Can We Adequately Assess Corporate Reputation?

Naomi A. Gardberg

May 14, 2021
Nomological Network

Corporate Associations
- Celebrity

Social Perceptions
- Image

Corporate Reputation
- Legitimacy
- Reputation
- Status
- Identity
- Personality

Social Judgements

Gardberg (2021)
Nomological Network – Poor Proxies

- **If** each construct has discriminant validity
- **Then** each construct has its own *antecedents* and *consequences*
- **And** research is muddled

- Plus, we have several CR measurement instruments
Formative and Reflective Instruments

Formative Measure

Reflective Measure

Corporate Reputation

Item 1
Item 2
Item 3
Item 4
CR: Reflective Measure

Admire

Trust

Good Feeling

Corporate Reputation

Ponzi, Fombrun, & Gardberg (2011)
Gardberg (2006)
Fombrun, Gardberg, & Sever (2002)
CR: Reflective Measure

- **Structure** *stable* over time
- **Consistent** across stakeholders
- **Constant** across institutional environments

- Emotional appeal
- Captures essence of many definitions
Formative Measures
# Fortune World’s Most Admired Companies

<table>
<thead>
<tr>
<th>ORDER</th>
<th>NAME</th>
<th>COUNTRY</th>
<th>CURRENT ALL-STAR RANK</th>
<th>INDUSTRY</th>
<th>INDUSTRY RANK</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Apple</td>
<td>U.S.</td>
<td>1</td>
<td>Computers</td>
<td>1</td>
</tr>
<tr>
<td>2</td>
<td>Amazon</td>
<td>U.S.</td>
<td>2</td>
<td>Internet Services and Retailing</td>
<td>1</td>
</tr>
<tr>
<td>3</td>
<td>Microsoft</td>
<td>U.S.</td>
<td>3</td>
<td>Computer Software</td>
<td>1</td>
</tr>
<tr>
<td>4</td>
<td>Walt Disney</td>
<td>U.S.</td>
<td>4</td>
<td>Entertainment</td>
<td>1</td>
</tr>
<tr>
<td>5</td>
<td>Starbucks</td>
<td>U.S.</td>
<td>5</td>
<td>Food Services</td>
<td>1</td>
</tr>
<tr>
<td>6</td>
<td>Berkshire Hathaway</td>
<td>U.S.</td>
<td>6</td>
<td>Insurance: Property and Casualty</td>
<td>1</td>
</tr>
<tr>
<td>7</td>
<td>Alphabet</td>
<td>U.S.</td>
<td>7</td>
<td>Internet Services and Retailing</td>
<td>2</td>
</tr>
<tr>
<td>8</td>
<td>JPMorgan Chase</td>
<td>U.S.</td>
<td>8</td>
<td>Megabanks</td>
<td>1</td>
</tr>
<tr>
<td>9</td>
<td>Netflix</td>
<td>U.S.</td>
<td>9</td>
<td>Entertainment</td>
<td>2</td>
</tr>
<tr>
<td>10</td>
<td>Costco Wholesale</td>
<td>U.S.</td>
<td>10</td>
<td>General Merchandisers</td>
<td>3</td>
</tr>
</tbody>
</table>

[https://fortune.com/worlds-most-admired-companies/](https://fortune.com/worlds-most-admired-companies/)
Corporate Reputation Quotient (CRQ)

US data; scale validated in many countries

Fombrun, Gardberg, & Sever (2002)
Gardberg (2006)

https://theharrispoll.com/axios-harrispoll-100/
RepTrak (formerly Reputation Institute)
CR: Formative Measure

• Structure less **stable** over time
• Less **consistent** across stakeholders
• Less **constant** across institutional environments

• **Domain** more **malleable** ~ social construction
CR =/= Visibility

Methodology

As we have in the past, Fortune collaborated with our partner Korn Ferry on this survey of corporate reputations. We began with a universe of about 1,500 candidates: the 1,000 largest companies ranked by revenue, along with non-U.S. companies in Fortune’s Global 500 database, that have revenues of $10 billion or more... (Read more)

For consideration in the 2021 Global 500, a company must meet the following criteria:
- Be a corporate brand with global revenue above USD $2 billion
- Achieve a global average familiarity threshold above 20 percent in all fifteen countries measured and a familiarity threshold above 20 percent in eight or more of the fifteen countries measured
- Reach a qualifying Reputation Score above the median score (i.e., 67.3 points) based on thousands of companies featured in RepTrak’s reputation intelligence database

About The Axios Harris Poll 100

The Axios Harris Poll 100 is based on a survey of 34,026 Americans in a nationally representative sample. The two-step process starts fresh each year by surveying the public’s top-of-mind awareness of companies that either excel or falter in society. These 100 “most visible companies” are then ranked by a second group of Americans across the seven key dimensions of reputation to arrive at the ranking. If a company is not on the list, it did not reach a critical level of visibility to be measured.
Reputation for ...

- Quality
- Innovativeness
- Sustainability
- Corruption
- Deceit
- Etcetera

Must meet norms and expectations of construct measurement

What is the domain of a reputation for
- Quality?
- Innovativeness?
- Corruption?

Reputation for CSR – Citizenship Dimension of RepTrak
Gardberg, Zyglidopoulos, Symeou, & Schepers (2019)
So what?

• Reflective measure – valid and reliability across time and sample

• Formative measure
  • Importance/relevance of items varies over time and sample
  • ‘Not sure’ rates

• Reputation for .... - **challenge** authors to measure the *construct*

• **Danger**– use of poor proxies that have their own theoretical mechanisms and relationships

• Archival data
  • Sampling frame matters – both company and respondent
  • Weighting
Can We Adequately Assess Corporate Reputation?

Maybe

Can we hold our field to a higher standard of rigor and consistency?
References


