The moderating influences on the relationship of corporate reputation with its antecedents and consequences: A meta-analytic review

Raza Ali [1], Richard Lynch, T.C. Melewar, Zhongqi Jin *

Middlesex University Business School, The Burroughs, London NW4 4BT, UK

ABSTRACT

Through a meta-analytical approach, we test the antecedents and consequences of corporate reputation, examining specifically the moderating roles of three study variables: country of study, stakeholder group, and reputational measure. The study presents a comprehensive overview of three moderating factors for the relationship of corporate reputation with its antecedents and consequences in the literature from 101 quantitative studies. Our findings suggest that practitioners need to exercise considerable caution when developing and managing the reputation of their organizations through the use of research evidence from various countries, with different stakeholder groups and when employing diverse reputational measures.

© 2014 The Authors. Published by Elsevier Inc. This is an open access article under the CC BY license (http://creativecommons.org/licenses/by/4.0/).

1. Introduction

The last two decades have witnessed an exponential growth in research into corporate reputation (Fombrun & Shanley, 1990; Walker, 2010) from a wide range of academic disciplines such as accountancy, economics, marketing, organizational behavior, sociology and strategy (Chun, 2005). Such a broad range of studies has led to a range of definitions of the concept (Walker, 2010). For the purposes of this paper, we adopt the definition of corporate reputation as being the perceptual representation of an organization in the minds of its key stakeholders (Fombrun, 1996). From a management perspective, corporate reputation has long been recognized as a significant source of competitive advantage and as a value-creating resource that delivers consistent and superior market performance (Deephouse, 2000).

Given this value-creating resource, numerous research studies have been conducted into the antecedents and consequences of corporate reputation (Chun, 2005; Walker, 2010). Firms with higher reputations are linked with sound financial performance (Roberts & Dowling, 2002), higher customer loyalty (Bartikowski, Walsh, & Beatty, 2011), and, greater satisfaction of key stakeholders such as: customers (Walsh & Beatty, 2007), employees (Chun & Davies, 2010) and investors (Helm, 2007). However, these conclusions have been questioned in a number of papers in the corporation reputation literature (e.g., Chun, 2005; Fombrun & Shanley, 1990).

The challenges to the value-creating role and resource of corporate reputation can be summarized under three main headings. First, many of the studies carried out to explore corporate reputation were conducted in the United States of America (Walker, 2010). However, there is significant evidence from the extant literature that the association of corporate reputation with its antecedents and consequences varies from country to country. There are at least three reasons for this: cultural differences (Bartikowski et al., 2011), institutional factors (Eichner, 2012) and cross-national distance variables (Berry, Guille'n, & Zhou, 2010). This therefore raises the question of the consistency between the research findings derived from US studies with those conducted elsewhere. Our paper therefore undertakes a meta-analysis of the extant reputational papers with regard to country of study.

Second, central to research into corporate reputation is the perceptual evaluation of the stakeholders of an organization (Fombrun, 1996; Walker, 2010). An organization typically has many stakeholders such as customers, employees, and stockholders (Fassin, 2012). Different stakeholders can have different perspectives on the antecedents and consequences of corporate reputation. For example, when evaluating the reputation of an organization, top management and analysts are usually more concerned about financial performance (Fryxell & Wang, 1994), whereas, customers may be more conscious about the quality of products and services, and, sellers' fairness towards buyers (Page & Fearn, 2005). Establishing the antecedents and consequences of corporate reputation from different stakeholders' perspectives is therefore fundamental. Again, this raises the issue of the consistency of past research. Our paper therefore undertakes a meta-analysis of extant reputational papers with regard to stakeholder perspectives.

* Corresponding author. Tel.: +44 2084115571.
E-mail addresses: r.ali@mdx.ac.uk (R. Ali), r.lynch@mdx.ac.uk (R. Lynch), T.C.Melewar@mdx.ac.uk (T.C. Melewar), z.jin@mdx.ac.uk (Z. Jin).
[1] Permanent address: Institute of Management Sciences, Pakistan.

Third, researchers have used a variety of measurements for the concept (Chun, 2005) and various methods for testing the relationship of corporate reputation with different antecedents and consequences. For example, commonly used reputational measures include the ranking of 'The Most Admired Companies' published by 'Fortune', 'Reputation Quotient Scale' (Fombrun, Gardberg, & Sever, 2000) and the 'Customer-based Corporate Reputation Scale' (Walsh & Beatty, 2007). This therefore raises the question of the consistency of past research into the antecedents and consequences of corporate reputation. Our paper undertakes a meta-analysis of the extant reputational papers with regard to such measurement scales.

The purpose of our paper is two-fold. First, we provide a synthesized assessment regarding the relationship between corporate reputation and its antecedents and consequences with the specific aim of clarifying and possibly resolving some of the inconsistencies in previous research. Second, we examine in more depth the role that the three study factors identified above play in such relationships: namely, country of study, stakeholder groups and measurement scales.

By definition, it is difficult, if not impossible, for any single, primary study to achieve this purpose. We have therefore used the technique of meta-analysis, which is a powerful tool for synthesizing empirical research over a variety of disciplines and studies (Hunter & Schmidt, 1990) as well as providing a systematic procedure for collection and analysis of such information (Cooper, 2010). Instead of just relying upon the findings of a single study, meta-analysis helps to build theory and resolve theoretical disputes by synthesizing the relevant available studies in a particular area of interest (Combs, Ketchen, Crook, & Roth, 2011). Thus, it is a powerful tool for making sense out of the mass of the accumulated research evidence (Hunter & Schmidt, 1990). To summarize, we have been motivated to conduct this meta-analysis by the intellectual maturity and theoretical complexity of the substantial body of knowledge that currently exists on corporate reputation coupled with the possibility that synthesizing the findings of such studies will deliver meaningful guidance on this important topic for practicing managers (Sleesman, Conlon, McNamara, & Miles, 2012). We argue that such a synthesis is a significant contribution to the extant research on corporate reputation.

2. Theory and hypotheses

The rapid growth in the number of studies in the area of corporate reputation reflects the increasing interest of academia and the rising concern of management for their entities to have a high reputation in the market place (Barnett, Jermier, & Lafferty, 2006). One widely researched area is the relationship of corporate reputation with its antecedents and consequences (Fombrun & Shanley, 1990; Love & Kraatz, 2009). Given that corporate reputation is an important competitive advantage of a firm, research into the determinants and consequences of corporate reputation becomes important for many organizations.

In a systematic review, Walker (2010) identified at least twelve theories that were used in research into corporate reputation. The three most widely employed theories were derived from institutional theory, competitive resource-based theory, and signaling theory (Walker, 2010). Institutional theory has been used to identify factors within the institutional context which lead towards the building of reputation. The resource-based view examined "how reputation is a valuable and rare resource that leads to sustained competitive advantage" (Walker, 2010). In other words, the resource-based view has been more concerned with the 'outcome' or consequences of corporate reputation. Signaling theory has been used to examine the strategic signals sent out by firms and how stakeholders interpret these signals, especially the influence of social performance on corporate reputation.

Although these wide ranging studies have made significant contributions to our understanding of the development of corporate reputation, further research on other aspects of corporate reputation have suggested unaddressed questions in at least three areas: first, the country of study in which the research was undertaken; second, the stakeholder group or groups that made the judgment about reputation; third, the research measures used to evaluate corporate reputation. We explain and examine each of these areas in turn and develop hypotheses regarding them from the existing literature.

2.1. Country of study

The research related to the antecedents and consequences of corporate reputation has been conducted in different countries around the world. As defined by Fombrun (1996), corporate reputation refers to the perceptual evaluation of stakeholders about an organization. This raises the issue of whether stakeholders living in different geographical or cultural settings have different sets of perceptual biases for shaping their attitudes towards corporate reputation.

National culture, as a key factor, can influence perceptions of people belonging to a particular geographical area (Schiffman, Kanuk, & Hansen, 2008). Although criticized by some scholars (e.g., Shenkar, 2001), Hofstede's study of differences in national culture with regard to work-related values (Hofstede, 1980) is still widely used in international business research. The qualitative and meta-analytic reviews of Hofstede-inspired studies reveal the intellectual maturity, theoretical complexity and wider application of Hofstede's cultural dimensions in the extant literature (e.g., Kirkman, Lowe, & Gibson, 2006; Taras, Kirkman, & Steel, 2010). We have therefore chosen to employ the Hofstede concepts in this paper. Bartikowski et al. (2011) used Hofstede's work to suggest that those customers—an important stakeholder group for any business—that are characterized by high uncertainty avoidance might rely more on corporate reputation to formulate their attitudes and behaviors, because they tend to be more resistant to change and ambiguity. This implies that higher corporate reputation levels within some cultures may be the outcome of higher uncertainty avoidance scores. According to Hofstede (1980), different countries have different scores with respect to uncertainty avoidance. Therefore, the evaluation of corporate reputation may vary across these countries. In addition, 'collectivism' and 'long-term orientation' are two other important national cultural dimensions. The people in collectivist societies (as compared with individualistic societies) tend to be more integrated within groups and extended families (Hofstede & McCrae, 2004) and those living in cultures with high long-term orientation tend to value more the traditions and preserving relationships (Bartikowski et al., 2011). These people are expected to be more loyal and committed in their business relationships with the firms with which they deal. In this connection, Bartikowski et al. (2011) found the higher effects of customer-based corporate reputation on customer loyalty over time in a country with higher uncertainty avoidance (i.e., France), as compared with the countries with lower uncertainty avoidance (i.e., The United Kingdom and The United States). Hence, it follows from a national cultural perspective that the 'country of study' may be considered as a potential moderator for the association between corporate reputation and any of its antecedents or consequences.

Institutional Theory also suggests that the 'country of study' will be a potential moderator of corporate reputation. Different countries have different rules, regulations, practices, and responsibilities that govern their different stakeholders and therefore influence corporate governance (North, 1990, 1994). Each nation/country has its own institutional profile, consisting of regulative, normative and cognitive institutions/dimensions. Such factors suggest that organizations within a group will have regularized homogeneous behavior (Mahalingam & Levitt, 2007) and tend to act accordingly. Because corporate reputation refers to the perceptions of stakeholders concerning the actions and prospects of organizations (Fombrun, 1996), such perceptions will be based upon the firm's actions as influenced by these institutional factors. As the institutional profiles differentiate the corporate behavior and actions of companies both within that country and across different countries, such differences in institutional perspectives will be reflected