Public Relations Review 43 (2017) 201–210

Contents lists available at ScienceDirect

Public Relations Review

Full Length Article

Staking reputation on stakeholders: How does stakeholders' Facebook engagement help or ruin a company's reputation?

Yi Grace Ji[a,*], Cong Li[b], Michael North[c], Jiangmeng Liu[b]

[a] *Robertson School of Media and Culture, Virginia CommonWealth University, Richmond, VA 23284-2034, United States*
[b] *School of Communication, University of Miami, Coral Gables, FL 33124-2105, United States*
[c] *Department of Communication, Central Connecticut State University, New Britain, CT 06050, United States*

ARTICLE INFO

Article history:
Received 5 November 2015
Received in revised form
13 November 2016
Accepted 12 December 2016
Available online 4 January 2017

Keywords:
Stakeholder engagement
Corporate reputation
Social media
Fortune 500

ABSTRACT

The majority of studies in public relations continue to examine organization-public relationships from only the organization's perspective, with few studies focusing on the other side of the communication loop: stakeholders. The current study takes the stakeholders' perspective to investigate the relationship between active stakeholders' online behavior and corporate reputation. Modeling 5-year longitudinal social media data, a content analysis was conducted for *Fortune 500* companies in the context of Facebook. By examining stakeholders' Facebook engagement at the two levels of shallow engagement and profound engagement, significant associations were discovered. Active stakeholders' Facebook-based interactions as leaving positive or negative comments with a company are significant predictors of the company's reputation score. The findings bring new insights to existing literature and also practical implications to public relations professionals.

Published by Elsevier Inc.

1. Introduction

The significance of corporate reputation has been recognized in the area of public relations research. Researchers assert that corporate reputation theories predate the concept of contemporary public relations. Organizational reputations together with organization-public relationships comprise the most salient conceptual values of public relations (e.g., Coombs, 2000; Grunig & Hung, 2002; Yang & Grunig, 2005). Although there is no universal agreement on how corporate reputation should be defined, a review of existing literature yielded collectivity and cognitive perceptions as the most distinct attributes of corporate reputation (Bromley, 1993; Fombrun, 1996; Fombrun & Van Riel, 2003; Grunig & Hung, 2002; Yang, 2007; Yang & Grunig, 2005). From a public relations perspective, these two attributes are closely linked to stakeholders in such a way that a company's reputation is indeed a byproduct of the organization-public relationship outcome (Kim, Huang-Baesecke, Yang, & Grunig, 2013). Swayed by relationship management strategies, a stakeholder's cognitive perceptions aggregate, accumulate, and are influenced by peers who are more active in communication behavior. This in turn becomes a shared experience and it is how people in general evaluate an organization.

The critical role that stakeholders play in assigning a favorable or unfavorable reputation to an organization has become even more important with the emergence of social media. On one hand, social media make the information dissemination process more transparent thereby creating more positive feelings such as trust and credibility. However, on the other

* Corresponding author.
E-mail addresses: jiyigrace@gmail.com (Y.G. Ji), congli@miami.edu (C. Li), north@ccsu.edu (M. North), j.liu22@umiami.edu (J. Liu).

http://dx.doi.org/10.1016/j.pubrev.2016.12.004
0363-8111/Published by Elsevier Inc.

hand, the formation of an online community brings unrelated people together and this interaction is not always positive. Empowered online publics challenge organizational management on a daily basis and a single negative comment on social media can grow into a severe crisis that damages organizational reputation (Li, 2016).

Up to date, public relations scholars seem to have not yet taken enough action in investigating how stakeholders are responding to the new online issues stemming from social media. In reviewing the current body of literature in Internet-mediated organization-public reputation/relationship management, the majority of studies center on analyzing organizations' online profiles, communication models, and so forth (e.g. Bortree & Seltzer, 2009; Park & Reber, 2008; Rybalko & Seltzer, 2010; Seltzer & Mitrook, 2007; Taylor & Kent, 2010). The current study is different from most prior research in this aspect: The emphasis of this study is on stakeholders' behavior and reaction to organizations' social media messages instead of what organizations do in their online communication. As one of the earliest attempts to model big data from social media in public relations research, this research intends to close the gap in online public relationship reputation management. Based on a content analysis using field data collected from Facebook posts of *Fortune 500* companies from 2009 to 2013, the study theorizes stakeholders' online activities as shallow engagement and profound engagement and investigates the relationship between different engagement levels and corporate reputation. By addressing the unique effects of stakeholders' online engagement in corporate reputation management, the current research seeks to shift the research paradigm from the organization-oriented approach to a stakeholder orientation in the context of online reputation management. Given the value of social media data in examining stakeholders' "real world" behavior, this study reinforces the substance of social media in public relations research.

2. Literature review

2.1. Corporate reputation

Corporate reputation is a construct involving multiple disciplines such as economics, marketing, management, psychology, and sociology (Ponzi, Fombrun, & Gardberg, 2011). There are two common attributes that have emerged that describe the characteristics of corporate reputation: subjective collectivity and cumulativeness of cognitive presentation.

The first aspect is subjective collectivity. Based on individual features and experiences with a company, different stakeholders may hold distinct perceptions and images of a company. However, reputation aggregates stakeholder beliefs and cognitive recognition and extracts the communality to form a collective assessment system (Bromley, 1993; Fombrun, 1996; Fombrun & Van Riel, 2003; Grunig & Hung, 2002; Yang, 2007; Yang & Grunig, 2005).

Built upon the first characteristic, the next trait of corporate reputation is cumulativeness of cognitive presentation. Murphy (2010) asserted that the evolution of reputation has a history so the concept is cumulative and time-oriented. The formation of reputation is not from a single event or a discrete experience. Instead, reputation accumulates through a variety of stakeholders' repeated behavioral and symbolic interactions with a company including personal or second-hand experiences and from the company's information dissemination (Bromley, 1993; Caruana, 1997; Fombrun & van Riel, 2003).

The significant benefits of a strong corporate reputation have not only been recognized by professionals, but also been validated by academic researchers. Hall (1992) found that among 13 intangible options, British executives ranked reputation as the most important one. In the U.S., corporate professionals from the *Fortune 500* also rated reputation management as the most important corporate communication (Hutton, Goodman, Alexander, & Genest, 2001). Researchers stated that a favorable corporate reputation stimulates sales and increases consumers' satisfaction and loyalty, generating a competitive advantage in service and product quality (Athiyaman, 1997; Fombrun & Shanley, 1990). In political communication, studies concluded that favorable country reputation resulted in stronger intentions to support the country, in both intentions to visit the country and to purchase products made in the country (Yang, Shin, Lee, & Wrigley, 2008).

2.2. Reputation management and public relations

With the expanding amount of organizational reputation research, studies have demonstrated that there are shared values in both public relations and business. Emerging as an important business function, reputation management is considered to be one of the antecedent concepts of public relations, and in the business world, is also known as "corporate communication" and "corporate relations" (Hutton et al., 2001). Public relations researchers theorized that there is a link between organization-public relationship (OPR) outcomes and organization reputation, which together, feature the most salient conceptual values of public relations (e.g., Coombs, 2000; Grunig & Hung, 2002; Yang & Grunig, 2005). To test such reasoning, Yang (2007) integrated these two key constructs into an empirical model in the context of four South Korean-based organizations and found that OPR outcomes were positively associated with favorable organizational reputation. While in the context of crisis management, Coombs (2000) argued that organizational reputation is damaged by crises, which often results from negative organization-stakeholder relationships. Furthermore, Kim (2011) examined the linkage between corporate social responsibility (CSR) strategies and consumer responses with two *Fortune 500* companies and discovered that CSR activities and corporate reputation are two mutually benefiting constructs. A company's previous positive reputation would influence consumers to be strongly associated with its CSR activities (Kim, 2011).