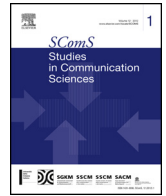




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# The influence of national societal contexts on the media reputation of multinational corporations: A comparison between Switzerland and the US

Daniel Vogler<sup>a,\*</sup>, Mario Schranz<sup>a</sup>, Mark Eisenegger<sup>b</sup>

<sup>a</sup> *fög – Research Institute for the Public Sphere and Society, University of Zurich, Switzerland*

<sup>b</sup> *Department of Communication Studies, University of Salzburg, Austria*

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### ABSTRACT

This comparative study looks at how media reputation of multinational corporations (MNCs) is shaped by national societal contexts. Swiss and US MNCs from the banking and pharmaceutical industry were analyzed. As main predictors media system (Swiss vs. US) and the country of origin of the MNCs (home vs. abroad) were defined. Results show that the overall media reputation of MNCs is predominantly negative in Swiss and US media. However, reputation in US media is significantly more negative than in Swiss media. Independent of the media system reputation of MNCs in home media is more favorable than in abroad media.

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## 1. Starting point

This paper compares the constitution of media reputation of multinational corporations (MNCs) from the banking and pharmaceutical industry in leading Swiss and US media. Therefore this paper picks up a central theme of the 2015 SACM conference to shed light on communication processes in different societal contexts. Additionally, by focusing on corporate coverage it delivers insights into communication processes in the economic environment. A topic that continuously gained importance in media coverage since the 1960s.

For this research we applied the concept of media reputation as introduced prominently into communication research by Deephouse (2000). Media reputation is defined as the overall evaluation of an organization in the media. To measure media reputation we use the Reputation Index by Eisenegger (2005). Eisenegger defines reputation as a multidimensional concept based on the three world concept of Jürgen Habermas. In this paper we focus on two dimensions and distinguish between social reputation and functional reputation. Social reputation is measured by only considering social coverage i.e. media coverage that focuses on

social topics (e.g. regulation or CSR). To calculate functional reputation only economic coverage i.e. media coverage that focuses on economic topics (e.g. financial performance or products) is used. When calculating the Reputation Index of MNCs we can therefore use the total amount of coverage (overall reputation) or the subset of social coverage (social reputation) respectively economic coverage (functional reputation).

Scholars in the field of organizational communication admit the importance of the media in the formation of reputation (Coombs, 2007; Park & Berger, 2004; Rindova, Pollock, & La Hayward, 2006; Eisenegger & Schranz, 2015; Wry, Deephouse, & McNamara, 2006). Nevertheless, research concentrating on the influence of different national societal contexts on the process of reputation constitution of multinational corporations (MNCs) is scarce. This paper compares coverage of MNCs in Swiss and US media and gives insights into how reputation is shaped in the two media systems. The model of Blum (2014) is used to categorize the two media systems. The model measures the media systems by 11 single items. Switzerland is defined as typical for the public service model whereas the US are considered as typical for the liberal model. When comparing the two countries five main differentiating items can be identified: Compared to the Swiss media system the US media system can be characterized by a stronger polarization in political culture, a stronger commercial orientation, a more investigative journalism culture, a higher level of financing via the free

\* Corresponding author. Tel.: +41 44 635 21 40.

E-mail address: [daniel.vogler@foeg.uzh.ch](mailto:daniel.vogler@foeg.uzh.ch) (D. Vogler).

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market and a more privately organized ownership. Besides the difference in media systems we consider the country of origin of the MNCs to have an effect on media reputation. Independent of media system the amount and tonality in coverage of companies is expected to differ in their home media from coverage in abroad media.

The main research question of this paper is how media reputation of MNCs is affected by media system (Swiss vs. US) and country of origin (home vs. abroad). Concerning media systems we hypothesize that in public service models like Switzerland the media take a less critical position toward companies compared to liberal models like the US. Overall media reputation of MNCs will therefore be less negative in Swiss media than in US media (H1). For our second hypothesis we look at the amount and tonality in social coverage. Compared to Swiss media we expect that the share of social coverage will be higher (H2.1) and social reputation more negative (H2.2) in US media. Concerning country of origin we expect that the amount of coverage of MNCs will be higher in home media than in abroad media (H3.1) and overall reputation of MNCs will be more favorable in home media than in abroad media (H3.2). Our last hypothesis takes into account the amount and tonality of social coverage in dependency of the country of origin of a MNC. When comparing home and abroad media we expect that the share of social coverage will be lower in home media (H4.1) and social reputation will be less negative in home media (H4.2).

## 2. Theoretical approach

Reputation as an important intangible asset has gained importance in the recent past and is considered as a major competitive advantage for corporations (Raithel, Wilczynski, Schloderer, & Schwaiger, 2010; Schwaiger & Raithel, 2014). As a consequence the topic of reputation has become more and more relevant in science. Not only researchers in the field of management and PR have focused on reputation. With the concept of media reputation the object of research also became accessible for communication science and sociology. Media reputation is defined as the overall evaluation of an organization in the media (Deephouse, 2000; Eisenegger, 2005; Imhof, 2014). This definition highlights the important role of the media in the formation of reputation. It reflects the contribution of an organization to the realization of collectively shared goods and values. Positive media reputation is constituted when an organization is able to fulfill the expectations of a society and relevant stakeholder groups. Whereas a negative reputation derives out of the perception of harmful organizational behavior.

Media reputation is usually defined as a multi-dimensional concept. For this paper we use a three-dimensional approach that is based on the three world concept of Jürgen Habermas and differentiates between functional, social and expressive reputation (Eisenegger, 2005, 2015; Eisenegger & Imhof, 2008). In the functional and social dimension organizations have to adapt to existing standards. At first an organization is judged by functional standards. The evaluation of an organization is based on the question if it fulfills its primary functions. For example a company has to meet shareholder expectations toward economic performance or customer expectation toward product quality. Secondly an organization has also to act in line with moral and ethical standards. Social reputation in this respect is usually not directly linked to the core business of a company. Nevertheless, existing values in society make it necessary and favorable to conform to social standards as legitimacy is gained through these actions. Concerning the expressive or emotional dimension of reputation the basis of evaluation are affective aspects like uniqueness and authenticity. An organization has to be able to maintain an attractive,

unique and credible corporate profile to be perceived as emotionally compelling. Expressive reputation can stem from functional (e.g. fascinating products) or social (e.g. outstanding sustainability) elements. Media coverage that focuses on expressive elements therefore cannot be separated from social and functional coverage as a distinct third subset. Hence, we focus on the distinction between social and functional reputation as the two main dimensions of reputation for this paper.

The standards for evaluating organizations change as they are constantly redefined in society. They are often product of fundamental change. Growing awareness for global climate warming for example changed expectancies toward actions of companies. Climate topics became a standard in the reporting activities of companies. Especially neo-institutional theories highlight this macro social dependency of reputation (Beckert & Rössel, 2004; Deephouse & Carter, 2005; Di Maggio & Powell, 1983; King & Whetten, 2008; Sandhu, 2012; Suchman, 1995). Neo-institutional theory models reputation in dependency of cultural, institutional and structural variables. This approach highlights the role of the media. What we know about society we mostly know through the media. Media serve as an intermediary and by selecting and neglecting topics they influence what is considered important in society and shape our opinions on the topics. Hence, they not only affect *what* we think about but also *how* we think about something. These processes are known as the two levels of agenda setting by the mass media (Carrol & McCombs, 2003; Park & Berger, 2004). It is obvious that media also shape the way we perceive organizations and which organizations we perceive as relevant. The Media are therefore considered as the most important aspect in the process of reputation constitution (Carroll, 2010; Deephouse, 2000; Eisenegger & Schranz, 2015; Eisenegger, Schranz, & Schneider, 2010; Park & Berger, 2004; Rindova et al., 2006; Wry et al., 2006).

Not only the concept of corporate reputation became more important in recent years. Longitudinal studies show that economic topics in general gained importance in media coverage. For Switzerland Schranz, Eisenegger, Imhof, and Schneider (2010) were able to show a rise in economic coverage since the 1960s. Clark, Thrift, and Tickell (2004) could show the same trend since the 1960s for Anglo-American media with an additional acceleration in the 1990s. In the US the period between 1980 and 2000 was identified as take-off period for economic journalism. In this era newspapers began to establish independent economic sections and economic topics were prominently featured e.g. on front pages (Roush, 2004). Kjær and Slaatta (2007) were able to show similar patterns for Scandinavian countries. Research in their anthology indicates a rise in volume of media coverage of the economy since the 1980s. More intense focus on the economy in media coverage further enhances the role of the media in the public perception of economic organizations. As a consequence the concept of media reputation gains importance as well.

Given that media are the main force in the constitution of reputation, the differences between media systems move in the center of research. Media systems are to a great extent shaped by societal contexts. Blum (2014) defines six clusters of countries in dependency of their media systems. In the clustering of Blum Switzerland is categorized under the public service model whereas the US is considered as typical representative of the liberal model (see Table 1). Liberal and public service models are the most common in western society. Most countries can be subsumed under one of the two models. The modeling uses eleven items to describe the media systems and rates each item on a scale between 1 (low) and 10 (high). The end points of the scales are defined by two opposite characteristics, e.g. private and state ownership. The direction of the items is identical. Blum emphasizes that the categories should not be interpreted as a strict quality indicator. Nevertheless, he admits that high overall scores around 100 describe

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