Public Relations Review xxx (xxxx) xxx–xxx

Contents lists available at ScienceDirect

Public Relations Review

journal homepage: www.elsevier.com/locate/pubrev

The relationship between reputation, employer branding and corporate social responsibility

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ARTICLE INFO

Keywords:
Employer brands
Perceived corporate social responsibility
Reputation

ABSTRACT

Reputation management requires coordination between internal understanding and external expectations (Cornelissen, 2011). The focus of this study were external expectations of potential employees. The main goal of the study was to contribute to the understanding of corporate reputation and its connections with perceived corporate social responsibility and employer brands. All three concepts were investigated amongst 550 senior college business students. The units of analysis were top twenty national organizations, rated according to a syndicated study on employer attractiveness. The results show that students assign good reputation to those organizations that are perceived as socially responsible and with a good employer brand. Reputation, at least according to our results, seems to be the umbrella concept that encompasses both perceived corporate social responsibility and perceived employer brands. Organizations that develop different strategies, policies and practices with regards to socially responsible behavior and nurturing employer brands have higher levels of perceived reputation among students. Additionally, students' perceptions and position on the list of the most attractive employers is consistent.

1. Introduction

Most public relations professionals agree that the reputation of an organization should be safeguarded by the public relations department (Bae & Cameron, 2006). As Duhé (2009), "Reputation falls squarely, though not exclusively, in the purview of public relations practitioners". The fact that reputation (just as CSR and employer branding) does not fall exclusively into any single field is perhaps the main reason for its lack of unanimous operationalization. Although the concept of reputation has been widely used in various disciplines, and numerous studies, there is still no "definitive definition" (Lange, Lee, & Dai, 2011; Tkalac Verčič, Verčič, & Žnidar, 2016). In Bromley (2002) conclusion from fifteen years ago, (2002) the concept of corporate reputation lacks an agreed theoretical basis and this conclusion still holds today. Reputation has been used synonymously with identity, image, prestige, goodwill, esteem and standing (Tkalac Verčič et al., 2016).

Despite these conceptual differences, most authors seem to agree that various stakeholders make decisions with the reputation of the organization in their mind (Maden, Arikan, Telci, & Kantur, 2012). Today, when talking about reputation management, one of the most important goals for the organization is to remain legitimate (Martin, 2009) which emphasizes the importance of corporate social responsibility. CSR is often viewed as a strategic tool to respond to various expectations of multiple stakeholders (Lai, Chiu, Yang, & Pai, 2010; Maden et al., 2012). The potential relationship between reputation and CSR is well documented in literature and the two concepts are mostly considered close but still different (Maden et al., 2012; Hillenbrand & Money, 2007).

Developing CSR projects helps an organization build a better reputation amongst internal and external stakeholders, and through

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https://doi.org/10.1016/j.pubrev.2018.06.005
Received 30 March 2018; Received in revised form 20 June 2018; Accepted 21 June 2018

attracting talent, motivating, recruiting and retaining employees, CSR can help build employer brands (Suliman & Al-Khatib, 2014). The employer branding concept is associated with corporate reputation (Ruiz, García, & Revilla, 2016) with some authors identifying it as the reputational protector (Burke et al., 2011).

Literature concerned with reputation, corporate social responsibility and employer branding shows a certain overlap on the conceptual, methodological and empirical level (Hendriks, 2016). Authors often connect CSR and reputation (Brammer & Pavelin, 2006; Maden et al., 2012; Stanaland, Lwin, & Murphy, 2011), as well as employer brands and reputation (Ruiz et al., 2016; Burke et al., 2011). The aim of this research is to further explore the potential influences of perceived corporate social responsibility and employer brands on corporate reputation. Literature on all three included concepts is reviewed followed by the overview of research on their relationship.

2. Literature review

2.1. The concept of reputation

Reputation is inherently subjective since it is based on perception. It is basically a summative experience that a certain stakeholder group has with an organization (Roberts, 2009). The problem with the concept of reputation is that it is often used without a clear explanation, operationalization or definition (Tkalac Verčič et al., 2016). The major reason for this confusion is the fact that reputation is a wide-reaching concept and encompasses many disciplines including strategic management, economics, marketing, market research, sociology, psychology and public relations.

In public relations, there isn't enough understanding or agreement on how reputation affects corporations and Bae and Cameron (2006) attribute this to a lack of empirical evidence on the effectiveness of reputation management. On the other hand, both academics and practitioners seem to agree that for public relations experts to be influential in their organizations, it is necessary to understand and demonstrate how reputation management contributes to the bottom line (Duhé, 2009). In academic research, corporate reputation theories predate contemporary public relations and include some of the most salient values of public relations (Ji, Li, North, & Jiangmeng, 2017). This is the main reason for determining mediating variables which connect corporate reputation and organizational benefits (Bae & Cameron, 2006).

Reputation has been widely recognized as one of the key foundations on which to build organizational success (Key, 1995). Reputation, when positive, is considered to be one of the most valuable intangible assets any organization can possess (Vidaver-Cohen, 2007). Numerous studies have documented a relationship between organizational reputation and organizational performance (Rindova, Williamson, Petkova, & Sever, 2005). Both academics and business professionals believe reputation reduces stakeholder uncertainty about future organizational performance, adds to organizational competitive advantage, contributes to public confidence and helps maximize the ability to receive a premium for a product or a service (Vidaver-Cohen, 2007). Additionally, a good reputation can lead stakeholders to give an organization the benefit of the doubt if negative information comes to light (Lange et al., 2011). A good reputation can also help the organization to produce desirable stakeholder-based outcomes. Customers become more loyal and less price conscious, job applicants are more interested in joining the organization, investors are more willing to provide capital, and local communities become readier to give praise (Fombrun, 1996). All of this effectively illustrates why reputation management is increasingly important in public relations.

Corporate reputation is a result of a general assessment of an organization by its stakeholders (Cornelissen, 2011). This means that reputation is a result of aggregate views of various stakeholder groups (Fombrun, Gardberg, & Sever, 2000). Whilst reputation is often seen as a synthesis of collective opinions by outside stakeholders, it is also founded internally in "the sense making experiences of employees" (van Riel & Fombrun, 2007, p. 57; Johnston & Everett, 2012, p. 541). In this research, we selected potential employees as a stakeholder group in which the combined effects of reputation, employer brands and perceived corporate social responsibility were investigated.

2.2. Corporate social responsibility

Reputation is not the only indicator considered by various organizational stakeholders. Potential employees can be attracted by an organization's social policies and programs, which serve as a source of information on the working conditions at the prospective work place. Since potential employees don't have enough information about working conditions, they use the information they have to fill the gap (Turban & Greening, 1997). This underlines the importance of investigating the links between an organization's social responsibilities (and how they are fulfilled) and its competitive advantages. Corporate social responsibility is therefore not only "doing the right thing" but also "doing well by doing good" (Albinger & Freeman, 2000).

The broadest definition of CSR includes corporate actions that are aimed at issues beyond its economic, technical and legal requirements (Gond, El Akremi, Igalens, & Swaen, 2010). Barnett (2007), p. 801) defines corporate social responsibility as "a discretionary allocation of corporate resources toward improving social welfare that serves as a means of enhancing relationships with key stakeholders". Corporate social responsibility is becoming a tool for managing various stakeholders' expectations (Lai et al., 2010).

Research of corporate social responsibility practices has largely been conducted on institutional and organizational level and has mostly focused on external stakeholders (Aguinis & Glavas, 2012). However, exploring CSR at the micro level is becoming increasingly popular (Glavas & Kelley, 2014). CSR has been positively related to employee performance (Jones, 2010), commitment (Maignan, Ferrell, & Hult, 1999) and attractiveness to prospective employees (Greening & Turban, 2000).