional scholars looking at reputation could start looking at the way in which different institutional logics (e.g., Friedland & Alford, 1991; Thornton & Ocasio, 1999), and thus institutional complexity, influence the criteria that audiences apply to evaluate organizations and the consequences of such diversity for reputational assessments. In such contexts, one of the actors that have the most power in defining the criteria and the ways in which firms are evaluated are the mass media, as I will discuss in the next approach.

### **Mass Media Approach to Reputation**

Agenda-setting theory (e.g., McCombs & Shaw, 1972) has served as the backdrop to much of the research on media effects on reputation (e.g., Carroll, 2011a; Carroll & McCombs, 2003). This stream of research has mainly focused on testing the original effects found by agenda-setting theorists in the context of corporate reputation. Early research on reputation had already established that the media could have a powerful effect on people's assessments of organizations (e.g., Fombrun & Shanley, 1990; Wartick, 1992); in addition, how a company is presented in the media is likely to have a strong effect on a company's performance (Deephouse, 2000). Overall, such research suggests that companies should try to achieve a presence in the media early in their activities as this will constitute a fundamental step to building a positive reputation (e.g., Rindova, Petkova, & Kotha, 2007).

In line with other multi-dimensional approaches to reputation, agenda-setting theorists (e.g., Carroll, 2011b; Ragas, 2013) suggest that reputation is constituted by three main dimensions: organizational prominence (i.e., the degree to which we think about a company), organizational public esteem (i.e., the degree to which we evaluate a company positively), and organizational attributes or associations (i.e., the degree to which we associate a company with given attributes). In this respect, a systematic effort has been carried out in trying to test agenda-setting theory in the context of corporate reputation (e.g., Carroll, 2004; Carroll, 2011a; Meijer & Kleinnijenhuis, 2006). Such research, by relying on archival data and regression analyses, has found confirmation for both first- and second-level agenda-setting effects. First-level agenda setting tells us that the more a company is present in the media, the more such a company is going to be prominent in our minds. Second-level agenda setting tells us instead that the more the media associate a company with a given attribute, the more we will associate the company with such an attribute as well. In addition, the tonality or tenor (positive or negative) of media coverage about a company will influence the positivity of our thoughts with regard to the focal company. All these effects have been found to hold and have been tested internationally (Carroll, 2011a). Boundary conditions have also been found to apply (e.g., Einwiller, Carroll, & Korn, 2010; Ragas, 2013).

Research using mass media theories has also focused on how corporations influence the media agenda (Ragas, 2013). For instance, Rindova et al. (2007) found that companies more active in the marketplace are more likely to be covered by the media. Kioussis et al. (2007) also found that the number of news releases issued by firms influences the number of stories written about such firms in the media (see also Carroll, 2010).

The overall contribution of this research stream has been to show how the media have a strong influence in conditioning both what we think about companies and how we think about them. Most of the time we do not have personal experience with organizations; all we know about them comes from what we hear in the media. The media remain the dominant channel through which our perception of reality is built. In addition, agenda-

building research demonstrates that companies can and probably should work through the media to manage their reputations.

On the other hand, agenda-setting theory has been overly focused on traditional media sources, downplaying the fact that today's media environment is increasingly fragmented and that new media (e.g., social media) have an increasing role in determining the way in which we access to information and learn about the world (e.g., Ragas, 2013). Ragas (2013) has also suggested many new directions for future research in this area, such as accounting for the level of stakeholders' activism or how the media influence different stakeholder groups differently. Indeed, as we will discuss in the following paragraphs, stakeholders' characteristics and their socio-psychological features in particular play an important role in shaping the way in which organizations are perceived.

### **Evaluator-based Perspectives**

#### **Socio-cognitive Approach to Reputation**

Studies on reputation that have relied on socio-psychological theories represent a less cohesive body of research compared to the others discussed in this review. Such studies are spread across the management, communication, and marketing fields. The psychology literature is indeed one body of literature that has provided great insights for the study of reputation (e.g., van Riel & Fombrun, 2007). Furthermore, as is the case for other constructs, such as identity and image, reputation originally derived from socio-psychological research at the individual level (e.g., Bromley, 2001; Emler, 1990); therefore, not surprisingly, researchers studying reputation have built from the wide body of research in psychology to better understand corporate reputation.

Indeed, already in the infancy of reputation research, scholars advocated for the importance of understanding the way in which firms' investments are interpreted and become cognitions in people's minds (Fombrun & Shanley, 1990). More recently, scholars have criticized dominant approaches to reputation in management research by claiming that more effort should be made to open the so-called black-box of evaluative

processes and schema that are peculiar to reputation as a specific form of evaluation (e.g., Pfarrer, Pollock, & Rindova, 2010). For instance, in this respect, Barnett and Pollock (2012, p. 13) claimed:

Part and parcel with defining reputation, more work is needed to understand [...] how reputation is created, the underlying cognitive processes that allow it to create value for firms, and the relative importance of the perceptions, actions, and reports of those who have direct versus indirect experience with the focal firm.

Despite the call for more research on the socio-cognitive aspect of reputation, there is already a significant number of studies in reputation relying explicitly on socio-psychological theories and research (e.g., Eagly & Chaiken, 1993; Fiske & Taylor, 1991) in order to understand the ways in which cognitive and affective processes affect the way in which reputation judgments form and change in relation to different stimuli (e.g., Bromley, 2000). For instance, scholars have applied findings from attitude research (e.g., Caruana, 2006, Fischer & Reuber, 2007), social judgment and impression formation research (Brooks et al., 2003; Mishina, Block, & Mannor, 2012; Sjovald & Talk, 2004; Sohn & Lariscy, 2012), and/or biases and heuristics scholarship (e.g., Bitektine, 2011; Mishina et al., 2012) to the domain of reputation.

Most of these studies have basically claimed, more or less explicitly, that a firm's reputation is dependent on people's attitudes toward the firm, with attitudes representing an overall summary evaluation denoting the degree to which an object is evaluated positively or negatively (e.g., Ajzen, 2001). For instance, Fischer and Reuber (2007: 58) wrote that they "regard the process of reputation formation as one of attitude formation by multiple individuals within a stakeholder category," suggesting that reputation is conceptualized as the more or less shared aggregation of multiple individuals' attitudes toward a firm.

Individual attitudes are supported by a series of attributes that people associate with an object (e.g., Ajzen, 2001). In this regard, many researchers have focused more on reputation as a function of constructs such as perceived attributes (Davies et al., 2004),

impressions (e.g., Highhouse et al., 2009; Sjøvall & Talk, 2004), associations (e.g., Berens & van Riel, 2004; Einwiller et al., 2006), or beliefs (e.g., Bromley, 1993; 2000). Therefore, studies relying on this perspective have defined reputation as the “beliefs and evaluations held by external audience members” (Fischer & Reuber, 2007, p. 55). These definitions are far from being idiosyncratic to this perspective; indeed, definitions of reputation in terms of generalized favorability (i.e., attitudes, evaluations) and/or being known for something (i.e., beliefs, associations, impressions,) can be found in all the reputation literature (Lange et al., 2011). However, studies in the socio-cognitive perspective have put more emphasis on individuals’ evaluative processes.

Research on reputation from a socio-cognitive perspective has mostly relied on experiments, but it has also used archival data coupled with regression analyses. In this respect, many reputation scholars have advocated for an even stronger use of experiments (Barnett & Pollock, 2012; Bitektine, 2011; Fischer & Reuber, 2007; Pfarrer et al., 2010) to counter-balance the dominant use of archival data in reputation research and as a methodology better suited to investigate psychological mechanisms.

The focus of studies within this stream of research is quite diversified. For instance, some scholars have investigated the processes through which reputations take form (e.g., Fischer & Reuber, 2007; Sjøvall & Talk, 2004) or the way in which different preexisting levels of familiarity influence reputation judgments (e.g., Brooks et al., 2003; Brooks & Highhouse, 2006; Turban, 2001; Turban & Greening, 1997). Other scholars have investigated the way in which new information influences an existing reputation. For instance, Mishina et al. (2012), Sohn and Lariscy (2012), and Berens et al. (2007) investigated the differential ways in which new information can influence judgments about organizational capabilities and character. Researchers have also investigated the variables that moderate the effect of new information on people’s reputation judgments (Einwiller et al., 2006; Flanagan & O’Shaughnessy, 2005; Love & Kraatz, 2009).

The main contribution of studies relying on socio-psychological theories is that they help us better understand what happens inside the head of those making the evaluations. Indeed, this is highly relevant as, ultimately, people’s judgments influence the way in

which they relate with organizations (e.g., buy products, invest, apply for jobs), thereby justifying the study of collective constructs, such as reputation, from an individual perspective (e.g., Bitektine, 2011). As mentioned by Mishina et al., (2012) socio-cognitive approaches to reputation can help us better understand the way in which people use imperfect information (e.g., which informational cues we consider and which ones we ignore) to form reputation judgments and how such judgments are used to make decisions. Also, as highlighted by many authors, knowledge in this direction can, ultimately, help managers better manage their organization's reputation (e.g., Bitektine, 2011; Mishina et al., 2012).

Of course, one should also be aware that not everything happens inside people's heads and, therefore, evaluations do not happen in a vacuum—a risk that sometimes affects studies in this stream. Integrating psychological theories with other theoretical perspectives that pay more attention to the context, such as institutional theory (Bitektine, 2011; Tost, 2011) or mass media theory (Einwiller et al., 2010), could be a fruitful way of avoiding the risk of paying too much attention to the individual evaluator while still respecting the identity of this approach to reputation.

In order to theorize the socio-cognitive consequences of having a certain reputation, scholars might also decide to integrate socio-cognitive theories with the resource-based view of the firm—a theoretical approach that has classically focused on understanding the consequences of having a certain reputation.

## **Outcome-based perspectives**

### **Resource-based view of the firm's approach to reputation**

The resource-based view of the firm (Amit & Schoemaker, 1993; Barney, 1986; 1991; Dierickx & Cool, 1989) has brought a paradigmatic shift in strategy research. This theory has explained that internal organizational assets and qualities can have a strong effect on reaching a sustainable competitive advantage, not only industry and/or structural conditions, as suggested by much of the classic research in industrial

economics and strategy (McGahan & Porter, 1997; Porter, 1980; Rumelt, 1991). More specifically, but without entering into too much detail, Barney (1991) in his seminal paper argued that firms' resources are likely to lead to a sustainable competitive advantage if they possess four main characteristics: a resource should be valuable, difficult to imitate, difficult to substitute, and rare. In his paper, Barney suggested that a firm's reputation might be one resource that has these characteristics (see also Barney, 1986; Dierickx & Cool, 1989; Grant, 1991). Hall (1992) also found that executives ranked reputation as the most important intangible asset in a relatively long list of possible others. Starting from this theoretical framework, several scholars have looked at reputation from a resource-based perspective (e.g., Boyd, Bergh, & Ketchen, 2010; Deephouse, 2000; Flanagan & O'Shaughnessy, 2005; Hall, 1992; Hall, 1993; Rao, 1994; Roberts & Dowling, 2002).

As previously suggested, according to resource-based theorists, reputation is a resource. Such a resource should be distinguished from the investments needed to obtain it. Using Dierickx and Cool's (1989) famous bathtub metaphor, a resource stock is the level of the water in the bathtub at any moment in time, whereas investments are represented by the flow of water coming from the tap and divestments are represented by the water flowing out from the drain in the tub. The resource stock at any time is the result of the accumulated investments and divestments over time. Therefore, reputation according to this perspective would be the level of water present in the bathtub at a given moment in time. In less abstract terms, reputation would be the amount of capital possessed by a firm in terms of how positively it is evaluated by its stakeholders (e.g., Deephouse, 2000) as well as how prominent the organization is (Rindova, Williamson, & Petkova, 2010). On the other hand, factors determining reputation would be, according to this perspective, "complex, oftentimes embedded within the firm, and likely to be associated with a high degree of ambiguity, the combination of which limits replication" (Boyd et al., 2010, p. 5).

In this respect, the main focus of the resource-based view has been to try to understand the extent to which favorable perceptions of a company become the source of a

competitive advantage (e.g., Roberts & Dowling, 2002). Studies in this stream of research, relying primarily on archival data and regression analysis, have found that reputation brings value to corporations in a variety of ways, such as an ability to attract and retain employees (Gatewood et al., 1993; Turban & Greening, 1997), increase willingness to pay for firms' products (Boyd et al., 2010), increase financial performance (Deephhouse, 2000; Roberts & Dowling, 2002) and increase survival prospect (Rao, 1994).

Thanks to scholars looking at reputation via a resource-based view lens, we have learned about the many benefits that having a positive reputation can have. Indeed, this offers not only a high theoretical relevance, but also a practical one. In fact, from a more practical point of view, this research gives strong justification for companies' interest in having a positive reputation and trying to manage it (Deephhouse, 2000). At the same time, talking about reputation as a resource that the firm owns might be somewhat misleading. Reputation is not owned by the company per se; reputation is something that lies outside the organizational boundaries (i.e., being in the eye of the beholder; e.g., Rindova & Fombrun, 1998), and there are obvious limitations in the extent to which it can actually be managed as other, more traditional resources can. Therefore, although the metaphor of reputation as a resource is useful and somewhat convenient, one should be very careful and be aware about the specificities that make it different than what the term resource would imply.

In terms of limitations, resource-based view theorists have to a certain extent limited their attention—not surprisingly—to the consequences of reputation (e.g., Walker, 2010). Although this is fine, it would be interesting to better understand which antecedents make a reputation capable of providing a sustainable competitive advantage and which do not lead to such reputation. Furthermore, as suggested by Walker (2010), how firms build such reputations capable of providing competitive advantage is a relevant avenue for research in this area. Finally, resource-based theorists have mostly focused on the single firm, downplaying the fact that competitive advantage is the



outcome of systemic dynamics that go beyond the resource of the firm (Rindova & Fombrun, 1999).

## **Discussion and Conclusion**

In this chapter, I have reviewed the six dominant theoretical perspectives adopted to study organizational reputation. Although five of these theoretical perspectives have already been identified as central to the reputation literature in previously published literature reviews (e.g., Fombrun, 2012; Walker, 2010), the sixth theoretical perspective (socio-cognitive) is here reviewed explicitly for the first time.

I assigned the six theoretical approaches to four main perspectives to the study of reputation depending on the focus of the specific theoretical perspective: organization-based, context-based, evaluator-based, and outcome-based approaches. Indeed as discussed, each perspective has its own merits as it sheds light from different angles on the reputation construct allowing for the appreciation of different sides of the same object of study. In this regard, various scholars have advocated for the need to better understand reputation by integrating different theoretical perspectives together in the same study (e.g., Fombrun, 2012; Rindova et al., 2005; Rindova & Martins, 2012). Approaching reputation from a multi-theoretical perspective can help researchers see the whole object altogether at the same time, not only separate bits of it. Therefore, this review also aims to provide a reference tool for researchers interested in studying reputation from a multi-theoretical perspective.

By discussing the reputation literature from multiple theoretical angles, this review also aims to highlight the complexity of reputation as an object of study. Reputation results from the complex interplay of multiple factors; it is part of a complex web of sense-making surrounding the organization (Scott & Walsham, 2005) that comprises multiple forms of evaluation, such as legitimacy and status (e.g., Bitektine, 2011), and is related to other symbolic, institutional, and competitive dynamics influencing the fates of organizations (Fombrun, 2012; Rindova & Fombrun, 1999).

To date, various scholars have integrated (usually two) different theoretical perspectives when studying reputation (e.g., Carter, 2006; Deephouse, 2000; Deephouse & Carter, 1998; Einwiller et al., 2010; Love & Kraatz, 2009; Rindova et al., 2005). For instance, Deephouse (2000) integrated mass media and the resource-based view of the firm to discuss how a favorable media reputation has a positive effect on financial performance. Rindova et al. (2005) integrated institutional and economic theories to test the antecedents and consequences of reputation, defined as the extent to which a firm is prominent and positively evaluated by stakeholders. Deriving from such studies, scholars have also started to create more complex, multi-dimensional definitions of reputation (e.g., Carroll, 2011b; Lange et al., 2011; Rindova et al., 2005; Rindova et al., 2007), suggesting that reputation comprises multiple dimensions, such as the valence of the evaluation, the degree to which the firm is known, and the attributes associated with the organization by perceivers. Future research in this direction will have to detail the way in which different sub-dimensions of reputation interact with one another as well as the different antecedents and consequences that they might have (e.g., Rindova et al., 2007). These studies have started to uncover the potential of integrating multiple theories and the benefits that such an approach can provide.

However, integrating multiple theories can also be risky and problematic and, in some cases, require additional attention (e.g., Mayer & Sparrowe, 2013). Different theoretical perspectives often come from different epistemological traditions, use different levels of analysis to study the same object, use different methodologies, and make other types of different assumptions about the object of study. For instance, new institutional theory has adopted a macro approach and argued that reputation is a collective judgment deriving from the interpretations of multiple intermediaries (e.g., ranking organizations); socio-cognitive approaches have adopted a rather micro approach and argued that reputation is directly dependent on individual attitudes. Researchers interested in integrating these two perspectives would have to explain how different levels of analysis are related (i.e., how are collective and individual judgments related) and how they can be integrated (Bitektine, 2011; Mishina et al, 2012).

Notwithstanding the difficulties that integrating different theories entails, the advantages that can derive from it are multiple and exceed the potential disadvantages. In this paper, I have discussed the dominant theories used to study reputation, although, as briefly mentioned, other theoretical approaches have also been used. Great advantages can be derived from deepening the study of reputation from a single theoretical perspective, yet integrating multiple ones already represents the present and probably the future of research in this area.

**Table 1: A Multi-theoretical Literature Review of the Organizational Reputation Literature**

	ORGANIZATION-BASED PERSPECTIVES		CONTEXT-BASED PERSPECTIVES		EVALUATOR-BASED PERSPECTIVES	OUTCOME-BASED PERSPECTIVES
	Signaling approach	Impression management	New institutionalism	Mass media	Socio-cognitive	Resource-based view of the firm
<b>Theoretical origins</b>	- Signaling theory - Game theory	- Impression management theories	- Social-constructivism - New institutionalism	- Agenda-setting and agenda-building theories	- Attitude theories - Social judgment and impression formation theories - Bias and heuristics literature	- Resource-based view of the firm
<b>Definition(s)</b>	- “a set of attributes ascribed to a firm, inferred from the firm’s past actions” (Weigelt & Camerer, 1988, p. 443)  - “the beliefs that other players hold about his [a person, a corporation] unknown characteristics and on the basis of which they predict his behavior” (Milgrom & Roberts, 1982, p. 283).	- “a global (i.e., general), temporally stable, evaluative judgment about a firm that is shared by multiple constituencies” (Highhouse et al., 2009, p. 1482)  - “enduring status categorizations of the quality of an organization as perceived by external audiences and stakeholders” (Elsbach, 2006, p. 17)	- “a global impression, which represents how a collective—a stakeholder group or multiple stakeholder groups—perceive a firm” (Rindova et al., 2005, p. 1033)  - “the relative position of a firm in explicit rankings created by powerful intermediaries in institutional fields” (Rindova & Martins, 2012, p. 22)	- “the overall evaluation (usually in terms of good or bad) of a company” (Meijer and Kleinnijenhuis, 2006: 547)  - “corporate reputation has multiple dimensions: <i>public prominence</i> , <i>public esteem</i> , and a <i>series of attributes</i> or qualities tied to the firm” (Carroll, 2011: 201).	- “the beliefs and evaluations held by external audience members” (Fischer & Reuber, 2007, p. 55)  - “The way key external stakeholder groups or other interested parties actually conceptualize that organization” (Bromley, 2000, p. 241)	- “an intangible resource that is derived from combinations of internal investments and external appraisals” (Boyd et al., 2010, p. 5)  - “the evaluation of a firm by its stakeholders in terms of their affect, esteem, and knowledge” (Deephhouse, 2000, p. 1093)
<b>Focus</b>	- How firms’ actions reveal information about their underlying characteristics, thereby allowing for predictability about future behaviors	- How firms adopt a series of behaviors and communications to consciously manage their reputation	- How a firm’s conformance to a variety of standards influences reputation	- How the amount and tenor of media coverage influence receivers’ perceptions about a firm	- How people’s attitudes, interpretative processes, and schemas influence reputation formation, change, and stability	- How reputation influences outcomes such as sustainable competitive advantage

	ORGANIZATION-BASED PERSPECTIVES		CONTEXT-BASED PERSPECTIVES		EVALUATOR-BASED PERSPECTIVES	OUTCOME-BASED PERSPECTIVES
	Signaling approach	Impression management	New institutionalism	Mass media	Socio-cognitive	Resource-based view of the firm
<b>Key contribution(s)</b>	- Reputation allows firms to overcome information asymmetries, thereby allowing for better assessment of firms' qualities	- Reputation can be managed: firms can and do manage their reputation in both in anticipatory and reactive ways.  - Provides a series of strategies and tactics to manage reputation.	- Firms are part of a socially constructed environment that exerts a strong pressure over their behavior  - Third parties (ranking agencies) play a powerful role in shaping a firm's reputation	- Media have a powerful influence on people's evaluations of firms as sometimes it is the only way in which they know about firms	- Allow to understand what happens inside the heads of those who actually formulate the evaluations	- Role of reputation in building and maintaining competitive advantages
<b>Key limitation(s)</b>	- Assume a 1:1 relationship between a firm's actions and observer's interpretation.	- Audiences' interpretations can be, and often are, decoupled from the firm's IM efforts.	- Overly focused on conformity	- Overly focused on traditional media sources, downplaying the growing role of new and social media	- In some cases, overly focused on individual interpretations, thereby downplaying contextual factors	- Not clear how reputation that leads to sustainable competitive advantage can be built - Overly focused on the single firm
<b>Methodology</b>	- Experiments - Simulations - Formal theoretical models - Archival data and regression analyses	- Case studies - Archival data and regression analyses - Experiments	- Archival data and regression analyses	- Archival data and regression analyses	- Experiments - Archival data and regression analyses	- Archival data and regression analyses
<b>Illustrative references</b>	Clark & Montgomery, 1998; Fombrun & Shanley, 1990; Milgrom & Roberts, 1982; Noe, 2012; Rindova et al., 2005; Shapiro, 1983; Turban & Greening, 1997; Weigelt & Camerer, 1988	Bromley, 1993; Carter, 2006; Carter & Deephouse, 1999; Carter & Dukerich, 1998; Elsbach, 2006; Highhouse et al., 2009	Deephouse & Carter, 2005; Deephouse & Suchman, 2008; King & Whetten, 2008; Love & Kraatz, 2006; Martins, 2005; Philippe & Durand, 2011; Rao, 1994; Rindova et al., 2005; Staw & Epstein, 2000	Carroll & McCombs, 2003; Deephouse, 2000; Meijer & Kleinnijenhuis, 2006; Pfarrer et al., 2010; Ragas, 2013; Rindova et al., 2007; Wartick, 1992	Bromley, 1993; Bromley, 2000; Bromley, 2001; Brooks & Highhouse, 2006; Brooks et al., 2003; Fischer & Reuber, 2007; Highhouse et al., 2009; Mishina et al., 2012; Sohn & Lariscy, 2012	Boyd et al., 2010; Deephouse, 2000; Flanagan & O'Shaughnessy, 2005; Hall, 1992; Hall, 1993; Rao, 1994; Roberts & Dowling, 2002

# Chapter 2: Reputation Robustness: A Theoretical Investigation of the Cognitive and Contextual Factors Moderating the Effect of Negative Events on Reputation Judgments<sup>5</sup>

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## Abstract

We propose a theoretical investigation of the factors that make stakeholders' reputation judgments about an organization robust to the effect of negative events. We elaborate on two sets of factors (cognitive and contextual factors) central to understanding organizational reputation and formulate a series of propositions for how these factors might influence the stability of reputation judgments to negative events. Our study contributes to existing research by offering a thorough discussion of the factors moderating the effect of negative events on reputation judgments. This approach serves to lay the foundation for a different conceptualization of reputation management, thus moving its focus from the control and mitigation of risks to the creation of conditions that make reputation more robust against negative events, regardless of their predictability.

**Keywords:** cognitive factors; contextual factors, negative events; reputation judgments; reputation robustness.

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## **Introduction**

In the last twenty years, the concept of corporate reputation has received increasing attention (e.g., Fombrun & Shanley, 1990; Fombrun, 1996; Rindova et al., 2005; see also Lange, Lee, & Dai, 2011, for the most recent review). Among other things, scholars have found that reputation can have a positive effect on financial performance (Deephouse, 2000; Raithel & Schwaiger, 2014; Roberts & Dowling, 2002), induce buyers to pay price premiums (Rindova et al., 2005), facilitate alliance-formation (Dollinger, Golden, & Saxton, 1997; Stern, Dukerich, & Zajac, 2014) and increase chances of survival (Rao, 1994). Furthermore, in situations of uncertainty, reputation can work as a signaling device useful for stakeholders to better evaluate actors (Fombrun & Shanley, 1990; Graffin & Ward, 2010) and can protect organizations against negative information, providing them with the benefit of doubt (Pfarrer, Pollock, & Rindova, 2010). Given this fundamental role, researchers have highlighted the importance of gaining a positive reputation from the beginning of a firm's activity (Fisher & Reuber, 2007; Rindova, Petkova, & Kotha, 2007).

At the same time, acknowledgment of the importance of corporate reputation has led scholars to advocate for a better understanding of how reputations are maintained (Flanagan & O'Shaughnessy, 2005). As Fombrun (1996, p. 388) pointed out, reputations "sit on the slippery ground of their constituents' fickle interpretations" and can be subject to "ebbs and flows" (Love & Kraatz, 2009, p. 314) and therefore suffer the effects of negative events or actions (e.g., Hall, 1992). Recent research has thus examined the mechanisms that determine how reputations are changed and/or maintained in the light of new information (Love & Kraatz, 2009; Mishina, Block, & Mannor, 2012) and the contextual factors that influence the ability to repair a damaged reputation (Rhee & Valdez, 2009).

These papers also highlighted the fact that reputation may have characteristics that make it more or less enduring (Fombrun & Shanley, 1990). In this regard, scholars have investigated variables that make reputation change more difficult (Mahon & Mitnick, 2010; Schultz et al., 2001) and the factors that moderate the negative effects of a series

of actions or events, such as crises (Coombs & Holladay, 2006), layoffs (Flanagan & O'Shaughnessy, 2005), product recalls (Rhee & Haunschild, 2006), and material earnings surprises (Pfarrer et al., 2010).

However, researchers have just started to investigate the factors that make organizational reputation more stable and resistant to challenging conditions. In this paper, we aim to contribute to this endeavor by elaborating on the cognitive and contextual factors that contribute to make stakeholders' reputation judgments stable in light of negative events. We thus aim to contribute to a better understanding of the nature of corporate reputation and its properties to withstand negative events, an area of recognized relevance (Flanagan & O'Shaughnessy, 2005; Love & Kraatz, 2009) given the fundamental role of reputation in organizational success. In this regard, throughout the paper, we use the term reputation judgment's robustness to indicate a stakeholder's ability to maintain a certain evaluation of an organization against negative events that may affect the perceptual representations of the organization. In other words, a robust reputation judgment is less affected by negative events. Some scholars have undertaken a similar reflection by looking at the factors that might make reputation sticky (Mahon & Mitnick, 2010; Schultz, Mouritsen, & Gabrielsen, 2001) and at the contextual factors that influence organizations' ability to repair a damaged reputation (Rhee & Valdez, 2009). In this regard, Rhee and Valdez characterized their contribution in terms of "resilience," or the ability of a firm's reputation to "bounce back" after a damaging event. We believe that our paper contributes to an understanding of the variables that can make reputational damage less likely, rather than reputation change or repair easier (after damage has already occurred). We argue that, by addressing the role of such cognitive and contextual factors, organizations may lay the foundation for the creation of "dense webs of meanings" (Suchman, 1995, p. 597) able to resist temporary incidents or misunderstandings and thus sustain the way in which the firm is evaluated at difficult times. Our contribution is also relevant for a different conceptualization of how reputation management is understood, moving the focus of reputation management from the control and mitigation of risks to the creation of cognitive and contextual conditions



that make stakeholders' reputation judgments robust to the effect of negative events, regardless of their predictability.

We start the paper by defining reputation judgments and by positioning our contribution in relation to the existing literature on the topic. After this, by reviewing the existing literature on corporate reputation, we distinguish two sets of factors that are key to understanding reputation judgments: cognitive factors and contextual factors. After laying the theoretical foundations sustaining our approach, we elaborate on the role of these factors in influencing the robustness of stakeholders' reputation judgments to negative events, and for each, we formulate a series of testable propositions. We conclude the paper by discussing our contribution in detail and thus the implications for theory, practice, and future empirical research.

### **Theoretical Background**

We define a reputation judgment as a stakeholder's general level of favorability toward a certain organization. In this sense, a reputation judgment captures the degree to which a stakeholder admires and trusts an organization (Deephouse & Jaskiewicz, 2013; Fombrun, 1996; 2012; Lange et al., 2011; Ponzi, Fombrun, & Gardberg, 2011). By defining reputation judgments in this way, we distinguish it from the antecedents, sometimes called drivers, such as the factors leading to more or less positive overall evaluations (e.g., beliefs about the firm's defining attributes and/or evaluation of the firm's performance on specific aspects) and the differing levels of familiarity with the organization (Fombrun, 2012; Ponzi et al., 2011). We use the term reputation judgment to underline the fact that, when it comes to the level of analysis, we focus on the individual evaluator (Barnett, 2014; Bitektine, 2011; Fischer & Reuber, 2007; Haack, Pfarrer & Scherer, 2014) as a member of a specific stakeholder group. From this definition of reputation judgment as a generalized evaluation held by an individual stakeholder, it follows that (1) two individuals can evaluate an organization at the same level of favorability (reputation judgment), but such evaluation can be based on different levels of familiarity with the organization and/or different set of attributes associated

with the organization and (2) across different individuals within the same stakeholder group there can be more or less agreement regarding the evaluation and attributes defining an organization (e.g., Bromley, 2000; Fischer & Reuber, 2007). As we will argue in the paper, although two stakeholders might evaluate an organization equally favorably, it is important to look at certain specific aspects on which such evaluations are based (e.g., degree of familiarity, nature of the associations, level of agreement about the organization's attributes, etc.) in order to understand the degree to which such evaluations might be more or less resistant to negative events.

In this paper, we focus on understanding the cognitive and contextual factors moderating the effect of negative events on stakeholders' reputation judgments. We define negative events broadly as any event or information that has the potential to negatively influence reputation judgments, such as, for instance, negative publicity (e.g., Dean, 2004) or novel information about a firm's actions or behaviors. While other authors have focused on understanding how the characteristics of different negative events can damage reputation to different extents (e.g., Coombs, 2007), our theorizing examines change in reputation given the same negative event (Rhee & Valdez, 2009) and independently from the way in which the organization reacts to the negative event (e.g., Coombs, 2010). We thus assume that, in light of a negative event involving an organization, the reputation judgments of two stakeholders regarding such an organization might change differently depending on the presence of certain cognitive and contextual factors.

### **Reputation robustness, stickiness, repair and resilience.**

While various researchers have acknowledged the need to better understand the longitudinal nature of reputation (Fombrun and Shanley, 1990), how reputation is maintained (Flanagan & O'Shaughnessy, 2005), and the importance of understanding the factors causing "reputational ebbs and flows" (Love & Kraatz, 2009, p. 314), there has been little research on these factors. Indeed, many scholars have pointed out how reputation is fundamentally a stable asset; that is, once formed, it tends to be inert and reproduce itself over time (Highhouse et al., 2009; Schultz et al., 2001). In this respect, scholars have used the term reputation stickiness to denote the fact that reputation

judgments about a firm might become established to such an extent that they do not change over time (Fischer & Reuber, 2007; Mahon & Mitnick, 2001; Schultz et al., 2001). For instance, Schultz et al. (2001) found out that, even if the criteria used by ranking organization to measure the reputation of organizations change over time, the reputation of such organizations remains stable. Mahon and Mitnick (2010) reflected on the factors that influence such stickiness of reputation. However, as highlighted by some researchers (Highhouse et al., 2009), while reputation may be relatively stable over time, it might suffer tremendously from the occurrence of negative events. Therefore, stability in the absence of negative events (inertia, stickiness) and stability in the presence of such negative events (robustness) are two different aspects to consider. In this respect, in this paper we purposely look at the variables that make reputation judgments robust to negative events.

In a related way, some authors have looked at what might make reputation recovery after a negative event more or less difficult. For instance, Rhee and Valdez (2009) initiated a reflection in this direction by looking at the factors that may influence the ability to repair reputation. Such research contributed to the field by identifying, using Rhee and Valdez's words, contextual factors that have an impact on the ability of organizations to influence their reputation once an event has affected it. Using a parallel with aviation engineers, traditional reputation research has dealt with how to build a good airplane that can fly (i.e., antecedents of a good reputation). Rhee and Valdez (2009) acknowledged that, during flights, perturbations that damage the plane may occur, and they identified factors influencing the ability to repair it in stormy conditions in order to put it back on the right route. In this paper, we advocate for the need to build robust planes that can maintain the route regardless of perturbations. As engineers would certainly agree, it is less dangerous and less expensive to maintain a plane functioning properly than to repair it. Our concern is therefore not how to repair reputation, but how to build a "robust" reputation.

In this regard, Rhee and Valdez's (2009) contribution can be seen as being related to the concept of resilience. In fact, as the two authors stated (p. 155), "This capability [to

bounce back from and repair reputation after a damaging event] can be considered in terms of organizational resilience in times of crisis or organizational capacity to recover successfully after crisis (Gitell et al., 2006; Masten, 2001)”. Our paper looks instead at the variables contributing to making reputation robust; that is, those variables influencing stakeholder’s ability to maintain a certain evaluation of an organization against negative events that may affect the perceptual representations of the organization. Therefore, reputation robustness should not be confused with organizational resilience. In fact, reputation robustness, in contrast to organizational resilience, is a characteristic of an organization’s stakeholders and not of the organization itself. Robustness refers to a (stakeholder’s) cognitive state, while strategic resilience refers to (an organization’s) personality traits, such as flexibility, sturdiness, resourcefulness, and mindfulness (Sutcliffe & Vogus, 2003), that allow organizations to change before adversity hits (Hamel & Välikangas, 2003) or to rebound from adversity by recombining and deploying resources in new ways (Vogus & Sutcliffe, 2007). Resilience is therefore also a process, which includes learning from adversity and responding to present or foreseen adversities (Sutcliffe & Vogus, 2003); it refers to an organization’s recuperative power (Evans, 1991). We believe that looking at the variables making organizational reputation robust allows us to go beyond a repairing approach to reputation and explore the conditions that ensure reputation’s robustness when it is threatened by negative events.

### **The role of cognitive and contextual factors in understanding reputation**

In order to lay the theoretical foundations of our paper, in the next pages we elaborate on these two sets of factors that are fundamental to understanding the dynamics related to reputation judgments’ formation and change — cognitive factors and contextual factors. First, reputation judgments are influenced by cognitive factors, such as the degree to which a person is familiar with an organization (Yang, 2007) and by the set of attributes associated with such organization (Bromley, 1993; Fischer & Reuber, 2007). Second, reputation judgments are influenced by a series of contextual factors (e.g., Rindova & Fombrun, 1999) related to the interpersonal environment an individual stakeholder is

part of such as, for instance, the level of agreement with others on the attributes defining the firm (Bromley, 2000; Fischer & Reuber, 2007).

### **Cognitive factors**

The importance of understanding how cognitive factors influence formation and change of reputation was acknowledged long ago (Fombrun & Shanley, 1990). However, scholars have tended to examine reputation using what has been called a “black-box approach,” thus ignoring the cognitive mechanisms underlying the formation and change of reputation judgments and their distinct interpretative qualities (Pfarrer et al., 2010, p. 1146). In light of this lacuna, there has been an upsurge in research trying to better understand the micro dynamics of a variety of social judgments, including reputation, status, and legitimacy (Bitektine, 2011; Mishina et al., 2012; Tost, 2011).

Some researchers have addressed the influence of cognitive variables on the process of reputation formation by looking at reputation as a function of individuals’ attitudes toward the firm (e.g., Bromley, 2000; Brooks & Highhouse, 2006; Brooks et al., 2003; Highhouse et al., 2009; Fischer & Reuber, 2007). Such literature allows us to elaborate on two variables that influence the properties of a person’s reputation judgments: the degree of familiarity with the organization and ambivalence toward the organization. As discussed above, a stakeholder’s reputation judgment can be supported by different levels of familiarity and more or less consistent attributions toward an organization.

In the last decade, researchers have demonstrated increasing interest in the relationship between stakeholders’ familiarity with an organization and its reputation (Rindova et al., 2005; Lange et al., 2011). Familiarity refers to the overall, generalized knowledge that people have about a given organization (Yang, 2007). Familiarity with an object can be developed through direct experience, media exposure, or communication with other people (e.g., Bromley, 2000; Yang & Grunig, 2005). A great deal of research in cognitive psychology has suggested that the greater familiarity people have with an object, the more positive attitudes they hold toward the object (Zajonc, 1968). This research has been extended to fields more directly related to organizations, such as

marketing (Baker, 1999), recruiting (Gatewood et al., 1993; Turban, 2001; Turban and Greening, 1997), public relations (McCorkindale, 2008; Yang, 2007), and corporate reputation (e.g., Fombrun & van Riel, 2004). However, research has also shown that the relationship between familiarity and reputation might not be this straightforward. Familiarity can in fact be related to both positive and negative associations (i.e., ambivalence), not just positive associations, as generally suggested (Brooks et al., 2003).

In this regard, ambivalence relates to the extent to which people contemporarily associate an object with positive and negative attributes. While, classically, attitudes have been described as unidirectional in their evaluative nature (Eagly & Chaiken, 1993), researchers have later recognized that people can hold ambivalent opinions about an object (e.g., Conner & Armitage, 2008; Thompson et al., 1995). Ambivalence might result from separate reputational dimensions; a stakeholder, for instance, might think well of a company's products, but have negative feelings about how the company treats its employees. At the same time, ambivalence can be related to the same reputational dimension; a stakeholder might think well of a company's financial results because they were better than the previous year, but also feel bad because they were worse than the results of key competitors (Plambeck & Weber, 2009). Although still perfectly capable of formulating an overall evaluation (i.e., a reputation judgment), stakeholders' ambivalence might impact the properties of such evaluation. Research on ambivalence has relatively recently entered into the realm of organizational reputation more or less explicitly (Brooks et al., 2003; Brooks & Highhouse, 2006; Rhee & Valdez, 2009). For example, Rhee and Valdez (2009) suggested that a higher ratio of positive to negative reputation dimensions might increase stakeholders' perceptions of a firm's capability to recover from a critical event. Brooks and colleagues (2003, 2006) examined the extent to which, depending on the salient aspects in a given moment, evaluators are more likely to express positive or negative corporate associations.

To summarize, the research reviewed above highlights the fact that a stakeholder's reputation judgments, as an overall evaluation, can be based on different degrees of familiarity with an organization and on different beliefs and associations of a positive

and negative valence at the same time (i.e., ambivalence). Therefore, two different stakeholders can potentially express the same reputation judgment, but such judgment might be based on different levels of familiarity and/or based on different mix of positive and negative beliefs about the organization (e.g., the organization produces good quality products; the organization is innovative; the organization is young and aggressive, etc.). This research has not yet investigated the effects of such variables in influencing the resistance of reputational judgments to negative events. We will elaborate on the role of familiarity and ambivalence with respect to reputation robustness later in the paper.

### **Contextual factors**

Despite the central importance of cognitive factors, reputation judgments do not form in a vacuum but are shaped by a context in which information is exchanged. Reputation judgments are influenced by aspects other than a person's degree of knowledge and mix of attributions about an organization, such as the beliefs and opinions of others and by social norms. As highlighted also in psychological research on attitudes, the social context we are part of plays an important role in shaping individuals' attitudes (Eaton et al., 2008). Contextual factors thus refer to the set of variables related to the "interpretational environment" in which stakeholders exchange information and understand the organization to form an impression about it. Various authors (Bromley, 1993; 2000; Dowling, 2001; Mahon & Wartick, 2003; Rindova & Fombrun, 1999) have elaborated on the way in which information circulates among stakeholders and the complex processes that lead to the formation and change of reputation. Reputation judgments result from a complex sense-making process whereas various actors exchange information based on different, often idiosyncratic and self-serving, interpretations. Such actors often have different levels of understanding about the industry and the firms that belong to it, use different criteria of evaluation and might play a different role in the extent to which they are able to influence others' opinions.

Such literature allows us to elaborate on three relevant variables likely to influence the interpretational environment in which reputations take form: the degree to which reputation judgments are based on shared and legitimated norms, values, and criteria

(e.g., Deephouse & Carter, 2005; Rindova & Fombrun, 1999); the extent to which stakeholders agree on what they perceive to be the organization's defining attributes (Bromley, 1993; 2000; Fischer & Reuber, 2000); and the role of more active stakeholders in influencing a person's reputation judgments (Dowling, 2001; Grunig & Hung, 1984). These contextual variables all affect the properties of the reputation judgments held by the individual stakeholder.

The existence of shared legitimated norms, values, and criteria to evaluate organizations can constitute the basis for reputation formation (Graffin & Ward, 2010; Rindova & Fombrun, 1999). Organizational adherence to the norms and values prescribed by society constitutes a fundamental source of legitimation from stakeholders (e.g., DiMaggio & Powell, 1983; Suchman, 1995). In this respect, the relationship between legitimacy and reputation has been extensively debated in the literature (Bitetkine, 2011; Deephouse & Carter, 2005; Deephouse & Suchman, 2008; King & Whetten, 2008; Rao, 1994; Rindova et al., 2006). One key difference between the two concepts is that legitimation by stakeholders is gained by conforming to prevalent societal norms and values, while good reputation is gained by positively differentiating from competitors on dimensions that may or may not include those on which legitimacy was granted (Deephouse & Carter, 2005). As the dimensions on the basis of which legitimacy and reputation judgments are based can partially overlap (Bitekine, 2011), a stakeholder's reputation judgment can be based on more or less legitimated factors. For example, a stakeholder may evaluate positively an organization because it is engaging in actions judged as nonconforming by society (Rindova et al., 2006). Conversely, a stakeholder may evaluate an organization positively because it conforms to the most current management practices (Philippe and Durand, 2011; Staw and Epstein, 2000). Thus, societal norms, values, and current standards can support, rather than not, the dimensions on the basis of which a stakeholder grounds a reputation judgment.

Also, from the reputation literature we understand that, as different stakeholders interact, they build different views of the same organization and influence one another through social networks, agreeing to different extents on the salient attributes that define an



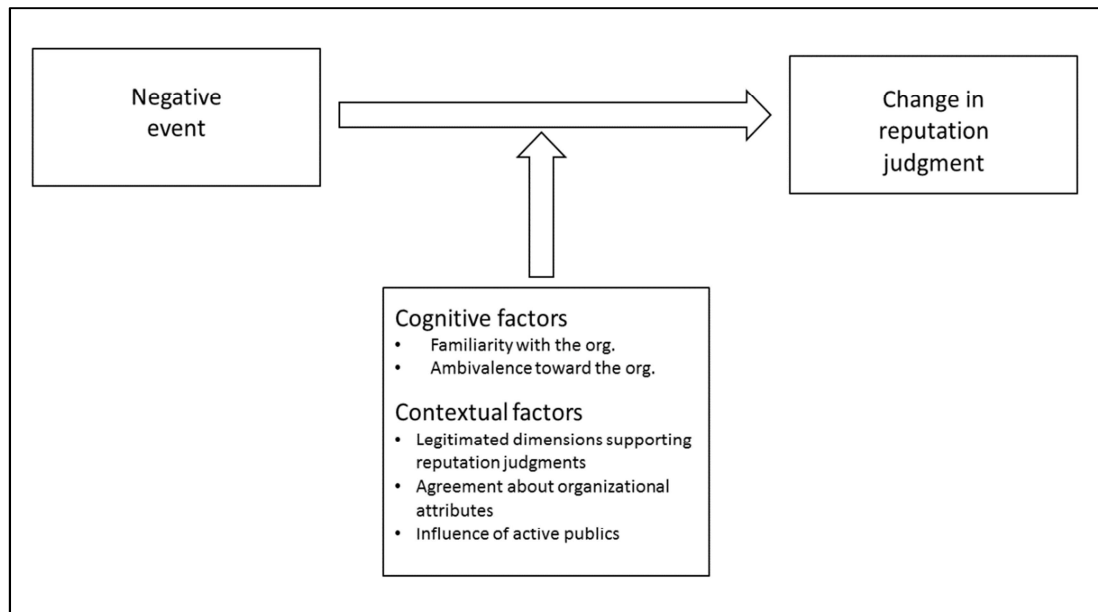
organization (Bromley, 1993, 2000). Most organizational attributions take the shape of a reversed-J distribution in which some attributions are shared by most group members; others represent idiosyncratic perceptions of the organization and thus are shared only by a few (Bromley, 1993). As suggested by some scholars, “the strength and homogeneity of the individual impressions in a group comprise reputation; if the members all have weak or differing opinions, then no clear reputation is formed” (Sjovall & Talk, 2006). Therefore, a certain level of agreement is necessary in order to talk about reputation. Still, in general, reputations can vary in the extent to which agreement about the attributes describing the organization exists (Bromley, 2000). These authors have discussed reputation as a second-order construct, deriving from the aggregation of individual stakeholders’ evaluations (first-order construct). We focus on how the evaluations of the focal stakeholder may differ to different extents from those held by the group of belonging (Mishina et al., 2012) and how such (dis)agreement is likely to influence the properties of the reputation judgments held by the focal stakeholder.

Finally, in the process of reputation formation and change, some stakeholders play a more active role in influencing other people’s reputation judgments about organizations. As suggested by Dowling (2001, p. 39) “reputation formation among stakeholder group resembles the 80-20 rule, namely, that 80 percent of the talk about an organization will be done by 20 percent of the stakeholders (in a particular group)”. Therefore, some actors have a fundamental role in shaping the organizational reputation and play the role of opinion leaders (Ibid.). In this regard, for instance, public relations scholars talk about “active publics” as those publics whose members are highly involved with a certain organizational issue, see it as a problem, and have no constraint to act upon it (Grunig & Hunt, 1984). Such active publics are more likely to demonstrate active communication behavior; that is, to actively search for information on the issue and potentially to organize in order to act on that issue. Typical examples of such publics include institutional intermediaries, activists, leaders of social movement groups, industry observers, special interest communities, and watchdog agencies. We will elaborate on the role of such active public in influencing the properties of the reputation judgments of the single stakeholder.

To summarize, the research reviewed above highlights the fact that reputation judgments can be based on more or less legitimated norms and values, more or less agreed-upon attributes, and more or less influenced by active publics. Therefore, for instance, two different stakeholders can potentially evaluate an organization equally favorably, but such reputation judgment might be based on different levels of agreement with other stakeholders about the attributes describing the organization. The variables discussed above figure extensively in reputation research and are useful in understanding the complex dynamics related to organizational reputation. However, these variables have mostly been discussed in relation to reputation in general. We will now elaborate on their potential role in influencing reputation judgments' robustness.

### **The Model: Cognitive and Contextual Factors Moderating the Effect of Negative Events on Reputation**

In the previous section, we laid the theoretical basis for our discussion of two sets of factors that are central in influencing reputation judgments. In particular, by building on previous research on corporate reputation, we reviewed the role of two sets of factors that we call cognitive and contextual factors. In this section of the paper, we present our model in order to discuss the role of these factors in influencing the robustness of reputation judgments to negative events. As mentioned, we use the term robust to indicate a stakeholder's ability to maintain a certain evaluation of an organization against the negative events that may affect the perceptual representations of the organization. Drawing on the existing literature on reputation and neighboring fields, we elaborate on the effect of each variable (all else being equal) and formulate related propositions. The model is shown in Figure 1.



**Figure 1: Research model on cognitive and contextual factors moderating the effect of negative events on reputation judgments**

### **The role of cognitive factors in moderating the effect of negative events**

*Familiarity with the organization.* Reputation scholars have only started to address the potential relationship between familiarity and reputation stability (Schultz et al., 2001; Mahon & Mitnick, 2010). With regard to this relationship, social psychologists generally agree that familiarity with an object leads to more stable and resistant impressions toward it – either negative or positive. In particular, the research on attitudes and schemas goes in this direction.

Reputation has often been conceptualized as a function of individuals' attitudes (e.g., Bromley, 2000; Brooks et al., 2003; Caruana et al., 2006; Fischer & Reuber, 2007). The reasons why attitudes toward familiar objects are more resistant to change are several. For instance, some have suggested that prior beliefs and experiences with an attitude object can be used as an anchor to evaluate new information and that this confers to subjects a major ability to find counter-arguments and defend their attitudes against both counter- and pro-attitudinal information (e.g., Wood et al., 1995). Furthermore, familiar

subjects are likely to hold more consistent and more extreme attitudes and thus to be less influenced by contextual factors (Wilson et al., 1989). Additionally, others have claimed that a large pool of already present information has a diluting effect on new incoming messages (Zaller, 2006).

Reputation can also be conceptualized as a function of people's schemas (e.g., Ashforth & Humphrey, 1997). Schemas are "cognitive structures that contain units of information and the links among these units" (Fiske & Dyer, 1985, p. 839). Extant research on schemas suggests that those that are more developed become more rigid and consequently more difficult to change and more resistant to incoming information (Fiske & Taylor, 1991). At the beginning, after the first encounters with the target organization, schemas are rather sketchy and based on fragmentary evidence (e.g., Bromley, 1993). After several repeated encounters, the associations among the components present in the schema become more strongly linked (Fiske & Dyer, 1985) and more specific to the target unit (Fiske & Neuberg, 1990). The most direct consequence of schema development is that schemas influence how we later perceive new information. In fact, highly developed schemas have a self-fulfilling property, because new information will be elaborated in a biased way to fit the previous information. At the same time, though, missing information will be implied to be in accordance with what is implied by the schema. Thus, we formulate the following proposition:

**Proposition 1:** A reputation judgment about an organization is more robust when held by a stakeholder who is more familiar with that organization.

*Ambivalence toward the organization.* Our literature review highlighted how a person's reputation judgment can be based on both positive and negative associations. We argue, based on findings in the social psychology literature, that the degree of ambivalence underlying a person's reputation judgment is likely to determine the stability of such evaluation in light of new information. In this respect, social psychologists have suggested that less ambivalent attitudes are more resistant to change (Armitage & Conner, 2000; Conner & Armitage, 2008; Holbrook & Krosnick, 2005) and more likely to predict behavior (e.g., Cooke & Sheeran, 2004). The rationale for less ambivalence

leading to more stable attitudes can be explained following Holbrook and Krosnick (2005): When exposed to a new piece of information about a certain object (e.g., an organization), people will retrieve from memory what they already know about the focal organization. People who have a high level of ambivalence are more likely to generate thoughts consistent with the message, independent from its valence, and therefore are more likely to accept it and change their minds about it in the long term. Also, scholars have claimed that, because attitudes based on ambivalent information are not solidly anchored on a consistent informational structure, they would be more susceptible to novel information (Armitage & Conner, 2000).

Somewhat similarly, scholars more directly related to the field of organizational reputation have also investigated a parallel aspect. Findings by Brooks and colleagues (2003), confirm the idea that ambivalent stakeholders are more likely to express positive or negative judgments about organizations, depending on the information that is immediately salient to them. Also, Rhee and Valdez (2009) suggested that a higher ratio of positive to negative reputational dimensions might increase stakeholders' perceptions of a firm's capability to recover from a critical event. Thus, we suggest the following proposition:

**Proposition 2:** A reputation judgment about an organization is more robust when held by a stakeholder who is less ambivalent toward that organization.

### **The role of contextual factors in moderating the effect of negative events**

*Legitimated dimensions supporting reputation judgments.* As discussed in our literature review, the factors influencing reputation judgments can, rather than not, be the same factors influencing legitimacy judgments (Bitektine, 2011; Deephouse and Suchman, 2008). There are in fact factors that might improve organizational legitimacy and not reputation, such as strategic isomorphism, and factors that might improve organizational reputation but not necessarily legitimacy, such as financial performance (Deephouse & Carter, 2005). At the same time, some factors linked to legitimacy positively affect reputation, as is the case for conformity with current popular managerial best practices

(Staw and Epstein, 2000) and environmental disclosure norms (Philippe & Durand, 2011).

Consequently, we argue that the degree to which a stakeholder's reputation judgments are built on dimensions that are legitimated by society influences the robustness of such judgments. In an analogous way, Rindova et al. (2006) argued that organizations that achieve celebrity based on behaviors that are overly conforming to industry norms will be able to sustain their celebrity for longer than will organizations that achieve such celebrity based on under-conforming behaviors. The main rationale is that, if something goes wrong, the firm that has achieved a good reputation through socially accepted means will be less vulnerable to criticism by stakeholders, since such reputation was built on the "solid ground" of conformity to social norms. Legitimation, in fact, protects organizations from "increased scrutiny and distrust" (Bitektine, 2011, p. 157). On the other hand, if stakeholders evaluate an organization positively because of its non-conforming behaviors, it is more likely that they will withdraw their support to the organization in the case of a negative event. For instance, stakeholders could start blaming the organization for its nonconformity to accepted practices and even re-conduct the causality of the negative event to such nonconforming attitude by the organization. For instance, the case of Enron provides an extreme example of the risks of building a reputation on nonconformity. The company had achieved a positive reputation based on its nonconforming practices and its tendency to bend the rules of the game. However, such a rebel attitude was very difficult to sustain positively over time, and it soon turned out to prove devastating for the company's reputation (Rindova et al., 2006). Therefore, we suggest the following proposition:

**Proposition 3:** A reputation judgment about an organization is more robust when held by a stakeholder grounding such judgment on factors legitimated by society.

**Stakeholders' agreement about organizational attributes.** As reflected in our literature review, different stakeholders build different views of the same organization over time and can agree to different extents on the attributes that are specific to an organization (Bromley, 1993: 2000; Fischer & Reuber, 2007).

The level of agreement about the traits distinguishing an organization might depend on a series of factors. For instance, the number of market segments in which a firm operates might be one such factor. Indeed, when a firm operates in different market segments, stakeholders might have trouble identifying appropriate criteria to use in evaluating the firm, and this lack of conformity to clear categorical boundaries is likely to generate confusion (Zuckerman, 1999). Also, organizations belonging to novel industries might be perceived in less unified terms, as these are less known, have existed for a short time, and might still need to develop a clear identity (e.g., Aldrich & Fiol, 1994; Fischer & Reuber, 2007).

In this respect, research in the field of social psychology (Eaton et al., 2008) has started to investigate the attitudinal implications of being part of social networks that vary in the extent of agreement about a certain attitude object. Such literature (Gross et al., 1995) suggests that individuals that are part of social groups composed of other people who share a similar view on a given topic may hold their attitudes with greater confidence and therefore be less likely to change them when presented with counter-attitudinal information. In contrast, being part of a group composed by people with diverse views on the same topic may make individuals dubious about the correctness and appropriateness of their opinions, thus making them more likely to change their attitudes when exposed to novel information (Visser & Mirabile, 2004). Together, these arguments lead us to advance the following proposition:

**Proposition 4:** A reputation judgment about an organization is more robust when held by a stakeholder who is part of a group with a similar opinion regarding the organization's attributes.

*Influence of active publics.* The role of active publics in influencing other stakeholders' reputation judgments is another contextual factor to take into account when understanding the dynamics of reputation robustness. As mentioned, such active publics are actively seeking information about the issues surrounding organizations and might decide to organize around such issues to act on it. Such publics have great potential in influencing the public discourse around organizations, as they are more knowledgeable

and involved (Hallahan, 2000) and are likely to play the role of opinion leaders in shaping a firm's reputation (Dowling, 2001). It follows that if active publics decide to express their opinion or to organize in order to influence organizational action, they have the potential to destabilize the organization's reputation. Indeed, for instance, this problem is familiar to firms that regularly implement issues management, a proactive approach aimed at preventing issues from entering the public sphere. Organizations using issues management scan the environment in search of places where publics are working on potential issues in an attempt to understand their motivations.

The motivations prompting active publics to take action can have no relationship with the intrinsic quality and performance of the firm's goods and services. For instance, Greenpeace decided to act against Shell over the Brent Spar issue when it needed to stimulate donations and membership (Mahon & McGowan, 1999), despite Shell's decision to dispose of the Brent Spar in deep water, this being the option with a lesser negative impact on the environment (Fombrun & Rindova, 2000). In other words, Shell's reputation was hurt by the emerging ideas circulating among stakeholders rather than by its actual technical skills.

Consequently, if the opinions of active publics about the organization and the issues surrounding it have already been taken into consideration, a stakeholder's reputation judgment will be more robust, as it will be grounded on a wider understanding of others' opinions that are perceived to be more knowledgeable and expert about the focal organization. In other words, two individuals can hold equally favorable reputation judgments about an organization, but these may have different levels of robustness as one might have already taken into account the opinions of various active publics, while the other might not. Reputation judgments that do not take into account the opinions of active publics are likely to be held with less confidence and are therefore likely to be less robust. This leads us to the following proposition:

**Proposition 5:** A reputation judgment about an organization is more robust when held by a stakeholder who has already taken into account the opinions of active publics regarding that organization.



## **Discussion**

This article investigates the factors that make stakeholders' reputation judgments about an organization robust to negative events involving such an organization. By reviewing the existing research on organizational reputation, we have identified two sets of factors that are key for understanding the dynamics related to reputation judgments. Starting from these two sets of factors, we have elaborated on a series of variables and their potential role in influencing reputation judgments' robustness. We argue that this paper contributes to the existing research on reputation management by providing a better understanding of the cognitive and contextual variables that moderate the effects of negative events on stakeholders' reputation judgments. As we will claim later in the discussion section, such a contribution paves the ground for the development of a new conceptualization of reputation management that goes beyond current understandings.

As discussed in the beginning of the article, scholars have often advocated for the need for understanding of how reputations are maintained (Flanagan & O'Shaughnessy, 2005) and have investigated how reputation reacts to a series of critical events, such as layoffs (Flanagan & O'Shaughnessy, 2005; Love & Kraatz, 2009), product recalls (Rhee and Haunschild, 2006), and other crises (Coombs & Holladay, 2006). Also, scholars studying organizational reputation have studied aspects such as reputation stickiness (Mahon & Mitnick, 2010; Schultz et al., 2001) and resilience (Rhee & Valdez, 2009). However, a comprehensive effort at understanding the variables moderating the effects of negative events on reputation judgments is still missing.

In particular, we have focused on the role of two sets of factors – cognitive and contextual – and elaborated on their role in influencing stakeholders' reactions to negative events. Starting from the propositions that we have elaborated on in the paper, we see two main areas of intervention for creating robust reputation: (1) addressing the influence of cognitive factors by working to develop closeness with stakeholders and (2) addressing the influence of contextual factors by working to promote mutual understanding with stakeholders.

The first area deals with working on the cognitive factors that influence the robustness of stakeholders' reputation judgments by developing a close relationship with them. The overall idea is that the reputation judgments of stakeholders who are familiar (cf. propositions 1) and hold a consistent set of attitudes toward the organization (cf. proposition 2) are more stable and harder to challenge. Managers can leverage stakeholders' level of familiarity with the organization through various strategies (e.g., Fombrun & van Riel, 2004); however, we claim that it is important to work on building stakeholders' familiarity with the organization before any negative event happens; otherwise, the organization risks being labeled (Ashforth & Humphrey, 1997) and/or stigmatized (Devers et al., 2009) by association with the negative event. Discarding such a negative reputation might prove particularly difficult. Furthermore, if stakeholders already have ambivalent impressions of a firm (cf. proposition 2), this risk further increases. In fact, negative events might strongly influence the weight of negative to positive opinions in the negative direction.

The second area is represented by the set of activities aimed at influencing contextual factors. In this specific area, managers should work with the organization's stakeholders toward mutual understanding, a state similar to how Rindova and Fombrun defined transparency: "the internal identity of the firm reflects positively the expectations of key stakeholders and the beliefs of these stakeholders about the firm reflect accurately the internally held identity" (Fombrun & Rindova, 2000: 94). These aspects are strongly reflected in our propositions; for instance, managers should be aware of the critical importance of the development of a reputation based on shared norms and values (cf. proposition 3). While it is true that organizations could comply with such standards simply by "cynically displaying the outward indicia of conformity" (Deepphouse & Suchman, 2008, p. 60), we argue that participating in developing and negotiating these standards, thus internalizing them, might establish the foundation for more robust reputation judgments. Managers should also ensure that mutual understanding is not hindered by too many interpretations circulating about the organization (cf. proposition 4) and thus they should also take into account the influence that various publics might have on the organization's reputation (cf. proposition 5). Managerial actions in this area

are concerned with trying to play an active and influential role in the informational environment in which reputation is created. By striving for mutual understanding, organizations develop quality relationships with their stakeholders (Yang & Grunig, 2005) that protect the organization from occasional mistakes (Ashforth & Gibbs, 1990; Coombs, 2007; Suchman, 1995).

The two sets of factors discussed in this paper strongly highlight the importance of external variables for reputation management. In fact, although reputation is also shaped by the organization's character and behavior (e.g., Fombrun, 1996), one should not forget that reputation is something that is "in the eye of the beholder" (e.g., Rindova & Fombrun, 1998) and "part of a complex web of sense making" around the organization (Scott & Walsham, 2005, p. 310). Thus, an approach that works in the direction of achieving reputational robustness is not simply based on achieving certain "quality criteria," but rather is also strongly concerned with creating a virtuous dialogue (rather than a vicious monologue) with external audiences, based on closeness and mutual understanding. This is consistent with Suchman's (1995, p. 597) suggestion that:

Frequent and intense interaction creates dense webs of meaning that can resist, survive, and repair disruptions in individual strands of understanding (cf. Pfeffer, 1981). Consequently, the more tightly interconnected an environment becomes, the more likely it is that institutions and beliefs will approach the homeostatic ideal (Scott, 1987).

### **Toward a Different Conceptualization of Reputation Management**

This paper provides the foundations for a different approach toward reputation management that complements current ones. We claim that working on creating the conditions that make stakeholders' reputation judgments robust allows organizations to go beyond traditional approaches to reputation management based on risk mitigation (e.g., Larkin, 2003) and compliance with reputational standards (Power, 2007; Power et al., 2009). While not discarding such approaches, our arguments permit appreciation of an approach to reputation management that tames the risks inherent in these latter

approaches and, ultimately, allows organizations to compete more freely in the marketplace without fearing too much the consequences of episodic negative events and without being too dependent on external ranking agencies to determine the fates of the organization (Martins, 2005; Power et al., 2009).

Existing approaches to reputation management are based on the assumptions that threats to reputation can be identified, managed, or minimized in advance. Existing scholarship, especially in the area of reputational risk management, has characteristically seen reputation management as involving the identification and mitigation of potential threats to the organization's reputation (Kartalia, 2000; Larkin, 2003). Likewise, also the neighboring discipline of issues management involves scanning the external environment in order to identify potential issues and minimize their potential to escalate before they damage the firm's reputation (Heath, 2002; Heath & Palenchar, 2009). Such perspectives imply the possibility of knowing all sources of reputational risk before they damage the firm's reputation and also assume the ability of the firm to control such risks. In this respect, various scholars have manifested a discontent with these approaches, claiming that they are "mainly reactive, only scratching the surface of the complex status and nature of reputation risk" (Scott & Walsham, 2008: 309). Our paper suggests that organizations should work on building a robust reputation able to resist the effect of negative events, regardless of how predictable such threats are. The factors that we have identified allow the expansion of reputational management beyond a simple focus on top-down control and mitigation of risk. In this regard, we have emphasized the importance of organizations playing a participatory role in influencing certain cognitive and contextual variables that influence the robustness of stakeholders' reputation judgments.

Also, in this respect, the approach to reputation management suggested in this paper enables organizations to overcome partly some of the risks related to being too dependent on external rankings to determine the organization's reputation. As Power, Scheytt, Soin, and Sahlin (2009, p. 319) argued, organizations' increasing concern with reputational risk has led to an "intensification of focus on possible reactions to and

perceptions of organizational conduct, and how this might affect key external metrics and rankings.” The reason for this anxiety must be understood by considering the ubiquity of such performance metrics (Fombrun, 1996; Martins, 2005) and their influence in determining an organization’s reputation (Espeland & Sauder, 2007). However, too much focus on how rankings react to organizational actions also creates a series of risks: (1) Organizations expose themselves to the whims of the agencies producing the rankings (Martins, 1998), (2) organizations hyper-adapt to external forces and thus lose their distinctiveness (Hatch & Schultz, 2002), and (3) organizations over-manage their reputations for fear of being ranked negatively and audiences become suspicious of such exaggerated reactions (Ashforth & Gibbs, 1990; Dukerich & Carter, 2000). Furthermore, obtaining a positive position in rankings might also have negative effects (Wade et al., 2006). For instance, strong pressure to maintain a similarly high performance might induce organizations to engage in overly risky or illegal activities (Mishina et al., 2010). Ultimately, chasing rankings exposes organizations to even more reputational risk. While recognizing the high importance of external rankings and other institutional factors in determining organizations’ reputation, we suggest that this is not the whole story and that a better understanding of reputation robustness might allow managers more freedom from the slavery of trying to reverse engineer the mechanics of the rankings to obtain a positive positioning (Espeland & Sauder, 2007).

In this article, we have shown that there is more to reputation than its level. We have claimed that two companies with the same levels of reputation, everything else being equal, may suffer differently from negative events, depending on the robustness of their reputation. Managing reputation is therefore not only an internal endeavor aimed at increasing or maintaining the level of reputation by complying to expectations and by mitigating reputational risks or the consequences of negative events, but it is also an external effort intended to influence the factors that determine the stability of stakeholders’ reputation judgments; i.e. their robustness. We have concluded that, by influencing the robustness of the reputation judgments expressed by their stakeholders, organizations may gain more freedom of action.

# Chapter 3: Does Familiarity Breed Stability? The Role of Familiarity in Moderating the Effects of New Information on Reputation Judgments<sup>6</sup>

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## Abstract

This paper clarifies how familiarity with an organization moderates the effect of new information on the stability of people's reputation judgments about the organization. Although extant literature suggests the possibility of contrasting predictions, results from two experiments lend support for the hypothesis that familiarity mitigates the impact of both positive and negative information. The paper contributes to a better understanding of the cognitive foundations of reputation stability and to a better understanding of the advantages and disadvantages of being known.

**Keywords:** Familiarity; reputation judgments; stability; new information.

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## **Introduction**

Scholars have long been interested in corporate reputation (e.g., Deephouse, 2000; Fombrun & Shanley, 1990; Herbig, Milewicz, & Golden, 1994; Rindova, Williamson, Petkova, & Sever, 2005). In particular, in the last decade, researchers have devoted a great deal of attention to the relationship between familiarity and reputation in an attempt to better understand how knowledge of an organization influences reputation judgments about it (e.g., Brooks, Highhouse, Russel, & Mohr, 2003; Yang, 2007). Most existing research suggests that organizations that enjoy higher levels of public knowledge and attention can benefit from it in a variety of ways (e.g., Fombrun & van Riel, 2004; Turban, 2001) and, therefore, should invest in gaining publics' recognition from the beginning of their activities (e.g., Fischer & Reuber, 2007).

More recently, researchers have also started to investigate how familiarity might make a firm's reputation more or less difficult to change. For instance, Mahon and Mitnick (2010) suggested that reputations supported by high levels of familiarity might be more difficult to change. Yet other scholars have argued that high familiarity might "considerably amplify" the effects of a variety of "determinants of change" (Lange, Lee, & Dai, 2011, p. 168), making organizational reputation more likely to fluctuate when new information challenging it becomes available.

In this paper, we aim to contribute to this area of research by conceptually and empirically clarifying the way in which differing levels of familiarity with an organization influence the stability of people's reputation judgments against new information (negative or positive). Although existing research leads us to make opposing predictions about the effect of familiarity (i.e., familiarity mitigates or amplifies the effects of new information), results from two experiments lend support to the hypothesis that familiarity mitigates the effect of new information on people's reputation judgments.

The paper contributes to existing research in organizational reputation in two main ways. First, by showing how familiarity mitigates the effects of new information on reputation judgments, we contribute to the research looking at the factors making a firm's

reputation more or less stable (e.g., Flanagan & O'Shaughnessy, 2005). In this regard, we discuss how familiarity can capture the extent to which reputation judgments about a company become crystallized in people's minds. Second, we contribute to the research claiming that familiarity is a "double-edged sword" (Brooks & Highhouse, 2006; Fombrun & van Riel, 2004) by adding a new reason for it—that is, while familiarity protects a firm's reputation from the effect of negative news, it also mitigates the effect of positive news.

We start the paper by reviewing the relationship among familiarity, reputation, and reputation stability. After developing the two hypotheses of the study, we describe the two experiments that we designed to test the hypotheses. We conclude by discussing the main theoretical and managerial implications of our study as well as limitations and directions for future research.

### **Conceptual Background and Hypotheses**

Before reviewing the literature that has examined the relationship between familiarity and reputation as well as familiarity and reputation stability against new information, we define the three constructs that we use throughout this paper: familiarity, reputation judgments, and new information. We define familiarity as the overall, general amount of knowledge that people have about an organization (Yang, 2007). We therefore adopt a broad definition of the term, although other authors have looked at the concept by associating it with related, more specific meanings and using terms such as prominence (e.g., Rindova et al., 2005) and visibility (e.g., Carroll, 2011; Pfarrer et al., 2010), with prominence capturing the extent to which the public recognizes and automatically brings to mind a firm whereas visibility usually refers to the extent to which the media covers a firm (Rindova & Martins, 2012). When it comes to reputation judgments, we adapt Fombrun's (1996, p. 72) seminal definition of reputation to the individual level, defining it as a person's "perceptual representation of a company's past actions and future prospects that describe the firm's overall appeal to all its key constituents when compared to other leading rivals." This definition conceptualizes reputation judgments as



a general evaluation of an organization (cf. generalized favorability, Lange et al., 2011). In other words, as suggested by the definitions above and consistently with research in psychology looking at the relationship between familiarity and attitudes (e.g., Davidson, 1995; Park et al., 2007; Wood et al., 1995), we conceptualize familiarity as people's knowledge about an organization (non-evaluative) that provides support to their attitudes or evaluations - in our specific case, reputation judgments. Finally, we use the term new information to identify the information of a positive or negative valence (e.g., publicity) that has the potential to influence people's evaluations (i.e., reputation judgments) of an organization (e.g., Ahluwalia, Burnkrant, & Unnava, 2000; Einwiller, Fedorikhin, Johnson, & Kamins, 2006).

### **Familiarity and reputation**

People form reputation judgments by building on information acquired through direct and/or indirect experiences with organizations (e.g., Fombrun, 1996; Ruth & York, 2004; Yoon, Guffey & Kijewski, 1993). Therefore, a person's reputation judgments can be supported by different degrees of familiarity with the target organization. Many researchers have studied the relationship between familiarity and reputation, most often treating familiarity as an antecedent of reputation. For instance, both van Riel (1997) and Brooks and Highhouse (2006) claimed that familiarity is a necessary antecedent for reputation to exist. Such research has focused on understanding the extent to which familiarity leads to more positive reputations, providing support for this hypothesis (Gatewood, Gowan, & Lautenschlager, 1993; McCorkindale, 2008; Turban, 2001; Turban & Greening, 1997; Yang, 2007). Yet Brooks et al. (2003) challenged these findings and, in a series of experiments, found that individuals are likely to evaluate more familiar organizations both positively and negatively simultaneously (see also Brooks & Highhouse, 2006; Gardberg & Fombrun, 2002). Other scholars have suggested that familiarity follows instead from reputation. Boyd, Bergh, and Ketchen (2010) tested a model according to which a positive reputation leads organizations to be known and prominent in people's minds. Although more counter-intuitive, studies in psychology have also suggested that affect (i.e., liking) might create a sense of familiarity (Garcia-

Marques et al., 2004; Monin, 2003). Other researchers have instead suggested that reputation is a multi-dimensional construct comprising both an evaluative component and a knowledge component (e.g., Rindova et al., 2005; Rindova et al., 2007; see also Lange et al., 2011) and therefore, broadly speaking, defined reputation as the extent to which stakeholders positively evaluate and know well an organization.

### **Familiarity and reputation stability against new information**

Although many researchers have looked at the relationship between familiarity and reputation in the previously discussed terms, more recently reputation scholars have started to address the relationship between familiarity and reputation stability in light of new information. Some scholars have suggested that more familiar organizations have more sticky reputations—that is, reputations that are more resistant to change (Mahon & Mitnick, 2010). At the same time, other scholars (Lange et al., 2011; Mishina et al., 2012) have posited that familiarity might instead amplify the effects of new information on reputation. Although no empirical evidence supports either of these two possible hypotheses with regard to reputation judgments, research in psychology supports the fact that knowledge makes attitudes more stable against new information (e.g., Wilson, Kraft, & Dunn, 1989; Wood, Rhodes, & Biek, 1995). Similarly, research in marketing shows that consumers familiar with a given product brand react differently (i.e., different extent of information processing, different extent of attitude and/or behavior change) to information related to product recalls (Cleeren, Dekimpe, & Helsen, 2007; Jolly & Mowen, 1985; Mowen, 1980), brand crises (Dawar & Lei, 2009), negative publicity (Ahluwalia, 2002), word of mouth (Sundaram & Webster, 1999), and competitors' advertising (Kent & Allen, 1994). Furthermore, consumers with low familiarity rely more heavily on extrinsic cues (e.g., price) or external sources of information when evaluating products (e.g., Biswas, 1992; Rao & Monroe, 1988). In sections 2.2.1 and 2.2.2., starting with the previously reviewed research, we formulate the two hypotheses of this study.

### **Familiarity mitigates the effects of new information**

A significant amount of research suggests that high familiarity with an organization might lead to more stable and resistant reputation judgments toward it. Multiple reasons support this argument. Summarizing, familiar subjects have a (1) larger and (2) better organized pool of information available, which contributes to making attitudes toward familiar objects more stable against new information. Furthermore, (3) such a pool of information makes people more certain of their evaluations and thus reduces the need for further information.

When a large amount of information supports an attitude, such a pool of information has a diluting effect on new incoming messages (Zaller, 2006). The effect of new information is “decelerating” as each additional piece of information has a smaller and smaller effect on the overall resulting evaluation (Anderson, 1981; Davidson, 1995). In other words, when an existing attitude garners support from a substantial amount of information, a new additional piece of information will have a small weight compared to the larger weight of the pre-existing information. On the contrary, in cases in which little or no information supports an attitude, new incoming messages will have a greater relative weight on one’s attitudes. Second, attitudes of people who are highly familiar with an organization are embedded in a highly accessible, tightly connected, and better structured web of information (i.e., schemata). For instance, greater familiarity with an object is associated with stronger links between the attitude object and its perceived attributes (e.g., Keller, 1993). As the structure of such schemata becomes more organized, it also becomes more rigid (Fiske & Dyer, 1985), making change less likely as the alteration in one element of the schema would have a disrupting effect on the overall structure. To reduce the risk of such a “domino effect,” people will elaborate information in a biased—confirmatory—way (Wood et al., 1995, p. 291). Finally, scholars suggest other explanations supporting the hypothesis that familiarity leads to more stable reputation judgments. For instance, Petty, Wegener, and Fabrigar (1997, p. 632) claimed that people’s knowledge about an object works as a “peripheral cue,” signaling to people that they already know enough about that specific attitude–object, thereby reducing the need for further information. Pollock, Rindova, and Maggitti (2008)

argued that familiar people are more certain of their evaluations and therefore less likely to rely on third parties' evaluations for their judgments. The literature reviewed thus far leads us to formulate the following hypothesis:

**Hypothesis 1:** When exposed to new information (positive or negative) about an organization, the reputation judgments of subjects who are highly familiar with that organization will change less than the reputation judgments of low familiarity subjects.

### **Familiarity amplifies the effects of new information**

Although the literature reviewed thus far suggests that familiarity mitigates the effect of new information, other evidence suggests the opposite—, indicating that (1) high familiarity with an object promotes attention to, motivation toward, and comprehension of new information regarding such object. Furthermore, (2) because of the ambivalence associated with familiarity, highly familiar people are more likely to engage in consistency-seeking information processing in order to reduce their sense of ambivalence.

First, consistent evidence has shown that high familiarity with an attitude-object is related with increased attention and comprehension of new information about it (for a review, see Wood et al., 1995). Familiar firms are likely to be particularly salient (Lange et al., 2011). Information regarding these organizations is therefore more likely to attract attention. For instance, people pay more attention when reading information regarding familiar products (Ahluwalia, 2002). Also, high familiarity leads to more developed cognitive structures (e.g., Marks & Olson, 1981) and therefore facilitates the acquisition and comprehension of new information regarding the familiar object (Park & Lessig, 1981; Brucks, 1985; Wood et al., 1995). In this sense, scholars have also argued that familiarity with an object increases people motivation to learn new information about them (Converse, 1962). Therefore, while people process information about familiar objects more carefully, because of their higher attention and motivation, processing

information about them requires less effort, because of their more developed cognitive structures (Petty & Wegener, 2010; Wood et al., 1995).

Second, people more familiar with an organization are also likely to be more ambivalent toward it (Brooks et al., 2003; Brooks & Highhouse, 2006). Thus, they contemporarily possess more instances of positive and negative information about the focal organization. Such ambivalence is likely to make their attitudes more unstable when exposed to new information (Armitage & Conner, 2000). In fact, ambivalent subjects strive to decrease or resolve the sense of ambivalence by engaging in consistency-seeking information processing—that is, they move in the direction of the new information (e.g., Holbrook & Krosnick, 2005). The literature reviewed thus far leads us to formulate the following hypothesis:

**Hypothesis 2:** When exposed to new information (positive or negative) about an organization, the reputation judgments of subjects who are highly familiar with that organization will change more than the reputation judgments of low familiarity subjects.

In order to test the two competing hypotheses, we now present two studies. In study 1, we test the effect of new information on people's reputation judgments regarding a real firm; in this study, familiarity is a measured variable. In study 2, to complement the findings of study 1 and address its potential limitations, we use a fictional firm and manipulate the respondents' level of familiarity with the organization. Together, we designed these two studies to maximize the external and internal validity of the results (e.g., Ahluwalia et al., 2000).

## **Study 1**

### **Participants, design, and procedure**

Study 1 was conducted online; subjects were recruited on Amazon Mechanical Turk, an online service validated for conducting experiments and surveys (Buhrmester, Kwang, & Gosling, 2011; Horton, Rand, & Zeckhauser, 2011; Paolacci, Chandler, & Ipeirotis,

2010). Three hundred sixty-one participants based in the United States participated in the study (mean age = 31.57, 46.8% female). Participants were told that they would take part in a study about their perception of low-cost airlines.

The study had a pretest–posttest design. In the first part of the survey<sup>7</sup>, participants indicated their level of familiarity with the target company (the target company in this study was Southwest airlines) and provided their reputation judgments about it. Following a distracting task involving some simple mathematical operations, we randomly assigned participants to read an article describing the target company in either a strongly positive or a strongly negative tone. After reading the article, participants answered a series of manipulation checks regarding the article they had just read. More specifically one manipulation check involved a multiple choice question regarding the topic of the article in order to check that respondents had read the article correctly. Furthermore, we also inserted an “instructional manipulation check” (Oppenheimer, Meyvis, & Davidenko, 2009) to make sure that respondents were compiling the answers attentively and not randomly. After the manipulation checks, respondents were asked to compile measures of reputation a second time, using the same scale described above. Eventually before completing the survey subjects provided demographic information. At the end of the survey, subjects read a message informing them that the articles they had just read about the target company were fictional and thus should be ignored.

Careful attention was put into making sure that participants attentively engaged in the survey. From among the initial 361 participants, we removed 16 participants who failed the questions about the main topic of the article or the instructional manipulation check (Oppenheimer, Meyvis, & Davidenko, 2009), indicating that they were not reading carefully enough. Furthermore, we also removed seven additional participants who either took too little or too long to complete the study ( $\pm$  3 SDs from the average time). Finally, we removed 14 participants because their average level of familiarity with the target company was equal to 1 (see scale description in section 3.2), indicating they were

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<sup>7</sup> For an example of survey, see Annex 1.

not familiar enough to express any reputation judgment<sup>8</sup>. The sample at this point consisted of 324 participants.

### **Variable measurement and stimuli**

The dependent variable of the study was the change in reputation judgment provided by the single evaluator from pretest to posttest; we computed the difference by subtracting average individual reputation judgment at t1 from the one at t2. Values could be positive, indicating an improvement from pretest to posttest, or negative, indicating a decline. In this sense, consistently with research on attitude change (e.g., Park et al., 2007), we conceptualize reputation change as any change in previously held reputation judgments. We measured reputation judgments at pretest and posttest using Ponzi, Fombrun, and Gardberg's (2011) scale (see also, Deephouse & Jaskiewicz, 2013). Participants rated the target company on 4 items using 7-point scales ranging from 1 (strongly disagree) to 7 (strongly agree): "[Target company] is a company I have a good feeling about," "[Target company] is a company that I trust," "[Target company] is a company that I admire and respect," "[Target company] has a good overall reputation" (The scale was reliable in both measurement occasions; Cronbach's alpha at pretest: 0.95; at posttest: 0.96).

The study included two independent variables: new information (positive or negative) and familiarity (low or high). To manipulate the new information, we developed newspaper articles to represent the target company in either a positive or negative way<sup>9</sup>. We based the newspaper articles on real ones to make them as realistic as possible. More precisely, the two articles described the results of a recent study that the popular travel portal TripAdvisor conducted, asking American travelers about relevant air-travel issues and their perception of a variety of airlines. The article then explained how the survey results showed that Southwest was the (least) favorite airline (as 33% of the respondents indicated) and the reasons for such results (e.g., poor/good service, frequent delays/punctuality, hidden fees/competitive prices). The article also reported the

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<sup>8</sup> Even if small, a minimum degree of familiarity is necessary to have some kind of opinion about a company (e.g., Brooks & Highhouse, 2006; Van Riel, 1997).

<sup>9</sup> For the manipulation, see Annex 2.

comments of a TripAdvisor spokesperson, who explained the results, again depicting Southwest in a strongly positive (negative) light. We chose this type of manipulation as it represents a common example of positive/negative publicity (e.g., Bender, 2012). Based on Ahluwalia et al. (2000), we pre-tested the two articles with a sample of 40 subjects to ensure that study participants would perceive them as having an equal extremity, but opposed valence (negative or positive) and equal believability. Participants read either the positive or the negative article and were asked to rate on an 11-point scale (-5 to +5) “How favorable or unfavorable was the presented article toward the target company?” The articles were significantly different in their valence ( $M_{Positive} = + 3.68$ ,  $SE = 0.33$ ;  $M_{Negative} = -3.38$ ,  $SE = 0.44$ ;  $t(38) = -12.71$ ;  $p < 0.001$ ) but not in their extremity ( $M_{Positive} = 3.68$ ,  $SE = 0.33$ ;  $M_{Negative} = -3.57$ ,  $SE = 0.37$ ;  $t(38) = 0.23$ ;  $p > 0.05$ ). Participants were also asked to rate “How believable was the evidence presented in the text?” on a 7-point scale. The articles were rated as comparable in their believability ( $M_{Positive} = 4.05$ ,  $SE = 0.29$ ;  $M_{Negative} = 4.81$ ,  $SE = 0.30$ ;  $t(38) = 1.81$ ;  $p > 0.05$ ).

Familiarity was a measured variable partly adapted from Machleit, Allen and Madden (1993). Participants responded to the prompt: “Regarding [Target company] are you” on four 7-points items: Not at all familiar/Very familiar; Not experienced/Very experienced; Not at all knowledgeable/Very knowledgeable; Not at all informed/Very informed. Reliability of the scale was high (Cronbach’s alpha: 0.97). For the hypothesis testing, we focused on the extreme groups.<sup>10</sup> We assigned participants in the lower quartile to a low familiarity group ( $N = 86$ ) and participants in the top quartile to a high familiarity group

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<sup>10</sup> Extreme groups analysis has frequently been adopted in marketing studies with an approach similar to ours (e.g., Ahluwalia et al., 2000). Scholars have suggested to use the extreme groups approach in order to increase the probability of finding differences, as long as the sample is big enough (e.g., Tybout in Böckenholt et al., 2001). While such approach has been sometimes criticized (Irwin & McClelland 2003; Preacher et al., 2005), we consider it as a sensible method in order to investigate differences between the two theoretically differentiated groups of low and high familiarity subjects.



( $N = 66$ ), whereas we did not include participants in the quartiles in between ( $N = 172$ ) in the analysis. Our final sample used for the analysis consisted of 152 participants.<sup>11</sup>

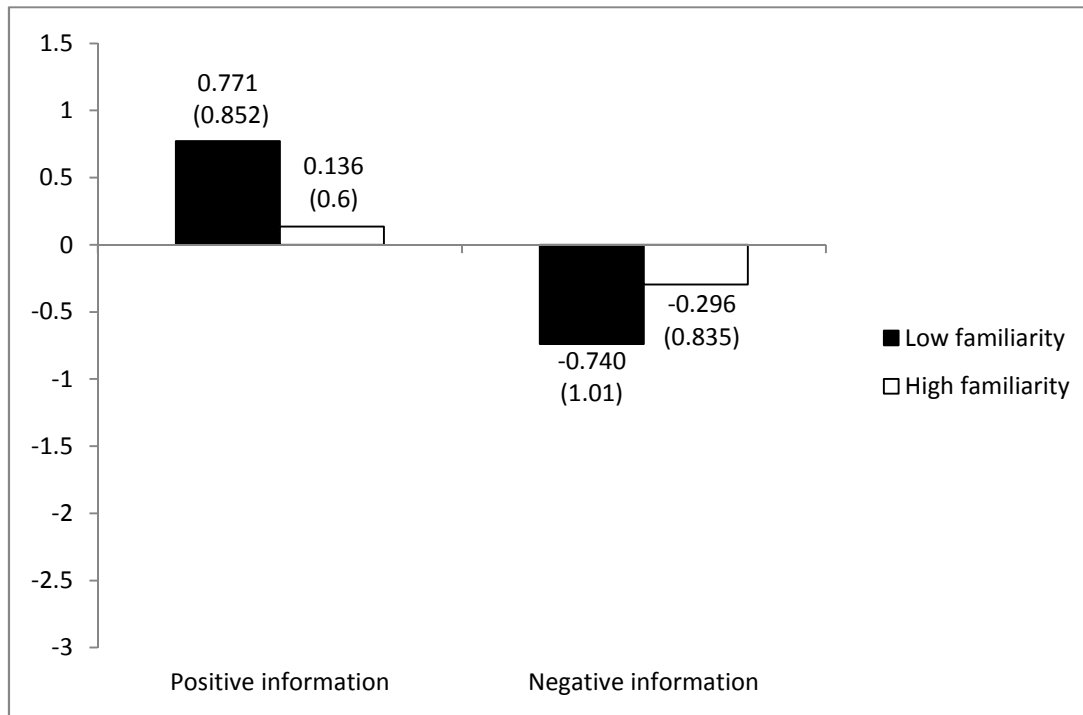
The experiment had a 2 (new information: positive or negative)  $\times$  2 (familiarity: low or high) full factorial, between-subjects design. We analyzed data using ANOVA.

## **Results and discussion**

Results from the ANOVA showed a significant main effect of new information on reputation change ( $F(1, 148) = 47.1, p < 0.001$ ), indicating that the manipulation was successful. The main effect of familiarity was non-significant ( $F(1, 148) = .45, p > 0.05$ ). Hypotheses 1 and 2 predicted that familiarity would either mitigate or amplify the effects of new information on reputation change, respectively; these predictions call for an interaction between new information and familiarity. The interaction effect between new information and familiarity was significant ( $F(1, 148) = 14.54, p < 0.001$ ). In line with hypothesis 1, the results indicated how the high familiarity group, compared to the low familiarity group, displayed significantly less change in a positive (negative) direction following the positive (negative) information intervention, thereby confirming the hypothesis that high familiarity mitigates the effect of new information on reputation judgments (for descriptive statistics, see Figure 2). The simple effects analysis revealed that in both the positive ( $F(1, 148) = 9.29, p < 0.05$ ) and negative ( $F(1, 148) = 5.38, p < 0.05$ ) conditions, the identified differences were significant.

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<sup>11</sup> We have also analyzed the data using the whole sample ( $N = 324$ ) based on a “median-split” on the familiarity scale to create low and high familiarity groups. Results remain consistent with those reported.



**Figure 2: Means (std. dev.) reputation change for study 1**

The results from study 1 confirm the hypothesis that familiarity mitigates the impact of new information on reputation judgments.<sup>12</sup> As mentioned in the section 3.2, the judgments of participants with a low familiarity with the target company changed in a more negative (positive) direction when exposed to negative (positive) information. Although these results confirm hypothesis 1, further evidence is necessary to confirm the findings and gain additional insights. Indeed, one possible limitation of the study is that we measured the level of familiarity using an existing and established company. Although this might add some external validity to the study, it introduces the risk that some confounding factors influenced the results. For instance, previous beliefs about the company featured in the new information could have partially influenced the

<sup>12</sup> We also analyzed the data using regression analysis with the whole sample ( $N = 324$ ), keeping familiarity as a continuous variable. We regressed type of information (as a dichotomous variable: 0 = negative news; 1 = positive news) and familiarity on reputation change. The effect of the type of information on reputation change was positive and significant ( $B = 0.947$ ;  $p < 0.001$ ), while the effect of familiarity was non-significant. When including the interaction effect between type of information and familiarity, results indicate that increasing familiarity mitigates the effect of type of information on reputation change ( $B = -0.268$ ;  $p < 0.001$ ).

believability of such information. In order to address these potential issues and collect more internally valid results, we conducted a second experiment. More specifically, we manipulated familiarity levels and used a fictional company that has not established its reputation over time.

## **Study 2**

### **Participants, design, and procedure**

Two hundred twenty-four individuals based in the United States participated in experiment 2 (Mean age = 33.81, 35.3% female). Study 2 was also conducted online using Amazon Mechanical Turk to recruit participants (e.g., Paolacci et al., 2010) and also had a pretest–posttest design. Participants were told that they would participate in a study about their perception of low-cost airlines, which would require them to read some information about two companies and form an impression about them. Differently from study 1, in study 2 we manipulated familiarity. We told participants that they would read information about two airline companies. We also told them that the companies existed for real, but that we used fictional names for privacy reasons. We describe the familiarity manipulation in section 4.2.

Following the familiarity manipulation, subjects were asked to indicate how familiar they felt they were with the two companies and to indicate their reputation judgments of the two companies (we used the same reputation scale as in study 1, as described in section 3.2). After compiling such measures participants were randomly assigned to read either a positive or a negative piece of information about the focal company (named Xantia). After reading such information, they answered questions about the content of the articles they had just read. After this, we once again collected reputation measures for the focal company. The survey ended with some demographic questions.

In this study, we also focused attention on ensuring that participants attentively engaged in the survey. From the initial 224 participants, we removed 13 participants as they failed the questions about the main topic of the article, indicating that they were not reading carefully enough. The final sample consisted of 211 subjects.

The experiment had a 2 (new information: positive or negative) x 2 (familiarity: low or high) full factorial, between-subjects design. Data was analyzed using ANOVA.

### **Stimuli**

We manipulated familiarity in a similar way as Ahluwalia (2002). In the low-familiarity condition, participants had to read three small paragraphs of information about a filler company (named FlyOne) and one paragraph of information about the focal company chosen for the experiment (named Xantia). In the high familiarity condition, participants instead read three paragraphs of information about the focal company (Xantia) and only one piece of information about a filler company (FlyOne). Thus, both groups read four short paragraphs about two companies. The four paragraphs together consisted of roughly a bit more than half a page of text and contained general information about the company (including name, provenience, number of employees), its business model, its overall strategy, and its main competitor. We designed the manipulations to create a generally positive impression of the two companies and to vary only the amount of familiarity they would create.<sup>13</sup>

The new information (positive or negative) that participants received concerned the focal company's observation of safety regulations. We asked participants to read a short extract taken from a newspaper article; the manipulation part said "[...] The European Commission for Mobility and Transport (ECMT)—a non-profit organization member of the European Commission—recently conducted an investigation on all European air carriers in order to assess the airlines' compliance with European safety standards. According to the investigation, the airline Xantia has (not) conducted all the mandatory checks on its aircrafts and therefore does (not) comply with the safety standards required by the European Union. [...]". In this case we also chose to manipulate this aspect as it represents a common and realistic example of news information (e.g., Griffin & Bronstein, 2008).<sup>14</sup>

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<sup>13</sup> For the manipulation, see Annex 2.

<sup>14</sup> For the manipulation, see Annex 2.

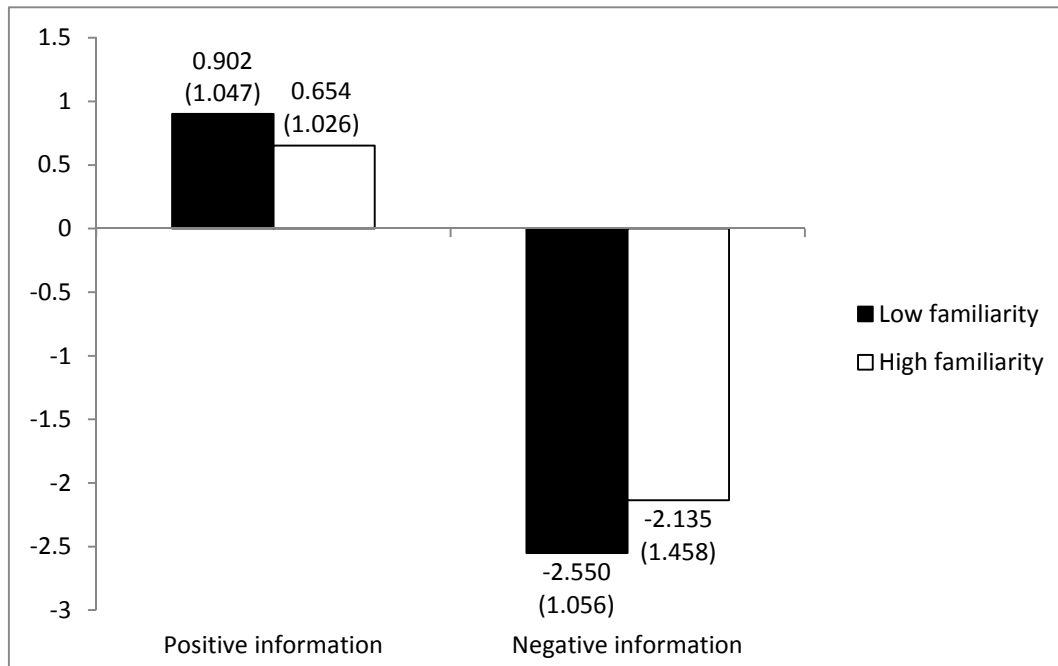
## **Results and Discussion**

### **Manipulation checks**

We conducted t-tests to ensure that the familiarity manipulation worked as intended, but did not affect the reputation judgments of the two groups differently. Results showed that the two groups had significantly different familiarity levels ( $M_{HighFam} = 2.95$ ,  $M_{LowFam} = 1.71$ ,  $t(209) = -7.07$ ,  $p < 0.001$ ), but did not have significantly different reputation judgments ( $M_{HighFam} = 4.32$ ,  $M_{LowFam} = 4.20$ ,  $t(209) = -0.73$ ,  $p > 0.05$ ). Thus, the familiarity manipulation worked as intended.

### **Hypothesis testing**

Results from the ANOVA showed a significant main effect of new information on reputation change ( $F(1, 207) = 381.78$ ,  $p < 0.001$ ). The magnitude of the change in the negative condition was much bigger than in the positive condition (see Figure 2), in line with the negativity effect (Skowronski & Carlston, 1987). The main effect of familiarity was non-significant ( $F(1, 207) = 0.27$ ,  $p > 0.05$ ). Hypotheses 1, supported by results from study 1, led us to expect that familiarity mitigates effects of new information on reputation change; such a prediction calls for an interaction between new information and familiarity. The interaction effect between new information and familiarity was significant ( $F(1, 207) = 4.31$ ,  $p < 0.05$ ). In line with hypothesis 1 and study 1, results indicated that the reputation judgments of the low familiarity group, compared to the high familiarity one, changed more in a positive (negative) direction following the positive (negative) information intervention, thereby confirming the hypothesis that high familiarity mitigates the effect of new information (for descriptive statistics, see Figure 3). Simple effects analysis revealed that the identified differences were marginally significant in the negative condition ( $F(1, 207) = 3.386$ ,  $p < 0.07$ ), but not in the positive condition ( $F(1, 207) = 1.202$ ,  $p > 0.05$ ). The lack of significance when it comes to positive information probably stems from the fact that people, independent from their level of familiarity with the company, expect airlines to comply with safety standards.



**Figure 3: Means (std. dev.) reputation change for study 2.**

Overall, results from study 2 also confirmed the hypothesis that familiarity mitigates the impact of new information on reputation judgments, especially in the case of negative information. The identified differences are smaller than those from experiment 1, but this is not surprising given the fact that we manipulated familiarity and that the differences regarding the levels of familiarity between the two groups, although significant, were relatively small. The results suggest that even relatively small differences in familiarity can affect the stability of reputation judgments.

## General Discussion

The aim of this study is to clarify, both conceptually and empirically, the role of familiarity in moderating the effects of new information on people's reputation judgments. In both experiments, when exposed to negative information, the reputation judgments of participants in the low familiarity group changed more negatively. In experiment 1, when exposed to positive information, the reputation judgments of the low familiarity group changed more positively; in experiment 2, this difference (low versus

high familiarity)—although in the expected direction—was not statistically significant. The differences found between study 1 and study 2 in terms of results can be reconducted to the differences in the manipulations used in the two studies. First, the type of manipulation used in study 2 created relatively small differences between the low and high familiarity groups compared to those in study 1 (created using extreme groups analysis on measured familiarity levels). This aspect may partially explain why the differences in terms of reputation change between the two familiarity groups were smaller in study 2 than in study 1. Second, the type of information used in study 2 can probably explain the reason why in the positive information case, we did not find significant differences – i.e., people expect airlines to comply with safety standards independently from their level of familiarity; still, in this case, the difference found between the low and high familiarity groups goes in the expected direction. Taken together, these results lend support for the hypothesis that familiarity mitigates the effect of new information on reputation judgments. At the same time these results also tell us that there might be cases in which the hypothesized effects cannot be found. In this sense, future research should work on better understanding the boundary conditions of our findings, as we will explain later on in the discussion.

With this paper we contribute to research on organizational reputation in two main ways. First, we contribute to joining together two streams of research: The first interested in understand the socio-cognitive foundations of social judgments such as legitimacy, status, and reputation (Bitektine, 2011; Mishina et al., 2012; Tost, 2011); the second interested in understanding the factors underlying reputation stability (e.g., Flanagan & O'Shaughnessy, 2005). To this end, we showed how familiarity is one fundamental component of people's reputation judgment's stability. To date, little research has tried to understand the factors making reputation judgments more stable against new information. Previous research has argued that highly positive reputation judgments are more difficult to change (e.g., Coombs & Holladay, 2006); we add to this research another component that influences the stability of a firm's reputation. Familiarity could therefore be conceptualized as capturing the extent to which reputation judgments are crystallized in people's minds. Similarly, Rindova and Martins (2012) discussed how a

firm's prominence captures the extent of accumulation of the reputational asset—that is, the salience and the collective attention a firm receives by stakeholders independently from the evaluation.

Second, our findings also lead us to propose another reason why familiarity might be a “double-edged sword” (Brooks & Highhouse, 2006; Fombrun & van Riel, 2004). Scholars have previously suggested that high familiarity might have some unwanted consequences; for instance, Brooks et al. (2003) and Brooks and Highhouse (2006) suggested that individuals are likely to evaluate highly familiar firms in both positive and negative terms at the same time. Because information about familiar organizations is highly accessible, it is more likely that individuals have both positive and negative information about such firms. We further suggest that familiarity is a double-edged sword because, although it protects reputation from the negative effect of bad news, it will also partially prevent good news from having a positive effect. In other words, this clearly suggests that—once a firm establishes its reputation—it is more difficult to change in either direction. Indeed, various authors have defined reputation as being inherently stable over time (e.g., Highhouse, Broadfoot, Yugo, & Devendorf, 2009). However, these authors looked at reputation in the absence of information challenging it. Our findings suggest that, in order to be more stable in light of negative or positive information, a firm's reputation necessarily needs to be well known.

Considering practical implications, our paper suggests that managers consider both the advantages and disadvantages of being known. Previous research has suggested that new firms should invest in generating familiarity among their publics from the beginning of their activity as it might be easier than gaining favorability and esteem (Rindova et al., 2007). Although we indeed agree with this proposition, familiarity-building activities also imply a trade-off. Our research suggests that managers should invest in building familiarity in order to make their firm's reputation more solid against potential negative events. However, over time, familiarity-building activities will crystallize the firm's reputation, thereby making it more difficult to further improve it or change it. For instance, a company that becomes well known as “good” might require more effort to



become known as “great.” Therefore, depending on the executives’ satisfaction with the existing level of reputation, it might be more or less wise to invest in creating familiarity with the company.

Our paper is obviously not absent from limitations. First, given the methodology employed, there are certain dynamics that we cannot take into account. First and foremost, highly familiar firms are also likely to receive more media attention (e.g., Brooks et al., 2003). Thus, for instance, negative events about a well-known firm will receive much more media coverage. The augmented negative media coverage might (partially) cancel the “buffering” effect of familiarity. In this respect, future research might try to understand the extent to which the effects found in this paper hold (e.g., Einwiller et al., 2006) and, more in general, the boundary conditions to our findings. For instance, in the case of extremely negative news, there is likely no possibility that familiarity—even if associated with a very good reputation established over time—can protect a firm’s reputation. Similarly, familiarity might protect a firm’s reputation only after a single negative event; in the case of a second similar event, such an effect might not hold anymore (e.g., Coombs, 2007). Additionally, the perception of seriousness of the message as well as its believability could have been influenced by the type of medium publishing the message (e.g., Schultz, Utz, & Göritz, 2011) as well as by the institutional source (e.g., The New York Times vs. local newspaper). While we did not address this point in our study, future research on the topic could consider how the different aspects mentioned above could interact and influence the stability of people’s reputation judgments differently.

In addition, we only looked at familiarity as an overall general amount of knowledge regarding a firm. Future research could look at familiarity with specific dimensions of a firm’s reputation and its relationship with the new information. For instance, how does being familiar with a firm’s financial performance influence reactions about news addressing issues of corporate social responsibility? Scholars have also claimed that we generalize from the attributes with which we are familiar to the ones with which we are not (Zyglidopoulos, 2001), suggesting that a “halo effect” is in place (e.g., Brown &

Perry, 1994). Therefore, the same effects found in this paper would still hold independently from the attributes with which we are familiar. Nevertheless, it is also probable that the perceived correlation among the various attributes (Ahluwalia, Unnava, & Burnkrant, 2001) will influence the extent of generalization—in other words, if someone is familiar with a firm's financial results, he or she will be more likely to make generalizations about its innovativeness than its citizenship behavior.

Another aspect that we did not address, but might be interesting to explore, is the way in which familiarity is built. Scholars have suggested that familiarity built predominantly through direct experiences might lead to reputations that are qualitatively different from those built on mediated experiences (e.g., through the media) (Bromley, 1993). In this respect, psychologists have found that attitudes built through direct experience with objects are more stable than those built indirectly (Cooke & Sheeran, 2004; Fazio & Zanna, 1978). Therefore, it might be worth studying differences in the stability of reputation judgments built predominantly through direct versus mediated experiences with an organization's products and services.

Last, in this paper we have studied the extent to which low vs. high familiarity levels moderate the effect of new information on the stability of reputation judgments, but did not address the specific mechanisms through which this happens, an aspect that future research should consider. For instance, it is possible that familiarity affects the believability of the new information which in turn influences the degree to which such information affects reputation judgments about the company. In this sense, other variables including for instance the confidence in one's perceptions, the perceived diagnosticity of the new information or the relative weight assigned to it might influence (i.e., mediate) the way through which familiarity moderates the impact of new information. In this sense, there might be also cases in which the effects found here reverse (i.e., familiarity amplifies the effects of new information). Finding instances of when this might happen will probably be the most interesting way of expanding the research reported here.

# Chapter 4: Ambivalence and Reputation Stability: An Experimental Investigation on the Effects of New Information<sup>15</sup>

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## Abstract

This paper explores how the degree of underlying ambivalence toward a certain organization influences the stability of people's reputation judgments when new information is provided as well as how this information, in turn, influences people's sense of ambivalence. Results from one experiment demonstrate that individuals who are highly ambivalent toward an organization display a greater amount of change in reputational judgments when exposed to new information (either positive or negative) compared to those who are less ambivalent. The results also indicate that ambivalence scores change significantly after people are exposed to new information, suggesting that people use new information to diminish their sense of ambivalence when possible. Taken together, the results of the study suggest novel theoretical and practical implications for reputation management.

**Keywords:** Ambivalence, reputation judgments, stability, new information

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<sup>15</sup> This paper has been accepted for publication in the *Corporate Reputation Review* (to be published in Vol. 18.2, in April/May 2015). A previous version of this paper has been presented at the 29<sup>th</sup> EGOS Colloquium in Montréal (Mariconda & Lurati, 2013c).

## **Introduction**

Scholars have become increasingly interested in the role played by new information (e.g., publicity) in influencing public perceptions about corporations. Such research has found, among other things, that new positive or negative information has a significant effect on people's reputation judgments about companies (e.g., Carroll & McCombs, 2003; Meijer & Kleinnijenhuis, 2006). However, the effect of such information on people's reputation judgments is moderated by pre-existing judgments about the company (Bae & Cameron, 2006; Lyon & Cameron, 2004). For instance, if someone evaluates a company in a highly positive way, the effect of negative news will be smaller (e.g., Coombs & Holladay, 2006; Decker, 2012). In this paper, we aim to further understand the role of pre-existing evaluations about a company in moderating the effects of new information by focusing on the fact that such pre-existing evaluations are not always either positive or negative, but rather are often simultaneously both positive and negative.

In this regard, researchers in the area of corporate reputation have highlighted the notion that people might often hold contradictory evaluations of firms (Brooks et al., 2003; Brooks & Highhouse, 2006). For example, a person might think that an organization produces high-quality products while simultaneously thinking that it does so by polluting the environment. As highlighted by psychologists, evaluating the same object under both positive and negative terms is likely to influence the characteristics of a person's overall evaluation (Jonas et al., 2000). For instance, ambivalence can trigger the contemporary activation of different cognitive processes, such as "approach" and "avoidance" (Cacioppo et al., 1997), foster increased information processing (Jonas et al., 1997), and make attitudes less stable (Armitage & Conner, 2000).

In this paper, we aim to clarify how the degree of underlying ambivalence toward a certain organization influences the stability of people's reputation judgments in light of new information about that same organization and how this new information, in turn, influences people's sense of ambivalence. The results from one experiment lend support to the idea that the reputation judgments of highly ambivalent people are more

influenced by new information. The results also support the hypothesis that highly ambivalent people use new information to diminish their sense of ambivalence.

We contribute to the existing research on organizational reputation in two main ways. First, we show how ambivalence influences the stability of people's reputation judgments. Second, we show how people strive to diminish their sense of ambivalence when presented with the possibility. We claim that looking at how new information is integrated into people's positive and negative evaluations can enrich our understanding of the mechanisms underlying reputation change.

We start the paper by expanding the discussion on the concept of ambivalence. We then put forward two hypotheses and present the study used to test these hypotheses as well as the relative results. We conclude by discussing the main theoretical and practical contributions and implications of our study.

## **Ambivalence: Construct Definition and Literature Review**

### **Construct definition**

Ambivalence refers to the extent to which people hold simultaneously positive and negative beliefs and/or emotions toward an object (Armitage & Conner, 2000; Thompson et al., 1995). In common parlance, ambivalence is often (mis)used as a synonym with other words that have different meanings. For instance, ambivalence is distinct from ambiguity, which refers instead to a general vagueness or uncertainty of information or evaluations related to a given object (Plambeck & Weber, 2010). Ambivalence refers to the simultaneous existence of both positive and negative evaluations and, therefore, should also be differentiated from attitude instability or variability, which refer to the fluctuation from positive to negative or from negative to positive attitudes (Conner & Armitage, 2008). Another word that can be confused with ambivalence is indifference, which refers to the lack of positive or negative attitudes, but rather to a neutral evaluation; indeed, an ambivalent person can have both strongly positive and strongly negative attitudes toward the same idea or object (Jonas et al.,

2000). Finally, a popular concept in psychology that shares many similarities with ambivalence is that of cognitive dissonance (Festinger, 1957). Although the subjects of ambivalence and cognitive dissonance within the literature developed relatively independently from one another (Newby-Clark et al., 2002), both ambivalence and cognitive dissonance involve the existence of inconsistent cognitions in a person's mind. However, cognitive dissonance is a much broader concept that refers to dissonance between any type of cognition (e.g., self-concept, values, thoughts) and/or behavior about one or more attitude-objects whereas ambivalence refers more specifically to inconsistency in one's evaluations of a specific attitude-object (Jonas et al., 2000; Newby-Clark et al., 2002). Still, as acknowledged by some researchers, apart from the different breadth of the two literatures and their independent development, the two constructs are "remarkably similar" (Newby-Clark et al., 2002, p. 165). Baek (2010) provides another discussion on the difference between ambivalence and similar constructs.

When formulating a reputation judgment—which we define as an overall evaluation capturing the amount of esteem, trust, and admiration one holds for a company (e.g., Ponzi et al., 2011; Fombrun, 1996)—people consider various elements to arrive at a final overall judgment. For instance, people might think well of a company's financial results, but have negative feelings about the company's social performance. At the same time, ambivalence can also be related to the same reputational dimension; someone might think well of a company's financial results because they are better than those of the previous year, but feel bad about them because they are worse than those of key competitors (e.g., Plambeck & Weber, 2009). Although still perfectly capable of formulating an overall evaluation (i.e., reputation judgment), the underlying ambivalence might influence the characteristics of this evaluation. In fact, as we will discuss later, ambivalence triggers specific reactions that differ from those of solely positive or negative as well as neutral evaluations (Jonas et al., 2000).

## **Literature review**

The concept of ambivalence emerged at the forefront of research in psychology in relation to attitude research when scholars (e.g., Kaplan, 1972) started questioning the idea that attitudes were one dimensional—that is, exclusively negative, neutral, or positive (Jonas et al., 2000). Since the publication of the influential book chapter by Thompson et al. (1995), who discussed the relevance of attitudinal ambivalence, scholars have produced a significant amount of research exploring the antecedents and consequences of ambivalence (Conner & Armitage, 2008).

Researchers who have examined the consequences of ambivalence have looked at it in relation to a variety of attitude objects, including abortion (Craig et al., 2005; Holbrook & Krosnick, 2005; Newby-Clark et al., 2002), capital punishment (Holbrook and Krosnick, 2005; Newby-Clark et al., 2002), a low-fat diet (Armitage and Conner, 2000), genetically modified food (Nordgren et al., 2006), pornography (Bassili, 1996), consumer products (Jonas et al., 1997), and immigrant groups (Maio et al., 1996). Most often such research has looked at ambivalence in the context of attitude strength (Bassili, 2008; Conner & Armitage, 2008; Krosnick & Petty, 1995) in order to understand what makes attitudes more stable over time, less pliable, capable of influencing information processing, and more predictive of behavior. In this regard, such research has found that ambivalent attitudes are less likely to be stable over time (Armitage & Conner, 2000; Craig et al., 2005; Holbrook & Krosnick, 2005) and more susceptible to persuasive information (Armitage & Conner, 2000; Holbrook and Krosnick, 2005). Furthermore, research has shown that ambivalence can lead to discomfort caused by the contrasting evaluations existing in one's mind (Newby-Clark et al., 2002; Nordgren et al., 2006), thereby motivating people to look for ways to reduce such discomfort. In order to reduce ambivalence, people rely on the opinions of relevant others (Hodson et al., 2001) or engage in more careful information-processing efforts (Jonas et al., 1997; Maio et al., 1996; Nordgren et al., 2006).

The relevance of ambivalence in the organizational context has been highlighted by a significant number of articles published during the last 15 years in journals related to

organizational studies. Researchers have studied this concept in relation to a variety of organizational relationships (Pratt & Doucet, 2000), such as identification (Dukerich et al., 1998; Meyerson & Scully, 1995; Pratt, 2000; Vadera & Pratt, 2013). Ambivalence has also been studied in the area of change management (Piderit, 2000; Pratt & Barnett, 1997), managerial decision making (Plambeck & Weber, 2009; 2010), and creativity (Fong, 2006).

Yet when it comes to reputation research, little explicit research has investigated how ambivalence influences reputation (Brooks et al., 2003; Brooks and Highhouse, 2006). Some researchers have asserted that organizations might have reputations comprising both positive and negative dimensions (e.g., Dollinger et al., 1997; Rhee & Valdez, 2009). For instance, Rhee and Valdez (2009) proposed that a higher proportion of positive to negative reputation dimensions might increase stakeholders' perceptions of a firm's ability to recover from a negative event. Brooks et al. (2003) examined the extent to which more familiar organizations are likely to be evaluated as simultaneously positive and negative along the same dimension(s). However, these researchers have not examined ambivalence at the individual level of analysis, as we do in the current paper (Brooks & Highhouse, 2006). Indeed, as suggested by the previously reviewed research in social psychology, individual ambivalence might influence evaluation processes in specific ways.

## **Hypotheses**

### **Ambivalence and the stability of reputation judgments in light of new information**

Social psychologists have suggested that the degree of ambivalence might be an important variable explaining why attitudes remain more or less stable over time and are more or less likely to be influenced by new information (e.g., Erber et al., 1995; Armitage & Conner, 2000; Conner & Armitage, 2008). We highlight two main reasons explaining why high ambivalence leads to less stable evaluations. The first key reason is linked to the cognitive process people go through when exposed to new information,



which leads the individuals to retrieve what they already know about the focal object from their memory. As a result, individuals with a high level of ambivalence toward an organization are more likely to retrieve from memory thoughts with a valence consistent with the new information, meaning they will be more likely to accept the information and change their minds about it (e.g., Brooks et al., 2003; Holbrook & Krosnick, 2005). Second, psychologists have argued that attitudes are strong (i.e., resistant) to the extent that they are solidly anchored in an existing attitudinal structure (Eagly & Chaiken, 1995). However, ambivalent attitudes are based on inconsistent evaluations, meaning they are weakly embedded in an attitudinal structure, which makes them less stable and more susceptible to new information (Armitage & Conner, 2000).

Following this reasoning, we would expect the reputation judgments of people who are highly ambivalent toward an organization to also be rooted more weakly in an existing informational structure and supported by inconsistent beliefs and feelings, thereby presenting a higher likelihood that they will fluctuate in light of the new information. Consequently, we hypothesize the following:

**Hypothesis 1:** When exposed to new information (positive or negative) about an organization, the reputation judgments of individuals who are highly ambivalent toward that organization will change more than the reputation judgments of low ambivalence individuals.

### **Ambivalence resolution in light of new information**

The level of ambivalence displayed by people might be subject to fluctuations. In particular, some researchers have suggested that ambivalence can be used as a measure of attitudinal change, as the integration of new negative or positive information into one's evaluation can increase or decrease the level of that individual's ambivalence (Ahluwalia et al., 2000; Cacioppo et al., 1997). For instance, Ahluwalia et al. (2000) investigated, among other things, how the level of consumers' commitment toward a given brand influences their levels of ambivalence toward the brand after being exposed to negative publicity. The authors suggested that, in some cases, the effect of negative

information might be more evident when looking at ambivalence measures rather than classic attitude change measures.

In this study, we examine how levels of ambivalence influence the way in which new information (positive or negative) is perceived as well as how such information influences subsequent ambivalence levels. Various theories in psychology suggest that individuals prefer to have a certain level of internal consistency in their cognitions and feel uncomfortable when they keep inconsistent elements in mind; classic examples of such theories include dissonance theory (Festinger, 1957) and balance theory (Haider, 1958). Similarly, scholars studying ambivalent attitudes have claimed that, when individuals have conflicting evaluations of a given attitude object, they are motivated to reduce such inconsistency and the negative feelings associated with it (e.g., Holbrook & Krosnick, 1995; Maio et al., 1996; Newby-Clark et al., 2002). Therefore, individuals who experience a high level of ambivalence will try to exploit the chance to reduce conflicts in their evaluations; for example, when provided with new univalent (positive or negative) information, they will apply it with the purpose of diminishing their sense of ambivalence. We thus hypothesize the following:

**Hypothesis 2:** When exposed to new information (positive or negative) about an organization, individuals who are highly ambivalent toward that organization will display a decrease in their levels of ambivalence.

## **Method**

### **Participants, design, and procedure**

We conducted a pretest–posttest study recruiting participants using Amazon Mechanical Turk, an online service validated for surveys and experiments (Buhrmester, Kwang, & Gosling, 2011; Horton, Rand, & Zeckhauser, 2011; Paolacci, Chandler, & Ipeirotis, 2010).<sup>16</sup> Three hundred forty-two participants based in the United States took part in the

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<sup>16</sup> For an example of survey, see Annex 1.

study (mean age = 31.52; 49.4% female). In the introduction of the study, participants were told that they would take part in a study about their perception of airlines. After reading the introduction, participants were required to indicate their level of ambivalence toward the target company and provide their assessments of its reputation (the company chosen for this study was Southwest Airlines). After a short distracting task in which they computed some mathematical operations, participants were randomly assigned to read a positive or negative newspaper article about the target company. Once finished, the participants once again completed the measures taken at pretest, answered some questions regarding the article they had just read, and provided demographic information. At the end of the survey, participants read a message informing them about the fictional nature of the news articles they had just read and asking them to discount the information. To ensure that only valid answers were used for the analysis, from the initial pool of 342 participants, we removed those who either took too little or too much time to complete the survey ( $\pm 3$  SDs from the average time); we also removed those who failed the manipulation check related to the topic of the article or the instructional manipulation checks (Oppenheimer, Meyvis, & Davidenko, 2009) and those not familiar at all with the target company. The remaining sample consisted of 315 participants.

### **Variable measurement and stimuli**

Reputation judgments were measured at pretest and posttest using the scale developed by Ponzi, Fombrun, and Gardberg (2011). Participants were asked to rate the focal organization on 4 items using 7-point scales, ranging from 1 (strongly disagree) to 7 (strongly agree): “[Company X] is a company I have a good feeling about,” “[Company X] is a company that I trust,” “[Company X] is a company that I admire and respect,” and “[Company X] has a good overall reputation.” The scale was reliable on both measurement occasions (Cronbach’s alpha at pretest: 0.903; Cronbach’s alpha at posttest: 0.905). The change in reputation judgment was computed by subtracting the reputation judgment score at pretest from the reputation judgment score at posttest for each subject. As we were interested in the magnitude of change, we used the absolute value of change (Ahluwalia et al., 2000).

To measure the impact of new information (positive or negative), newspaper articles were developed in order to depict the focal firm in either a strongly positive or strongly negative light. Careful attention was devoted to making the articles as plausible as possible; the newspaper articles were based on actual ones. More specifically, the two articles used in the experiment described a recent event involving the focal company treating a passenger either exceptionally well or exceptionally poorly. In the negative case, the article told a story about the company's unwillingness to help a handicapped woman board the plane because of the need for the airplane to leave on time at any cost. In the positive case, the article told a story about one of the company's pilots delaying a plane for several minutes in order to allow a grandfather who was going to visit his dying grandson to board the plane. In both cases, the stories were about the company's willingness or lack thereof to make an exception for their passengers in a specific case.

<sup>17</sup>Both stories included also positive or negative remarks from commentators. Following Ahluwalia et al. (2000), the articles were pretested with a sample of 45 participants in order to verify that they would be perceived as having an equal extremity but opposed valence (either positive or negative) and equal believability. Participants were exposed to either the positive or the negative article and asked to rate, on an 11-point scale (-5 to +5), "How favorable or unfavorable was the presented article toward the target company?" The articles were rated as significantly different in their valence (mean positive = + 4.04, SE = 0.265; mean negative = -4.32, SE = 0.335;  $t_{43} = -18.423$ ;  $p < 0.001$ ) but not in their extremity (mean positive = 4.32, SE = 0.265; mean negative = 4.27, SE = 0.962;  $t_{43} = 0.147$ ;  $p > 0.05$ ). Participants were also asked to rate "How believable was the evidence presented in the text?" on a 7-point scale. The articles were rated as comparable in their believability (mean positive = 5.37, SE = 0.384; mean negative = 5.27, SE = 0.291;  $t_{43} = 0.210$ ;  $p > 0.05$ ). Based on these results, we concluded that the two articles worked as intended.

Ambivalence was a measured variable (adapted from Armitage & Conner, 2000; see also Thompson et al., 1995); we measured it by asking participants to respond to two items on 7-point scales: (1) "Considering only the positive things about [Company X] and

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<sup>17</sup> For the manipulation, see Annex 2.

ignoring the negative things, how positive are those things?” (Not at all positive/Very positive); and (2) “Considering only the negative things about [Company X] and ignoring the positive things, how negative are those things?” (Not at all negative/Very negative). Ambivalence was then computed using the following formula:  $(P + N)/2 - |P - N|$ , where P is the score on the first item of the scale, looking only at the positive aspects, and N is the score on the second item of the scale, looking only at the negative aspects. This scale has been extensively used in studies in psychology looking at ambivalence (e.g., Armitage & Conner, 2000; Thompson et al., 1995) and allows for the consideration of both the similarity ( $|P - N|$ ) and intensity ( $-(P + N)/2$ ) of the two evaluations. Ambivalence results were higher when the two evaluations are similar and when they are stronger (higher) (cf. Plambeck & Weber, 2009; Thompson et al., 1995).

### **Analysis**

Data were analyzed using ANOVA in order to examine how the dependent variable (i.e., H1: change in reputation judgment; H2: change in ambivalence) behaved in the function of different conditions (information valence and degree of ambivalence). To test Hypothesis 1, we looked at the change in reputation judgments as a function of the new information (positive or negative) and a function of the level of respondents' ambivalence (low or high). Participants were assigned to a low or high ambivalence condition based on a median split on their level of ambivalence as measured at pretest (Armitage & Conner, 2000). To test Hypothesis 2, we looked at the change in the level of ambivalence from pretest to posttest in the function of the new information (positive or negative) and the level of the pretest ambivalence (low or high). Change in ambivalence was computed by subtracting the level ambivalence at pretest from the level of ambivalence at posttest for each participant; the alpha score could be positive (indicating an increase) or negative (indicating a decrease).

## Results

Hypothesis 1 predicted that participants who are highly ambivalent toward an organization would display a greater change in reputational judgments when exposed to new information (either positive or negative) about that same organization. Results from the ANOVA revealed a significant main effect of ambivalence on reputation change. Highly ambivalent participants expressed a significantly greater change in reputation judgment when compared to less ambivalent participants (mean high ambivalence = 0.893, SD = 0.886; mean low ambivalence = 0.716, SD = 0.902;  $F_{1,311} = 4.584$ ;  $p < 0.5$ ), thereby confirming Hypothesis 1. There was also a main significant effect from the new information (mean positive info = 0.553, SD = 0.602; mean negative info = 1.023, SD = 1.064;  $F_{1,311} = 22.950$ ,  $p < 0.001$ ). Negative information, consistent with the negativity effect (e.g., Skowronski and Carlston, 1987), had a stronger effect on people's reputation judgments.

Hypothesis 2 predicted that participants who are highly ambivalent toward an organization would display a decrease in their levels of ambivalence when exposed to new information (either positive or negative) about that same organization. Results from the ANOVA showed that highly ambivalent participants (at pretest) demonstrated a decrease in their level of ambivalence when exposed to new information, independently of whether positive or negative; low ambivalence participants instead showed an increase in their ambivalence levels (mean high ambivalence = - 0.451, SD = 1.641; mean low ambivalence = + 0.527, SD = 1.779;  $F_{1,311} = 24.504$ ;  $p < 0.001$ ). Therefore, Hypothesis 2 was confirmed. There was also a main significant effect from the new information (mean positive info = - 0.487, SD = 1.248; mean negative info = 0.697, SD = 2.02;  $F_{1,311} = 30.622$ ,  $p < 0.001$ ) and a significant interaction effect between ambivalence and new information ( $F_{1,311} = 15.714$ ,  $p < 0.001$ ). These results (for descriptive statistics, see Table 2) can probably be attributed to the fact that positive news confirmed the overall positive reputation of the target company, thereby diminishing people's ambivalence, whereas negative news created ambivalence in people with mainly positive reputation judgments at pretest.

**Table 2: Mean Ambivalence Change in Function of New Information and Levels of Ambivalence**

DV: Ambivalence change		Mean	St. Dev.
New information Negative	Low ambivalence	1.327	1.885
	High ambivalence	-0.298	1.841
New information Positive	Low ambivalence	-0.405	1.057
	High ambivalence	-0.585	1.444
Total	Low ambivalence	0.527	1.779
	High ambivalence	-0.451	1.641

This suggests a possible refinement of the results from Hypothesis 2—that is, generally people strive to diminish their sense of ambivalence and confirm their dominant opinion, but this might be possible only when the new information confirms the dominant component of the evaluation (positive or negative) (cf. confirmation bias, Nickerson, 1998). For instance, if someone has primarily positive opinions about a company and only a few negative opinions, new positive information will diminish his or her sense of ambivalence, whereas new negative information will increase it. We conducted a further analysis to test this proposition. We created two groups: one for participants whose dominant evaluation was positive and one for participants whose dominant evaluation was negative (for this analysis, we temporarily removed participants whose negative and positive evaluations were equally extreme—namely, those with the highest ambivalence level). We ran a 2x2 ANOVA with new information (positive, negative) and dominant component (positive, negative), using ambivalence change as the dependent variable. The results showed a significant interaction effect between the dominant component and new information ( $F_{1,282} = 17.318$ ,  $p < 0.001$ ). The direction of the changes (for descriptive statistics, see Table 3) revealed that ambivalence levels diminish only when new information confirms the dominant component (positive–positive or negative–

negative); otherwise, ambivalence levels increase (however, these results should be considered with care as some cells included a small number of participants).

**Table 3: Mean Ambivalence Change in Function of New Information and Dominant Component**

DV: Ambivalence change		Mean	St. Dev.
New information Negative	Negative dominant	-0.667	1.838
	Positive dominant	0.985	1.989
New information Positive	Negative dominant	0.692	1.251
	Positive dominant	-0.520	1.181

### **Discussion and Conclusion**

According to the results, the reputation judgments of highly ambivalent people are less stable to new information when compared to those of people with low levels of ambivalence. Furthermore, highly ambivalent people use new information to diminish their sense of ambivalence, when possible. We believe that this paper can contribute to the existing research on organizational reputation in multiple ways.

First, our results contribute to the stream of research examining the way in which new information influences an organization's reputation stability (e.g., Bae & Cameron, 2006; Coombs & Holladay, 2006; Flanagan, & O'Shaughnessy, 2005; Lyon & Cameron, 2004) by introducing the idea that new information about a company affects reputation judgments in different ways, depending on people's level of ambivalence prior to receiving the new information. In this way, we provide a more sophisticated approach to understanding how pre-existing evaluations moderate the effects of new information on reputation. The results of our experiment also confirm previous findings in psychology



research (Armitage & Conner, 2000) indicating that ambivalence makes people's attitudes less stable against the influence of new information.

Second, the results indicated how people who were highly ambivalent at pretest used the new information to decrease their sense of ambivalence. Furthermore, as revealed by further analyses, people with lower levels of ambivalence also used the new information in a confirmatory way in an attempt to reduce ambivalence, when possible. Based on these results, we understand that people integrate new information in more complex ways than simply changing their reputation judgments. In this regard, researchers have suggested that looking at how people integrate information into their ambivalent attitudes might be a more accurate way of testing the effects of new information (Ahluwalia et al., 2000; Cacioppo et al., 1997). Our findings confirm such an idea, suggesting that future research seeking to examine the way in which reputation changes in light of new information should also consider how such new information influences people's underlying ambivalence.

Starting from these two points, we identified a series of descriptive implications, which we discuss here, followed by more managerial ones in the following paragraph. The results obtained suggest that ambivalence might constitute an intermediary step toward a more stable or noticeable change in reputation judgments. That is, upon receiving new information, people might integrate it into their "pool of information," which might increase their ambivalence levels, even without leading to a tangible change in reputation judgments. Such a change might instead happen only when individuals receive additional pieces of information confirming the first one. In addition, one might even speculate that, if the new information provided at time 2 increases people's ambivalence, it can pave the way for a stronger effect of the new information at a hypothetical time 3. For instance, we might expect the publication of negative news about a given organization with a predominantly positive reputation to increase people's levels of ambivalence toward this organization. In such a case, the communication issued by the organization to counter the negative news might have an even stronger effect because of the heightened sense of ambivalence and the related desire to resolve it (this might help

explain phenomena such as rebound effects in the evaluation of organizations in financial markets). However, this issue would need to be further tested empirically in future research using a more complex design.

From a managerial point of view, our results suggest that companies should consider ambivalence. By measuring ambivalence, organizations would develop a more fine-grained understanding of the way in which they are evaluated by stakeholders and consequently how to relate with them. For instance, as previously suggested, the potentially increased ambivalence deriving from negative news published about an organization might make subsequent communications from such an organization even more effective than one would usually expect. In such cases, this justifies even more strongly the need to intervene in communication terms after negative news.

Scholars in change management have even argued that companies should foster employees' ambivalence toward change processes, as doing so might encourage participation in change efforts and thus help make it more effective (Piderit, 2000). Similarly, researchers who have examined ambivalent identification (Vadera & Pratt, 2013) also recently suggested that, when exposed to salient and positive organizational actions, employees might try to solve their level of ambivalence by over-amplifying positive feelings for the organization. Therefore, companies might try to benefit from people's sense of ambivalence by recognizing its existence and potential to influence the way in which people interpret new information. However, ambivalence should also be handled with care, as negative information or events might amplify the negative side of the evaluations, thereby reversing the identified benefits (Vadera & Pratt, 2013).

Our paper is not without limitations. First, the proposed effects were tested with only one company; as previously mentioned, this might have influenced some of the results. In order to make the findings more robust, future research should test the same effects with different companies from various industries and with different starting reputations. Second, some of the limitations of our research derive from the methodology used; for instance, by using experiments, we cannot take into account the fact that new information might give rise to various dynamics, such as word of mouth, rumors, or

other market dynamics that cannot be easily introduced in an experimental design. Another limitation related to the design of our study is that, based upon previous research (e.g., Armitage & Conner, 2000), we decided to measure ambivalence, not manipulate it, as pure experimental design would require. This decision might introduce the effect of some confounding factors and, thus, reduce the study's internal validity. Still, given that there is no evidence of ambivalence being related to other attitude strength measures (Conner & Armitage, 2008; Thompson et al., 1995), we believe that this risk is small. At the same time, the measurement of ambivalence might instead increase the external validity of the study; however, as previously mentioned, the effects that we found would need to be tested using different companies to increase their generalizability.

# Conclusion

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Years of research in a variety of disciplines have shown that organizational reputation is a highly valuable resource for organizations. As claimed by Barnett and Pollock (2012, p. 12), “we don’t need more research establishing that corporate reputation is an asset for firms—it is.” Because of the many fundamental benefits that derive from having a positive reputation, scholars studying reputation have on various occasions stressed the importance of understanding how reputation is maintained and/or the factors making reputation more stable against new information and events (e.g., Carter & Ruefli, 2006; Flanagan & O’Shaughnessy, 2005; Mahon & Mitnick, 2010; Rhee & Valdez, 2009). In this sense, the main finding from previous research is that highly positive reputations are more robust to the effects of new information (Coombs & Holladay, 2006; Flanagan & O’Shaughnessy, 2005; Love & Kraatz, 2009). However, scholars have just started investigating the factors making reputation robust to new information.

In this respect, in this dissertation I have studied what variables influence the robustness of stakeholders’ reputation judgments by moderating the effect of new information. More specifically, I have conceptually investigated two sets of variables—cognitive and contextual variables—that moderate the effect of new events or information on stakeholders’ reputation judgments. I have also empirically tested the effects of two variables—familiarity and ambivalence—in moderating the effect of new information on reputation judgments. As the contributions of the separate papers composing this thesis have already been addressed, in the following pages I conclude by discussing the ways in which the thesis altogether relates to current research on reputation, simultaneously highlighting the limitations and directions for future research.

Currently, in the reputation literature, some confusion exists with regard to a series of terms related to a firm’s reputation stability (e.g., reputation stickiness, reputation resilience). Reputation has also been described by many scholars as being ontologically stable or inert over time (Fischer & Reuber, 2007; Grant, 1991; Love & Kraatz, 2009;

Mahon & Mitnick, 2010; Mishina et al., 2012; Rindova & Fombrun, 1999; Roberts & Dowling, 2002; Schultz et al., 2001; Walker, 2010), but at the same time fragile to the effects of negative events or information (e.g., Carter & Ruefli, 2006; Highhouse et al., 2009). In this respect, based on existing literature, I suggest differentiating among three related aspects: reputation stickiness as stability in absence of disruptions, reputation robustness as stability in the face of disruptions, and reputation resilience as the firm's reputation ability to recover after disruptions. As suggested by much of the literature, reputation stickiness would be an almost definitional property of reputation, but not necessarily robustness or resilience. In the dissertation, although I suggest conceptually differentiating among these constructs, I did not empirically test for the differences among them. For instance, I did not test whether a variable that might cause reputation robustness also influences its resilience. In this respect, future research could find ways of designing studies in order to differentiate the variables that influence one and not the other construct. One way of doing this would be to design studies that look at reputation changes in a longer time frame in order to consider long-term effects of the information. For instance, people whose reputation judgments are strongly affected by a negative event might quickly return to the original evaluation. As advocated by Barnett and Pollock (2012), scholars should work on better understanding the temporality aspect of reputation and thus how and why reputation evolves over time. In the context of this dissertation, designing studies that take into consideration a longer time frame could help researchers strengthen the distinction among a firm's reputation stickiness, robustness, and resilience.

Beyond the distinction among the three aspects, the thesis redirects the attention of scholarship to the fact that there is more to reputation than its level (bad or good) that might cause a firm's reputation to be more or less robust. In other words, a highly positive reputation is not necessarily robust, unless supported by a series of cognitive and contextual aspects. I claim that a series of audience characteristics, such as the level of familiarity with the organization or the degree of agreement about the attributes defining an organization, are crucial for understanding the properties of an organization's reputation to be robust to the effects of new information. To use a popular

metaphor among resource-based theorists (Dierickx & Cool, 1989; Rindova et al., 2010), in order to understand reputation robustness scholars need to go beyond looking at the level of liquid in the bathtub (bad or good reputation), but rather should try to understand the properties of such liquid (e.g., its viscosity, chemical composition, physical properties) that might cause it to flow differently through the drain in the bathtub. In this thesis, I have looked at the effects of two set of variables: cognitive and contextual. Future scholarship would have to include a wider set of variables influencing a firm's reputation robustness. For instance, one might expect that factors related to the history of the organization, such as the consistency of its performance in the past (Pfarrer et al., 2010), the quality of the past relationships with the stakeholders, and/or the existence of past crises (Coombs, 2007), would influence the robustness of the firm's reputation. IN addition, as suggested by scholars who have looked at reputation from an institutional perspective (e.g., Rindova & Martins, 2012), rankings and other institutional intermediaries play a key role in crystallizing a firm's reputation. Furthermore, the way in which influential third parties relate to the organization before a negative event and the way in which these react to negative events (Rhee & Valdez, 2009) could potentially influence the robustness of the firm's reputation. Although these aspects have already been discussed in reputation research, their potential role in influencing reputation robustness has thus far been ignored.

I also examined how a series of variables discussed in reputation research, such as antecedents or consequences of reputation, can play a role in making it more robust. Although scholars claim that there is still a lot to do when it comes to understanding the antecedents and consequences of reputation (Deephouse & Jaskiewicz, 2013; Fombrun, 2012), it is undeniable that most existing research on reputation has focused on understanding what causes a good reputation and what consequences having a good reputation has (Fombrun, 1996; Lange et al, 2011; Rindova et al., 2005). For instance, to make the example of familiarity, existing research has mostly focused on understanding whether it leads to more or less positive reputation (e.g., Brooks et al., 2003; Yang, 2007) or, more generally, on understanding how it is related to reputation (Lange et al., 2011). In this thesis I have found that familiarity plays a role in making a firm's

reputation robust. Therefore, the main contribution in this regard is to discuss how variables that have classically been discussed in relation to reputation in other terms can contribute to making it more robust. Future research in this sense should dig deeper into the specific mechanisms through which such variables influence a firm's reputation robustness. One possibility in this sense would be to give greater attention to the socio-cognitive processes underlying reputation. This would allow for a better understanding of what happens inside the minds of the people formulating the judgments, how judgments form and change, how preexisting evaluations influence the way in which new information is evaluated, the related biases, and how reputation judgments influence decision and actions (e.g., Bitektine, 2011; Haack et al., 2014; Mishina et al., 2012). Indeed, mirroring a greater trend in organization theory and management research (Barney & Felin, 2013; Mishina et al., 2012), studying the socio-cognitive and micro-foundational facets of reputation (e.g., Barnett & Pollock, 2012; Bitektine, 2011) represents one of the most promising directions for future research. In this sense, scholars could also try to detail the processes through which micro-level cognitions influence macro-level collective representations and vice versa (Mishina et al., 2012), thereby better understanding how a firm's reputation achieves robustness—beyond the commonsensical notion that a firm that consistently performs positively will have a consistently good reputation.

Related to this, I clarify how the robustness of an organization's reputation does not simply result from the firm's ability to consistently deliver a positive economic and social performance over time and to communicate about it accordingly (Fombrun, 1996; Petkova et al., 2014; Pfarrer et al., 2010). In this sense, research often has more or less explicitly assumed that a firm's reputation is mostly in its control (Fombrun & van Riel, 2004). However, while in a certain sense a firm's possesses a reputation, such a reputation is dependent on external audiences' perceptions (Love & Kraatz, 2009) and, thus, partly resides outside the domain of organizational actions and communications. As claimed by Rindova and colleagues (In Whetten & Godfrey, 1998, p. 59), "on the one hand, they [reputations] are considered assets that are owned by firms; on the other hand, they are perceptions of observers—perceptions over which firms have relatively limited

control.” In order to understand the variables making a firm’s reputation robust, one has to look mainly at the interface between the organization and its stakeholders and the environment these are part of (e.g., Rindova & Fombrun, 1999), accepting that there are strong limits to the extent to which a firm can manage its reputation (Power, 2007; Power et al., 2009). In this dissertation I have mostly focused on cognitive variables and have only briefly elaborated on the role of firm–stakeholder relationships in creating the conditions for a robust reputation. As such, this latter point needs more elaboration. Future scholarship should work on developing thick descriptions of how firms manage long-term relationships with a variety of stakeholders within a given competitive and institutional setting and how this leads to the creation of shared meanings and understanding able to withstand temporary accidents (Suchman, 1995). This would require an epistemological and methodological shift from researchers who would have to start looking into the processes of co-creation, meaning making, and narrative construction through which reputations take shape and stabilize. As claimed by Fombrun (2012), a richer understanding of organizational reputation would derive from studying the collective process of social construction related to corporate reputation, as previously done for organizational identity. Such processes are characterized by the presence of “multiple plotlines, characters, and authors who draw on institutionalized discourses to provide the contexts within which meanings are made, and invoke questions about the power and politics through which reputation claims are articulated, negotiated, and substantiated” (Fombrun, 2012, p. 103).

This dissertation has provided a first step toward a better understanding of the variables influencing the robustness of stakeholders’ reputation judgments in light of new information. Scholars interested in studying reputation robustness will have to focus on creating empirically supported distinctions between reputation robustness and similar terms. In order to reach such an objective, scholars will have to focus on looking at reputation beyond its level (bad or good) and investigate the role of different sets of variables in influencing it. Specifically, the socio-cognitive mechanisms underlying the formation and change of reputation judgments and the processes of social construction



leading to the formation of a robust reputation represent the most promising direction for future research.

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# Annexes

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## Annex 1: Example of Survey Used in the Studies

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Hello,

Thank you for your interest in participating in our study. We are a research team from a Swiss university and we are currently studying people's perception of airlines. Your help is greatly appreciated and will serve as invaluable information for our research. The questionnaire consists of 5 sections - you will be asked to answers some questions and complete some tasks. The completion of the whole questionnaire will take around 15 minutes.

All your answers will be used only for academic purposes and will be kept strictly confidential.

Thank you

### PART 1

In this section you will be asked a series of questions regarding your familiarity with **Southwest airlines**.

1. Regarding **Southwest**, are you:

<i>Not at all familiar</i>						<i>Very familiar</i>
1	2	3	4	5	6	7
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

<i>Not at all experienced</i>						<i>Very experienced</i>
1	2	3	4	5	6	7
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

<i>Not at all knowledgeable</i>						<i>Very Knowledgeable</i>
1	2	3	4	5	6	7
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

<i>Not at all informed</i>						<i>Very informed</i>
1	2	3	4	5	6	7
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

2. How much do you feel you know about **Southwest** with regards to the following aspects?  
 (“1” means “Nothing at all” and “7” means “A lot”)

Product and services						
<i>Nothing at all</i>						<i>A lot</i>
1	2	3	4	5	6	7
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Innovation						
<i>Nothing at all</i>						<i>A lot</i>
1	2	3	4	5	6	7
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Workplace environment						
<i>Nothing at all</i>						<i>A lot</i>
1	2	3	4	5	6	7
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Governance						
<i>Nothing at all</i>						<i>A lot</i>
1	2	3	4	5	6	7
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Citizenship						
<i>Nothing at all</i>						<i>A lot</i>
1	2	3	4	5	6	7
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Leadership						
<i>Nothing at all</i>						<i>A lot</i>
1	2	3	4	5	6	7
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Financial Performance						
<i>Nothing at all</i>						<i>A lot</i>
1	2	3	4	5	6	7
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

3. Please check the box that better describes the type of experience that you have with **Southwest**.

(Choose only one)

- ☐ NO Experience at all/Don't know the company  
☐ INDIRECT experience ONLY (e.g., from the mass media, from other people, etc.)  
☐ DIRECT experience (e.g., as a customer, as an employee, etc.)  
☐ Other (Please specify): \_\_\_\_\_

4. How often would you say you think about **Southwest**?

<i>Never</i>						<i>Very often</i>
1	2	3	4	5	6	7
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

5. How often would you say you talk about **Southwest** with other people?

<i>Never</i>						<i>Very often</i>
1	2	3	4	5	6	7
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

6. How often would you say you read, hear or see something about **Southwest** in the media?

<i>Never</i>						<i>Very often</i>
1	2	3	4	5	6	7
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

7. How often would you say you use **Southwest's** product or services?

<i>Never</i>						<i>Very often</i>
1	2	3	4	5	6	7
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>



## PART 2

In this section you will be asked a series of questions regarding your thoughts and feelings towards **Southwest airlines**.

8. Please consider the following statements about **Southwest airlines** and select a number from “1” to “7” where “1” means “I strongly disagree” and “7” means “I strongly agree”.

“Southwest is a company I have a good feeling about.”						
<i>Strongly Disagree</i> 1 <input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<i>Strongly Agree</i> 7 <input type="checkbox"/>

“Southwest is a company that I trust.”						
<i>Strongly Disagree</i> 1 <input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<i>Strongly Agree</i> 7 <input type="checkbox"/>

“Southwest is a company that I admire and respect.”						
<i>Strongly Disagree</i> 1 <input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<i>Strongly Agree</i> 7 <input type="checkbox"/>

“Southwest has a good overall reputation.”						
<i>Strongly Disagree</i> 1 <input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<i>Strongly Agree</i> 7 <input type="checkbox"/>

In the next question (question 9) you will be asked to rate **Southwest airlines** on a series of aspects. Even if you don't feel you have enough information to rate this particular company, just give us your best impressions based on anything you might know about this company, or anything you might have read, seen, or heard.

9. Please consider the following statements about **Southwest** and select a number from "1" to "7" where "1" means "I strongly disagree" and "7" means "I strongly agree".

<b>"Southwest offers high quality products and services – it offers excellent products and reliable services."</b>						
<i>Strongly Disagree</i> 1 <input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<i>Strongly Agree</i> 7 <input type="checkbox"/>

<b>"Southwest is an innovative company – it makes or sells innovative products or innovates in the way it does business."</b>						
<i>Strongly Disagree</i> 1 <input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<i>Strongly Agree</i> 7 <input type="checkbox"/>

<b>"Southwest is an appealing place to work – it treats its employees well."</b>						
<i>Strongly Disagree</i> 1 <input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<i>Strongly Agree</i> 7 <input type="checkbox"/>

<b>"Southwest is a responsibly-run company – it behaves ethically and is responsible in its business dealings."</b>						
<i>Strongly Disagree</i> 1 <input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<i>Strongly Agree</i> 7 <input type="checkbox"/>

<b>"Southwest is a good corporate citizen – it supports good causes and protects the environment."</b>						
<i>Strongly Disagree</i> 1 <input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<i>Strongly Agree</i> 7 <input type="checkbox"/>

<b>"Southwest is a company with strong leadership – it has visible leaders and is managed effectively."</b>						
<i>Strongly Disagree</i> 1 <input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<i>Strongly Agree</i> 7 <input type="checkbox"/>

“Southwest is a high-performance company – it delivers good financial results.”						
<i>Strongly Disagree</i> 1 <input type="checkbox"/>						<i>Strongly Agree</i> 7 <input type="checkbox"/>
	2 <input type="checkbox"/>	3 <input type="checkbox"/>	4 <input type="checkbox"/>	5 <input type="checkbox"/>	6 <input type="checkbox"/>	

10. Think about your thoughts and feelings regarding **Southwest airlines**:

Considering only the <b>positive things</b> about <b>Southwest</b> , and ignoring the negative things, how positive are those things?						
<i>Not at all positive</i> 1 <input type="checkbox"/>						<i>Extremely positive</i> 7 <input type="checkbox"/>
	2 <input type="checkbox"/>	3 <input type="checkbox"/>	4 <input type="checkbox"/>	5 <input type="checkbox"/>	6 <input type="checkbox"/>	

Considering only the <b>negative things</b> about <b>Southwest</b> , and ignoring the positive things, how negative are those things?						
<i>Not at all negative</i> 1 <input type="checkbox"/>						<i>Extremely negative</i> 7 <input type="checkbox"/>
	2 <input type="checkbox"/>	3 <input type="checkbox"/>	4 <input type="checkbox"/>	5 <input type="checkbox"/>	6 <input type="checkbox"/>	

### PART 3

In this section you will be asked to compute some simple mathematical operations

- $3 \times 3 =$  \_\_\_\_\_
- $2 \times 4 =$  \_\_\_\_\_
- $3 + 3 =$  \_\_\_\_\_
- $2 + 3 =$  \_\_\_\_\_
- $7 \times 3 =$  \_\_\_\_\_
- $8 / 2 =$  \_\_\_\_\_
- $8 - 2 =$  \_\_\_\_\_
- $6 - 3 =$  \_\_\_\_\_
- $6 \times 6 =$  \_\_\_\_\_
- $4 / 4 =$  \_\_\_\_\_
- $1 \times 7 =$  \_\_\_\_\_
- $10 \times 3 =$  \_\_\_\_\_
- $15 / 3 =$  \_\_\_\_\_
- $4 \times 3 =$  \_\_\_\_\_
- $10 - 2 =$  \_\_\_\_\_

## PART 4

In this section you will be asked to read a short article and answer some questions about it and the company featured in the text.

### Is *Southwest* Americans' Favourite Airline?

By Elizabeth Younger  
Staff correspondent

TripAdvisor, the world's most popular and largest travel community, today announced the results of its American Flights Survey. TripAdvisor asked over 7,800 travellers a range of questions about relevant air travel issues in order to understand how different American airlines perform in terms of aspects including punctuality, price, service quality, and overall value.

One of the main findings from the survey is that Southwest was mentioned as the favourite airline by 33% of the respondents. Among the aspects that were praised most often were the good service, followed by the punctuality and the competitive prices. When asked to comment about the results Sharon O'Connor, spokesperson for TripAdvisor, commented: "The survey serves as a useful barometer on how well airlines are currently performing. The findings clearly reveal that American air travellers are increasingly satisfied with Southwest's business model – many of them described it using words that leave little space for doubt including 'honest', 'reliable' and 'transparent'." Dr. Veronica Gilmore, an industry observer, added how the Texan airline "has worked a lot in order to improve quality of service regardless of its low-cost positioning".

TripAdvisor's survey also investigated passengers' opinion on many other issues related to air traveling, including overweight passengers, biggest in-flight travel annoyances, in-flight mobile phones and even "mile high club" membership. The detailed results can be found on TripAdvisor's website.

Please answer the following questions regarding the extract from the newspaper article you have just read.

11. Based on your understanding, what was the main topic of the text you just read? (**Choose the most correct answer**).

- ☐ The text talks about a recently published report on Southwest's financial results.
- ☐ The text talks about a recently published report on Southwest recent plans to expand in Asia.
- ☐ The text talks about a recently published survey on the perceived quality of Southwest services.
- ☐ The text talks about a recently published survey on Southwest issues with baggage handling.

12. How unfavorable or favorable was the presented text towards the target company?

<i>Unfavorable</i>										<i>Favorable</i>
-5	-4	-3	-2	-1	0	1	2	3	4	5
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

13. How believable was the text you just read?

<i>Unbelievable</i>						<i>Believable</i>
1	2	3	4	5	6	7
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

14. How believable was the *evidence* presented in the text?

<i>Unbelievable</i>						<i>Believable</i>
1	2	3	4	5	6	7
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

15. How much do you agree with the results presented in the article?

<i>Do not agree at all</i>						<i>Totally agree</i>
1	2	3	4	5	6	7
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

16. Please consider the following statements about **Southwest airlines** and select a number from "1" to "7" where "1" means "I strongly disagree" and "7" means "I strongly agree".

<b>"Southwest airlines is a company I have a good feeling about."</b>						
<i>Strongly Disagree</i>						<i>Strongly Agree</i>
1	2	3	4	5	6	7
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

<b>"Southwest airlines is a company that I trust."</b>						
<i>Strongly Disagree</i>						<i>Strongly Agree</i>
1	2	3	4	5	6	7
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

"Southwest airlines is a company that I admire and respect."						
Strongly Disagree 1 <input type="checkbox"/>	2 <input type="checkbox"/>	3 <input type="checkbox"/>	4 <input type="checkbox"/>	5 <input type="checkbox"/>	6 <input type="checkbox"/>	Strongly Agree 7 <input type="checkbox"/>

"Southwest has a good overall reputation."						
Strongly Disagree 1 <input type="checkbox"/>	2 <input type="checkbox"/>	3 <input type="checkbox"/>	4 <input type="checkbox"/>	5 <input type="checkbox"/>	6 <input type="checkbox"/>	Strongly Agree 7 <input type="checkbox"/>

17. Please select the option in the middle of the scale (4).

Do not agree at all 1 <input type="checkbox"/>	2 <input type="checkbox"/>	3 <input type="checkbox"/>	4 <input type="checkbox"/>	5 <input type="checkbox"/>	6 <input type="checkbox"/>	Totally agree 7 <input type="checkbox"/>
--	-------------------------------	-------------------------------	-------------------------------	-------------------------------	-------------------------------	--

18. Please consider the following statements about **Southwest airlines** and select a number from "1" to "7" where "1" means "I strongly disagree" and "7" means "I strongly agree".

"Southwest offers high quality products and services – it offers excellent products and reliable services."						
Strongly Disagree 1 <input type="checkbox"/>	2 <input type="checkbox"/>	3 <input type="checkbox"/>	4 <input type="checkbox"/>	5 <input type="checkbox"/>	6 <input type="checkbox"/>	Strongly Agree 7 <input type="checkbox"/>

"Southwest is an innovative company – it makes or sells innovative products or innovates in the way it does business."						
Strongly Disagree 1 <input type="checkbox"/>	2 <input type="checkbox"/>	3 <input type="checkbox"/>	4 <input type="checkbox"/>	5 <input type="checkbox"/>	6 <input type="checkbox"/>	Strongly Agree 7 <input type="checkbox"/>

"Southwest is an appealing place to work – it treats its employees well."						
Strongly Disagree 1 <input type="checkbox"/>	2 <input type="checkbox"/>	3 <input type="checkbox"/>	4 <input type="checkbox"/>	5 <input type="checkbox"/>	6 <input type="checkbox"/>	Strongly Agree 7 <input type="checkbox"/>

**“Southwest is a responsibly-run company – it behaves ethically and is responsible in its business dealings.”**

<i>Strongly Disagree</i> 1 <input type="checkbox"/>	2 <input type="checkbox"/>	3 <input type="checkbox"/>	4 <input type="checkbox"/>	5 <input type="checkbox"/>	6 <input type="checkbox"/>	<i>Strongly Agree</i> 7 <input type="checkbox"/>
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**“Southwest is a good corporate citizen – it supports good causes and protects the environment.”**

<i>Strongly Disagree</i> 1 <input type="checkbox"/>	2 <input type="checkbox"/>	3 <input type="checkbox"/>	4 <input type="checkbox"/>	5 <input type="checkbox"/>	6 <input type="checkbox"/>	<i>Strongly Agree</i> 7 <input type="checkbox"/>
---	-------------------------------	-------------------------------	-------------------------------	-------------------------------	-------------------------------	--

**“Southwest is a company with strong leadership – it has visible leaders and is managed effectively.”**

<i>Strongly Disagree</i> 1 <input type="checkbox"/>	2 <input type="checkbox"/>	3 <input type="checkbox"/>	4 <input type="checkbox"/>	5 <input type="checkbox"/>	6 <input type="checkbox"/>	<i>Strongly Agree</i> 7 <input type="checkbox"/>
---	-------------------------------	-------------------------------	-------------------------------	-------------------------------	-------------------------------	--

**“Southwest is a high-performance company – it delivers good financial results.”**

<i>Strongly Disagree</i> 1 <input type="checkbox"/>	2 <input type="checkbox"/>	3 <input type="checkbox"/>	4 <input type="checkbox"/>	5 <input type="checkbox"/>	6 <input type="checkbox"/>	<i>Strongly Agree</i> 7 <input type="checkbox"/>
---	-------------------------------	-------------------------------	-------------------------------	-------------------------------	-------------------------------	--

19. Think about your thoughts and feelings regarding **Southwest airlines**:

**Considering only the positive things about Southwest, and ignoring the negative things, how positive are those things?**

<i>Not at all positive</i> 1 <input type="checkbox"/>	2 <input type="checkbox"/>	3 <input type="checkbox"/>	4 <input type="checkbox"/>	5 <input type="checkbox"/>	6 <input type="checkbox"/>	<i>Extremely positive</i> 7 <input type="checkbox"/>
---	-------------------------------	-------------------------------	-------------------------------	-------------------------------	-------------------------------	--

**Considering only the negative things about Southwest, and ignoring the positive things, how negative are those things?**

<i>Not at all negative</i> 1 <input type="checkbox"/>	2 <input type="checkbox"/>	3 <input type="checkbox"/>	4 <input type="checkbox"/>	5 <input type="checkbox"/>	6 <input type="checkbox"/>	<i>Extremely negative</i> 7 <input type="checkbox"/>
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## PART 5

In this last section you will be asked a few questions about yourself

20. Please insert your date of age:

Age: \_\_\_\_\_

21. What is your gender?

☐ Female

☐ Male

22. What is your nationality

Nationality: \_\_\_\_\_

23. Please indicate the last degree level you have achieved

- Elementary School
- Middle School
- High School
- Bachelor's
- Master's or MBA
- PhD
- Other

24. Please indicate your current profession

Profession: \_\_\_\_\_



## Annex 2: Manipulations Used in the Papers

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1. Manipulations used in paper 2, study 1
2. Manipulations used in paper 2, study 2
3. Manipulations used in paper 3

## 1. Manipulations used in paper 2, study 1

### New information manipulation

#### Is *Southwest* Americans' Favourite Airline?

By Elizabeth Younger  
Staff correspondent

TripAdvisor, the world's most popular and largest travel community, today announced the results of its American Flights Survey. TripAdvisor asked over 7,800 travellers a range of questions about relevant air travel issues in order to understand how different American airlines perform in terms of aspects including punctuality, price, service quality, and overall value.

One of the main findings from the survey is that Southwest was mentioned as the favourite airline by 33% of the respondents. Among the aspects that were praised most often were the good service, followed by the punctuality and the competitive prices. When asked to comment about the results Sharon O'Connor, spokesperson for TripAdvisor, commented: "The survey serves as a useful barometer on how well airlines are currently performing. The findings clearly reveal that American air travellers are increasingly satisfied with Southwest's business model – many of them described it using words that leave little space for doubt including 'honest', 'reliable' and 'transparent'." Dr. Veronica Gilmore, an industry observer, added how the Texan airline "has worked a lot in order to improve quality of service regardless of its low-cost positioning".

TripAdvisor's survey also investigated passengers' opinion on many other issues related to air traveling, including overweight passengers, biggest in-flight travel annoyances, in-flight mobile phones and even "mile high club" membership. The detailed results can be found on TripAdvisor's website.

#### Is *Southwest* Americans' Least Favourite Airline?

By Elizabeth Younger  
Staff correspondent

TripAdvisor, the world's most popular and largest travel community, today announced the results of its American Flights Survey. TripAdvisor asked over 7,800 travellers a range of questions about relevant air travel issues in order to understand how different American airlines perform in terms of aspects including punctuality, price, service quality, and overall value.

One of the main findings from the survey is that Southwest was mentioned as the least favourite airline by 33% of the respondents. Among the aspects that were criticized most often were the poor service, followed by the frequent delays and the hidden fees. When asked to comment about the results Sharon O'Connor, spokesperson for TripAdvisor, commented: "The survey serves as a useful barometer on how well airlines are currently performing. The findings clearly reveal that American air travellers are increasingly dissatisfied with Southwest business model – many of them described it using words that leave little space for doubt including 'dishonest', 'unreliable' and 'obscure'." Dr. Veronica Gilmore, an industry observer, added how the Texan airline "must work a lot in order to improve quality of service regardless of its low-cost positioning".

TripAdvisor's survey also investigated passengers' opinion on many other issues related to air traveling, including overweight passengers, biggest in-flight travel annoyances, in-flight mobile phones and even "mile high club" membership. The detailed results can be found on TripAdvisor's website.

## 2. Manipulations used in paper 2, study 2

### Familiarity manipulation

Low FAM GROUP (1 info on **Xantia**)

#### Information 1: General Description

**FlyOne**, established in 1999, is a low-cost airline. In comparison to main competitors like Rynair and EasyJet the company is relatively small, but since long it has occupied a fairly strong position, especially across Eastern European Countries.

#### Information 2: Business Model

**FlyOne**, like EasyJet, borrows its business model from United States carrier Southwest Airlines. **FlyOne** has adapted this business model for the European market through further cost-cutting measures such as not selling connecting flights or providing complimentary snacks on board. The key points of this business model are high aircraft utilization, quick turnaround times, charging for extras (such as priority boarding, hold baggage and food) and keeping operating costs low.

#### Information 3: Strategy and Values

**FlyOne's** long term strategic ambition is to become Europe's preferred short-haul airline.  
**FlyOne's** espoused cause is to make travel stress-free and affordable.

#### Information 4: Competition

**FlyOne** main competitor is **Xantia**.  
**Xantia** Ltd., established in 2001, is a low-cost airline. With more than 6,000 employees, **Xantia** is one of the biggest low-cost airlines in Europe. The airline flies to around 30 destinations in Europe; typically using secondary airports. In 2012, it carried over 1.6 million passengers.

High FAM GROUP (3 info on **Xantia**)

#### Information 1: General Description

**Xantia** Ltd., established in 2001, is a low-cost airline. With more than 6,000 employees, **Xantia** is one of the biggest low-cost airlines in Europe. The airline flies to around 30 destinations in Europe; typically using secondary airports. In 2012, it carried over 1.6 million passengers.

#### Information 2: Business Model

**Xantia**, like EasyJet, borrows its business model from United States carrier Southwest Airlines. **Xantia** has adapted this business model for the European market through further cost-cutting measures such as not selling connecting flights or providing complimentary snacks on board. The key points of this business model are high aircraft utilization, quick turnaround times, charging for extras (such as priority boarding, hold baggage and food) and keeping operating costs low.

#### Information 3: Strategy and Values

**Xantia's** long term strategic ambition is to become Europe's preferred short-haul airline.  
**Xantia's** espoused cause is to make travel stress-free and affordable.

#### Information 4: Competition

**Xantia** main competitor is **FlyOne**.  
**FlyOne**, established in 1999, is a low-cost airline. In comparison to main competitors like Rynair and EasyJet the company is relatively small, but since long it has occupied a fairly strong position, especially across Eastern European Countries.

### New information manipulation

**Please read the following extract from a newspaper article recently issued. Please read it carefully and answer the questions that follow.**

[...] The European Commission for Mobility and Transport (ECMT) - a non-profit organization member of the European Commission – recently conducted an investigation on all European air carriers in order to assess the airlines' compliance with European safety standards. According to the investigation, the Norwegian airline Xantia has not conducted all the mandatory checks on its aircrafts and therefore does not comply with the safety standards required by the European Union. [...]

**Please read the following extract from a newspaper article recently issued. Please read it carefully and answer the questions that follow.**

[...] The European Commission for Mobility and Transport (ECMT) - a non-profit organization member of the European Commission – recently conducted an investigation on all European air carriers in order to assess the airlines' compliance with European safety standards. According to the investigation, the Norwegian airline Xantia has conducted all the mandatory checks on its aircrafts and therefore does comply with the safety standards required by the European Union. [...]

### **3. Manipulations used in paper 3**

#### **Southwest Found Guilty of Discrimination.**

By Stuart Marvin  
Staff correspondent

Los Angeles, CA – November 11, 2012. Southwest has been sued for leaving a wheelchair-bound woman on the runway at Los Angeles Airport because "all it was interested in was getting the plane airborne on time". Mary Roberts, who suffers from multiple sclerosis, was left "humiliated" and stranded on the runway and had no means of boarding the plane by herself. Several members of Southwest staff, including the pilot of the plane, said that it was their policy to leave disabled passengers behind if they could not be boarded in time for their flight. Her husband Paul had to carry her on the plane using a fireman's lift onto the aircraft.

L.A. Court awarded the woman with \$ 2,750 after it ruled the airline broke disability discrimination laws and breached its contract with Roberts when its staff refused to help the couple. Husband John said: "Southwest tried to brush us under the carpet. They offered us more money than we eventually received but we refused it because they wanted us to sign a confidentiality clause." Mary Roberts said: "I'm not terribly impressed with the pay-out but it's not a question of money. It's about standing up for people with disabilities." Judge Paul Green ruled: "I find as a matter of fact that anything that interfered with the [aircraft] turnaround time was going to be ignored. All the defendant was interested in was getting the plane airborne on time. " When contacted, Southwest refused to comment on the matter.

#### **Southwest Pilot Holds Plane for Grandfather of Murdered Toddler.**

By Stuart Marvin  
Staff correspondent

Los Angeles, CA – November 11, 2012. A pilot showed an act of extraordinary kindness by delaying his plane by 12 minutes to ensure a passenger would be able to say goodbye to his murdered grandson. Mark Pattison was rushing from Los Angeles to Aurora (Colorado) to pay his last respects to his two-year-old grandson who had allegedly been attacked by his daughter's live-in boyfriend. The little boy was later that night due to be taken off his life support machine ahead of donating his organs to up to 25 people. But his grandfather was in danger of missing his connecting flight from L.A. to Tucson, Arizona - until the Southwest Airlines pilot stepped in to help him.

Despite arriving at Los Angeles International Airport two hours before his flight was due to depart, lengthy check-in lines meant the dead boy's grandfather faced a race against time to board on schedule. Mr. Pattison said that airport employees would not let him cut into the security line. "They were of the opinion that it didn't matter what my situation was, I needed to go like everybody else", he said. But the Southwest pilot intervened and held the plane to allow the grief-stricken man onto the flight. Commenting on the compassion of its employees, a Southwest spokesperson said the airline was "proud" of the pilot's behavior, and added: "We fully support what our captain did, customer service is very important to us."

## Annex 3: Additional Papers

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1. Mariconda, S., & Lurati, F. (2013a). Haven't we met before? An investigation on the influence of familiarity on the cognitive processes underlying reputation formation. In Balmer, J., Illia, L. & Gonzalez del Valle, A. (eds.), *Contemporary Perspectives on Corporate Marketing. Contemplating Corporate Marketing and Communications in the 21st Century*. Milton Park: Routledge: 130-146.
2. Mariconda, S., & Lurati, F. (forthcoming). Being known: A literature review on media visibility, public prominence and familiarity with implications for reputation research and management. *Corporate Reputation Review*, 17.

# 1.

Manuscript published:

Mariconda, S., & Lurati, F. (2013a). Haven't we met before? An investigation on the influence of familiarity on the cognitive processes underlying reputation formation. In Balmer, J., Illia, L. & Gonzalez del Valle, A. (eds.), *Contemporary Perspectives on Corporate Marketing. Contemplating Corporate Marketing and Communications in the 21st Century*. Milton Park: Routledge: 130-146.

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In reputation research, familiarity usually refers to the general level of knowledge that someone has about a certain organization (Yang 2007).<sup>18</sup> Familiarity with an organization can be acquired through direct experience with the organization's product and/or services, hearsay, or media exposure (e.g., Bromley 2000). Researchers have generally agreed that a minimum degree of familiarity is necessary for reputation to form. For instance, van Riel (1997: 298) referred to it as a "conditio sine qua non" for reputation to exist. Other authors have pointed out how "[a] firm's reputation is dependent upon a certain degree of exposure" (Brooks and Highhouse 2006: 107). Similarly, for new organizations, it is critical to become familiar to the public in order to develop a reputation (Aldrich and Fiol 1994; Rindova et al. 2007). Indeed, in the absurd case in which nobody knows about an organization, there would be no reputation.

Most research investigating the relationship between familiarity and reputation has only focused on trying to understand whether or not familiarity is positively related to reputation. As a result of this fairly narrow focus, not much research has sought to understand how familiarity with an organization might possibly influence perceptions about it. In this chapter, we build on research in social cognition (Fiske and Taylor 1991) to take a step in this direction.

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<sup>18</sup> Other terms such as "visibility", "prominence", "awareness", and "knowledge" have frequently been used as synonyms of familiarity (e.g., Yang and Grunig 2005).

Accordingly, the chapter is structured as follows: First, we begin by briefly reviewing existing research that has investigated the relationship between familiarity and people's impressions. Second, we turn to a discussion of the process of impression formation in order to understand how reputation forms and its relation with familiarity. Third, we conclude by discussing the main findings in relation to two cases representing a familiar organization and a less familiar one. This discussion will also allow us to identify some implications in the area of corporate communication management.

### **FAMILIARITY AND REPUTATION: A FIRST LOOK**

Existing research on the relationship between familiarity and evaluation of an organization can be divided into two main camps: a main one, claiming that familiarity leads to more positive evaluations, and a less prominent one, stating that familiarity plays a more complex role and does not lead *a priori* only to positive evaluations.<sup>19</sup>

A positive relationship between familiarity and people's attitudes towards organizations has been identified in many different fields, including marketing (Rindfleisch and Inman 1998; Baker 1999), public relations (Yang 2007; McCorkindale 2008), recruitment (Gatewood et al. 1993; Turban and Greening 1997; Turban 2001), and corporate reputation (Fombrun and van Riel 2004). In light of such findings, McCorkindale (2008: 395) concluded that 'public relations practitioners should focus on building awareness and knowledge about an organization'. Similarly, Fombrun and van Riel (2004: 104) concluded 'the more familiar you are to the public, the better the public rates you'.

Research that has found such positive relationship often build on the notion of the 'mere exposure effect', which refers to the phenomenon according to which the more we are exposed to an object the more we are going to like it (e.g., Zajonc 1968; Bornstein 1989). Research on this effect is 'extensive, detailed and interdisciplinary' (Grimes and Kitchen 2007: 193) and supported by many decades of research in psychology and related disciplines. Principles of mere exposure have been extensively studied in

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<sup>19</sup> A third group worth mentioning, even if not directly relevant for our discussion, sees familiarity and reputation as equivalent - namely, reputation simply consists of being known to the public (see Barnett et al. 2006 and Lange et al. 2011 for recent reviews on this stream).

marketing research, suggesting that consumers who had more frequent exposure to a certain brand developed positive affective responses to that brand while simultaneously perceiving it to be more reliable and trustworthy (e.g., Rindfleisch and Inman 1998). For example, Baker (1999) studied how mere exposure can directly influence brand choice, concluding that in some cases mere exposure to a brand may have beneficial effects on consumers by decreasing perceived risk and encouraging brand choice.

Scholars have also provided other reasons explaining why familiarity might lead people to like organizations. For instance, while examining the relationship between students' familiarity with potential employers and attraction towards organizations, Turban (2001) suggested two possible explanations. The first, building on Aaker (1991), claims that people might interpret their familiarity with a certain organization as a signal of its relevance and quality, thereby ending up liking it more. The second refers to mechanisms of social definition. For instance, Rindfleisch and Inman (1998) claim that more popular brands (and organizations) are seen as being 'socially desirable'; therefore, people display a higher preference for them. Turban (2001), referring to social identity theory (e.g., Ashforth and Mael 1989), suggested that working for a familiar organization enhances employees' self-definition, making the organization a more attractive place in their eyes.

Yet the proposition that familiarity leads to liking has been questioned on different grounds. For example, Monin (2003) suggested the existence of a different causal relationship. According to the author, it is not familiarity that leads to liking, but the other way around. Monin coined the expression *Warmth Glow Heuristic* to refer to the warm feeling of familiarity one experiences when presented with pleasant stimuli. Building on this evidence, Brooks and Highhouse (2006: 107) argued that the observation 'that familiarity can both follow from or precede liking suggests that correlational research on firm familiarity and attraction cannot be interpreted in a causal fashion'.

As a result of these and other issues, scholars have started to further investigate the



relationship between familiarity and reputation in order to better understand the nature of this relationship. In a series of studies, Brooks and colleagues (Brooks et al. 2003; Brooks and Highhouse 2006) found that familiarity is positively related to ambivalence. In fact, because information about familiar organizations - of both a positive and negative nature - is more easily available, people have a higher chance of becoming ambivalent towards the organizations. In one experiment (Brooks et al. 2003), students were presented with a list of six pairs of *Fortune 500* companies, with each pair comprising a more familiar firm and a less familiar one. In one condition, students had to choose which one of the companies (one for each of the six couples) was most likely to be fair and honest in dealings and have a supportive corporate culture. The other group instead had to choose which one of the firms (one for each of the six couples) was most likely to be unfair and dishonest in dealings and to have an unsupportive corporate culture. More familiar organizations were more often rated as being simultaneously more fair and honest and more unfair and dishonest. In another study, Gardberg and Fombrun (2002) asked subjects to name the companies with the 'best' and 'worst' reputations. Some of the more often nominated companies for 'best' reputations were often also nominated as 'worst'. The results of these studies can be interpreted by understanding how 'familiarity brings with it a large pool of associations, some favorable and some unfavorable' (Brooks and Highhouse 2006: 108). As such, familiarity was defined as being a 'double-edged sword' (Fombrun and van Riel 2004; Brooks and Highhouse 2006). For similar reasons, Fombrun (1996: 387) talked about the 'burden of celebrity'. We thus understand that the relationship between familiarity and reputation is complex. As mentioned by Brooks et al. (2003: 913), 'there is more than meets the eye in the familiarity--reputation connection'.

In the next pages, we investigate the process of impression formation in order to try to understand the different ways in which perceptions are affected by different levels of familiarity with the organization.

## **THE PROCESS OF REPUTATION FORMATION: THE INFLUENCE OF FAMILIARITY**

Theories of information processing and impression formation are often the underlying frame of reference for most discussions on the formation of reputation (van Riel and Fombrun 2007). Scholars usually describe the processing of information by breaking it into a series of steps that range from the perception of some kind of stimuli to their interpretation and memorization (e.g., Engel et al. 2001; Fiske and Taylor 1991). Accordingly, we start by looking at the salience of stimuli, one property that makes them more likely to attract attention and thus more likely to be included into reputational judgments; we then discuss how these stimuli are integrated into pre-existing structures and categories in order to be interpreted. As this process is often biased and inaccurate, as third aspect, we discuss some of the most relevant biases and heuristics. The differing levels of familiarity with the focal organization, as we will see, play an important role in the information processing, particularly when salient stimuli are included into reputational judgments.

### **Properties of Stimuli and Attention Processes: The Role of Salience**

The first step in the formation of an impression is the perception of some kind of stimuli about an organization. Such stimuli can include, for instance, a direct contact with a firm's products in a shop, an advertisement on TV, or a newspaper article describing an organization's actions (e.g., Sjovald and Talk 2004). Some of these stimuli are more salient than others and thus more likely to be noticed. Salience refers the degree to which certain stimuli stand out relative to others (e.g., Fiske and Taylor 1991). Specific causes of salience include the extent to which certain stimuli stand out relative to the perceiver's immediate context, prior knowledge or expectations, and other attentional tasks (Fiske and Taylor 1991).

Information used for reputational judgments often refers to those characteristics that are uncommon and/or unexpected (Bromley 1993). Furthermore, according to research in social judgment and impression formation (Skowronski and Carlston 1987; 1989) recently applied to the field of organizational reputation (Mishina et al. 2012), there are

two types of stimuli that are particularly likely to stand out relative to people's expectations: positive cues regarding the organization's ability to achieve results and negative cues regarding the organization's inner character. Positive cues signalling a specific capability would be perceived as being particularly diagnostic of the organization's abilities and thus more likely to stand out relative to negative ability cues, which could instead be attributed to the influence of situational factors or lack of motivation. Conversely, negative cues regarding the particular behavioural characteristics of the organization (i.e., intentions, dispositions) would be perceived as being more diagnostic of the true nature of the organization character and would stand out relative to positive behaviours, which would instead be considered as the way in which organizations are normally expected to behave (Mishina et al. 2012).

Indeed, the factors that make some of the characteristics of organizations more salient than others are likely to be common to a large number of people, with the consequence that there should be some degree of agreement about the organization's reputation (Bromley 1993). This might be especially true within homogenous stakeholder groups that use similar mental categories to assess organizations (e.g., Mishina et al. 2012). In fact, as we discuss next, these pre-existing frames of reference and categories strongly influence how the perceived stimuli are interpreted.

### **Categories and Attributes in the Processes of Impression Formation**

When people encounter new organizations with which they are not familiar, they associate them with pre-existing frames of reference and categories with which they are instead familiar (Ashforth and Humphrey 1997; Fischer and Reuber 2007). This first categorization requires very little effort, attention, or motivation; it basically occurs automatically. Fischer and Reuber (2007) pointed out how 'industry' and 'geographical cluster' are the categories in which firms are more likely to be slotted in. These categories may be, for instance, 'internet start-up', 'Italian fashion group', or 'Swiss pharmaceutical'. Organizational and industry reputation are thus strongly interconnected (e.g., Winn et al. 2008).

Scholars have defined different relevant aspects related to the categorization process.

Fischer and Reuber (2007) pointed out that the higher the perceived 'entitativity' (i.e., degree of unity, coherence, and consistency) of the category, the higher the probability that people will be assigning stereotyped attributes to the target firm and the higher the level of consensus among different perceivers. Aldrich and Fiol (1994) posited that categorization of organizations that belong to nascent industries might prove particularly difficult as people are not even familiar with such categories and thus lack the adequate frames of reference. Finally, Mahon and Wartick (2003) argued that unfamiliar organizations, when convenient, might purposefully exploit the reputation of the category they belong to, using it as a 'surrogate' of their own.

After the first categorization, the process of impression formation continues only if the focal organization is relevant to the perceiver (e.g., as a possible investment) and therefore he or she is interested in forming an accurate impression about it. If not, the first categorization leads to the final impression (Fiske and Neuberg 1990). If interested, the perceiver tries to confirm his or her initial categorization (confirmatory categorization). If the attributes analyzed in this next stage confirm the initial categorization, the process ends; otherwise, if there is a certain degree of incongruence between the initial categorization and the information retrieved in the second stage, a new process of re-categorization takes place. At this point, if the qualities of the target entity are still difficult to fit into any specific pre-existing category, an integration of all the single attributes takes place in order to form a more accurate and personal impression. At this point, category membership will only count as one among the other attributes taken into account to form an impression (Fiske and Neuberg 1990). The more the organization-specific attributes diverge from those attributed to the category of membership, the more the former gain weight over the latter (Fisher and Reuber 2007).

In this way, impressions are formed through a process that combines categorical inputs, information we already have about the organization, and specific information we try to find in an attempt to become more familiar with the organization in which we are interested. This process allows for the formation of complex networks of meanings. In order to deal with this complexity, as we will see in the following section, we use mental

shortcuts. Their relevance depends on how familiar we are with organization we evaluate.

### **Mental Shortcuts in the Process of Reputation Formation**

One of the most recurring themes in management-related discussions is that we do not have the ability to process information in an exhaustive way; we have limited attention and are bounded in our rationality (e.g., Simon 1947). Because of our limited processing abilities and due to the complexity of reality, we rely on mental shortcuts that - while often useful - can also lead to severe and systematic errors (e.g., Taylor 1982). Social judgment biases are likely to influence the process of reputation formation (Mishina et al. 2012). As we will see in the conclusive section of this chapter, reputation and corporate communication managers have to be aware of these errors when they make decisions concerning the corporate communication strategy.

Most of these biases have been extensively reported in the social cognition literature. Here we briefly review some of the most important mental shortcuts that influence the process of impression formation and discuss how these cognitive mechanisms are affected by the degree of familiarity with the focal organization. The first two (i.e., availability heuristic and representativeness heuristic) have to do with the ways in which we form impressions based on probability judgment; the last three (i.e., implicit personality theories, judgment path dependency, and attribution processes) are more related to how we use pre-existing filters when we evaluate objects.

#### ***Availability Heuristic***

This heuristic refers to our tendency to judge the likelihood of a certain event or behaviour based on how quickly and easily examples of it come to mind (e.g., Tversky and Kahneman 1973). It is probably one of the most well-known heuristics used by cognitive psychologists to explain how people make judgments when they do not have full knowledge of the focal objects in which they are interested. It captures the idea, using Ahlstrom and Bruton's (2010: 278) words, that 'if you can think of something, it must be important'. One can easily conclude that the impact of new available

information may, *ceteris paribus*, be stronger with people unfamiliar with the organization who therefore do not have other information available.

The power of this simple mental mechanism is effectively pointed out by Bazerman (2002), who reports how, in an experiment, his MBA students made a positive decision based on available information, which - as they later discovered - was negative.

As a purchasing agent, he had to select one of several possible suppliers. He chose the firm whose name was the most familiar to him. He later found out that the salience of the name resulted from recent adverse publicity concerning the firm's extortion of funds from client companies! (Bazerman 2002: 16)

The outcome of Bazerman's experiment clearly shows that the mere recollection of the name, regardless of the facts associated with this name, was sufficient to influence his students' decision.

### ***Representativeness Heuristic***

This heuristic is frequently used when making inferences about the probability of a certain entity (e.g., a person, an organization) belonging to a certain category (e.g., a profession, an industry). The more the entity is representative of the stereotypical member of a category, the more people will think of it as a member of the category (e.g., Bazerman 2002). As an example, consider the following description of a person: 'Steve is very shy and withdrawn, invariably helpful, but with little interest in people, or in the world of reality. A meek and tidy soul, he has a need for order and structure, and a passion for detail' (Tversky and Kahneman 1974: 1124). Now imagine that, based on this description, you were asked to answer a question about Steve's profession: Is Steve more likely to be a librarian, a farmer, a salesman, an airline pilot, or a surgeon? In this case, using the representativeness heuristics, most people would answer by comparing the description given about Steve to the stereotyped idea of the various professions: Steve is a librarian. 'The representativeness heuristics, then, is basically a relevancy judgment (how well do these attributes of A fit category B?) that produces a probability estimate (how probable is it that A is an instance of category B?)' (Fiske and Taylor

1991: 382). To reiterate, we can say that: ‘When judging the probability of an event by representativeness, one compares the essential features of the event to those of the structure from which it originates’ (Tversky and Kahneman 1973: 208). When unfamiliar with an organization, we tend to infer that it belongs to the category of which it is more representative.

### ***Implicit Personality Theories***

We do not limit ourselves to using features to infer to which category an organization belongs; we also infer additional features of the organization by using implicit personality theories (IPT). IPT refer to the tendency that we have to immediately infer some characteristics about a certain entity when presented with some of its traits. In a way, we have our own theories of how personality traits are connected to one another; for example, if a person is presented as being *intelligent* and *warm*, we may automatically think of that person as also being *wise* (Asch 1946). The explanation for IPT is that ‘traits and traits inferences are embedded in a rich multidimensional structure [...]. The structure contains the connections among various traits (e.g., “generous” is close to “sociable” but irrelevant to “intelligent” and contradictory to “selfish”)’ (Fiske and Taylor 1991: 321). Although developed at the individual level, IPT may be applied to organizations as organizations are commonly perceived as people (e.g., Bromley 1993; Aaker 1997). Vonk and Heuser (1991) studied the relationship between IPT and familiarity and found that people rely on their IPTs only when they have to infer unknown characteristics of a target person. Conversely, when these characteristics are known, they do not need to be inferred.

### ***Judgment Path Dependency***

Social judgment is path-dependent: Impressions, once formed, tend to work as a lens through which we evaluate all subsequent information (e.g., Mishina et al. 2012). This pattern might become fairly problematic. In fact, many of our everyday decisions are based on first impressions. As these evaluations are often not reviewed, other decisions involving the same target object are subsequently based on such superficial assessments. One main factor responsible for the perseverance of impressions and beliefs is known as

confirmation bias, which refers to the more or less conscious 'seeking or interpreting of evidence in ways that are partial to existing beliefs, expectations, or a hypothesis in hand' (Nickerson 1998: 175). For instance, Hoeken and Renkema (1998) investigated how damages to initial reputation resulting from negative publicity might, in some cases, partially persist even after it is announced that the negative publicity was false or incorrect.

From this we understand how it is critical for organizations to become familiar to the public by making a good impression from the very beginning of their activities or risk being labelled (Ashforth and Humphrey 1997) and/or stigmatized (Devers et al., 2009) by being associated, for instance, with a negative event. Once formed, negative reputations might prove particularly sticky and difficult to get rid of (e.g., Fombrun and van Riel 2004). Conversely, if an organization manages to make a good impression at the outset of its activities, this might help it to navigate through difficult times as a positive reputation will work as an interpretative lens through which new information, even when negative, is filtered (e.g., Rindova 1997).

### ***Attribution Processes***

When we observe an object - in our case, an organization - we try to understand its behaviour by inferring causal explanations through what psychologists call attribution processes (e.g., Kelley 1967). However, these processes are affected by what has been observed as our innate tendency to attribute behaviours to internal disposition, a tendency known as *fundamental attribution error* (Ross 1977).

The fundamental attribution error is '[p]erhaps the most commonly documented bias in social perception' (Fiske and Taylor 1991: 67). When we observe an organization's actions or read about them in a newspaper, we are more likely to attribute such actions to the organization's intention rather than to the contextual forces, such as economic factors. Indeed, this tendency seems to be strong even when situational factors are strongly evident. For example, layoffs may be attributed to corporate disposition, even if they occur during a strong economic recession that makes such a decision unavoidable (Sjovall and Talk 2004).



Bromley has argued that the fundamental attribution error seems to be more relevant when the focal object is not familiar:

The fundamental attribution error [...] is most likely to affect our perception of the people we know least well or know only indirectly through hearsay. Having little or no information about the circumstances affecting the target person's behaviour, and being driven by our 'effort after meaning', we are inclined to attribute their behaviour to internal characteristics, their traits or states of mind. When we make judgments about people we know reasonably well or empathise with, we are more likely to take account of the way situational factors affect their behaviour. (Bromley 1993: 38)

Therefore distance with the perceived object may influence the likelihood of falling victim to the fundamental attribution error. Thus, stakeholders who are highly familiar with the organization will be more capable of taking into account the influence of external forces on organizational behaviour and, if it is the case, adjust their opinion of the organization. However, as we will see in the next section, this may not always be the case.

## **FAMILIARITY, REPUTATION, AND CORPORATE COMMUNICATION: TWO SHORT CASE STUDIES**

Reputational judgments are triggered by salient stimuli that provide us with the clues necessary to evaluate an organization (e.g., Bromley 1993). Our level of familiarity with the organization to which we are exposed or in which we are interested, plays a central role in the evaluative process. In fact, in the first place it influences the extent to which we are going to rely on attributes we know, through direct experience and vicarious exposure, or on categorical inferences. It then influences the way our mental shortcuts determine the impressions we hold of the focal organizations.

In this final section, we discuss implications of familiarity for the management of reputation by corporate communication (at the end of this section, in Box 2, a list of questions managers should consider is provided). We refer to two cases representing a

relatively familiar organization - Swiss Post - and a relatively less familiar one - Swiss Re (see box 1 for a description of the two organizations).<sup>20</sup> This discussion enables us to foreshadow potential implications for future research.

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Insert Box 1 about here

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There are no unfamiliar companies *tout court*. Companies may be unfamiliar to specific publics, but they will always have publics who have a high level of familiarity with them. Swiss Re, for instance, is not familiar to the general public, but it is extremely well known among its clients, who are by definition a sophisticated public and include risk experts who consider Swiss Re, as we will see, to be a thought-leader in its specific areas of expertise. At the same time, Swiss Post is extremely well known to the general public. Almost all companies and the Swiss population are clients of Swiss Post and have directly experienced its services on almost a daily basis. This familiarity is further enhanced by the long history of the Swiss Post and its iconic status in the Swiss society and landscape. No remote village in the Swiss Alps did not use to have a post office, and no mountain or country road can be travelled without passing a yellow Swiss Post car. The familiarity of the general public with the Swiss Post is such that even in its business-to-business activities, as we will see, the reputation earned among the private clients has impacted its reputation among the business clients.

Stakeholders' different levels of familiarity with Swiss Re and the Swiss Post influence the cognitive processes that determine their respective reputations. This fact, we will see, corresponds to different patterns of how reputation has formed in the two companies and how they are managing it.

Swiss Re has two stakeholder groups who are extremely familiar with the organization: its clients and the scientific community. Swiss Re's clients are big organizations, from

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<sup>20</sup> The two cases were developed by building on two interviews with the CCOs of the two organizations.

both the private and public sectors, that have generally been with Swiss Re for a long time. Re-insurance is a highly complex and sophisticated business and requires significant interactions between the re-insurer and its clients. These deep relational bonds make attribution processes likely to be more accurate; therefore, the fundamental attribution error is less likely to happen (Bromley 1993) - as clearly demonstrated during the 2008-2009 events that led then-CEO Jacques Aigrain, a former J.P. Morgan Chase & Co. banker, to resign. Following an aggressive and risky investment strategy, Swiss Re incurred major losses unrelated to the traditional insurance business, which led its shares to lose 62 per cent of their value.<sup>21</sup> However, despite this financial meltdown, Swiss Re clients continued to trust the company; senior management's poor management decisions did not affect the strong relationship clients had with the company. One can argue that they did not attribute the mistakes to the company, but to a trend that unfortunately had hurt numerous companies during those years and hit Swiss Re through the deeds of its CEO, a former investor banker; the *air du temps* was fully recognized as the cause of the crisis, and little or no responsibility was attributed to Swiss Re as a company. This remarkable result was made possible thanks to the outstanding service quality Swiss Re has always provided over the years as well as, as we will see, a sustained effort to provide clients with value that goes beyond the commercial one, thereby creating the conditions for Swiss Re to benefit from the sweet side of the path-dependent judgment mechanism. Swiss Re has positioned itself over the years as a knowledge company, through conferences, seminars, speeches, and concrete projects featuring its core expertise in the diverse areas of risk, including natural catastrophes, population aging, climate change, aviation, and agriculture. At Swiss Re, people proudly remind you that they are known as the university with a P&L statement, proving the saliency of their activities. Its scientists - ranging from geologists, natural scientists, and mathematicians to psychologists and sociologists - have developed models that help, as they like to say, 'make society more resilient'. Swiss Re believes that its real strength is in its knowledge and its people. Taken together, these elements could be interpreted as manifestations of

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<sup>21</sup> *Wall Street Journal*, 12 February 2009, Swiss Re CEO Aigrain Resigns, Takes Responsibility for Losses, available [http: <http://online.wsj.com/article/SB123440237800775467.html>](http://online.wsj.com/article/SB123440237800775467.html) (accessed 17 April 2011).

Swiss Re's *core ideology* which, using Collins and Porras' words (2000: 221), 'defines the enduring character of an organization - its self-identity that remains consistent through time and transcends product/market life cycles, technological breakthroughs, management fads, and individual leaders'. The core ideology serves as a guiding element around which relationships (internally and externally) are built and maintained. This is why people come to Swiss Re and why the company is able to differentiate itself not only from its competitors, but also from the financial service industry as a whole. Its strong relationships with clients and the international scientific community are cemented in the knowledge arena, where the core competence of Swiss Re resides. Therefore, its key publics do not need to rely on categorizations to form impressions about the company. This situation put Swiss Re in a comfortable position during the 2008 world financial crisis, when a lack of such a familiarity among its key publics would have most likely led them to form their impressions about the company by relying on availability and representativeness heuristics or IPT - shortcuts that would have trapped Swiss Re's reputation into the financial services one.

Being a highly specialized business, Swiss Re tends to be ignored by stakeholders not directly involved with it. Yet the company remains well aware that this situation may not be permanent. In fact, like any other business, re-insurance is experiencing increasing monitoring and regulations. Making the unfamiliar publics familiar with the company and creating similar bonds to those clients enjoy thus becomes a necessity. Swiss Re does this using the same communication activities it performs for clients and the scientific community. Furthermore, Swiss Re is also heavily engaged in various corporate citizenship activities. For instance, it is considering developing interactive games for schools that allow students to appreciate the concept of risk and its management. Communication efforts have also been made towards special publics, ranging from local communities to regulators. These communication investments may decrease the risk that unfamiliar publics will stereotype the company - a risk that has increased, particularly after the serious financial troubles experienced by the company in 2009; in fact, having been extensively covered by the general media, the chance that availability heuristics will influence perceptions is potentially high (e.g., Brooks et al.

2003). Swiss Re sees also a more strategic reason for such investments. Making the general public familiar with the company has beneficial effects in terms of its internally perceived image. As previously mentioned, Swiss Re sees and presents itself as a company where employees not only apply, but also produce knowledge. For this to happen in a sustained way, Swiss Re knows that it is important to maintain pride in the company and therefore motivation. In this respect, fostering the right familiarity around the company can also be considered an important factor (e.g., Turban 2001).

Unlike the Swiss Re case, the general public in Switzerland is quite familiar with the Swiss Post - or at least it seems so at a first look. In fact, while everybody has direct experience with the parcels, letters, and payment services, Swiss Post's corporate communication is still investing heavily in efforts to convey the high-tech and innovative side of its business - the one combining the virtual and real world - through, for instance, electronic mailing and procurement or document services, which are still not very well known by the general public. The general public's perception of Swiss Post is heavily influenced by its history. Because of the dynamics related to judgment path dependency, its reputation has been very stable, ranking very high in credibility, quality and social responsibility; competitiveness, and modernity, although in growth it remains below industry level and its innovativeness is relatively low. The stickiness of this perception is reinforced by availability and representativeness heuristics as well as IPT. In fact, Swiss Post is often associated with other government-owned, or partially owned, companies, such as the Swiss railway system (SBB) and Swisscom, the leading Swiss telecommunication company. Referring to Fischer and Reuber (2007), we can claim that the Swiss general public automatically locates Swiss Post in the public sector category and, consequently, infers stereotypical personality traits due to the high 'entitativity' of the category. We can therefore easily understand the magnitude of the communication challenge Swiss Post has to face in order to change its reputation from a traditional to an innovative company.

It goes without saying that the high level of familiarity Swiss Post enjoys among its different publics is also a source of relevant benefits. Facilitating the dialogue with

stakeholders is probably the most important benefit. In 2001, Swiss Post started an optimization process that, by 2005, had led to the closure of approximately 900 post offices. This project followed the dramatic decrease in its over-the-counter business (43% fewer parcels, 55% fewer letters, and 22% fewer payments in the previous 10 years). The changes were clearly imposed by external market factors, such as the replacement of traditional letters with digital communication and other more convenient services, offered by Swiss Post as a response to competition. However, the company had to face strong opposition from the population and its representatives, who felt that it was not living up to its public service mandate. The company was clearly the victim of an attribution error, yet explaining the real reasons behind the painful restructuring project did not work. The public still considered the company responsible. Therefore, Swiss Post decided to change its strategy and engage in intense dialogues, which led to more than 1000 discussions with stakeholders every year. This approach was made possible thanks to its well-established reputation as a credible and socially responsible company and indeed produced remarkable results.

Familiarity is therefore key for understanding why, on the one hand, it is so difficult for Swiss Post to get the public to perceive its new side (Mahon and Mitnick 2010) and why, on the other hand, it has been so successful in carrying out a highly controversial restructuring project, particularly by overcoming unavoidable attribution errors. Swiss Post's image-communication challenge is therefore, as CCO Daniel Mollet says, twofold: overcoming the resilient categorization made by its publics without destroying it.

The general public plays a central role in Swiss Post's communication strategy. In fact, as previously mentioned, Swiss business clients, when judging the Swiss Post, mostly refer to their own personal experience as private clients and the historical expectations they have towards a socially responsible state-owned company. Swiss Post is quick to point out that 80 per cent of its revenues come from business clients whereas 90 per cent of its reputation comes from private clients. This means that its communication to influence reputation within the business segment also has to go through private clients if

it wants to be effective. As long as the private clients perceive Swiss Post as a traditional company with little innovation, the risk is high that business clients will also have the same perception because they are influenced by the availability heuristics coming from their almost daily personal experience with the company as private clients. This additional fact casts further light on the priority private clients have in the image-communication strategy of Swiss Post, despite their already high level of familiarity with the company.

## CONCLUSION

To conclude, in the first part of this chapter, we stressed the fact that familiarity - using Fombrun and van Riel's (2004) expression - is a 'double-edged sword' since it can be the source of ambivalent judgments (Brooks et al. 2003; Brooks and Highhouse 2006). In the second part of the chapter, we saw that the lack of familiarity with a company may push publics to evaluate it through categorizations and mental shortcuts. These shortcuts are often the source of evaluative errors. However, as the Swiss Post case study demonstrated, publics may use the same shortcuts to evaluate familiar companies, leading to stable perceptions that may eventually act as obstacles in projecting new (innovative) parts of the company (e.g., Mahon and Mitnick 2010). Thus, familiarity - and not only the lack of it - might have drawbacks; these drawbacks differ from those suggested in earlier literature.

How can we overcome these drawbacks so as to enjoy only the benefits of familiarity? The Swiss Re case may suggest an initial, tentative answer. We have in fact seen that publics familiar with Swiss Re did not use categorizations in judging the company during crisis situations; they stuck with the attributes of the company and did not associate Swiss Re with the broad category of the financial services industry. One could posit that this was possible because Swiss Re managed to create familiarity not around its products, which would link its reputation to the financial services industry, but - as we anticipated - around its own specific core ideology (Collins and Porras 2000).

Can these final results be generalized? Can we claim that familiarity with elements representing a company's core ideology protect the company's reputation better than familiarity with its products and services (e.g., during industry-wide crises)? In particular, would reputation built on familiarity with a company's core ideology decrease the role of categorizations in the process of company judgment? In the case that it did, would this also facilitate the generation of new impressions less dependent on the industry of belonging? These are a few questions for potential future research that we hope this chapter has helped identify.

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Insert Box 2 about here

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## TABLES AND FIGURES

### BOX 1: Description of the organizations featured in the chapter

#### SWISS POST

Swiss Post is an organization whose historical roots date back more than 150 years (the federal postal service was first established in 1849). Indeed, the Swiss Post is probably one of the most well-known organizations in the country (supported recognition 100%, non-supported 91 %) as the company is one of the biggest employers in Switzerland and, more importantly, every Swiss citizen deals with it on an almost daily basis. Swiss Post is active in four markets: communications market, logistics market, retail financial market, and public passenger transport market. Over the years, as a result of the changes in the environment (e.g., market deregulation), Swiss Post has undergone great changes in its organizational structure and services. <http://www.swisspost.ch>

#### SWISS RE

Established in 1863, the Swiss Re Group is one of the world's leading providers of re-insurance, insurance, and other risk-transfer solutions. Because of its industry, the company is relatively unknown to the general public. The company's clients range from insurance firms to other private sector corporations and public sector organizations. Over the years, Swiss Re has managed to develop a very specific reputation among its clients and employees as a knowledge company that actively creates and shares knowledge on issues critical to the development of a resilient society. <http://www.swissre.com>

**BOX 2: Key questions managers should consider in terms of familiarity when managing reputation**

Which publics are (most) familiar with your organization?

Are the more familiar publics influencing the other, less familiar, ones? What is their relevance in influencing your overall reputation?

Are your publics more familiar with the fact that you belong to a certain category (e.g., industry, country) or are they more familiar with the specific characteristics of your organization?

To what extent are your publics familiar with your core ideology?

Does your core ideology highlight what is really specific about your company or is it instead related to the categories to which you belong (e.g., products you sell/your industry)?

To what extent do you invest in highlighting or downplaying the relationship with your categories of membership (e.g., country, industry)? Does your core ideology help you in doing this?

Are there any recent contextual events or factors (i.e., not directly related to your organization) that have gained particular visibility (e.g., through high media coverage) and that can influence how publics evaluate your organization?

What are the historical factors regarding your organization that are particularly well-known (to your publics) and that keep influencing your reputation over time (e.g., past achievements or accidents)?

To what extent is there a risk that your publics blame your company when you make unpopular decisions even if these were influenced by external factors (e.g., economic crisis, market changes)?

What are the factors influencing such risk (e.g., historical, industry of belonging)?





## 2.

Manuscript accepted for publication:

Mariconda, S., & Lurati, F. (*forthcoming*). Being known: A literature review on media visibility, public prominence and familiarity with implications for reputation research and management. *Corporate Reputation Review*.

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### **Abstract**

Scholars studying organizational reputation have demonstrated increased interest in understanding the way in which publics' knowledge of an organization is related to its reputation. Research in this area has looked at variables related to media exposure, public prominence and/or familiarity. By reviewing the relevant literature, in this paper we aim to clarify conceptually the meaning of these various terms, the relationship between one another and with reputation. We conclude the paper by identifying emerging research and management implications.

### **Keywords**

Reputation; familiarity; media visibility; public prominence.

## INTRODUCTION

In the last decade, researchers studying corporate reputation have demonstrated increased interest in better understanding the relationship between the different ways and degrees to which an organization is known by stakeholders and its reputation. Scholars from different backgrounds have recognized that the degree to which an organization is present in the media (e.g., Carroll, 2004; 2011a; 2011b; Meijer and Kleinnijenhuis, 2006), publicly prominent (e.g., Rindova et al., 2005) and/or familiar among its publics (e.g., Brooks, Highhouse, Russel, and Mohr 2003; Yang, 2007) is central to the understanding of a variety of dynamics related to corporate reputation.

This increasing research interest has led to a growing number of, sometimes inconsistent, definitions and ways of measuring the different constructs relating to media visibility, public prominence and familiarity<sup>22</sup>. For instance, van Riel and Fombrun (2002) and Fombrun and van Riel (2004) considered top-of-mind awareness, visibility and familiarity as synonyms (see also Yang, 2007; Yang and Grunig, 2005); whereas Carroll (2011a) and Rindova and Martins (2012) treated them as separate concepts. Otherwise, to make another example, Bromley (2000) suggested measuring familiarity by asking subjects to list as many organizations of a given sort that come to mind, while Rindova et al. (2005) used a similar measure to gauge an organization's prominence. Indeed, because they all refer to the breadth and/or depth to which an organization is known by the public, there is an obvious overlap in the meanings of some of these terms. However, while we agree on the fundamental relationship between the three terms, their meanings are also different to a certain extent; they have partially different antecedents and consequences, and they relate to one another in different ways.

In this paper, by reviewing the relevant literature, we aim to conceptually clarify the meanings as well as relationship between these various terms. We start by reviewing and discussing the meaning of the media visibility, public prominence and familiarity

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<sup>22</sup> Examples of such terms include familiarity, (media) visibility, prominence, mind share, salience, media exposure, media coverage, (media) attention, awareness, knowledge, recognition, celebrity, top-of-mind (awareness), (direct) experience.

separately and the way in which they have been used conceptually and empirically. We later discuss the literature on the relationship between the three constructs. We conclude the paper by identifying some emerging implications that arise from looking at the relationship between the three constructs and suggest ways in which this can contribute to a better understanding of reputational mechanisms.

## **LITERATURE REVIEW:**

### **MEDIA VISIBILITY, PUBLIC PROMINENCE AND FAMILIARITY**

In this section, we review the literature regarding the three constructs separately in order to highlight the way in which they have been discussed in previous studies on reputation. To identify the material to review, we relied on the *Google Scholar* database using key words such as the ones mentioned in footnote 1 in combination with “reputation”.<sup>23</sup> The main criterion we used to determine if to include an article in the review was whether any concept relating to media visibility, public prominence and/or familiarity played an important role in the paper (e.g., was used as a variable). Other articles were added as we reviewed the references of the articles already collected (“going backward”) and by identifying other articles citing the ones previously collected (“going forward”) (Webster and Watson, 2002). We also considered papers or books that, while not empirical, directly addressed the focal concepts. Furthermore, based on our knowledge and when deemed relevant, we also took into account papers that, while not specifically about reputation, addressed one of the three focal constructs, in relation to other variables related to reputation (e.g., legitimacy, celebrity, and image). While this last choice introduces more subjectivity into the selection of the material to be reviewed, it allows for an enrichment of the material considered and helps advance the goal of the paper (Walker, 2010). The discussion of the three constructs will follow the structure of Table 1, which summarizes the main points in terms of (1) construct definition(s), (2) similar terms, (3) measurement, (4) antecedents and (5) effects on reputation and related

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<sup>23</sup> We decided to use Google Scholar, as it is a highly comprehensive database, often including more material than other traditional databases (e.g., Walker, 2010).

constructs (and main references). For more thorough details on the main empirical articles included in the review, see Table 2 in the Appendix.<sup>24</sup>

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Insert Table 1 about here  
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**Media visibility**

Media visibility, often referred to as simply “visibility”, refers to the extent to which the media cover and give attention to a certain organization, independent of the *tenor* or *valence* of the coverage (i.e., positive or negative; e.g., Deephouse, 2000). Most often, terms such as media coverage, media exposure, media awareness and/or media attention were used as synonyms (e.g., Fombrun and Shanley, 1990).<sup>25</sup> Carroll (2011a), building on Kioussis (2004), explained that, in communication research, media visibility comprises both media attention (the volume of coverage about a given organization) and media prominence (the extent to which stories regarding a given organization are positioned in important spaces in a given media text; e.g., front page). Therefore, in communication studies, media visibility has a wider meaning than in management studies. However, with some exceptions (Carroll, 2004), most research on corporate reputation has not considered the more or less salient positioning of stories regarding an organization in a media text, which, in certain cases, might suggest more sophisticated ways of looking at the different effects of the news media.

Media visibility has typically been measured by looking at the number of articles published about a given organization in a particular period of time within a certain set of media outlets (most often big newspapers). While most authors used the total number of

<sup>24</sup> Table 2 contains the selected empirical papers; however, the written review also considers the discussions that have appeared in conceptual or theory papers.

<sup>25</sup> Pfarrer et al. (2010) explain how (media) visibility has also been used synonymously with other concepts, such as, for instance, celebrity. However, according to their conceptualization, celebrity is defined both by high levels of media attention and positive affect (see also Rindova, Pollock and Hayward, 2006). Visibility is thus not sufficient in itself to determine celebrity. In support of this distinction, in their paper, Pfarrer et al. (2010) found that media visibility alone, compared to reputation or celebrity, has different (weaker) effects on investors’ reactions to earnings surprises.

articles as the variable, others have opted to then create a binary variable according to which organizations that were mentioned more often (i.e., top quartile) were coded as 1 for media visibility and 0 otherwise (Pfarrer, Pollock and Rindova, 2010). In most cases, scholars have looked at media coverage in general without making any distinction about the type of media, as long as it is present in big databases such as *Factiva* or *Lexis Nexis*. Other authors have used selected media outlets as proxies for overall media visibility: for instance, Carroll (2004) looked at articles published in *The New York Times*, and Pfarrer et al. (2010) collected articles from *Business Week*. Only recently have scholars started to distinguish these by looking, for instance, at the distinct effects of *general* and *industry* media (Petkova, Rindova and Gupta, 2012) and blogs (Zavyalova, Pfarrer, Reger and Shapiro, 2012), thus suggesting other, more sophisticated ways to look at media influences.

When it comes to the antecedents of media attention, there are still avenues for a lot of research. However, one could speculate that the criteria according to which the media decide to cover a given organization, rather than not, are the same criteria that the media use to decide whether to cover any other issue (i.e., news-worthiness criteria). For instance, new organizations are likely to receive little attention from the media (e.g., Rindova et al., 2007). As pointed out by some, “unconventional” or “controversial” organizations are the ones that are likely to attract more media attention (Rindova et al., 2006; Pfarrer et al., 2010). Rindova et al. (2007) also found that the number of market actions undertaken by a specific firm influences its visibility in the media. Furthermore, also organizational communication sense-giving efforts (e.g., press releases, annual reports, website updates), in terms of amount and diversity, were found to predict media attention given to technology startups (Petkova et al., 2012).

Apart from some notable exceptions (Fombrun and Shanley, 1990; Wartick, 1992), media coverage was found to have a positive effect on reputation (Brammer and Millington, 2005; Brammer and Pavelin, 2006; Philippe and Durand, 2011) and to constitute a fundamental resource for new firms in the process of building a reputation (Rindova et al., 2007). Furthermore, media visibility has often been found to have a

legitimizing effect on new organizations (Rao, 1994; Pollock and Rindova, 2004) and to have positive associations with other variables such as market value and sales growth (Kotha, Raigopal and Rindova, 2001). Media visibility also increases the extent to which certain firms engage in specific reputation management activities (Carter, 2006).

As we will discuss later, the relationship between media coverage and reputation could also work in more complex ways, involving prominence (Carroll, 2011a).

### **Public prominence**

Public prominence refers to the extent to which an organization comes to mind and receives collective attention by stakeholders. For instance, Rindova et al. (2005) defined prominence as “the degree to which an organization receives large-scale collective recognition in its organizational field” (p. 1035). Similarly, Mishina et al. (2010) claimed that prominence refers to “the degree to which external audiences are aware of its existence, as well as the extent to which they view it as relevant and salient” (p. 706). Other terms such as salience, relevance and top-of-mind awareness can be used as synonyms. In general, prominence and related terms are particularly suited to capture the extent to which a firm is thought about rather than *what* is thought about the firm (Carroll, 2004: 41). To reiterate, as explained by Rindova and Martins (2012: 21), the more an organization occupies a place in the “cognitive and interpretative space of an organizational field”, the more it can be said to be prominent.

Prominence is very similar to media visibility; however visibility is mostly used with reference to how much a certain organization is present in the *media*, whereas prominence is generally referred to *all stakeholders* (Rindova and Martins, 2012). The relationship between media visibility and public prominence is a mutually reinforcing relationship, as we will discuss later on in the paper.

In terms of measurement, prominence has been measured in different ways. Rindova et al. (2005) measured this concept by asking recruiters to select three schools they wanted to rate in order to gauge the ones that were most prominent in their minds. The schools nominated most often were the most prominent. Mishina et al. (2010) measured organizational prominence by looking at whether a firm was present in the ranking of

Fortune's *Most Admired Companies*, whereas Rindova et al. (2005) used a university's ranking positioning as an antecedent of organizational prominence. In a series of studies (e.g., van Riel, 2002; Gardberg and Fombrun, 2002), researchers related to the *Reputation Institute* asked respondents to nominate the two or three companies that they considered the best (or as having the best reputation) and the two or three companies that they considered the worst (or as having the worst reputation) and called this top-of-mind awareness. Interestingly, some of the companies nominated as having the best reputation were also often nominated as having the worst reputation, clearly suggesting that prominence might come at a cost.

In one of these studies, van Riel (2002) investigated the antecedents of top-of-mind awareness and found a series of factors that are likely to be key in determining whether a firm is highly salient in the minds of consumers: producing famous product brands, street exposure (e.g., banks, super-market chains), media visibility, size, presence in the national stock exchange, linkage to a social cause and national heritage. Media visibility also has an effect on public prominence (e.g., Carroll, 2004), as we discuss later on in the paper.

There has been no agreement on the relationship between prominence and reputation. Different authors using different theoretical perspectives have fundamentally different views on whether prominence is a defining dimension of the reputation construct (Rindova et al., 2005) or whether it is a consequence of reputation (Boyd, Bergh and Ketchen, 2010). Rindova et al. (2005), building on signaling and institutional theory, conceptualized prominence together with perceived quality as being a fundamental dimension of the reputation construct. The authors found that a university's public prominence is predicted by positioning in media rankings (media visibility), faculty publications (certifications of ability), faculty degree prestige (affiliation with high-status actors) and perceived product quality, and that prominence does, in turn, have a strong positive effect on price premium associated with its products. On the other hand, Boyd et al. (2010) argued that, while prominence refers to the collective recognition that one organization receives by stakeholders, reputation captures whether the organization is

perceived as good or bad and thus concluded that prominence and reputation are two distinct constructs. Using the same data collected by Rindova et al. (2005), Boyd et al. (2010) tested a model based on a resource-based view of the firm framework in which prominence mediates the relationship between reputation and perceived quality. In spite of the disagreement, the two contributions (i.e., Rindova et al., 2005; Boyd et al., 2010; see also the two commentaries by Rindova et al., 2010 and Bergh et al., 2010) offer a rich discussion of how, depending on the way in which reputation is conceptualized and operationalized, one might obtain significantly different results. Whether prominence is to be considered part of the reputation construct or whether it should be separated remains a debated issue (e.g., Lange et al., 2011).

### **Familiarity**

Familiarity has often not been defined explicitly (see Table 2 in the appendix) and has often been used as a broad, umbrella term to identify visible and/or prominent firms (e.g., Brooks et al., 2003; Fombrun and van Riel, 2004; Lange et al., 2011). However, some authors defined the term in order to refer to the overall level of knowledge that people have about an organization. For instance, Yang (2007: 97) defined familiarity as “the extent to which a relational entity has knowledge about another entity, which is often acquired by direct or indirect experience [...]”. Luce, Barber and Hillman (2001: 401) defined it as “a general overall level of acquaintance with the firm, most likely without reference to a specific, identifiable source of information.” Other terms that can be used as proper synonyms of familiarity are awareness (e.g., Barnett et al., 2006; also often used in marketing in relation to brands; see for instance Keller, 1993) and knowledge (also often used in attitude research in psychology; see for instance Wood, Rhodes and Biek, 1995).

In terms of measurement, familiarity has often been measured by recurring one-dimensional 5- or 7-point scales (e.g., Brooks et al., 2003; Yang, 2007). Cable and Turban’s study (2003) represents one of the few cases in which a multi-dimensional scale was used (see also Fombrun et al., 2000 and Gatewood et al., 1993). We only found one attempt to manipulate the level of familiarity in the context of an experimental



study (Turban et al., 2001). In two studies (Carroll, 2004; Gardberg and Newburry, 2010), scholars also used data from the Reputation Quotient survey in which respondents were also asked to indicate their level of familiarity with a series of dimensions of reputation, such as product and services and workplace environment. Gardberg and Newburry (2010) called this “cognitive complexity” – indeed a concept akin to familiarity as discussed here. In another article, as mentioned before, Bromley (2000) suggested that familiarity could also be measured by asking subjects to list as many organizations of a given sort that came to their mind. However, we believe that this measure is better suited to capture prominence, or the degree to which a firm is top-of-mind, which does not necessarily imply any knowledge.

Some degree of familiarity is a necessary condition to be able to express any reputation judgment about an organization; For example, van Riel (1997: 298) referred to it as a “*conditio sine qua non*” for reputation to exist. Familiarity can derive from direct or indirect experiences with the firm (Bromley, 2000). One can read about an organization in a newspaper, hear about it from acquaintances or directly experience it by, for instance, using its products. Indeed, the more one is exposed to cues about an organization, the higher the probability of being familiar with it (Highhouse, Brooks and Gregarus, 2009). Here we thus already understand that media visibility and public prominence are likely to be two antecedents of familiarity; this issue will be discussed later in more detail. While one might be highly familiar with an organization, even without having ever used its product and/or services, direct experiences, rather than mediated ones, are more likely to lead to high levels of familiarity (Yang, 2007) and to a qualitatively different reputation (Bromley, 1993).

In spite of the recent initial attempts at better understanding the cognitive processes characterizing the relationship between familiarity and reputation formation (Fischer and Reuber, 2007), most research on familiarity and reputation has tried to understand whether familiarity leads to more positive reputation. A positive relationship between familiarity and reputation has been identified in many different fields, including recruitment (Gatewood et al., 1993; Turban and Greening, 1997; Turban, 2001, Turban et al., 2001; Cable and Turban, 2003) and public relations (Yang, 2007; McCorkindale,

2008). These findings have led researchers to make strong claims about the effect of familiarity; for instance, McCorkindale (2008: 395) concluded that “public relations practitioners should focus on building awareness and knowledge about an organization”. Likewise, Fombrun and van Riel (2004: 104) claimed that “the more familiar you are to the public, the better the public rates you” (although Fombrun and van Riel in this study used familiarity as a synonym with visibility and public attention and measured it as spontaneous mentioning of firms). Brooks et al. (2003) challenged the assumption that familiarity leads only to positive reputation and, in a series of studies, found that more familiar organizations are likely to be associated both with positive and negative associations. This finding parallels that of the study by Gardberg and Fombrun (2002) in which some firms were often nominated as having the best and the worst reputations. Indeed, the way in which Brooks et al. (see also Brooks and Highhouse, 2006) used the term familiarity is somewhat similar to prominence, confirming once again the lack of clear boundaries between the concepts.

### **The relationship between the constructs**

While the relationship between media visibility and public prominence has been discussed extensively in the literature, the relationship between media visibility and familiarity as well as the relationship between prominence and familiarity have received much less attention<sup>26</sup>. Consequently, being this a literature review, in this section we focus on the literature that has looked at the relationship between visibility and prominence.

The relationship between media visibility and public prominence is to a certain extent “symbiotic”, as the two are mutually dependent and influence one another. If one espouses the view that the media reflect the views of the public, then media visibility can sensibly be used as a proxy measure of public prominence (Deephhouse, 2000; Pfarrer et al., 2010; Rindova and Martins, 2012). However, it is also acknowledged that the media

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<sup>26</sup> Existing literature in the fields investigated here and in fields such as social psychology and sociology of mass media would allow to make predictions about the potential nature of the relationship between visibility and familiarity and as well as prominence and familiarity; however given that this is a literature review, this is not the objective of the paper as we focus on reviewing the literature published in the field of reputation management and closely related areas.

do not only report about reality, but also contribute to its social construction (Deephouse, 2000; Fombrun and Shanley, 1990). A significant contribution to clarify the effects of media visibility on public prominence has been given by Carroll's work on media agenda regarding setting effects on reputation (e.g., Carroll and McCombs, 2003; Carroll, 2004; see also Carroll, 2011a and b, Ragas, 2013) as well as by the work by Meijer and Kleinnijenhuis on the same theme (2006). Agenda-setting effects on corporate reputation have been extensively tested internationally (cf. Carroll, 2011b). Roughly summarizing, this work has fundamentally revealed that, the more a firm is visible in the media, the more people are going to think about it (first level of agenda setting); that is, the media strongly influence which organizations we think about (public prominence). Additionally, researchers also found that the more the media associate an organization with a given attribute or issue the more the general public is going to make similar associations (second level of agenda setting) (see Ragas [2013] for a recent and comprehensive review of agenda setting effects and reputation). As previously anticipated in the section on public prominence, this relationship is likely to work also in the other direction; in fact, firms that are more publicly salient are likely to receive more attention from the media (Rindova et al., 2006; Rindova et al., 2007). For instance, organizations that are perceived as unconventional are likely to receive more attention (Rindova et al., 2006). Furthermore, organizations that are more active in the marketplace are likely to be perceived as being more salient and receive more media coverage (Rindova et al., 2007). Rindova et al. (2007: 51) captured well this relationship: "a firm's salience, defined as the extent to which a firm is readily available in memory, leads to higher [media] visibility. Visibility in turn is likely to increase a firm's salience, generating a positive feedback effect that would accelerate the growth of the visibility component of a new firm's reputation." This mutually reinforcing relationship is probably one of the reasons why media visibility and public prominence are often used as synonyms or discussed together. For instance, Rindova and Martins (2012) discussed media visibility and public prominence as capturing the degree of asset accumulation to indicate the degree to which a firm's reputation is widespread and captures the recognition and attention of a large portion of stakeholders (see also Lange et al., 2011).

## DISCUSSION

In this section, we will consider some of the implications that have emerged from the review of the literature presented above as directions for future inquiry. We highlight the main research and management implications related to the relationship between the constructs discussed in the review and thus suggest ways in which this can contribute to a better understanding of reputational mechanisms.

On the basis of our literature review, we understand that public prominence and, to a certain extent, media visibility refer to the extent to which an organization stands out (Rindova et al., 2007) and thus is highly present (rather than not) in the public's mind (Rindova and Martins, 2012). In other words, public prominence and/or media visibility can be used to capture the degree to which an organization has gained public recognition (Pfarrer et al., 2010). On the other hand, familiarity (beyond name recognition) can more suitably capture the "depth" of the knowledge about organizations. This is especially true if familiarity, as it has most often been done, is measured using scales and/or other less-often-used methods aimed at capturing people's knowledge of organizations (e.g., asking subjects to tell what they know about a given organization using open-ended questions).

It is therefore possible that, while an organization might not be particularly visible in the media and/or prominent, people might be highly familiar with it because they have a personal relationship with it. At the same time, at least in the short term, the opposite might also be true; that is, an organization can be visible in the media or prominent in stakeholders' minds, but people might not very familiar with it in any meaningful way. We believe that looking at the relationship between these two aspects can uncover a series of interesting implications both for researchers and managers.

For instance, researchers have discussed how familiarity built through direct experiences with a firm leads to more rich and significant impressions if compared to familiarity built through mediated experiences (e.g., media exposure). In this regards, Bromley (1993) distinguished between primary and secondary reputations to differentiate reputation based on direct vs. mediated experiences. Similarly, building on Bromley (1993), Grunig

and Hung (2002) distinguished between experiential and reputational relationships. These contributions highlight the fact that reputational judgments based on direct familiarity with a firm will be rooted in more complex associative networks and thus will be qualitatively different from a reputation based only on media visibility (Bromley, 1993). Thus we understand that a firm that establishes direct contacts with its stakeholders will reach a more fine-grained appreciation from its stakeholders. Consequently, a communication strategy aimed at gaining prominence and/or media visibility will indeed lead a firm to be familiar to its stakeholders (e.g., Fombrun and van Riel, 2004), however, in order to reach deeper, more meaningful levels of familiarity, firms should also engage in personal relationships with their publics.

Visibility, prominence and familiarity can also refer to different levels of the accumulation of the reputation of an organization; with accumulation meaning the amount to which the firm is present in the public's mind (Rindova and Martins, 2012). Extant research has discussed this topic mostly in relation to prominence and visibility together (Ibid.) or has grouped together visibility, prominence and familiarity (Lange et al., 2011). However, probably, an organization that is visible only in the media will reach a more superficial level of accumulation, at least in the short term. On the other hand, an organization that is directly familiar to stakeholders, prominent in their minds and also visible in the media, will have a much higher level of accumulation in the public's mind.

Researchers might also start to look at the way in which these variables influence the stability of a firm's reputation differently. For instance, an organization might become suddenly prominent, or highly visible in the media, because of, for example, a scandal. Depending on the existing levels of familiarity about this organization *before* the scandal, we might expect different effects of the crisis on the organization's reputation. As suggested by some researchers (e.g., Lange et al., 2011; Mishina et al., 2012), while prominence and/or media visibility might amplify the effects of a negative event, it is possible that previous existing familiarity might instead mitigate such negative effects. This is because previous knowledge structures might, to a certain extent, guide the interpretation of new facts or information. For instance, if stakeholders know that a firm

was never implied in a similar crisis, they might conclude that this was an accident and end up penalizing the organization less (Coombs, 2007). Stakeholders unfamiliar with the firm, instead, will be more influenced by the accounts provided by the media, as these are perceived to be more informed and authoritative (e.g., Pollock et al., 2008).

## **CONCLUSION**

In their recent review on organizational reputation, Lange, Lee and Dai characterized the last ten years of research on the subject as a “critical formative phase” (2011: 154), a period “marked by uncertainty about definitions, dimensionality, and operationalizations and by attempts to bring theoretical coherence and rigor to the subject area” (*Ibid.*). Our paper focused on one aspect that has attracted particular interest during this “formative” period; that is, the different ways and extents to which an organization is known by its publics and how this relates to its reputation. Research in this area has looked at media visibility, public prominence and/or familiarity but often has not clearly addressed the meaning of these different terms. By reviewing the relevant literature, we conceptually clarified the peculiarities of these three terms, their relationship with one another and that with organizational reputation. We concluded the paper by discussing management and research implications.

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 Insert Table 2 about here as Appendix  
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**Table 4: Summary of the main features of Media Visibility, Public Prominence and Familiarity**

	<i>Media Visibility</i>	<i>Public Prominence</i>	<i>Familiarity</i>
<b><i>Overall definition</i></b>	The extent to which <i>the media</i> give attention to or cover an organization.	The degree to which a firm comes to mind and receives collective recognition by all <i>stakeholders</i> .	The extent to which someone is knowledgeable about a given organization.
<b><i>Similar terms</i></b>	Media coverage; Media awareness; Media attention; Media exposure.	Prominence; Public attention; Salience; Top-of-mind awareness.	Awareness; Knowledge.
<b><i>Measurement</i></b>	Number of articles or times mentioned in selected media outlets.	Asking respondents to name the first X organizations that come to mind (in a given category). Proxy: Media visibility.	Familiarity scales.
<b><i>Antecedents</i></b>	Newsworthiness criteria (e.g., organizations that are likely to stand out or were involved in exceptional events); Public prominence; Size.	Affiliation with high status actors; Certifications; Media visibility; Reputation; Type of organization (e.g., b2c, street presence, size, national heritage).	Media coverage; Public prominence (e.g., people talk about it); Direct experience with organization's products and services.
<b><i>Effects on reputation</i></b>	Positive (with exceptions, see <i>Table 2</i> for details and effects on other variables).	See <i>Table 2</i> for details and relationship with other variables.	Positive (with exceptions; see <i>Table 2</i> for details and effects on other variables).
<b><i>Main References</i></b>	Carroll, 2004; Carroll and McCombs, 2003; Deephhouse, 2000; Meijer and Kleinnijenhuis, 2006; Pfarrer et al., 2010; Rindova et al., 2007.	Boyd et al., 2010; Gardberg and Fombrun, 2002; Mishina et al., 2010; Rindova et al., 2005; Rindova et al., 2010; Van Riel, 2002;	Brooks et al., 2003; Cable and Turban, 2003; Gatewood et al., 1993; Turban and Greening, 1997; Turban 2001; Yang, 2007.

## APPENDIX

### Media Visibility, Public Prominence and Familiarity in Selected Empirical studies

<i><b>Focal construct</b></i>	<i><b>Reference</b></i>	<i><b>Term used and definition adopted</b></i>	<i><b>Data and measurement</b></i>	<i><b>Key findings regarding the focal construct</b></i>
<i><b>Media visibility</b></i>	Brammer, S.J. and Millington, A. (2005)	Media exposure/Visibility <i>No explicit definition is provided.</i>	Natural logarithm of the average number of annual news hits, gathered using Factiva.	Media visibility is strongly positively associated with firm reputation.
	Brammer, S.J. and Pavellin, S. (2006)	Media exposure/visibility <i>No explicit definition is provided.</i>	Natural logarithm of the average number of annual news hits, gathered using Factiva.	Media visibility has a positive effect on corporate reputation.
	Carroll, C. E. (2010)	Media salience; Public prominence; Firm news release salience. <i>No explicit definitions are provided.</i>	Media Salience: count of news articles about a firm in <i>The New York Times</i> during the four months preceding the nomination phase.  Firm's news release salience: number of the firm's wire-issued news releases in PR Newswire and Businesswire.  Public prominence: Respondents were asked to nominate firms they considered to have the best and worst reputations in the country (data from RQ study).	The relationship between a firm's agenda building and its public prominence is mediated by its media salience.  Releasing company news through the news media has a larger influence on a firm's public prominence than releasing news directly from the company.

<b><i>Focal construct</i></b>	<b><i>Reference</i></b>	<b><i>Term used and definition adopted</i></b>	<b><i>Data and measurement</i></b>	<b><i>Key findings regarding the focal construct</i></b>
<b><i>Media visibility</i></b>	Carroll, C.E. (2004)	Media visibility Definition from Wartick (1992).  Top-of-mind awareness “a term chosen to address simply that a firm is thought about, not what (about the firm) is thought.” (p. 41).	Articles on focal companies were collected from <i>The New York Times</i> .  Top-of-mind awareness: Respondents were asked to nominate firms they considered to have the best and worst reputations in the country (data from RQ study).	Media coverage has a positive effect on what organizations are thought about by the public (first level of agenda setting).  Advertising expenditures and newswire press releases also have a positive effect on firms’ being top-of-mind (weaker than media coverage).  Positive association between amount of media coverage devoted to certain attribute and people’s knowledge of and association with those attributes to the focal organization (second level of agenda setting).
	Carter, S. M. (2006)	Media visibility <i>No explicit definition is provided.</i>  Consumer visibility <i>No explicit definition is provided.</i>	Logarithmic transformation of the total number of articles written about a firm in a given year, from a count of articles from five major newspapers ( <i>Wall Street Journal</i> , <i>the New York Times</i> , <i>the Los Angeles Times</i> , <i>the Chicago Tribune</i> , and <i>the Boston Globe</i> ).  Consumer visibility was measured by looking at whether the firm interacted directly with its consumers based on their SIC code – see p. 1159 of Carter’s paper for further details.	For certain firms, high media visibility is more likely to be associated with a higher use of press releases. Moreover, the same firms, when highly visible among consumers, dedicated more resources to mass media advertising.

<b><i>Focal construct</i></b>	<b><i>Reference</i></b>	<b><i>Term used and definition adopted</i></b>	<b><i>Data and measurement</i></b>	<b><i>Key findings regarding the focal construct</i></b>
<b><i>Media visibility</i></b>	Fombrun, C.J. and Shanley, M., (1990)	Media Coverage/visibility <i>No explicit definition is provided.</i>	Total number of articles written about a firm in 1985.	Media coverage, independently from the tenor, was found to have a negative effect on reputation.
	Kotha, S., Rajgopal, S. and Rindova, V.P. (2001)	Media exposure <i>No explicit definition is provided.</i>	Total number of articles published about the firm in the “Major Newspapers” found in Lexis/Nexis.	Media exposure has a strong positive association with market value and sales growth.
	Meijer, M.M. and Kleinnijenhuis, J. (2006)	Media coverage <i>No explicit definition is provided.</i>	Newspaper articles selected from the five largest Dutch daily newspapers retrieved from electronic databases. Data was also gathered from television news issued by two broadcasters.	The more attention a medium devotes to an issue in the context of organizational news, the higher the likelihood that this issue will become a salient association with an organization in the minds of the users of that medium. (second level of agenda setting)
			Salience of corporate associations was measured by asking the respondents to choose two most salient associations from a checklist consisting of 12 potential associations.	The higher the salience of an issue associated with a company, the better the reputation of the organization that “owns” that issue.
	Petkova, A.P., Rindova, V.P. and Gupta, A.K. (2012)	Media attention <i>No explicit definition is provided.</i>	Number of articles mentioning a given start-up found in Lexis-Nexis and ABI/Inform. Coverage was divided in general and industry media.	Amount and diversity of organizational sense-giving activities attracts higher levels of industry media attention. Diversity of sense-giving activities attracts also higher attention from the general media. Only amount of attention provided by specialized industry media is positively associated with the level of Venture Capitalist funding received by new technology organizations.



<b><i>Focal construct</i></b>	<b><i>Reference</i></b>	<b><i>Term used and definition adopted</i></b>	<b><i>Data and measurement</i></b>	<b><i>Key findings regarding the focal construct</i></b>
<b><i>Media visibility</i></b>	Pfarrer, M.D., Pollock, T.G. and Rindova, V.P. (2010)	Media visibility/ Public attention.	The total number of articles published about the firm each year in BusinessWeek from Lexis Nexis. Firms in the top quartile of media visibility were coded 1 for media visibility or 0 otherwise.	In one analysis not reported, but described in the paper the authors find that media visibility alone has different (lower) effects than reputation and celebrity when firms announce positive or negative earnings surprises.
	Philippe, D. and Durand, R. (2011)	Coverage intensity “to capture the magnitude of impact of having more articles than less, independent of their tonality.” (p. 979).	Articles collected from Lexis-Nexis.	Intensity of media coverage marginally increases reputational ranking.
	Pollock, T.G. and Rindova, V.P. (2003)	Media coverage <i>No explicit definition is provided.</i>	Total number of articles about each IPO firm taken from Lexis-Nexis.	Increasing media coverage about an IPO firm facilitates favorable impression formation and legitimation. Media coverage has a negative, diminishing relationship with underpricing and a positive, diminishing relationship with stock turnover on the first day of trading.
	Rindova, V.P., Petkova, A.P. and Kotha, S. (2007)	(Media) visibility/coverage Visibility “reflects the level of awareness and exposure a firm enjoys.” (p. 45).  Salience: “the extent to which a firm is readily available in memory.” (p.51)	Number of articles that mentioned the focal firm in 4 business media publications (e.g., WSJ, Business Week).	The patterns of actions undertaken by new firms influences the media coverage they receive in terms of quantity (visibility), content, tenor and distinction. High levels of market actions positively influence the firm’s visibility.

<b><i>Focal construct</i></b>	<b><i>Reference</i></b>	<b><i>Term used and definition adopted</i></b>	<b><i>Data and measurement</i></b>	<b><i>Key findings regarding the focal construct</i></b>
<b><i>Media visibility</i></b>	Wartick, S.L. (1992)	Media exposure “the aggregated news reports relating to a specific company within a prescribed period” (p. 34).	<i>Conference on Issues and the Media</i> (CIM) data set. The data set contains news material coming from 13 media outlets (e.g., WSJ, LA Times).	Amount of media exposure was not found to predict changes in corporate reputation. Tone and recency of the news partially predicted some dimensions regarding changes in corporate reputation.
	Zyglidopoulos, S.C., Georgiadis, A.P., Carroll, C.E. and Siegel, D.S. (2012)	Media attention “Media attention refers to the awareness of a particular object, in this case a corporation, by the media” (p. 1623).	Yearly number of articles mentioning the firm's name in four major US newspapers: the <i>New York Times</i> , <i>Wall Street Journal</i> , <i>Washington Post</i> , and <i>Los Angeles Times</i> .	The findings indicate that increases in media attention are related to increases in CSR-strengths. On the other hand, CSR-weaknesses are not sensitive to changes in media attention.
<b><i>Public prominence</i></b>	Boyd, B.K., Bergh, D.D. and Ketchen, D.J. (2010)	Prominence “the degree to which an organization is visible and well known” (p. 6).	Data from Rindova et al. (2005).	Prominence mediates the relationship between reputation and performance.
	Gardberg, N.A. and Fombrun, C.J. (2002)	Visibility <i>No explicit definition is provided.</i>	Respondents were asked to nominate 2 firms they considered to have the best reputation and 2 companies they felt had the worst reputations in the country (data from RQ study).	Some companies, among the most mentioned ones, received an almost equal number of nominations for ‘best overall’ and ‘worst overall’ reputation.

<b><i>Focal construct</i></b>	<b><i>Reference</i></b>	<b><i>Term used and definition adopted</i></b>	<b><i>Data and measurement</i></b>	<b><i>Key findings regarding the focal construct</i></b>
<b><i>Public prominence</i></b>	Mishina, Y., Dykes, B.J., Block, E.S. and Pollock, T.G. (2010)	Prominence “the degree to which external audiences are aware of its existence, as well as the extent to which they view it as relevant and salient” (p. 706).	Presence in Fortune Rankings (0/1 dummy variable).	Less prominent firms are more likely to engage in illegal behavior when performance is below social expectations.  The positive relationship between positive stock price performance and likelihood to engage in illegal behavior is increased by firm prominence.
	Rindova, V.P., Williamson, I.O., Petkova, A.P., Sever, J.M. (2005)	Prominence “The collective awareness and recognition that an organization has accumulated in its organizational field (p. 1034)” “The degree to which an organization receives large scale collective recognition in its organizational field” (p. 1035).	Investigated subjects (i.e., recruiters) were asked to select three schools that they would like to rate in order to gauge the ones that were most prominent in their minds. Prominence was measured as the number of recruiters that nominated a certain university.	Prominence is conceptualized as a dimension of reputation. Four main antecedents to prominence: media rankings, faculty publications, faculty degree prestige, perceived product quality. One consequence to prominence: Price premium.
	van Riel, C.B.M. (2002)	Top-of-mind awareness <i>No explicit definition is provided.</i>	Respondents were asked to nominate 3 firms they considered the best and 3 companies they considered the worst in the country (data from RQ study).	Antecedents of top-of-mind awareness: producing famous product brands, street exposure (e.g., banks, super-market chains), media visibility, size, presence in the national stock-exchange, being linked to a social cause, national heritage.
<b><i>Familiarity</i></b>	Brooks, M.E., Highhouse, S., Russel, S.S. and Mohr, D.C. (2003)	Familiarity <i>No explicit definition is provided.</i>	Scale from 1 to 5 asking the degree of familiarity with different organizations.	Familiar organizations are more often mentioned as having <i>both</i> positive and negative attributes (i.e., familiarity is positively related with ambivalence).

<b><i>Focal construct</i></b>	<b><i>Reference</i></b>	<b><i>Term used and definition adopted</i></b>	<b><i>Data and measurement</i></b>	<b><i>Key findings regarding the focal construct</i></b>
<b><i>Familiarity</i></b>	Cable, D.M. and Turban, D.B. (2003)	Familiarity “the level of awareness that a job seeker has of an organization”.	5-point scale from 1 (strongly disagree) to 5 (strongly agree) to respond to three items: “I know quite a bit about this firm”; “I am very familiar with this firm”; and “I am familiar with this firm’s products or services.”	Job seekers’ familiarity with an organization predicted the positivity of their reputation perceptions. Familiarity was also positively related to information recall from recruitment materials.
	Gatewood, R.D., Gowan, M.A. and Lautenschlager, G.J. (1993)	Familiarity <i>No specific definition is provided.</i>	Subjects indicated how familiar they were with a company by responding to a set of six questions; (e.g., "Have you ever worked for [company name]?" and "Have you ever studied about [company name] in any of your classes?").	Five of the six items were significantly correlated with corporate image.
	Luce, R.A., Barber, A.E. and Hillman, A.J. (2001)	Familiarity “a general overall level of acquaintance with the firm, most likely without reference to a specific, identifiable source of information” (p. 401).	Item asking "How familiar are you with this company?" on a 5-point scale ranging from <i>completely unfamiliar</i> to <i>very familiar</i> .	Familiarity with a firm mediates the relationship between corporate social performance and firm attractiveness.
	McCorkindale, T. (2008)	Familiarity Definition taken from Luce et al. (2001).	Not provided. Data were obtained from the 2004 Roper Corporate Reputation Scorecard™.	Study found that when familiarity increases perception of company citizenship and reputation also increase. In some cases also perception of a company personality increased.

<b><i>Focal construct</i></b>	<b><i>Reference</i></b>	<b><i>Term used and definition adopted</i></b>	<b><i>Data and measurement</i></b>	<b><i>Key findings regarding the focal construct</i></b>
<b><i>Familiarity</i></b>	Turban, D.B. (2001)	Familiarity <i>No explicit definition is provided.</i>	Students were asked to indicate “In general, how familiar are you with (firm) as a company” on a 5-point scale from 1-Not at all familiar to 5-Very familiar.	The study found a positive relationship between familiarity and attraction towards the firm.
	Turban, D.B. and Greening, D.W. (1997)	Unfamiliarity <i>No explicit definition is provided.</i>	Measure created by looking at subjects who indicated that they could not rate a firm’s reputation or attractiveness as an employer. Data was obtained from a publicly available data-base.	The study found “firm attractiveness as an employer” to be negatively correlated with unfamiliarity.
	Turban, D.B., Lau, C.-M., Ngo, H.-Y., Chow, I.H.S., Si, S.X. (2001)	Familiarity <i>No explicit definition is provided.</i>	Familiarity was manipulated. See page 198 of Turban et al., paper for further details on how it was manipulated.	Firm familiarity was positively related to firm attractiveness.
	Yang, S. (2007)	Familiarity “the extent to which a relational entity has knowledge about another entity, which is often acquired by direct or indirect experience” (p. 97).	Scale from 1 to 5 asking the degree of familiarity with different organizations. In addition: scales measuring perceived media visibility and other scales to understand the degree of personal experience.	Direct experiences are more conducive to familiarity than indirect ones. Familiarity has a strong positive effect on reputation.
	Yang, S. and Grunig, J.E. (2005)	Familiarity <i>No explicit definition is provided.</i> Although the authors claim that “Terms such as familiarity, visibility, and (top-of-mind) awareness can be used interchangeably” (p. 313).	Scale asking subjects their level of familiarity.	Familiarity has a positive effect on perceived organization-public relationship outcomes which in turn positively influences reputation.

