CULTURE, AFFECTION AND COGNITION IN CORPORATE REPUTATIONAL JUDGMENTS

by

Claudio Alberto Aqueveque Torres

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“A good reputation is more valuable than money.”
Maxim 108, *Sententiae,* Publilius Syrus (1st century BC)

INTRODUCTION

Corporate reputation research has been prosperous in the last decades. Originally initiated in the field of economics with the recognition of the importance of players' reputations in the context of game theory (e.g. Kreps and Wilson, 1982; Milgrom and Roberts, 1982), the discipline evolved to more strategic perspectives (e.g. Weigelt and Camerer, 1988), recognizing corporate reputation as a possible strategic intangible resource (Hall, 1993). The continuous growing of research in this subject has increased the number of disciplines studying the concept and its implications from, among others, the managerial, organizational, financial, and marketing perspectives. As a consequence, the number of studies devoted to the topic has been rising in the last years, and specific academic outlets for the subject had appeared (e.g. Corporate Reputation Review).

As a way to establish the basic foundations and findings in the subject, this introductory section will present and briefly discuss some basic and important issues related with the concept of corporate reputation and its research. At the end of the section, a short introduction to the studies that compose this dissertation will be presented.

THE CONCEPT OF CORPORATE REPUTATION

The concept of corporate reputation has captured the attention of academicians and practitioners from different areas in the management and economic fields. Although this concept has been studied extensively by researchers in different disciplines, such as game theory (Kreps and Wilson, 1982; Milgrom and Roberts, 1982, 1986; Shapiro, 1983; Wilson, 1985), strategy (Deephouse, 2000; Fombrun and Shanley, 1990; Shamsie, 2003), marketing (Brown et al., 2006, Brown and Dacin, 1997, Gurhan-Canli and Batra, 2004) and organizational theory (Elsbach and Kramer, 1996; Martins, 1998, 2005, Rindova et al., 2005), a deep understanding of the properties of the concept is not yet fully developed, and a common definition for the construct is still lacking.

From a general perspective, and according to the 'American Heritage Dictionary' (1970, p. 600), reputation is "the general estimation in which one is held by the public". While this definition seems to refer to any kind of entity, the application of the concept to companies has been varied across different areas.

In economics, corporate reputation has been viewed as either traits or signals. In the field of game theory, reputation has been considered as character traits that distinguish among types of firms and can explain their strategic behavior (Weigelt and Camerer, 1988). According to these authors, "… in game theory the reputation of a player is the perception others have of the player's values … which determine his/her choice of strategies" (p. 443). Therefore, for game theorists, reputations are functional: they generate perceptions among employees, customers, investors, competitors, and the general public about what a company is, what it does, what it stands for (Fombrun and Van Riel, 1997). From the perspective of signaling theorists, reputations derive from the prior resource allocations managers make to first-order activities likely to create a perception of reliability and predictability to outside observers (Myers and Majluf, 1984; Ross, 1977). Therefore, reputations are information signals used to increase an observer's confidence in the firm's probity, ability, and credibility.

In the strategy field, reputation is considered a distinct element of industry-level structure because it circumscribes firms' actions and rivals' reactions (Fombrun and Zajac, 1987). Following this perspective, corporate reputation has been defined as 'a perceptual representation of a company's past actions and future prospects that describe the firm's overall appeal to all its key constituents when compared to other leading rivals' (Fombrun, 1996, p. 72), and has been identified as a possible source of competitive advantage (Barney, 1991; Cramer and Ruefli, 1994; Hall, 1992).

In the marketing field, reputation has been defined as the mental association about the organization actually held by others outside the organization (Brown et al., 2006), and has been linked to a variety of concepts, such as company evaluation (Sen and Bhattacharya, 2001), corporate associations (Brown, 1998; Brown and Dacin, 1997), corporate evaluation (Markwick and Fill, 1997; Van Rekom, 1997), organizational image (Hatch and Schultz, 1997), and organizational reputation (Scott and Lane, 2000), among others. From the marketing perspective, corporate reputation has been identified as an important variable that influences important market processes, such as product responses (Berens et al., 2005; Brown and Dacin, 1997), advertising effectiveness (Goldberg and Hartwick, 1990), and product evaluations (Gurhan-Canli and Batra, 2004).

Form the organizational perspective, corporate reputation has been studied under different approaches such as collective identity (Pratt, 2003), identity or organizational identity (Gioia et al., 2000; Pratt and Foreman, 2000; Whetten and Mackey, 2002), and perceived organizational identity (Dutton et al., 1994). All these perspectives consider corporate reputation as the mental associations about the organization held by organizational members (Brown et al., 2006), and tended to view it as a collective-level phenomenon (e.g. Gioia et al, 2000; Hatch and Shultz, 1997; Pratt and Foreman, 2000; Whetten and Mackey, 2002). These mental associations or beliefs are considered important because they can determine the firm's practices and the kinds of relationships managers establish with they stakeholders, since they influence managers' perceptions, motivations, and the interpretation and reaction to environmental circumstances (Fombrun and Van Riel, 1997). For example, reputational rankings have been showed to influence organizations indirectly by influencing their key resource providers, and therefore constitute sources of institutional isomorphic pressure on organizations (Martins, 2005)

Based on these considerations about the antecedents and properties of corporate reputation, and in a attempt to unify this variety of definitions, Fombrun and Rindova (1996) proposed the following definition for the concept: "A corporate reputation is a collective representation of a firm's past actions and results that describes the firm's ability to deliver valued outcomes to multiple stakeholders. It gauges a firm's relative standing both internally with employees and externally with its stakeholders, in both its competitive and institutional environments".

Despite the fact that a common definition of the concept of corporate reputation is still lacking, there is one thing that has been widely recognized by academicians and practitioners form several disciplines: Corporate reputation is important because may generates value for the firm.

THE VALUE OF CORPORATE REPUTATION

A central motivation for the development of corporate reputation research is the commonly accepted idea that corporate reputation can generate value for the firm. This idea has been advanced in different disciplines with different arguments supporting it.

Economic theory, and specially game theory, argues that corporate reputation generates value for the firm, especially in environments with strong information asymmetries, because it stabilizes interactions between a firm and its publics (Fombrun and Van Riel, 1997). Corporate reputation can be used as a way to signal the firm's products and services quality, permitting managers to charge premium prices (Shapiro, 1983), and to earn rents from the repeat purchases that their quality products will generate (Bagwell, 1992). Additionally, managers can also use reputation to signal investors, regulators, and other publics about the firm's economic performance, probity or credibility as a way to have better access to financial and labor markets (Brealy and Myers, 1988; Wilson, 1985), increasing the profitability and performance of the firm.

Form the perspective of transaction cost theory, a positive reputation has been argued to reduce transaction costs (TCs). The TCs borne by parties in an exchange relationship result mainly from negotiating, monitoring and enforcing contracts and behaviors associated with the exchange. According to Williamson (1985), these TCs are generated by two human factors and three environmental factors. The human factors, are opportunism or 'self-interest seeking with guile' and bounded rationality or the notion that people are essentially rational, but only limitedly so, because they do not have the ability to process all the information required to act rationally. The three environmental factors defined are uncertainty and complexity, the small number of traders condition, and asset-specificity. Several authors had argued that positive reputations are able to reduce TCs since they generate trust and trusting behavior. Jones (2001) mentioned a number of reasons to believe that it is more efficient to adopt a trusting rather than opportunistic behavior in a relationship. First, from experience people know that trust is built up over time and that acting in an opportunistic way undermines trust and can quickly destroy a hard won reputation. It is therefore more efficient to initiate and maintain an exchange relationship in a climate of trust and goodwill as lower TCs result. On the other hand, if opportunistic behavior predominates in a relationship, then the general lack of trust increases the costs of doing business because management's energies are diverted from running and developing the business to monitoring the other party's behavior and performance. Fombrun (2001) explains reputation in terms of a company's ability to attract top people, is 'employer of choice'; draws in customers and encourages repeat purchases, is 'supplier of choice'; gets favorable treatment in the media and by local authorities, 'is neighbors of choice'; and attracts capital at lower cost than competitors, is 'investment of choice'. Of course, a company's reputation cannot be divorced from its ethics and trustworthiness. Such reputational advantages as outlined above have clear TCs reduction benefits. Finally, Hausman (2002, p. 1782) points out that a "genuinely trustworthy" enterprise faces lower transaction and supervision costs.

From a network theory perspective, reputation has been studied under the label of prominence mechanisms (Burt, 2000), and has long been considered as an advantage for people (e.g. Brass, 1992) and organizations (Podolny, 1993). For example, Podolny (1993) described how investors who are unable to get an accurate read on the quality of an investment opportunity look at an investment bank's standing in the social network of other investment banks as a signal of bank quality, with the result that banks higher in status are able to borrow funds at lower cost. Therefore, and according to this perspective, prominence mechanisms are relevant when selecting an exchange partner in markets with little or ambiguous information. In these contexts, network structure can be used as the best available information and, as a result, the prominence of an individual or organization is taken as a signal of quality or resources (Burt, 2000), improving its competitive position in the markets.

CORPORATE REPUTATION AS A SOURCE OF SUSTAINED COMPETITIVE ADVANTAGE

While the value of corporate reputation has been anticipated in different settings by different disciplines, there is less agreement on the proposition that corporate reputation can be a source of sustained competitive advantage (SCA). Most of the argumentation in this line is based on the resource-based view of the firm (Barney, 1991; Peteraf, 1993) that highlights how the deployment of unique and idiosyncratic organizational resources and capabilities can result in sustained superior performance (Lado, Boyd, and Wright, 1992).

According to the resource-based view, firms are a collection of hard-to-copy resources and capabilities (Conner, 1991; Rumelt, 1984) and that differences in size distribution and competitiveness of firms arise from their unique abilities to accumulate, develop, and deploy those resources and capabilities to formulate and implement value-enhancing strategies (Amit and Schoemaker, 1993; Barney, 1991; Peteraf, 1993; Rumelt, 1984). A firm's resources consist of all assets – both tangible and intangible, human and nonhuman – that are owned or controlled by the firm and that enable it to formulate and implement those value-enhancing strategies (Barney, 1991; Wernerfelt, 1984). Resources that are valuable, rare, imperfectly imitable, and nonsubstitutable (Barney, 1991) confer a durable competitive advantage (Lado and Zhang, 1998).

Based on this perspective, it has been argued that intangible resources, such as corporate reputation, are very important for achieving a sustained competitive advantage (Hall, 1992, 1993). While the value of corporate reputation was discussed in the previous section, the other conditions are not yet addressed in the present work. Therefore, an examination of the extent to which corporate reputation fulfills the conditions of rareness, imperfect imitability and nonsubstitutability (Barney, 1991; Reed & DeFillippi, 1990) will be carried out.

The concept of rareness refers to the characteristic of a valuable resource to be possessed by one or a few number of firms. As Barney (1991, p. 106) stated “if a particular valuable firm resource is possessed by large number of firms, then each of these firms has the capability of exploiting that resource in the same way, thereby implementing a common strategy that gives no one firm a competitive advantage”. Therefore, a resource is rare to the extent that others firms do not have the same resource. In the case of corporate reputation, reputation rankings provide some evidence of rarity since they report variation in the “amount” of good reputation is present in the market. For example, the Reputation Quotient Project (Harris Interactive and The Reputation Institute) provide reputation rankings of visible firms that are nominated by public audiences. These rankings usually show a good amount of variation between the reputation evaluations of companies, partially supporting the rareness condition.

Imperfectly imitable resources are those that can not be obtained by firms that do not possess them because one or a combination of three reasons: (a) the ability of a firm to obtain a resource is dependent upon unique historical conditions, (b) the link between the resource possessed by a firm and a firm’s sustained competitive advantage is causally ambiguous, or (c) the resource generating a firm’s advantage is socially complex (Barney, 1991).

In terms of the unique historical conditions, corporate reputation has been largely described has the result of unique internal features of the firm, with its developing depending “from firms’ prior resource allocations and histories” (Fombrun and Van Riel, 1997, p. 10). Moreover, corporate reputation has been perceived to have one of the longest replacement periods (Hall, 1992), and is usually the results of years of demonstrated superior competence (Hall, 1993). Therefore, it is possible to affirm that corporate reputation is, at least, not independent of historical conditions and presents the property of time compression diseconomies that reduces imitability (Dierickx and Cool, 1989).

Causal ambiguity exists when the link between the resources controlled by a firm and a firm’s sustained competitive advantage is not understood or understood only very imperfectly (Barney, 1991). While corporate reputation has been argued and proved to have positive effects on different performance indicators, such as after-tax return on total assets (Roberts and Dowling, 2002), return on average assets (Deephouse, 1997), and market value (Black, Carness, and Richardson, 1999), the lack of an underlying and common theoretical explanation for this influence seems to be an unsolved issue in the field, providing some evidence of the causal ambiguity property of the resource.

Socially complex resources may be difficult to imitate, because are beyond managers’ complete control and, therefore, beyond the ability of firms to systematically manage and influence. According to Rindova and Fombrun (1999), reputations are part of the macro-culture of industries, which is the result of the interactions between firms and their constituents, mediated by institutional intermediaries, such as the media and various specialized organizations. In addition, corporate reputation come to represent aggregated assessments of firms’ institutional prestige and describe the stratification of the social system surrounding firms and industries (Shapiro, 1987; DiMaggio and Powell, 1983). Finally, corporate reputation has been considered to develop over time through a complex social process involving the firm and its stakeholders, and to be largely outside the direct control of firms' managers (Fombrun and Shanley, 1990). These arguments sustain the proposition that corporate reputation is a social complex resource.

Nonsubstitutability of a resource means that the resource must not have strategically equivalent substitutes that are themselves either not rare or imitable. Two valuable firms' resources are strategically equivalent when they each can be exploited separately to implement the same strategy (Barney, 1991). While the verification of this property of corporate reputation has not been directly supplied, the evidence provided by Deephouse (2000) in his study on media reputations suggest that corporate reputation has not strategic equivalent resources.

All the above mentioned findings and arguments provided some evidence supporting the proposition that corporate reputation can be a source of sustained competitive advantage.

METHODOLOGICAL CONSIDERATIONS OF CORPORATE REPUTATION RESEARCH

Most of the empirical research oriented to test the resource status of corporate reputation has been conducted using *Fortune*'s survey of America's Most Admired Corporations to measure reputation. Using this specific database, several empirical studies have found that the overall score on the *Fortune* ratings had a positive effect on stock market and accounting performance (McMillan and Joshi, 1997; Roberts and Dowling, 1997; Srivastava et al., 1997, Vergin and Qoronfleh, 1998). Despite all this evidence providing support of the resource status of corporate reputation, academicians have recognized that drawing conclusions form these results is problematic because of several validity problems in the *Fortune* ratings. First, since the early development of the *Fortune* study, the index was not intended for scientific research and just with the purpose to sell more magazines (Deephouse, 2000, Sodeman, 1995). Second, the survey is limited to certain constituencies without taking into consideration other stakeholders' opinions (Fombrun, 1996; Fryxell and Wang, 1994, Wood, 1995). Finally, evidence of financial bias of the valuations published in *Fortune* (Fryxell and Wang, 1994; Brown and Perry, 1994) has shed shadows over the results of previous studies, suggesting the possibility of artificial relationships between corporate reputation measures or specific dimensions of it (e.g. corporate social responsibility) and financial performance. While attempts to control or remove this financial performance halo has been conducted (e.g. Brown and Perry, 1994), a common accepted solution for this problem has been not yet developed.

The presence of CMB (or halo effects) in corporate reputation research can be attributed to several reasons, which are resumed in Table 1. First, some method effects result from the fact that the respondent providing the measure of the predictor and the criterion variable is the same person, and are associated with consistency motif, implicit theories and leniency biases. Second, item characteristic effects, as common scale formats and common scale anchors, can also cause common variance. Third, item context effects, as grouping of items or constructs on the questionnaire could origin common variance. Finally, measurement context effects related with the moment, medium and context of measurement of predictor and criterion variables are considered.

Table 1.1 Summary of potential causes of common method biases in reputation research (adapted from Podsakoff et al, 2003)

Potential cause	Definition
Common rather effect	Refer to any artifactual covariance between the predictor and the criterion variable produced by the fact that the respondent providing the measure of these variables is the same.
Consistency motif	Refers to the propensity for respondents to try to maintain consistency in their responses to questions.
Implicit theories	Refer to respondents' beliefs about the covariation among particular traits, behaviors, and/or outcomes.
Leniency biases	Refer to the propensity for respondents to attribute socially desirable traits, attitudes, and/or behaviors to someone they know and like than to someone they dislike.
Item characteristics effects	Refer to any artifactual covariance that is caused by the influence or interpretation that a respondent might ascribe to an item solely because of specific properties or characteristics the item possesses.
Common scale formats	Refer to artifactual covariation produced by the use of the same scale format on a questionnaire.
Common scale anchors	Refer to the repeated use of the same anchor points on a questionnaire.
Item context effects	Refer to any influence or interpretation that a respondent might ascribe to an item solely because of its relation to the other items making up an instrument.
Intermixing (or grouping) of items or constructs on the questionnaire	Refers to the fact that items from different constructs that are grouped together may decrease intra-construct correlations and increase inter-construct correlations.
Measurement context effects	Refer to any artifactual covariation produced from the context in which the measures are obtained.
Predictor and criterion variables measured at the same point in time	Refers to the fact that measures of different constructs measured at the same point in time may produce artifactual covariance independent of the content of the constructs themselves.
Predictor and criterion variables measured in the same location	Refers to the fact that measures of different constructs measured in the same location may produce artifactual covariance independent of the content of the constructs themselves.
Predictor and criterion variables measured using the same medium	Refers to the fact that measures of different constructs measured with the same medium may produce artifactual covariance independent of the content of the constructs themselves.

While a deep discussion of all these possible sources is out of the scope of this introductory note, it seems necessary to remark that the sources of CMB – or halo effects – in corporate reputation research may be several, enlightening about the importance of diagnostic and control for these effects in the developmental and testing phases of empirically based research.

DISSERTATION OBJECTIVES AND STRUCTURE

With the purpose of increasing our knowledge and comprehension of this complex phenomenon, this dissertation aims at providing partial answers to some unsolved issues in the corporate reputation stream of research. Therefore, some relevant subjects in the subject of corporate reputation will be addressed by three papers on the topic. While these papers are all related to the same general area, it is important to note that each one of them is a self-sustained piece, with its own objectives, literature background, methods, and conclusions.

The first paper attempts at providing a partial answer to the unclear mechanisms that relates corporate reputation with corporate performance. This answer is based on the concept of corporate trustworthiness, and it is believed that the inclusion of this specific construct in the analysis and explanation of this relationship may shed light on the "causal ambiguity" issue relating corporate reputation resources and performance measures. In addition, and considering the halo effect problems frequently present in corporate reputation surveys, this study proposes a method to control for that effect.

The second paper is oriented to identify and measure the different inferential processes behind corporate reputation judgments, which are considered one of the main sources of halo effect problems. With this aim, this study investigates the underlying mechanisms behind halo effect problems, considering the nature and origin of the evaluative judgments, often present in corporate reputation research, and the inference processes behind them.

Finally, the third paper is a theoretical piece that brings the cultural subject into the corporate reputation field. With this aim, this study presents a literature review on the cross-cultural psychology field with the aim to identify possible sources of variation in the cognitive processes of corporate evaluation. This review considers concepts related with social cognition and person perception, and will provide the theoretical base to identify the possible effects of cultural values or beliefs in the importance and attention stakeholders give to the different dimensions of corporate reputation.

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PERCEIVED CORPORATE REPUTATION, AFFECT, AND INTENTION TO TRUST: EXPLORING COGNITIVE AND AFFECTIVE ANTECEDENTS OF CORPORATE TRUSTWORTHINESS

INTRODUCTION

Corporate reputation research and reputation literature has been increasingly capturing the attention of academicians in the fields of strategy, economics and management. Since the early recognition of reputation as a strategic asset which can generate future rents (Wilson, 1985), and the fact that corporate audiences routinely rely on the reputations of firms in making investment decisions, career decisions, and product choices (Dowling, 1986), research on this topic has been prosperous.

One of the most studied areas of corporate reputation is the influence of corporate reputation on financial performance (e.g. Carmeli and Tisher, 2005; Deephouse, 1997; Fombrun and Shanley, 1990; Roberts and Dowling, 1997, 2002; Srivastava et al., 1997). While the results of past studies had shown a positive influence of corporate reputation on financial performance, doubts about the validity of these results and of the underlying theoretical framework have been raised (Fryxell and Wang, 1994; Sabate and Puente, 2003).

The main argument of the present work is that most of these studies share an underlying and implicit assumption: corporate reputation generates trust from the part of stakeholders. Based on different streams of research, and in order to test this argument, two rival models to explain the relationship between perceived corporate reputation, corporate affect and perceived corporate trustworthiness are developed and tested. These rival models are based in two streams of the behavioral literature, which differ in terms of the role assigned to emotions as part of the behavioral process. While one approach considers affect as a consequence of cognitive processes, the other approach considers affect as an independent source of information that affects behavioral and cognitive processes.

THEORETICAL BACKGROUND

The Reputation-Performance Link

Several authors have argued that good corporate reputations have strategic value for the firms that possess them (Aqueveque, 2005; Dierickx and Cool, 1989; Dowling, 2004;Roberts and Dowling, 2002; Rumelt, 1987; Weigelt and Camerer, 1988). Many studies have been conducted with the aim to check the veracity of the reputation-performance argument, focused mainly on the relationship between corporate reputation and financial performance (for a review, see Sabate and Puente, 2003), and specially on the influence of corporate reputation on financial performance (e.g. Carmeli and Tisher, 2005; Deephouse, 1997; Fombrun and Shanley, 1990; Roberts and Dowling, 1997, 2002; Srivastava et al., 1997). While the results of these studies had shown a positive influence of corporate reputation on financial performance indicators, such as after-tax return on total assets (Roberts and Dowling, 2002), return on average assets (Deephouse, 1997), and market value (Black, Carness, and Richardson, 1999), the lack of an underlying and common theoretical explanation for this influence seems to be an unsolved issue in the field.

Specifically, it is important to note that an adequate theoretical background linking reputation as a global property of the organization (e.g. reflecting widespread opinions, prominent representations, etc.) or singular evaluations, such as individual judgments about the organization, to micro-behavior (i.e. individual decisions) is still missing. Different disciplines, such as economics, marketing, and management, have argued that corporate reputation has beneficial consequences for firms, but the explicit way in which corporate reputation affects corporate performance is not yet clear.

The economic approach to reputation has been developed since decades, with special emphasis in the markets with imperfect information flows. In this approach, reputation has been essentially considered a way to ensure contractual performance or predict future behavior. In the line of reputation as a mechanism to ensure contractual performance, it is possible to mention the seminal work of Akerof (1980), who discussed the arisen of different institutions to counteract the effects of quality uncertainty, such as guarantees and brand-names, and stressed the importance of informal unwritten guarantees and preconditions for trade and production. Moreover, he explicitly positioned his work as a discussion of economic models in which "trust" (emphasis in the original) is important. In another seminal work, Kreps, Milgrom, Roberts, and Wilson (1982) considered the importance of parties to have reputation of integrity as a way to support cooperation in a finitely repeated prisoner's dilemma. In the context of a prisoner's dilemma, a person with integrity is one who plays cooperate if he or she has agreed to do so, regardless of the incentives to cheat. Their main point is that one needs only a small number of individuals in society with integrity to support cooperation, giving to the concept of integrity a central role in the development of cooperation. Following the same line of reasoning, Shapiro (1983) analyzed the role of reputation – referred as the goodwill value of the firm's brand name or loyal customer patronage – and its use as a mechanism for assuring quality for markets in which buyers cannot observe product quality prior to purchase. It is interesting to note that much of the game theoretic literature on reputation has been built upon variations of the prisoner's dilemma model, where the notion of breach of trust is central. In these models, a party loses its reputation when ever he or she breach and agreement, and therefore it will be not trusted in the future.

In the context of future behavior prediction, reputation has been considered as a screening strategy to determine the true type of another player, especially when moral hazard or adverse selection conditions exist (Weigelt and Camerer, 1988). This approach has been used to develop models for the credit and labor markets (Stiglitz and Weiss, 1983), using player's past history (his reputation) as a way to anticipate future behavior. Also, reputation-based models have been discussed to show why corporate culture can support an efficient, implicit contract system within firms (Weigelt and Camerer, 1988). These models are based on the idea that employees will trust the company to achieve equitable results in the resolution of unforeseen problems, and that this trust comes from the firm's reputation for using clear, well-known, 'unwritten rules' in responding to unforeseen contingencies.

In the marketing field, some researchers had demonstrated the direct effect of corporate reputation on specific marketing performance-related variables such as intention to purchase a service (Yoon et al., 1993), the attitude of buyers to salespersons and products in the organization buying situation (Brown, 1995), and perceptions of product quality (Grewal et al., 1998; Rao and Monroe, 1989). Building on the trust-commitment theory (Ganesan, 1994; Morgan and Hunt, 1994), which argues that trust is a fundamental element to maintain commercial exchanges over time, some researchers had investigated the effects of corporate reputation on trust. Bennett and Gabriel (2001) research in the context of shipping company/seaport relations showed that trust on a seaport depend significantly on its reputation, and that trust was a significant determinant of closeness, commitment, and willingness to undertake relationship-specific adaptations and investments. Einwiller (2003) found that, in the context of business-to-consumer electronic commerce, vendor reputation is a significant antecedent of vendor trust, exerting a strong indirect effect on trusting intention. Finally, Johnson and Grayson (2005) shown that corporate reputation was an antecedent of affective and cognitive trust, and that the last two contributed to sales effectiveness and anticipation of future interactions.

In the management and organizational field, the importance of corporate reputation for corporate strategy was formally recognized by Weigelt and Camerer (1988), who discussed the strategic behavioral implications of some game theoretic models which formalized reputation-building ideas. According to them, reputation-building activities are strategically important for firms functioning in incomplete information settings. With a more behavioral approach, Dollinger, Golden, and Saxton (1997) conducted an experimental research to analyze the effect of reputation on the decision to joint venture. They hypothesize a positive relationship between corporate reputation and the attractiveness of a firm to be considered for a joint venture. While this hypothesis was based in different theoretical models of management and organization – resource-based theory, game theory, transaction cost theory, and theories of organizational effectiveness – the exact mechanism behind this assumption is not explicitly mentioned. Nevertheless, it is possible to observe that they give importance to the concept of integrity and trust, and the role of reputation as a way to predict future behavior and reduce transaction cost. Recently, Roberts and Dowling (2002) analyzed the effect of corporate reputation on financial performance over time. Also in this case, the arguments behind the study were related with the use of reputation as a signal of good quality and the possibility to charge premium prices, the preference of employees to work harder – or for lower remunerations – for high-reputation firms, the effect of reputation on contracting and monitor cost in the supplier markets, and some marketing related arguments. Again, the mechanism behind the relationship is not clear. Nevertheless, it is possible to find some implicit allusions to the role of reputation as a way to predict future behavior, as they argue that "reputation assumes an important role when there is uncertainty about the underlying quality of a firm's offering" (p. 1079).

As a general conclusion, it is possible to say that most of the research on the relationship between corporate reputation and performance – independent of the type of performance considered – had considered, in an explicit or implicit way, the mediating role of trust and trustworthiness. Good corporate reputation is considered positive because increases the attractiveness of the firm since it is possible to anticipate the quality of the offerings of the firm – as a seller, a buyer, an employer, an investment, etc. – and its future behavior. Therefore, and especially in markets with incomplete information, good corporate reputation increases the "predictability" of correct behavior of the firm in ambiguous situations, increasing its trustworthiness.

Corporate Trustworthiness

The relevance of the concept of corporate trustworthiness is closely related with the development of trust and trusting behavior literature. Trusting behavior implies allowing oneself to be in a potentially vulnerable position relative to another, while possessing some knowledge of the other that inspires trust in his goodwill, i.e. in his good intentions (Blomqvist, 1997). Thus risk and some information about the potentially trusted person or situation are seen as necessary conditions for trust to exist (Lewis and Weigert, 1985; Oakes, 1990). Good (1988) suggested that trust is based on expectations of how another person will behave, based on that person's current and previous implicit and explicit claims. In a similar position, Mayer *et al*. (1995) suggested that the amount of trust that a given party will have for another party can be determinate by some attributes of the trustee. Therefore, trust is a consequence of trustworthiness assessments, which is related with the attributes of the trustee, and the assumption of different scholars (Good, 1988; Johnson-George & Swap, 1982) is that characteristics and actions of the trustee will lead that person to be more or less trusted. According to this, trust is partially a product of one's capacity to assess the trustworthiness of one's potential partner (Sheppard and Sherman, 1998). Barney and Hansen (1994) explicitly differentiate between trust and trustworthiness pointing that "while trust is an attribute of a relationship between exchange partners, trustworthiness is an attribute of individual exchange partners". Therefore, the present study considers corporate trustworthiness as an antecedent of the intention to trust in the corporation.

Trustworthiness and intention to trust has been extensively studied in the management field, and most of its research had considered them as a consequence of cognitive judgments on some specific properties or dimensions of the trustee (e.g. ability, benevolence, integrity). Nevertheless, recent approaches that consider affective components as determinants of attitudes or behavioral intentions had gained popularity in the last years. Therefore, these two approaches will be discussed and two models explaining the relationships between perceived corporate reputation, corporate affect, and corporate trust will be developed.

Corporate Trustworthiness as a Consequence of Cognitive Processes

In developing a theory to explain the relationship between cognition, attitude, intention and behavior, one widely accepted and used approach has been to postulate that these are sequential stages in the behavior process, arguing that cognition determines affect which, in turn, results in attitudes and behavior (Holbrook and Batra, 1987). According to this approach, a person's attitude toward an object is determined by the subjective values of the object's attributes in interaction with the strength of beliefs associating the object with the attributes (Malhotra, 2005). Therefore, this approach assumes that attitude and behavior are determined by cognitive processes, arguing that liking an object is a function of perceptions about the object's attributes and the importance of those attributes to individuals (Reibstein, Lovelock and Dobson, 1980).

Considerable research in the last decades has focused on multiattributes models to analyze consumer decision-making (e.g. Cohen et al., 1980; Wilkie and Pessemier, 1973). This approach assumes that consumers are compulsive processors of information and vigorously analyze various facets before making a decision. These multiattribute models, like the Fishbein and Ajzen's (1975) attitude model, imply that affect is a postinformation processing (postcognitive) outcome, and have been quite robust in predictive ability due to its inherent compensatory processing mechanism, being specially useful in diagnosing brand strengths and weaknesses (Agarwal and Malhotra, 2005). According to these models, a series of cognitive processes, including cognitive retrieval and elaboration, are thought to occur before affective decisions are finally made (Anand et al., 1988). Therefore, they have characterized the process of evaluation as a cold, reasoned assessment and weighting of the component qualities of the target (e.g. Anderson, 1981; Bettman et al. 1998; Fishbein and Ajzen, 1975), arguing that attitude formation can be only cognitive based (Fishbein and Middlestadt, 1995). Based on these findings, a positive effect of perceived corporate reputation on corporate trustworthiness is hypothesized.

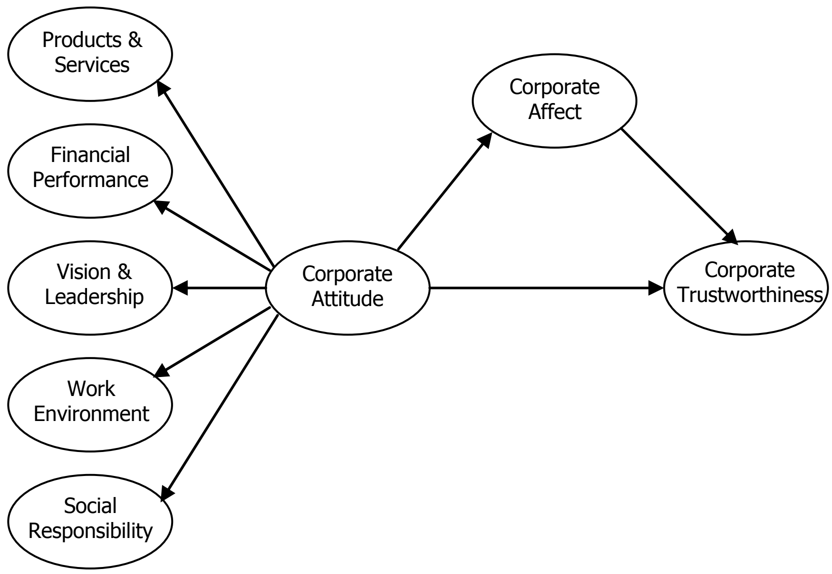
H1: Perceived corporate reputation will positively affect corporate trustworthiness.

Following the same line of thinking, studies examining the role and relationships of emotions as the mediator of responses to advertising have found that cognition can drive affect, which mediates the relationship between advertising content and the attitude toward the ad or brand (Edell and Burke, 1987; Holbrook and Batra, 1987), and that affect can mediate the impact of attribute perception on behavior (Reibstein et al., 1980). Based on the previous discussion, it is hypothesized that perceived corporate reputation will affect corporate affect, which in turn will affect corporate trustworthiness.

H2: The effect of perceived corporate reputation on corporate trustworthiness is mediated by corporate affect

The proposed model is depicted in figure 2.1

Figure 2.1 Model 1



Corporate Trustworthiness as a Consequence of Independent Affective and Cognitive Processes

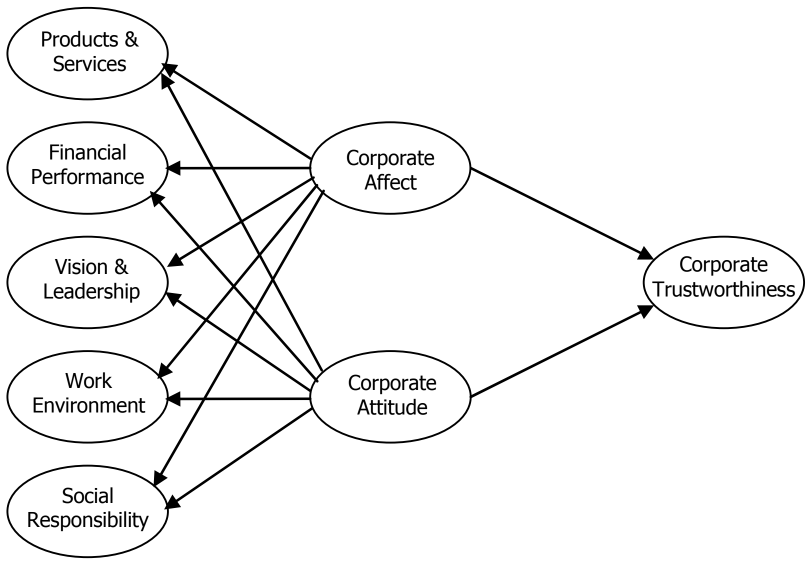
While this conceptualization of trust as a consequence of cognitive processes have been useful and widely accepted, the inclusion of affective components as determinants of attitudes or behavioral intentions had gained popularity in the last years (Agarwal and Malhotra, 2005; Allen et al., 2005; Burke and Edell, 1989; Holbrook and Hirschman, 1982; Zajonc, 1980; Zajonc and Markus, 1982). Therefore, the study of the affective component's role and effect on the trust intentions of individuals seems a relevant research issue. The term affect has been rather broadly used in marketing, with different researchers often using different terminology. Today, affect is usually defined as a "valenced feeling state" (Cohen and Areni, 1991), with mood and emotions as specific examples. Moreover, affect is distinguished from attitude in that attitude is an evaluative judgment (Ervelles, 1998). While this definition considers affect as an umbrella for a set of specific mental processes (Bagozzi et al, 1999), the term affect, and specifically corporate affect, will be used as the general feeling towards the company. Since affect has been proved to influence on all aspects of cognition and behavior including attitude and persuasion (e.g. Cheng and Bargh, 1998), reasoning and decision making (e.g. Schwarz and Clore, 1996), and evaluative judgments (Pham et al, 2001), corporate affect is considered important in explaining the relationship between perceived corporate reputation and corporate trustworthiness.

In an early work, Abelson et al. (1982) found that affect was independent and more important in predicting political preferences than cognitive evaluations. In addition, several studies conducted in the context of advertising and brand attitude demonstrated the importance of feelings and emotions (Aaker et al., 1986; Burke and Edell, 1989; Edell and Burke, 1987). More recently, studies have demonstrated that emotional reports are useful predictors of attitude when compared to traditional measures of cognitive structure (Allen et al., 2005), and affect had demonstrated to influence aspects of cognition and behavior including attitude and persuasion (e.g. Chen and Bargh, 1998) and reasoning and decision making (e.g. Schwarz and Clore, 1996). Based on these findings, it is possible to hypothesize that corporate affect has a positive effect on corporate trustworthiness, and that is independent from perceived corporate reputation.

H3: Corporate affect is an antecedent of corporate trustworthiness and does not depend on perceived corporate reputation

In addition, affect has not been only identified as an influent variable on attitudes, but also as an important determinant of judgments and evaluations, with increasing evidence that people also perform evaluations by monitoring their subjective affective responses to the target (e.g. Damasio, 1994; Pham, 1998; Schwarz and Clore, 1996; Wyer, Clore and Isbell, 1999). Recently, Pham et al. (2001) demonstrated that, compared to cold, reason based assessments of the target, the monitoring of feelings provides judgmental responses that are potentially faster, more stable and consistent across individuals, and importantly more predictive of the number and valence of people's thoughts.

Figure 2.2 Model 2



Based on the previous arguments, it is hypothesized that corporate affect also affects the judgments on perceived corporate reputation dimensions.

H4: Corporate affect will have a positive effect on perceived corporate reputation dimensions

The proposed model is depicted in figure 2.

Corporate Reputation Conceptualization

The present study presents a conceptualization of perceived corporate reputation that considers corporate reputation dimensions (first-order factors), as indicated by their respective measurement items, as reflective measures of a higher level construct, perceived corporate attitude (second-order factor), which is the overall attitude towards the company. In measurement terms, the present operationalization of perceived corporate attitude posits a series of first-order factors with reflective indicators and also that these first-order factors are themselves reflective indicators of an underlying second-order construct. This type of second order model has been called a total disaggregation second-order factor model (Bagozzi and Heatherton, 1994, Burke et al., 2003) and has been used in psychological research to study complex high-order concepts such as self-concept (Marsh and Hocevar, 1985) and self-esteem (Bagozzi and Heatherton, 1994). This operationalization is based on the methodological considerations discussed by Burke et al. (2003), concerning the direction of causality from construct to measure, interchangeability of the items, expected covariation among the indicators, and nomological net of the construct indicators.

Based on the two above mentioned approaches, two rival models to explain the relationship between perceived corporate attitude, corporate affect, and corporate trustworthiness, are built.

SAMPLE CHARACTERISTICS AND METHODS

Data Collection

Several authors have shown the existence of a financial halo in the widely used *Fortune* dataset. Using factor analysis, previous studies (Fombrun and Shanley, 1990; Fryxell and Wang, 1994) have found that all eight components of the *Fortune* index were loaded on a single factor, which may be indicative of a halo effect (Podsakoff et al., 2003). This financial bias of the valuations published in *Fortune* suggests the artificiality of the relationship between corporate reputation and financial performance.

As a way to overcome these major concerns, the present study uses a different dataset, from the Reputation Quotient Research Project conducted in Italy in 2002. The RQ Research Project has been described as a global project oriented to construct a database of reputation ratings that can inform research and practice (Gardberg and Fombrun, 2002). This research has been guided by The Reputation Institute and Harris Interactive, and it is based on the work carried out by Charles Fombrun and colleagues (Fombrun, 1998; Fombrun, Gardberg and Sever, 2000; Gardberg and Fombrun, 2002). RQ research evaluates stakeholder perceptions across 20 attributes that are grouped into six dimensions of reputation: Products & Services (4 items), Financial Performance (4 items), Workplace Environment (3 items), Social Responsibility (3 items), Vision & Leadership (3 items), and Emotional Appeal (3 items). In addition to the 20 attributes, the research includes a number of reputation-related questions that help provide a comprehensive understanding of public perceptions. This research has been carried out in more than 10 countries, and has been focused in the opinion of general public. A detailed explanation of the scale, methodology, and procedures can be found in the Reputation Institute website (www.reputationinstitute.com)

In Italy, this research included the judgments about 20 companies with a total of 2900 telephonic interviews.

Data Selection

A refinement data procedure was conducted with the purpose to restrict the research objectives and allow the application of specific statistical analyzes. First, and considering the strong differences between companies included in the original RQ study, the present analysis was restricted to a sub-sample of homogeneous firms. The main reason for this decision was to guarantee a minimum level of homogeneity in the type of firms considered and therefore avoid possible influences of uncontrolled factors, such as presence on the media and institutional variables. Consequently, the analysis was restricted to companies producing consumption goods or services, excluding companies producing industrial or specialty products (e.g. Ferrari), companies that have high coverage on the media (e.g. FIAT), or belonging to the public sector (e.g. Post service, railways). As a result, 8 out of the original 21 companies evaluated in the RQ research were included. This first restriction provided us with a total of 2195 cases, with an average of 274 cases for each company (S.D. = 13.8).

Second, respondents with missing values in any of the measures were not included due to restrictions in the estimation processes. While the alternative to deletion is imputation, which could be done using different methods (e.g mean imputation, regression imputation, pattern matching imputation), these procedures had several problems and can strongly affect results of estimation procedures (for a description of these problems, see Byrne, 2001). Therefore, and considering that the amount of data available, a listewise deletion method was applied, meaning that all cases having a missing value for any of the variables in the data are excluded from the computations. This second refinement provided us with a total of 905 valid cases, with an average of 113 cases for each company (S.D. = 14).

Finally, a multivariate normality test was performed to check this property of the data, which is one of the assumptions of most of the estimation procedures frequently used for structural equation models. At this point, is important to briefly discuss the selection of the estimation procedure. The most used estimation function, and default option in some programs, is maximum likelihood (ML). Unweighted least squares (ULS) and generalized least squares (GLS) are also popular. These three estimation functions require multivariate normality, which is very rare property in data sets in the social and behavioral sciences (Miceri, 1989). In the case of ML estimation, violation of multivariate normality inflates the computed chi-square value, leading researchers to think their models were more in need of modification than they actually were. Violation of multivariate normality also tends to deflate standard errors moderately to severely. These smaller-than-they-should-be standard errors mean that regression paths and factor/error covariances are found to be statistically significant more often than they should be (Byrne, 2001)

To deal with this problem, other estimation functions had been developed, as weighted least squares (WLS) or the derivation of asymptotically distribution-free estimators (Browne, 1984). However, these solutions have not been used frequently because they may need very large samples. For example, Boomsma (2000) notes that if the number of variables is 15 or greater, WLS will require the sample to include several thousands cases.

While multivariate normality is an assumption for ML estimation, recent studies had shown that ML seems to be quite robust against the violation of the normality assumption (cf. Boomsma and Hoogland, 2001; Chou and Bentler, 1995; Curran, West and Finch, 1996; Muthén and Muthén, 2002; West, Finch and Curran, 1995), and that bootstrapping (Efron and Tibshirani, 1993) may be an alternative to evaluate the adequacy of the results (Shipley, 2000; Byrne, 2001).

Based on this evidence, it was decided to use a ML estimation function and to perform a bootstrap analysis as a way to estimate the possible biases in the results. To this objective, some outliers were removed to decrease multivariate non-normality to a moderate level. The original Mardia's coefficient for the refined sample (N=905) was

383.7, meaning significant and strong non-normality. It was decided to take this value below 100 to obtain a moderate level of non-normality. This threshold is arbitrary and mainly based on the observation of Tabachnick and Fidell (2001) referred to large samples. They cautioned that with large samples, variables with statistically significant skewness and kurtosis often do no deviate enough from normality to make a substantive difference in the analysis, and that departures can be significant with samples larger than 200. Considering the sample size, the objective is not to obtain multivariable normality, but just to reduce in a considerable amount the level of non-normality. Therefore, outliers were removed in groups of 12, with a final sample size of 749 valid cases, with an average of 94 cases for each company (S.D. = 10) and a Mardia's coefficient value of 78.9.

Resuming, the final sample was composed by a total of 749 responses corresponding to judgments of 8 different Italian companies – 4 mass consumption goods companies and 4 mass consumption services companies – were considered in the study. Data was collected by telephone. The average number of judgments per company was 94, with a maximum of 115 and a minimum of 82. Of the entire sample, 51.1% of the respondents were female and 49.9% were male.

Measures

The measures used in the study are draw on the RQ scale developed by Fombrun et al. (2000) and one additional question from the RQ research regarding trust in the company. The original items for all the 6 dimensions were used, with exception of Emotional Appeal. This dimension was originally measured with 3 items, measuring the "feeling about the company", "admiration and respect towards the company", and "trust in the company". While the first two items measure emotions towards the company, the third one measures a trust intention, and therefore is considered a different construct.

Specifically, this is a measure of trustworthiness in the company, and therefore was used to measure corporate trustworthiness. This measure was combined with other question included in the RQ questionnaire to measure corporate trustworthiness, while the two original measures of Emotional Appeal were retained. Based on the characteristics of these two items, and as a way distinguish it form the original Emotional Appeal RQ study construct, the construct was renamed Corporate Affect. Finally, and as mentioned before, the present study conceptualizes perceived corporate attitude as a second order factor that underlies the perceptions about the specific corporate dimensions considered in the study.

Statistical Considerations

All the models (CFA and SEM) described below were run using the AMOS 5 program (Arbuckle, 2003). The goodness-of-fit of the models was assessed with chi-squared tests, the comparative fit index (CFI; Bentler, 1990), the goodness-of-fit index (GFI; Jöreskog and Sörbom, 1989; Tanaka and Huba, 1984), and the root mean square error of approximation (RMSEA; Steiger, 1990). In general, it is possible to say that CFI values higher than 0.97 are indicative of good fit, while CFI values higher than 0.95 may be interpreted as an acceptable fit (Bentler, 1990; Bollen, 1990; Hu and Bentler, 1995, 1998, 1999). Considering the goodness-of-fit index, GFI values higher than 0.95 is indicative of good fit, while values greater than 0.90 are usually interpreted as indicating an acceptable fit (Marsh and Grayson, 1995; Schumacker and Lomax, 1996). For the RMSEA measure, and according to Browne and Cudeck (1993), values below 0.05 can be considered as good fit, values between 0.05 and 0.08 as an adequate fit, and values between 0.08 and 0.10 as a mediocre fit, whereas values above 0.10 are not acceptable. Finally, is important to note that satisfactory model fit is usually indicated by non-significant chi-square test. This is a very unusual result for large samples, because the chi-square test is affected by sample size, and therefore not too much emphasis should be placed on the significance of the chi-square statistic because is deemed a poor measure of fit when sample size is large (Bagozzi and Yi, 1988; Jöreskog and Sörbom, 1993).

The Common Method Bias (CMB) or "Halo Effect" Problem

Most academicians in the behavioral research stream agree that common method variance (i.e. variance that is attributable to the measurement method rather than to the constructs the measures represents) is a potential problem in behavioral research (for an extensive review, see Podsakoff et al, 2003). According to Bagozzi and Yi (1991), the term method refers to "the form of measurement at different levels of abstraction, such as the content of specific items, scale type, response format, and the general context. At a more abstract level, method effects might be interpreted in terms of response biases such as halo effects, social desirability, acquiescence, leniency effects, or yea – and nay – saying" (p.426).

Method biases are a problem because they are one of the main sources of measurement error, and particularly, of systematic error. This systematic measurement error is problematic because it provides an alternative explanation for the observed relationships between measures of different constructs that is independent of the one hypothesized, with serious confounding influence on empirical results, and yielding potentially misleading conclusions (Campbell and Fiske, 1959).

According to Posdakoff et al. (2003), method biases are likely to be particularly powerful in studies in which the data for both the predictor and the criterion variable are obtained from the same person in the same measurement context using the same item context and similar item characteristics, conditions that are often present in corporate reputation research, and have been recognized in the corporate reputation literature as "halo effects". As Brown and Perry (1994) noted: "researchers must be cautious when using these large-scale surveys because the characteristics of survey respondents, data-gathering methods, and survey questions may introduce measurement error. If this error is pervasive, coloring many or all of the individual attribute rating of an object ….. a halo is said to exist" (p.1347).

Preliminary Analysis

A set of preliminary analyzes were conducted to check the properties of the data and the measurement model.

First, a confirmatory factor analysis was performed to test the discriminant validity of the original RQ scale. This analysis showed that the correlations between the constructs of Vision and Leadership, Financial Performance, and Work Environment, were not significant different form 1, and therefore that respondents did not discriminate among these constructs. Consequently, and because such a combination is theoretically justifiable (all the items are related with organizational characteristics), these three constructs were treated as a single construct labeled "Organizational Performance". A depuration process was followed, in which the items with loadings to the construct below 0.7 were dropped in order to extract at least 50% of variance in the item. This process resulted in a final measurement model for the "Organizational Performance" construct formed by six items, two from each of the three original constructs.

Second, an exploratory factor analysis was performed to assess the extent to which common method variance may be a problem. This test is called Harman's one-factor (or single-factor) test and consists in loading all the variables in the study into an exploratory factor analysis (cf. Andersson and Bateman, 1997; Aulakh and Gencturk, 2000; Organ and Greene, 1981) and examine the unrotated factor solution to determine the number of factors that are necessary to account for the variance in the variables. The basic assumption of this technique is that if a substantial amount of common method variance is present, either (a) a single factor will emerge from the factor analysis or (b) one general factor will account for the majority of the covariance among the measures (Podsakoff, 2003). The analysis of the data resulted in a one factor solution, with this factor accounting for 64.3% of the variance. Therefore, it is believed that a common method biases are probably present in the data. To deal with this problem, the recommendation of Podsakoff and colleagues (2003) was folowed. They suggest that in the circumstance in which the predictor and the criterion variables came from the same source, the measurement context is not separated, and the source of the method bias cannot be identified, which is the present case, the best solution is to use a single-common-method-factor approach to statistically control for the method biases. In this method, all the items are allowed to load on their theoretical constructs, as well as on a latent common method variance (CMV) factor. Such a model has been used in a number of studies (e.g., Carlson & Kacmar, 2000; Carlson & Perrewe, 1999; Conger, Kanungo, & Menon, 2000; Facteau, Dobbins, Russell, Ladd, & Kudisch, 1995; MacKenzie, Podsakoff, & Fetter, 1993; MacKenzie, Podsakoff, & Paine, 1999). The main advantages of this method is that it does not require the researcher to identify and measure the specific factor responsible for the method effects, and that models the effect of the method factor on the measures rather than on the latent constructs they represent and does not require the effects of the method factor on each measure to be equal. One of the disadvantages of this method is that if the number of indicators of the constructs is small relative to the number of constructs of interest, the addition of the method factor can cause the model to be underidentified. As a solution to this problem, some researchers have constrained the measurement factor loadings to be equal. In the present case, all but one measure were constrained to be equal. While the items that were part of the RQ scale were all measured in a seven-point scale, using not reversed questions, and in the same section of the questionnaire, one item (CT2) is a reversed question, measured in a four-point scale, and asked in a different section of the questionnaire. Therefore, the method effect on this specific item was not constrained to be equal to the others.

RESULTS

Internal Consistency of the Measurement Model

Two methods to evaluate internal consistency were used. The first one, named composite reliability (ρ_{ε}) is a measure analogous to coefficient α (Bagozzi and Yi, 1988; Fornell and Larcker, 1981). The second method used is the average variance extracted ($\rho_{VC(\xi)}$), which estimates the amount of variance captured by a construct's measure relative to random measurement error (Fornell and Larcker, 1981). Estimates of ρ_{ε} above 0.60 and $\rho_{VC(\xi)}$ above 0.50 are considered supportive of internal consistency (Bagozzi and Yi, 1988). The ρ_{ε} and $\rho_{VC(\xi)}$ values for all constructs in the models are provided in Table 1. These were higher than the stipulated criteria, and therefore indicative of good internal consistency.

Discriminant Validity of the Measurement Model

Discriminant validity of the model constructs was evaluated using two different approaches. A confirmatory factor analysis model was built with 5 latent constructs and a total of 17 measures. Results showed that the model fit the data well. The goodness-of-fit statistics for the model were as follows: $\chi^2(108)=318.78$, $p\approx0.000$, RMSEA=0.051, GFI=0.951, CFI=0.981. As a first test of discriminate validity, it was checked whether the correlations between the latent constructs showed in Table 2 were significantly less than one. Since none of the confidence intervals for the correlations (±

two standard errors) included the value of one (Bagozzi and Yi, 1988), this test provides evidence of discriminant validity.

Table 2.1 Details of measures

Constructs and measures	
Products and Services (P&S)	$\rho_{\varepsilon} = 0.86$[a]
PS1: Stands behind its products and services	$\rho_{VC(\xi)} = 0.60$[b]
PS2: Develops innovative products and services	
PS3: Offers high quality products and services	
PS4: Offers products and services that are good value for money	
(seven-point scale where 1 means "this item does not describe Company X well" and 7 means "This item describes Company X very well")	
Corporate Affect (CA)	$\rho_{\varepsilon} = 0.85$
CA1: How do you feel about Company X?	$\rho_{VC(\xi)} = 0.73$
(seven-point scale where 1 means "do not have a very good feeling about the company" and 7 means "have a very good feeling about the company")	
CA2: How would you rate your admiration and respect for Company X?	
(seven-point scale where 1 means "do not admire and respect the company" and 7 means "admire and respect the company very much")	
Corporate Trustworthiness (CT)	$\rho_{\varepsilon} = 0.81$
CT1: How much do you trust Company X?	$\rho_{VC(\xi)} = 0.69$
(seven-point scale where 1 means "do not trust the company" and 7 means "trust the company very much")	
CT2: Would you trust Company X to do the right thing if it were faced with a product or service problem?	
(four-point scale, where 1 means "Yes, I definitely would" and 4 means "No, I definitely would not")	
Social Responsibility (SR)	$\rho_{\varepsilon} = 0.77$
SR1: Support good causes	$\rho_{VC(\xi)} = 0.52$
SR2: Is an environmentally responsible company	
SR3: behaves responsibly towards the people in the communities where it operates	
(seven-point scale where 1 means "this item does not describe Company X well" and 7 means "This item describes Company X very well")	
Organizational Performance (OP)	$\rho_{\varepsilon} = 0.91$
OP1: Tends to out-perform its competitors	$\rho_{VC(\xi)} = 0.63$
OP2: Looks like a company with strong prospects for future growth	
OP3: Has excellent leadership	
OP4: Has a clear vision for its future	
OP5: Is well managed	
OP6: Looks like a company that would have good employees	
(seven-point scale where 1 means "this item does not describe Company X well" and 7 means "This item describes Company X very well")	

[a] ρ_{ε} is the value of composite reliability.
[b] $\rho_{VC(\xi)}$ is the average variance extracted.

The second test for discriminant validity considered the comparison, for each pair of factors, of the χ^2-value for a measurement model constraining their correlation to equal one to a baseline measurement model without this constrain. A χ^2-difference test was performed for each pair of factors (a total of 10 tests in all) and in every case resulted in a significant difference (p<0.001 for all the comparisons), again suggesting that all of the measures of constructs in the measurement model achieve discriminant validity.

Is important to note that high correlation between first-order factors that form the second-order perceived corporate reputation factor (i.e. products and services, organizational performance, and social responsibility) are expected, since they are dimensions of a higher-level construct. Also is important to note that while the high correlation between these and the other first-order factors (i.e. emotional appeal and corporate trustworthiness) is a non-desirable result, they can be explained by the high presence of common method biases.

Table 2.2 Correlations between constructs

	Corporate Trustworthiness	Corporate Affect	Products & Services	Organizational Performance
Corporate Affect	0.94 (.019)[a]			
Products & Services	0.89 (.019)	0.87 (.015)		
Organizational Performance	0.84 (.020)	0.85 (.015)	0.95 (.008)	
Social Responsibility	0.82 (.023)	0.80 (.020)	0.93 (.011)	0.91(.012)

[a] numbers in parenthesis are standard deviations

Models Fit and Model Selection

Table 4 provides the goodness-of-fit statistics for the models and the R^2 values of the endogenous constructs. Considering the fit statistics form table for, the chi-square is significant (p<0.001) for both models, which is usually the case for large sample sizes. All the other statistics are within the "good fit" ranges for both models.

The main criteria to compare the proposed models is the χ^2-difference test. This test is appropriate to compare goodness of fit of nested models as in the present situation. A specific model (Model A) is said to be nested within a less restricted model (Model B) with more parameters and less degrees of freedom than model A, if Model A can be derived from Model B by fixing at least one free parameter in Model B or by introducing other restrictions, e.g., by constraining a free parameter to equal one or more other parameters. In the present research, Model 1 is nested within Model 2 because in Model 1 the three parameters relating Corporate Affect and Corporate Reputation dimensions are restricted to be zero, while the parameter for the relationship between Corporate Reputation and Corporate Affect is freeing, giving a total of two more free parameters and therefore two more degrees of freedom for Model 1.

As the test statistic of each of the nested models follows a χ^2 distribution, the difference in χ^2 values between two nested models is also χ^2 distributed (Steiger, Shapiro and Browne, 1985), and the number of degrees of freedom for the difference is equal to the difference in degrees of freedom for the two models. The difference in model fit can be tested using the χ^2 difference test

$$\chi^2_{\text{diff}}\,(df_{\text{diff}}) = \chi^2_1(df_1) - \chi^2_2(df_2)$$

where χ^2_1 denotes the χ^2 value of Model 1, a model that is a restricted version of Model 2, χ^2_2 denotes the χ^2 value of Model 2, and $df_{\text{diff}} = df_1 - df_2$.

If the χ^2 difference is significant, the null hypothesis of equal fit for both models is rejected, and the less restricted model (Model 2) should be retained. But if the χ^2 difference is nonsignificant, the null hypothesis of equal fit for both models cannot be rejected and the restricted model (Model 1) should be favored (Bentler, 1990; Bollen, 1989; Jöreskog, 1993). In the present case, $\chi^2_{\text{diff}} = 9.789$, and $df_{\text{diff}} = 2$, resulting in a significant difference ($p<0.01$). Therefore, Model 2 is retained.

An examination of the other descriptive goodness-of-fit measures presented in Table 3 confirms the superiority of Model 2 against Model 1.

Table 2.3 Descriptive statistics for the rival models

Statistics	Model 1	Model 2
χ^2	χ^2 (111)=263.336, p<0.001	χ^2 (109)=253.547, p<0.001
CFI	0.986	0.987
GFI	0.961	0.963
RMSEA	0.043	0.042
R^2 values for endogenous variables		
Products and Services	0.770	0.785
Organizational Performance	0.082	0.423
Social Responsibility	0.204	0.347
Corporate Affect	0.076	-
Corporate Trustworthiness	0.586	0.577

Bootstrapping Results

Since the data was multivariate non-normally distributed, a bootstrapping technique was applied to estimate standard error and significance based not on assumptions of normality but on empirical resampling with replacement of the data. Taking a large number of random samples from the dataset generates information on the variability of parameter estimates based on empirical samples, not on assumptions about probability theory of normal distributions, an is specially recommended in studies with moderately large samples that not met the multivariate normality assumption (Byrne, 2001). A bootstrap procedure was performed to Model 2 with a total of 1000 samples, which provided with information about the amount of bias for the estimates. These results showed biases (i.e. difference between the unstandardized ML estimates and the mean bootstrap unstandardized estimates for the parameters) that ranged from 0.005 for the CA→OP path to 0.049 for the CR→P&S path. Therefore, it is possibly to affirm that, despite the violation of the multivariate normality assumption, estimates are robust.

GENERAL DISCUSSION

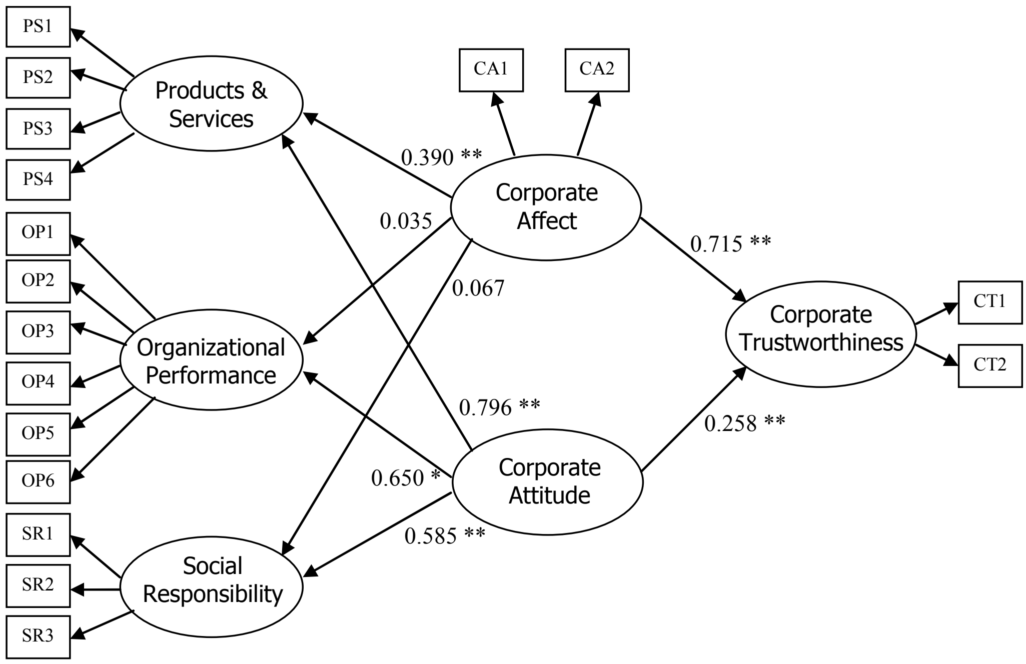
Corporate Reputation and Corporate Trustworthiness

The positive effect of attitude towards the company on corporate trustworthiness provides some evidence about the possible source of competitive advantage provided by corporate reputation. Since trust and trustworthiness has been considered fundamental elements behind behavioral, managerial, and organizational aspects such as intention to buy and alliance formations, and that the relevance of trustworthiness has a possible source of competitive advantage has been recognized (Barney and Hansen, 1994), this work provides a possible micro-founded explanation for the corporate reputation-corporate performance link.

Overall attitude towards the company seems to play an important, but not central role, in the generation of corporate trustworthiness. Moreover, it seems that attitude towards the company does not affect the affect towards the company, and that these two dimensions – cognitive and affective – are independent sources of corporate trustworthiness

The final model, as depicted in Figure 3, also makes evident the important role of attitude towards the company as a general impression about the firm which affects the judgments on the different dimensions of reputation. Nevertheless, is important to note that three of the original five dimensions were merged because of the lack of discriminant validity between them. This provides a first evidence of the role played by attitude towards the company as umbrella for the specific dimensions, especially those related with internal or less visible aspects of the company, such as work environment and vision and leadership.

Figure 2.3 Final Model



* p < 0.05 ** p < 0.001

The Importance of Corporate Affect

While affect as a determinant of judgments and intentions has been widely studied in the consumer behavior field, its implications in the corporate reputation and trust literature has not been clearly assessed. The fact that the model with corporate affect and attitude towards the company as independent causes for corporate trustworthiness showed to fit better the data than the affect-mediated model provide some interesting evidence of the way in which these two aspects work, and opens a new area of research, especially because of the important effect of affect in trustworthiness, which seems to be independent and more relevant than reputation. Moreover, affect not only influence trustworthiness, but also the judgments of individuals about the company products and services. Therefore, corporate affect appears as a key determinant, not only in terms of the company trustworthiness, but also influencing the judgments concerning the products and services of the firm, with the consequent implications on behavior.

The problem of Common Method Biases

To really appreciate the importance of controlling for CMB the results for the selected model with and without controlling it are presented in Table 4. First of all, it is possible to observe that the model without CMB control is in the good-acceptable range in terms of fit, with GFI=0.980, CFI=0.950 and RMSEA=0.051. Therefore, if a researcher is not aware about the possible effects of CMB in this type of research, he or she could be satisfied with the fit results for the model and the estimated paths, and therefore obtaining conclusions about some relationships that are not true. For example, if the CA→OP path is considered, it is possible to observe that this path is significant (0.841, $p<0.001$) for the model without controlling, but is completely not significant (0.035, $p>0.7$) if CMB are controlled. These results make clear the importance of considering these issues when studying corporate reputation from a behavioral perspective.

Second, all the loadings form the CMV factor to the items were significant, providing evidence of the strong presence of method biases in the dataset.

Third, the loadings of three of the six items related to the organizational performance construct were not significant when controlling for CMB, and therefore variance in those items seems to be just method variance. This result suggest that the values to those specific items are primarily consequence of common method biases, and do not reflect the perceptions about the specific constructs they were originally associated. Therefore, future research on corporate reputation should consider these results and propose methods to diminish the effect of common method bias – or control for those effects when complete reduction is not possible – and take into account these effects at the moment of analyzing the data or at the conclusions formulation stage.

Table 2.4 Descriptive statistics and paths for Model 2 with and without controlling for Common Method Biases.

Statistics	Model 2	Model 2 no CMB Factor
χ^2	χ^2 (109)=253.547, p<0.001	χ^2 (111)=326.254, p<0.001
CFI	0.987	0.980
GFI	0.963	0950
RMSEA	0.042	0.051
Estimated Paths		
CAtt → P&S	.242 (.796)[a]**	.467 (.469)**
CAtt → OP	.131 (.650)*	.433 (.463)**
CAtt → SR	.261 (.585)**	.550 (.505)**
CA → P&S	.229 (.390)**	.847 (.872)**
CA → OP	.014 (.035)	.767 (.841)**
CA → SR	.057 (.067)	.849 (.800)**
CAtt → CT	.167 (.258)**	.146 (.137)**
CA → CT	.894 (.715)**	.977 (.936)**
CMV Factor → Items	.945 (.674 - .847)**	----
CMV Factor → CT2	.334 (.491)**	----

** p<0.001, * p<0.05

[a] numbers in parenthesis are standardized values

Limitations

The main limitations of the present research are related with the data characteristics. First, the considerable number of missing values and the presence of outliers compelled us to eliminate cases, placing some doubts about the validity of the results. Second, the statistical properties of the data were not optimal, with a moderate level of multivariate non-normality. As a solution to that problem, a bootstrapping technique was performed giving us some evidence of small biases in the estimators. Finally, data correspond to a national study, and therefore cross-national validity should not be assumed.

Research opportunities

The results presented in this research could be extended by investigating some important issues. First, and since corporate affect has revealed as an important driver of trustworthiness, understanding the way in which corporate affect is created seems to be relevant. Moreover, other aspects of corporate affect, such as corporate behaviors that help to maintain this affect and those that can damage it, are interesting areas of research due to their important implications, especially for practitioners. Second, this model could be tested in a different context, considering a different group of stakeholders, such as prospect employees. Finally, and due to the fact that the considered sample comes from just one country, it seems interesting to test if this model is culture-invariant. It may be possible that different cultures use perceptions of corporate reputation in a different way, and that affective component may play a different role in the process.

CONCLUSIONS

Attitude towards the company and corporate affect are significant determinants of corporate trustworthiness. These two different determinants – cognitive and affective ones – seem to explain the perception of individuals about how trustable is a company. Despite the importance of the cognitive dimension, the affective component seems to be the most important determinant of perceived trustworthiness, and therefore it seems that trust in the company is more explained by the feelings towards the company than by the perceptions of company's reputation, opening interesting areas of research such as the way in which these positive feelings can be created, maintained, and also damaged.

Another important result is the significant effect of corporate affect on the perception of company's products and services. This is significant because this perception can be important in some behavioral and social processes, such as buying processes or word-of mouth processes.

Finally, the results of the control for common method biases problems provided evidence of the importance of these problems and the way in which this situation can affect results. Therefore, it is strongly recommend to researchers to control for these biases in future research, especially when just one stakeholder group is considered into the analysis.

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CORPORATE REPUTATION JUDGMENTS: AN EXAMINATION OF THE INFERENCE PROCESS BEHIND EVALUATIVE JUDGMENTS

INTRODUCTION

Corporate reputation research is often based on studies that present stakeholders' judgments about companies in several corporate dimensions considered important in the reputation construction (e.g. *Fortune* Magazine's annual *Most Admired Companies* survey, Reputation Institute's *Reputation Quotient*, etc.). The usual respondents for those studies are specific stakeholder groups. This characteristic of corporate reputation studies has been criticized by some authors, arguing that specific stakeholder groups usually have knowledge only in some corporate dimensions, and therefore answers regarding unknown dimensions are not representative because they are biased or "colored" by the perception of the known dimensions. For example, Fryxell and Wang (1994) argued that the main limitation of *Fortune* survey is linked to the choice of expert raters as respondents. These expert raters are senior executives and outside directors of *Fortune* 1000 companies and financial analysts who cover those companies. As a result, they argue, the reputation of these firms evaluated by this panel speaks most directly to their reputation as an investment, with financial performance influencing the responses in the other corporate reputation dimensions. While this influence effect has been recognized and studied under the label of "halo effect", the underlying mechanisms that command the influence process are still not clear.

As a way to fill this gap in the literature, our study investigates these underlying mechanisms considering the nature and origin of the evaluative judgments, often present in corporate reputation research, and the inference processes behind them. According to our perspective, these inference processes, which involve the generation of if-then linkages between accessible information (e.g. cues, heuristics, arguments, knowledge) and conclusions (Kruglansky and Webster, 1996), are fundamental to the construction of judgments, especially when accessible information is incomplete or not directly related with the judgment's purposes.

Our results indicate that affect towards the company is one of the main sources of information used by respondents to elaborate corporate evaluative judgments, and that data collection method and questionnaire design may considerably influence the results of corporate reputation studies due to the specific inferential processes that can take place in the elaboration of evaluative judgments.

The first part of the paper will be devoted to the introduction to discuss the theoretical roots and justification for the development of several hypotheses related with inferential processes in corporate reputation assessment. The second part of the paper will present the methodological considerations and the results of the analyses performed. The final part presents a discussion of the results, including the research and managerial implications, limitations and general conclusions.

THEORETICAL BACKGROUND AND HYPOTHESES

Evaluative judgments and inference processes

Evaluative judgments represent the approach and withdrawal reactions of individuals to specific stimuli such as ideas, people, products, and places (Allport, 1935; Caccioppo and Gardner, 1999; Eagly and Chaiken, 1993). These judgments are fundamental to social scientific inquiry, because the ability of individuals to report accurately their likes, dislikes, preferences, and desires (i.e., their evaluative judgments), guides not only the measurement of such judgments, but also theory and practice based upon such judgments. According to different authors, such judgments are the result of construction processes (Ferguson and Bargh, 2003; Zaller and Feldman, 1992; Slovic, 1995; Schwarz and Bohner, 2001; Tversky and Kahneman, 1981), and are based upon information salient and accessible at the time of the judgment (Sudman, Bradburn, and Schwarz, 1996).

In many situations, individuals are usually faced with limited amount of information and knowledge about the options they have for a specific decision or judgment, and therefore they must reason from incomplete knowledge (Collins et al., 1975). One alternative to cope with this lack of information is to form inferences about the missing information and use those inferences to evaluate, judge, or take a decision, generating if-then linkages between available information (e.g., cues, heuristics, arguments, knowledge) and conclusions (Kruglanski and Webster, 1996). Therefore, inference processes are considered relevant when studying judgment and choice processes.

In the context of judgments, inference processes have been recognized to be important for the elaboration of evaluative judgments based on incomplete information (Beike and Sherman, 1994), and therefore extremely relevant in social scientific research since most of the answers that are recorded in surveys reflect judgments that respondents generate on the spot in the specific context of the specific interview (Sudman, Bradburn, and Schwarz, 1996). According to several authors, these judgments are constructed using information readily available at the time of response (Ferguson and Bargh, 2003; Slovic, 1995; Schwarz and Bohner, 2001), regardless of whether that information comes from external or internal sources (Schwarz and Bohner, 2001).

Under this perspective, evaluative judgments are strongly influenced by the information that is accessible at the time of response because humans are “cognitive misers” (Taylor, 1981), who follow a “satisfying” rather than an “optimizing” strategy in making decisions (Simon, 1957) and in generating judgments in response to specific questions (Krosnick, 1991). Therefore, they do not retrieve all potentially relevant information, truncating the search process as soon as enough information had come to mind to form a representation that is sufficient for the judgment at hand (Bodenhausen and Wyer, 1987).

Once information is considered sufficient to elaborate judgments, inferential processes complete the task. As Sudman et al. (1996, p. 72) state “whereas the accessibility of information in memory determines which information is used in forming a judgment, what exactly respondents do with the information that comes to mind depends on the inferential procedures they apply to it”. Therefore, the next section will be dedicated to review the most relevant inferential processes.

Types and bases for inference processes

Inference processes can be classified according to different criteria. One commonly used criteria is the type of inference process. According to this criteria, inference can be classified in inductive inference (or generalizing from specific information to general conclusions) or deductive inference (or construing specific conclusions from general principles or assumptions) (Beike and Sherman, 1994; Mass et al., 2001). Inductive inferences are formed when consumers use specific attributes or cues (e.g. brand names) to draw general conclusions about the likely benefits of products or the properties of an entity (e.g. company), and is related with hypothesis generation (e.g., generation alternatives), learning, generalization, and prediction (Holland, et al., 1986). Deductive inferences are formed when consumers use general premises or arguments to draw specific conclusions about specific attributes of products or firms, and are related with hypothesis evaluation (e.g. ruling out alternatives), logical reasoning, and diagnosis.

Another way to classify inference process is according to the source of the information used in the process. When the information used as a basis for inference is situationally available, the inference process is classified as stimulus-based or data-based inference, whereas if information used is retrieved from memory – such as previously formed beliefs, attitudes, categories, and schemata – the inference process is classified as memory-based or theory-based inference (Lynch and Srull, 1982; Wyer and Srull, 1989).

Finally, inferential judgment can be classified according to the type of judgment or judgment context. If the inferential process is performed to judge a single object in isolation, the context is named as singular judgment context. If the inferential process is performed to judge multiple objects in relation to one another, the judgment context is named comparative (Sanbonmatsu et al., 2003). These contexts are important because inference formation occurs only when individuals detect the absence of relevant information, and sensitivity to missing information is greater in comparative judgment contexts (Sanbonmatsu et al., 2003, Sanbonmatsu et al., 1997).

The combination of these different processes, sources of information, and judgment contexts produces several specific inferential processes, such as category-based deduction (Fiske and Pavelchak, 1986) for deductive memory-based comparative judgments. Table 1 presents the different inferential processes produced by these combinations.

In the specific context of corporate reputation studies, it is possible to note that most of the possible inference processes performed by respondents to corporate reputation surveys are associated with singular memory-based judgments, because individuals are asked to evaluate one company in isolation, based on information retrieved form memory. Therefore, those specific types of processes will be described more in depth in the next section.

Table 3.1 Inferences Processes, Bases, and Judgment Contexts

	Stimulus-Based		*Memory-Based*	
	Singular Judgment	*Comparative Judgment*	*Singular Judgment*	*Comparative Judgment*
Induction				
	Information integration theory Cue interaction effects Aggregation	Assimilation and contrast	Correlation-based inference Heuristic-based inference	Correlation-based inference in choice Inferential correction Category-based induction
Deduction				
	Syllogistic inference	Transitive inference	Attitude-based inference Reconstructive inference	Category-based deduction Schema-based deduction

Adapted from Kardes et al., 2004.

Inference processes in corporate reputation research

As discussed in the previous sections, corporate reputation studies are usually carried out asking respondents to evaluate firms in different corporate dimensions assuming a certain degree of stated familiarity, but not necessarily having the appropriate level of knowledge in all of those dimensions. Therefore, it is possible to presume that inference processes are present in the construction of corporate reputation judgments. The methodological characteristics of most of those studies (e.g. *Fortune* Magazine's annual *Most Admired Companies* survey, Reputation Institute's *Reputation Quotient* project) suggest that the type of judgments usually considered are singular memory-based judgments, which are associated with some specific types of inference processes. According to Kardes et al. (2004), the most common inference processes categories associated with singular memory-based judgments are correlation-based inferences, heuristic-based inferences, attitude-based inferences. While the first two are inductive processes, the last one is deductive.

Correlation-based inferences are inductive because individuals use given information about a specific attribute or a cue (e.g., price, warranty) to draw conclusions about a general property or dimension (e.g., quality, overall evaluation), and are memory-based because individuals' prior beliefs (or expectation or implicit theories) about the correlation between the specific attribute and overall evaluation are used to guide the inference process. The most common types of correlation based inferences in the consumer behavior field are price-quality inference, warranty-quality inference, and negative correlation-based inference. For correlation-based inferences formation, moderate levels of expertise are needed, because these memory-based inferences are generated using prior knowledge and experience pertaining to inter-attribute correlations (Lee and Olshavsky, 1994, 1995, 1997).

It is possible to suppose that correlation-based processes are present in corporate reputation judgments in the sense that individuals can use their knowledge in one or more specific dimensions of corporate reputation (e.g. products and services, financial performance) to draw conclusions about the general reputation of the company, based on their actual knowledge and using expectations or implicit theories about the correlation between them.

Therefore, knowledge about a specific corporate dimension can have two different effects. On the one hand, knowledge about a specific attribute or dimension of an object affects the judgments about that specific dimension. On the other hand, the same knowledge can affect the overall perception about the company by making correlation-based inferences, using implicit theories (e.g. "a company with good products and services is supposed to be a good company, and therefore should be profitable or well managed") or other similar processes. Therefore, specific knowledge is critical in judgments because can affect not only the judgments on the specific known dimension, but also the perceptions of the unknown ones by affecting the overall impression of the company. As a consequence, it is possible to hypothesize that, for the specific case of corporate reputation judgments, perceptions in a well known dimension will affect the general perception about the company, and that this effect would be higher when knowledge about the specific dimension is high.

H1: Perception in a known dimension will affect the overall perception of the company.

H2: The higher the knowledge in one specific dimension of corporate reputation, the higher the effect of the perceptions of this dimension on the general perception of the company.

Heuristic-based inference processes are present when individuals use shortcuts and simplifying strategies to make judgments and decisions quickly. Those processes usually dominate when the motivation or the ability to engage in effortful and systematic object evaluation is low. In those cases, individuals tend to make inferences using only a single piece of information, a heuristic cue (for a detailed review of heuristic cues, see Kardes et al., 2004).

From all the heuristic-based types of inference processes, the affect heuristic cue can be considered the most related with corporate reputation judgments, since reputation judgments are usually requested in contexts in which the respondent tends to use shortcuts and to simplify strategies to make judgments and decisions quickly. The affect heuristic is usually used when affective feelings towards the object are elicited during the judgment process, or when affective feelings are available sources of information to elaborate judgments. These feelings are often used as heuristic cues that guide perceptions and judgments associated with the object (Slovic et al., 2002), specially when motivation or ability to engage in systematic evaluations is low.

It is important to note that, traditionally, many streams of research have characterized the process of evaluation as cold, reasoned assessment and weighting of the component qualities of the target (e.g. Anderson, 1981; Bettman et al., 1998; Fishbein and Ajzen, 1975). According to this characterization, a person's attitude toward an object is determined by the subjective values of the object's attributes in interaction with the strength of beliefs associating the object with the attributes. Therefore, only beliefs that are readily accessible in memory tend to influence attitude toward an object in any given moment.

Despite the wide use of this conceptualization of attitudes and that most researchers concur that beliefs play an important role in attitude formation, there is increasing evidence that people also perform evaluations by monitoring their affective responses (feelings and emotions) to the target (e.g., Pham, 1998; Pham et al., 2001; Schwarz and Clore, 1996; Wyer et al., 1999), and that people frequently rely on feelings in judgments and decisions (Pham et al., 2001; Allen et al., 2005). According to Pham (1998), reliance on feelings should be more likely when few other sources of information are available because an input's utilization depends on its relative accessibility compared to alternative inputs (Lynch et al., 1988). Moreover, there is evidence that reliance on feelings should be more prominent when it helps to simplify the judgment or decision, especially when attentional resources are limited, or when the judgment is very complex (Clore et al., 1994), which are usually the cases of corporate reputation judgments obtained using surveys or interviews.

Although there is a vision that considers affect and cognition as independent systems (e.g., Zajonc, 1980), they are in fact extremely hard to separate (Coyne, 1982). For example, social-psychological research on affect as information (e.g., Keltner et al., 1993; Schwarz and Clore, 1983, 1988) has shown that target evaluation may be based on a heuristic feeling about a target (Pham, 1998). In addition, it has been reported that at least a part of the affects influence cognition. The result of the study of Edell and Burke (1987), showing that feelings about a brand influence beliefs about it, clearly shows that affects and cognition operate together in consumers' minds.

Affect is usually defined as a "valenced feeling state" (Cohen and Areni, 1991), with mood and emotions as specific examples. Moreover, affect is distinguished from attitude in that attitude is an evaluative judgment (Ervelles, 1998). While this definition considers affect as an umbrella for a set of specific mental processes (Bagozzi et al, 1999), the present study will use the term affect, and specifically corporate affect, as the general feeling towards the company.

Based on the previous discussed arguments, it is possible to suppose that affect towards a company may affect the judgments of individuals about company's attributes or dimensions, and that this effect will be higher when individuals' knowledge about the company is low.

> *H3: The more positive the affect towards the company, the better the judgments about company's attributes.*
>
> *H4: Affect towards the company will have a higher influence on judgments about company dimensions when knowledge about those dimensions is low.*

Attitude-based inference is present when individuals use implicit theories to make deductive inferences of singular objects in making conclusions about specific attributes of the objects based on their general attitude toward the object. Attitudes have been defined in a variety of ways, but at the core is the notion of evaluation (Petty et al., 1997). Consequently, attitudes are commonly viewed as summary evaluations of objects (e.g. oneself, other people, issues, etc.) along a dimension ranging from positive to negative (e.g. Petty et al., 1994).

Thus, and although the typical belief among multiattribute practitioners is that individuals aggregate their attribute beliefs weighted by importance to create overall attitudes, beliefs may often be formed based on an existing overall attitude. Therefore, rather than providing independent ratings of attributes (an assumption underlying use of the multiattribute model), individuals tend to exhibit a halo effect such that their overall attitude biases ratings of beliefs about attributes of the object.

Attitude-based inference process is also considered to play an important role in corporate reputation judgments. This type of inference has been recognized in the corporate reputation literature under the name of halo effect (Brown and Perry, 1994; Fryxell and Wang, 1994), and is related with the use of general attitudes towards the object to make conclusions about the specific attributes of the object.

While affect is hypothesized to have a direct effect on the judgments on individuals, the role of general attitude seems to be different. Attitude-based inferences are present when individuals make conclusions about specific attributes of the object based on their general attitude toward the object. Therefore, is expected that attitude may influence specific judgments about corporate attributes by influencing the perception concerning the attributes or dimensions of the company. Therefore, it is possible to hypothesize that the effect of attitude on judgments is not direct, but is produced by its effect on the individual's perception of corporate reputation dimensions.

> *H5: Attitude towards the company influences the perceptions about company dimensions.*

Figure 1 presents the diagram of the theoretical model and all the proposed hypotheses, and Figure 2 presents the empirically analyzed model used to test the hypotheses proposed.

Figure 3.1 Theoretical Model

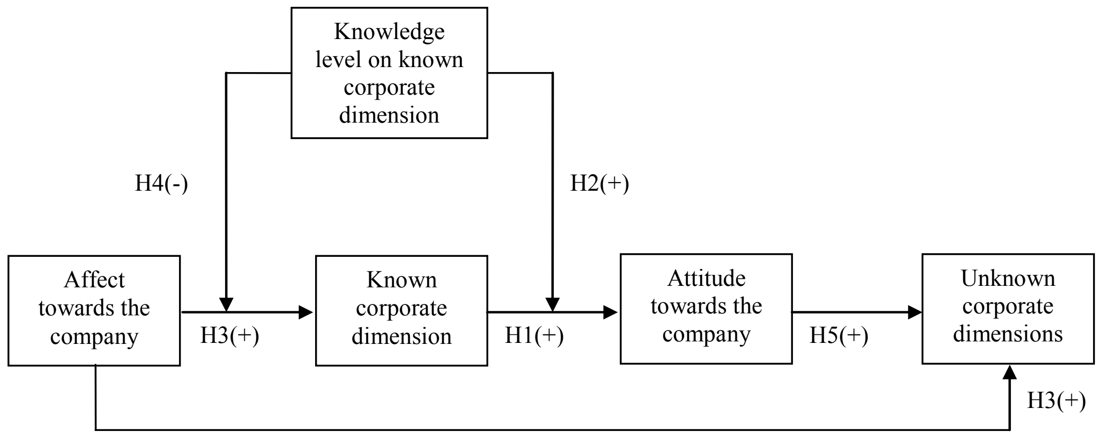
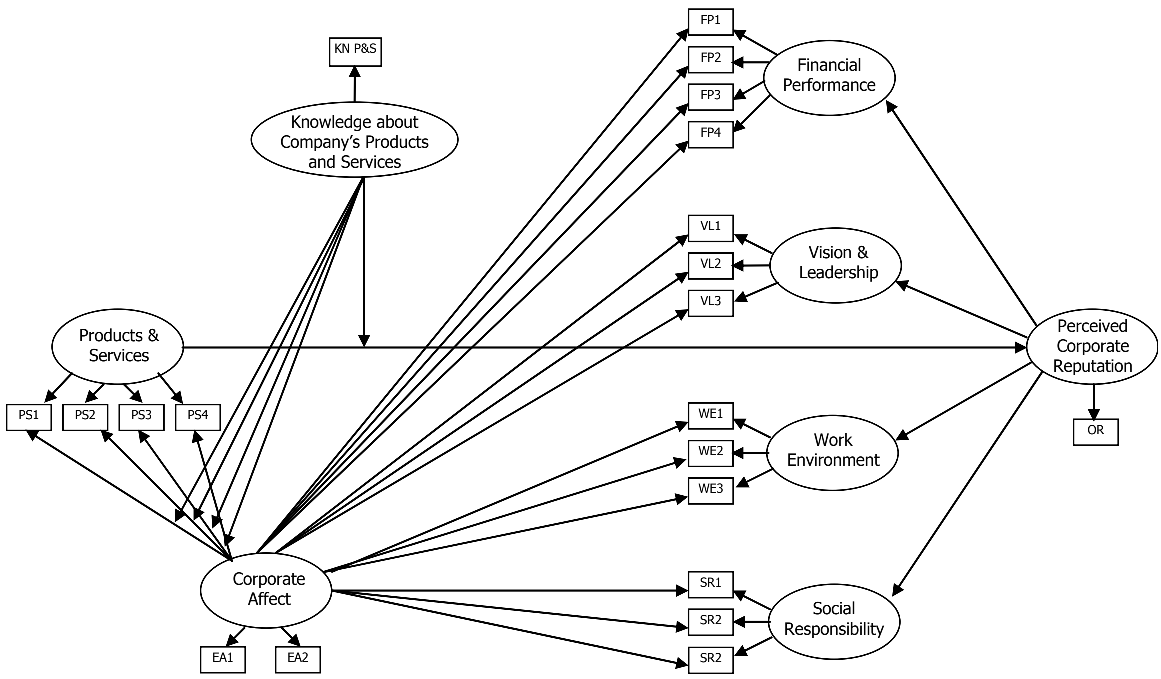


Figure 3.2 Empirical Model



SAMPLE, MEASURES, AND RESULTS

Data

The data used for this study belongs to the Italy RQ Research (Harris Interactive and the Reputation Institute, 2002). This research contains several items related with the constructs of interest, measuring the different underlying dimensions of corporate reputation, corporate emotional appeal, and knowledge about the company.

RQ research evaluates stakeholder perceptions across 20 attributes that are grouped into six dimensions of reputation: Products & Services (4 items), Financial Performance (4 items), Workplace Environment (3 items), Social Responsibility (3 items), Vision & Leadership (3 items), and Emotional Appeal (3 items). In addition to the 20 attributes, the research includes a number of reputation-related questions that help provide a comprehensive understanding of public perceptions, and self-stated measures about the level of respondent's knowledge in each of the different corporate reputation dimensions.

This research has been carried out in more than 10 countries, and has been focused in the opinion of general public. A detailed explanation of the scale, methodology, and procedures can be found in the Reputation Institute website (www.reputationinstitute.com). In Italy, this research was conducted in 2002, and included the judgments about 20 companies with a total of 2900 telephonic interviews.

Samples

In order to test the above stated hypotheses, and taking into account that knowledge in one specific dimension is considered to have a moderator effect in the inference processes, two sub-samples were built. The first sample – named the "low knowledge sample" – was composed by all the cases with no missed values in the variables of interest, and considering the respondents that declared to have "little" or no knowledge about all company’s dimensions. These restrictions provided a total of 337 cases across 20 companies for the “low knowledge sample”. The second sample – named the “high knowledge in products and services sample” was constructed considering the composition, in terms of companies evaluated and number of evaluations per company, of the first sample, but including respondents that declared to have “a lot” of knowledge about company’s products and services, and to have “little” or no knowledge about other company’s dimensions. Therefore, these samples differ in the amount of knowledge about company’s products and services, and were similar in terms of number of companies evaluated and number of evaluations per company. Moreover, samples were also similar in terms of age, sex, and education level distributions.

Table 3.2 Measures Used in the Study

Products and Services (P&S)

PS1: Stands behind its products and services
PS2: Develops innovative products and services
PS3: Offers high quality products and services
PS4: Offers products and services that are good value for money
(seven-point scale where 1 means "this item does not describe Company X well" and 7 means "This item describes Company X very well")

Financial Performance (FP)

FP1: Tends to out-perform its competitors
FP2: Has a strong record of profitability
FP3: Looks like a low-risk investment for its shareholders
FP4: Looks like a company with strong prospects for future growth
(seven-point scale where 1 means "this item does not describe Company X well" and 7 means "This item describes Company X very well")

Vision and Leadership (VL)

VL1: Has excellent leadership
VL2: Has a clear vision of its future
VL3: Recognizes and takes advantage of market opportunities
(seven-point scale where 1 means "this item does not describe Company X well" and 7 means "This item describes Company X very well")

Work Environment (WE)

WE1: Is well managed
WE2: Looks like a good company to work for
WE3: looks like a company that would have good employees
(seven-point scale where 1 means "this item does not describe Company X well" and 7 means "This item describes Company X very well")

Social Responsibility (SR)

SR1: Support good causes
SR2: Is an environmentally responsible company
SR3: Behaves responsibly towards the people in the communities where it operates
(seven-point scale where 1 means "this item does not describe Company X well" and 7 means "This item describes Company X very well")

Knowledge of Company Dimensions

How much do you feel you know about Company X when it comes to its [corporate reputation dimension] – a lot, a little, or nothing at all?
(three-point scale where 1 means "nothing at all" and 3 means "a lot")

Corporate Affect (CA)

CA1: How do you feel about Company X?
(seven-point scale where 1 means "do not have a very good feeling about the company" and 7 means "have a very good feeling about the company")
CA2: How would you rate your admiration and respect for Company X?
(seven-point scale where 1 means "do not admire and respect the company" and 7 means "admire and respect the company very much")

Perceived Reputation (PR)

How would you rate the overall reputation of Company X, where "1" means the company has a "Very Bad" reputation and "7" means the company has a "Very Good" reputation?

Measures
The measures used in the study are drawn on the RQ scale developed by Fombrun et al. (2000) and additional questions from the RQ research regarding knowledge about company's dimensions. The original items for all the corporate reputation dimensions were used, with the exception of Emotional Appeal. This dimension was originally measured with 3 items, measuring the "feeling about the company", "admiration and respect towards the company", and "trust in the company". While the first two items measure emotions towards the company, the third one measures a behavioral intention, and therefore is considered a different construct. Therefore, as a way to measure affect towards the company, two original measures of Emotional Appeal were retained. Based on the characteristics of these two items, and as a way distinguish it form the original Emotional Appeal RQ study construct, the construct was renamed Corporate Affect. Since a specific measure for attitude to the company was not available, this concept was measured using the respondents' overall evaluation of the company reputation. In line with the definition of attitude discussed in the theoretical section, this measure ranged from "very bad" to "very good", and therefore it was used as a proxy measure for attitude. The details of the measures used in the study are presented in Table 2.

Results
In order to test the above mentioned hypotheses, structural equation model was used to evaluate the significance of the hypothesized paths, and multiple sample analyses (Jöreskog and Sörböm, 1999) were performed for the low knowledge and high knowledge samples to test the hypotheses regarding the moderating role of knowledge.

To avoid underidentification problems due to the large number of parameters to be estimated in the model, the measurement factor loadings from Corporate Affect to the evaluative judgments were constrained the to be equal for each corporate dimension.

While this constrain might be considered a strong assumption, it is considered a reasonable solution to deal with the underidentification problem (Podsakoff et al., 2003)

Table 3.3 Path Analysis Results

Path	Group Low Knowledge	Group High Knowledge in P&S
Products and Services → Perceived Reputation	0.194[a] (0.106)[b]*	0.224 (0.092)**
Perceived Reputation → Financial Performance	0.070 (0.042)*	0.018 (0.034)
Perceived Reputation → Vision and Leadership	- 0.007 (0.053)	- 0.049 (0.043)
Perceived Reputation → Work Environment	0.037 (0.019)*	- 0.072 (0.048)
Perceived Reputation → Social Responsibility	- 0.053 (0.033)	- 0.056 (0.039)
Affect → Products and Services Judgments	1.233 (0.049)***	1.127 (0.046)***
Affect → Financial Performance Judgments	1.114 (0.048)***	1.016 (0.044)***
Affect → Vision and Leadership Judgments	1.235 (0.051)***	1.046 (0.044)***
Affect → Work Environment Judgments	1.256 (0.049)***	1.089 (0.042)***
Affect → Social Responsibility Judgments	1.282 (0.058)***	1.175 (0.053)***

[a] Unstandardized coefficient
[b] Standard error
* $p<0.05$ (one-tailed); ** $p<0.01$ (one-tailed); *** $p<0.001$ (two-tailed)

Table 3 present the results of the analyses for both samples separately, with all the paths unconstrained between the two groups.

Considering the fit statistics for this model, named the baseline model, the chi-square is significant ($\chi^2(332)=1609.04$, $p<0.001$), which is usually the case for large sample sizes. All the other statistics are within the acceptable ranges of fit (CFI=0.897, GFI=0.806, RMSEA=0.076).

In examining Hypothesis 1 which suggests an effect of perceptions in a known dimension on the perceived reputation of the company, results shown that this effect is significant for both samples (β=0.194, S.E.=0.106 for the low knowledge sample; β=0.224, S.E.=0.092 for the high knowledge sample), providing support for this hypothesis.

Considering the effect of affect to the company on the evaluative judgments of company dimensions, results provided in Table 3 shown a significant and strong effect of corporate affect on all the different corporate dimensions considered, for both samples, supporting Hypothesis 3.

Results also shown a very small significant effect of perceived reputation of the company on Financial Performance (*β*=0.070, S.E =0.042) and Work Environment (*β*=0.037, S.E.=0.019) perceptions for the low knowledge sample, and no significant effects for the high knowledge sample, providing just partial support to Hypothesis 5.

To test Hypotheses 2 and 4, tests of moderation were conducted to determine whether the strengths of the paths from products and services perceptions to perceived reputation of the company, and from corporate affect towards product and services judgments were different between the low knowledge group and the high knowledge in products and services group. Table 4 summarizes the analyses and results.

Table 3.4 Multi-group Analysis Results

Hypothesis	Path coefficients in unconstrained model	Chi-square statistics test results
Baseline model		*No constraints model*: $\chi^2(332)=1609.04$
Hypothesis 2 Products and Services → Perceived Reputation is greater for high knowledge in P&S than for low knowledge group.	$\gamma_{\text{(low knowledge)}}=0.194^{a}\ (0.106)^{b}*$ $\gamma_{\text{(high knowledge)}}=0.224\ (0.092)**$	*Equal paths model*: $\chi^2(333)=$ 1609.06; test of H_2: $\chi^2_{d(1)}=0.02$, p>0.9; difference not significant
Hypothesis 4 Affect → Products and Services judgments is greater for low knowledge than for high knowledge in P&S group.	$\gamma_{\text{(low knowledge)}}=1.233\ (0.049)***$ $\gamma_{\text{(high knowledge)}}=1.127\ (0.046)***$	*Equal paths model*: $\chi^2(333)=1611.42$; test of H_4: $\chi^2_{d(1)}=2.38$, p>0.1; difference not significant
Omnibus test: for both paths together		*Equal paths model*: $\chi^2(332)=1611.70$; $\chi^2_{d(2)}=2.66$, p>0.2; both paths combined are equal between the samples

[a] Unstandardized coefficient
[b] Standard error
* p<0.05 (one-tailed); ** p<0.01 (one-tailed); *** p<0.001 (two-tailed)

Consider the first test presented in Table 4. To test Hypothesis 2, that the perception in products and services to perceived company reputation path is stronger for high levels of knowledge on products and services, a second multiple sample model was ran. In this second model, the path from perception in products and services to perceived reputation of the company was constrained to be equal for both groups. This is the “equal paths model”. The difference in the chi-square values between this model and the unconstrained model (i.e. the baseline model), with a single degree of freedom, provides a test for the equality of the path for the two groups. Since the difference is not significant ($\chi^2_{d(1)}$=0.02, p>0.9), it is possible to conclude that this path is not significantly different between the groups, and that consequently Hypothesis 2 is not supported.

As can be seen from Table 4, in testing Hypothesis 4, the paths form corporate affect to judgments on products and services are not significantly different between groups ($\chi^2_{d(1)}$=2.38, p>0.1), and therefore is possible to conclude that while this effect seems to be greater when low level of knowledge of company’s products and services is present, the difference is not statistically significant, not supporting Hypothesis 4.

DISCUSSION

Inference processes in corporate reputation judgments

The analyses performed shown some interesting and unexpected results. First of all, while knowledge in a company’s products and services seems to affect the overall perception of the company, this effect seems to be weak and independent form the level of knowledge in the specific dimension. One possible explanation for these results is that overall perception is a strong previously constructed belief, and therefore is not affected considerably by the perceptions about specific dimensions. Moreover, it is possible to think that due to the weakness of this effect, the moderator role of knowledge level can not be captured by the measurement model.

In addition, attitude towards the company was found to have no significant effect on the perceptions of corporate dimensions. While one possible explanation for this is that attitude is really not used as information to elaborate judgments, it is believed that the specific results of the present study may be caused by the primacy of corporate affect as information.

Finally, results shown how important are inference processes behind corporate reputation judgments, and therefore shed light on the mental processes behind corporate reputation assessments, allowing researchers to better understand the importance of take into consideration these processes at the measurement and data analysis stages.

The primacy of affect

A interesting result is the strong effect of affect on the evaluative judgments of respondents. The paths from corporate affect to the different corporate reputation dimensions judgments were all highly significant, and with standardized values over 0.6. This result is even more important if it is consider that loadings from these judgments to the specific constructs they belong were in some cases not significant, and in most of the cases, below 0.5. Therefore, it seems that evaluative judgments of specific corporate dimensions do not reflect the beliefs about the dimensions but are mainly determined by the affect towards the company. Therefore, in the data analyzed, there is a primacy of the affect as heuristic inference process, meaning that respondents are using affect towards the company as the main source of information to elaborate their judgments. Three different factors may be the source of this primacy. First, it is possible to think that affect is the principal source of information used by respondents. The specificity of the questions and their concerns about issues that are usually unknown for respondents may determine the intensive use of these heuristic. Second, the use of telephonic interviews to collect data may affect the quality of the responses due to the reduced cognitive resources allocated to the task and the low disposition to provide meaningful responses based on in-depth analysis of memory-stored information (Tyebjee, 1979). As it was mentioned before, feelings are often used as heuristic cues that guide perceptions and judgments associated with the object (Slovic et al., 2002), specially when the motivation or ability to engage in systematic evaluations is low, which can be the particular case of the analyzed data. A third factor that may cause the primacy of affect in the judgment construction process may be the order of questions. While questions regarding corporate dimensions were "rotated" to reduce carry-over effects, the two specific questions measuring affect were asked just before the corporate reputation ones, increasing the accessibility of affect as a source of information. As it was discussed in the hypotheses development section, reliance on feelings should be more likely when few other sources of information are available because an input's utilization depends on its relative accessibility compared to alternative inputs (Lynch et al., 1988), especially when attentional resources are limited (Clore et al., 1994).

Managerial Implications

These results have important implications for managers. First of all, and considering the role of partial information in the evaluative process, the development of a positive corporate reputation can be based in the communication of specific and good evaluated dimensions or attributes of the company (e.g. work environment), allowing stakeholders to make inferences about the other dimensions without the necessity of communicating them, especially if they are not evaluated well. Second, results provide evidence about the importance of feelings in the perception and evaluation of company's attributes, especially when subjects are unaware or don't have the necessary information to evaluate accurately specific corporate dimensions. Consequently, managers should try to get information about feelings towards the company as a way to determine their "affective" position in the mind of stakeholders, with the aim to manage this position as a way to increase the likelihood of positive perception and evaluations. Therefore, market research oriented to determine company's corporate affect and competitors' corporate affect could be used as a way to determine the position of the company in the mind of different stakeholders, and to define strategic and operative actions to improve this affect as a way to improve judgments and perceptions about the company and its specific dimensions.

Research implications

Based on the above discussed results, the major implication for future researches on Corporate Reputation is related with the methodological issues involved in the data collection process. Researchers must consider carefully the method to collect data and the questionnaire development process, because they can influence by large the results obtained, and therefore the conclusions of these studies. As a general recommendation, it is possible to suggest researchers to design data collection process considering the different possible inferential processes present in the elaboration of judgments, and to interpret the outcomes obtained considering the possible influence of these processes on the results. This means to recognize the fact that respondents are, to some extent, "guessing" the things they don't know about the company, and therefore those perceptions are not based on information directly related with the knowledge domain, but with different types of knowledge and, more important, with affective components.

Another important consideration for future research should be the study of the drivers or sources of positive and negative feelings in the corporate context. Since these feelings seem to be extremely important at the moment of perception formation and judgment elaboration, the antecedents of affect towards the company should be studied more in depth. Therefore, it seems relevant to conduct more research aimed to answer questions like: How positive affect is created? How it is maintained? What kind of corporate behavior does determine the valence of this affect? What types of corporate communications are important, for different types of stakeholders, in terms of affect creation?

Limitations

The main limitations of the present study are related with measurement issues. First, the use of just one question with a three-point scale to measure level of knowledge – ranging from a lot, a little, or nothing at all – may not capture enough differences in the level of knowledge. If it is considered that the low knowledge sample was built considering individuals with "little" or "nothing at all" knowledge about different dimensions, and the high knowledge sample was similar except for the "lot" of knowledge in products and services, it is possible to think that the samples didn't differ enough to capture the moderator effect of knowledge. Therefore, the explanation for the absence of moderator effect of knowledge level may be related with its measurement and the sample characteristics. Second, the use of just one item to measure corporate attitude is also a limitation, since error associated with the measurement of a variable is usually higher or more probable if the number of items is reduced. In this case, the use of just one item may affect the significance of the results related with corporate attitude.

Taking into consideration these limitations, the principal suggestions for future researchers are three. First, it would be adequate to measure affective and emotional components of corporate reputation using specific items, and mixing these items with the other components as a way to diminish the priming effect of affect. Second, include a more sensitive and wide-anchored measure level of knowledge on specific corporate dimensions, as a way to capture better the variation of this variable, and therefore, allow researchers to test with more precision the hypothesized moderator effect of knowledge, Finally, include a set of items to measure attitude towards the corporation or, if corporate reputation is considered as a good proxy, include more items to measure this construct.

Conclusions

The importance of inference processes behind corporate reputation evaluative judgments has been under-considered by corporate reputation literature. While some authors have recognized discriminant validity problems in reputation surveys, the cause of these problems have been not studied, with the consequent impossibility of suggest improvements in the data collection methods with the aim of decrease, or in the best of the cases, eliminate these problems. The present paper is a first attempt to uncover the sources of this lack of dicriminant validity, and shed light on the mental processes that possibly affects the construction of evaluative judgments, providing valuable information about the different inferential processes behind those judgments, and identifying probable pitfalls in the data collection methods that may increase these processes.

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THE IMPACT OF SOCIETAL CULTURAL VALUES ON THE EFFECT OF CORPORATE REPUTATION DIMENSIONS ON OVERALL CORPORATE REPUTATION JUDGMENTS

INTRODUCTION

The conceptualization and measurement of corporate reputation has attracted considerable attention in the management field (e.g. Fombrun and Shanley, 1990; Fryxell and Wang, 1994; Gardberg and Fombrun, 2002, Van Riel and Fombrum, 2002). While the advances in the conceptualization of corporate reputation have been fruitful, the measurement issues are still not completely solved. The existing approaches to measure corporate reputation tend to be ratings on the perceptions of relevant stakeholders, who are usually asked to rate a company on a limited number of dimensions. Examples for this type of approach are the US-based *Fortune America's Most Admired Companies* (since 1984) and the *Reputation Quotient* project (Fombrun, Gardberg and Server, 2000)

While the measurement of corporate reputation considers that some relevant corporate dimensions affect the general construct of corporate reputation, little has been done to elucidate the role of personal or cultural values as moderators effects of the importance ascribed to those dimensions in the general judgment.

As a way to fill this gap in the literature, this paper presents a literature review on the cross-cultural psychology field with the aim to identify possible sources of variation in the cognitive processes of corporate evaluation. This review considers concepts related with social cognition and person perception, and will provide the theoretical base to identify the possible effects of cultural values or beliefs in the importance and attention stakeholders give to the different dimensions of corporate reputation.

THEORETICAL DEVELOPMENT

Corporate Reputation Research and Measurement

Corporate reputation research has been increasingly capturing the attention of academicians in the fields of strategy, economics and management. Since the early recognition of reputation as a strategic asset which can generate future rents (Wilson, 1985), and the fact that corporate audiences routinely rely on the reputations of firms in making investment decisions, career decisions, and product choices (Dowling, 1986), research on this topic has been prosperous.

The development of reputation research is based on the vision of a world of imperfect information in which actors rely on proxies or signals to make rational assumptions about the intentions and future behaviors of other actors (Fombrun and Shanley, 1990). Thus, reputation models presume a tight coupling between past actions and future expectations, and organizational attributes and the evaluation of organizations (Weigelt and Camerer, 1988).

A central point in the conceptualization of reputation is the fact that corporate reputation is usually conceived as a collective construct that aggregate perceptions of multiple stakeholders about a company's performance, and that since performance is a multidimensional construct, reputation is assumed to be multidimensional as well (Fombrun et al., 2000).

Consequently, most of the research in the field has been conducted by analyzing the relationship between some specific organizational attributes or dimensions and other variables, such as financial performance. Under this perspective, the identification and measurement of corporate dimensions that are related with the overall evaluation of a company's reputation are extremely relevant issues, because they are the bases of most of the research in the field.

Among the most accepted approaches regarding the measurement of corporate dimensions and reputation (for a review on existing reputation surveys see Fombrun et al., 2000), it is possible to highlight two widely accepted studies developed and conducted with this aim for several years: The *Fortune* Magazine's annual *Corporate Reputation Industry Reports*, and Reputation Institute and Harris Interactive's *Reputation Quotient* Research.

The *Fortune Corporate Reputation Industry Reports* is a study that considers the most admired companies, and is conducted yearly since 1982. The methodology of this study has been described in several papers that used this data (e.g. McGuire, Schneeweis, and Branch, 1990; Roberts and Dowling, 2002), and considers the responses of approximately 8,000 executives, directors, and corporate analysts. These respondents are asked to rate companies in their industry on eight corporate attributes considered critical reputation drivers: quality of management, quality of products and services, innovation, long-term investment value, financial soundness, ability to attract, develop and keep talented people, social responsibility, and use of corporate assets. The evaluation of companies in these attributes is made using a scale of 0 (poor) to 10 (excellent), and the average value of firm ratings over the eight dimensions is considered to elaborate the final reputation score of companies.

The Reputation Institute and Harris Intercactive's *Reputation Quotient* (RQ) Research is a more recent study that has been conducted since 1999, and was designed with the purpose of tracking the corporate reputations of business firms (Van Riel and Fombrun,

2002) and of constructing a global database of reputation ratings that can inform research and practice (Gardberg and Fombrun, 2002). Therefore, this study can be considered the first in the field that has been systematically carried out on a global scale, considering countries such as USA, Canada, Australia, South Africa, and 12 European countries. With the aim of measuring corporate reputation, this study requires respondents to rate a company on 20 attributes (each measured in a 7-point scale) that fall into six key dimensions: emotional appeal, products and services, social responsibility, vision and leadership, workplace environment, and financial performance. Although the RQ instrument was designed for use with any stakeholder group, the studies that are released to the media involve surveys of corporate reputation based on ratings provided solely by the general public. Each company's final RQ is based on the respondents' ratings of the 20 attributes, and is estimated as the average value obtained by the company.

As it is possible to appreciate from the conceptual bases of the above-mentioned instruments, there is a common accepted vision that considers overall corporate reputation as a composite measure formed by the respondents' evaluations of companies in different corporate dimensions. These composite measures are usually an average of the scores obtained by companies in each one of the dimensions. Therefore the implicit assumption is that all the considered reputation drivers are equally important and have the same effect on the overall corporate evaluation. While this assumption may be true for some specific cases, it is possible to hypothesize that some specific context variables related with the information process and attention, such as cultural values, may affect the importance given by subjects to the different reputation drivers in the construction of an overall evaluation. In fact, reputation researchers are aware that reputation perceptions may be diverse for different stakeholders since their interest and attention on the company's affairs are varied (Gardberg and Fombrun, 2002). Therefore, it is also feasible to conjecture that cultural values may affect the importance given to the different corporate dimensions in the development of an overall corporate evaluation.

Cross Cultural Research Perspectives

The changing economic and business environment produced by the internationalization of firms' activities and scopes has forced managers and academicians to better understand the different implications and consequences related with this new scenario. One main approach adopted has been the introduction of the "cultural" context as a way to understand the differences in several and varied aspects of business, such as venture creation decisions (Mitchell et al., 2000), organizational leadership (House et al., 1999), and consumer behavior (Maheswaran and Shavitt, 2000).

From a broad perspective, culture can be defined as "the system of shared beliefs, values, customs, behaviors, and artifacts that the members of society use to cope with their world and with one another, and that are transmitted from generation to generation through learning" (Bates and Plog, 1990, p. 7). This system is determined by the internal constrains of genetic and cultural transmission and the external constrains of ecological, socio-economical, historical, and situational contexts, and are considered relevant sources of behavioral differences.

The development of cross-cultural research in social sciences has generated two approaches to understand the role of culture, named emic and etic perspectives, which are considered as a contrast between an insider's view and an outsider's view (Triandis, 1972, Berry, 1980). These terms were first defined by Pike (1967), a cultural linguistic who noticed that some sounds phonemics are unique to a particular (set of) culture(s), where as other sounds phonetics are universal across culture (Tinsley, 2005). In line with this categorization, emic perspective describes behavior as seen from the perspective of cultural insiders, describing the cultural system as a working whole (Morris et al., 1999), and arguing that constructs and theories are specific and need to be developed and studied within a clearly defined context (Douglas and Craig, 2006). In contrast, etic perspective describes behavior form a vantage external to the culture, in terms of constructs that apply equally well to other cultures (Morris et al., 1999), arguing that constructs and theories should be universal and apply to all contexts (Douglas and Craig, 2006).

Emic and etic researchers tend to have different assumptions and methodological approaches to study cultural related issues. On the one hand, emic researchers tend to assume that a culture is best understood as an interconnected whole or system, examining human behavior within its particular cultural system, seeking meaning and causal explanations from within that cultural structure, and striving for a deep internal analysis of that culture's unique meaning and social structure (Morris et al., 1999; Tinsley, 2005). Consequently, methods in emic research are more likely to involve sustained wide-ranging observation of a single cultural group, with ethnographic and structured programs of observations and interview as typical examples (e.g. Kondo, 1990; Goodennough, 1970). On the other hand, etic researchers examine human behavior from an external or outsider's perspective, and they tend to study the same phenomena across multiple cultures (Tinsley, 2005), isolating particular components of culture and stating hypotheses about their distinct antecedents and consequences (Morris et al., 1999). Etic researchers generally develop and impose a theory, structure, or model to understand a phenomenon. Accordingly, methods in etic research are more likely to involve brief, structured observations of several cultural groups. These observations are usually made in a parallel manner across different settings, conducting to cross-cultural comparisons in terms of attitudes or values (e.g. Hofstede, 1980) or in the moderating influence of cultural setting on the relationship among other variables (e.g. Earley, 1989). One of the bases of this approach to cross-cultural research is the identification and measurement of different cultural values.

Cultural Values

According to Hofstede (1980), culture can be viewed as a system of socially created and learned standards for perception, cognition, judgment, or behavior shared by members of a certain group; it is the "collective programming" that distinguishes one social group or category from another. From the individual perspective, psychologists have often sought to explain cross-cultural differences in individual behavior as differences rooted in the cultures' positions on a small collection of pan-cultural dimensions or values (e.g. individualism vs. collectivism) and have drawn on concepts of personality psychology. According to this notion, cultures can be traced to a few general and stable cultural traits that are present, at different levels, in all the cultures, and that are usually labeled as cultural dimensions.

One of the most influential and used studies on cultural dimensions is the work of Hofstede (1980), who analyzed data collected between 1967 and 1973 by IBM headquarters staff to measure employee morale in forty nations distributed throughout the world. Samples sizes ranged from 37 to 4,691 respondents per country. This data bank was further enriched by the addition of ten countries and three geographical regions, and consists of questionnaire responses and scores relevant to four theoretical constructs: power distance, uncertainty avoidance, individualism versus collectivism, and masculinity versus femininity.

Power distance is the degree to which less powerful members of a society accept a hierarchical or unequal distribution of power in organizations and in the society. Uncertainty avoidance is the degree to which members of a given society feel uncomfortable in unstructured, ambiguous, and uncertain situations and have created beliefs, norms, and institutions that are intended to minimize the occurrence of or to cope with such situations. Individualism versus collectivism describes, at its individualist pole, the degree to which individuals function independently of each other and are expected to look after themselves and their immediate families. On the opposite pole, the collectivism refers to the degree to which individuals are integrated into groups that are expected to look after these individuals in exchange of loyalty to the group. Finally, for the masculinity versus femininity dimension, it is possible to say that masculinity indicates the degree to which members of cultural entities look favorably on assertive, aggressive, competitive, materialist and striving for success behavior, while femininity indicates the degree to which members value supportive behavior, nurturance, care, and service and sanction gender role differentiation and discrimination.

While this cultural dimensions have been used extensively by researchers in several business related areas, some criticism to the scales used, face validity of the items, and sample composition have been raised. First, the scales have been criticized because of their item composition, because they are not independent, and because some critics believe they are inappropriately labeled (Dorfman and Howell, 1988, Jaeger, 1986; Robinson, 1983; Triandis, 1982). Second, the face validity of the items is not always apparent, that is, some of the items do not appear to measure the constructs to which they were assigned (Dorfman and Howell, 1988, House et al, 1997). Finally, the data are based on responses of predominantly middle-class male employees from one international firm, and therefore the representativeness and generalizability of the findings may be limited (House et al, 1997)

These critics have been encouraging researchers to improve the measurement and conceptualization of cultural values. With this aim, a group or researchers designed and conducted the Global Leadership and Organizational Effectiveness (GLOBE) Research Program, a program oriented to develop an empirically based theory to describe, understand, and predict the impact of cultural variables on leadership and organizational processes and the effectiveness of these processes (House et al., 2002). This research program was conducted in 61 nations, and one of the main results was the conceptualization of nine cultural dimensions: power distance, uncertainty avoidance, humane orientation, performance orientation, institutional collectivism, familiar collectivism, assertiveness, gender egalitarianism, and future orientation. The definition of each one of these dimensions is provided in Table 1.

The GLOBE project adopted a theory-based approach, and a priori dimensions were formulated based primarily on Hofstede's dimensions, values described by Kluckhohn and Strodtbeck (1961) and McClelland (1961), and the interpersonal communication literature (Sarros and Woodman, 1993). Thus, despite the use of different items to identify cultural dimensions, the results are consistent with previous results, and most of the cultural dimensions identified are related conceptually and correlated empirically with Hofstede's dimensions (Leung et al., 2005). Assertiveness orientation and gender egalitarianism are related to Hofstede's construct of masculinity–femininity, institutional collectivism and family collectivism to individualism–collectivism, power distance and uncertainty avoidance to the two Hofstede dimensions with the same labels, and future orientation to long-term orientation. Two dimensions are independent of the Hofstede dimensions: performance orientation seems conceptually related to McClelland's (1961) concept of need for achievement, and humane orientation seems conceptually related to the human nature is good vs. bad dimension of Kluckhohn and

Strodtbeck (1961). All together, these nine dimensions are expected to reflect important aspects of the human condition.

Table 4.1 GLOBE Project's Cultural Dimensions and Construct Definitions (House et al., 2002)

Culture Dimension	Construct Definition
Power Distance	The degree to which members of a collective expect power to be distributed equally.
Uncertainty Avoidance	The extent to which a society, organization, or group relies on social norms, rules and procedures to alleviate unpredictability of future events.
Humane Orientation	The degree to which a collective encourages and rewards individuals for being fair, altruistic, generous, caring and kind to others.
Performance orientation	The degree to which a collective encourages and rewards group members for performance improvement and excellence.
Institutional Collectivism	The degree to which organizational and societal institutional practices encourage and reward collective distribution of resources and collective action.
Familiar Collectivism	The degree to which individuals express pride, loyalty and cohesiveness in their organizations or families.
Assertiveness	The degree to which individuals are assertive, dominant and demanding in their relationships with others.
Gender Egalitarianism	The degree to which a collective minimizes gender inequality.
Future Orientation	The extent to which a collective encourages future-oriented behaviors such as delaying gratification, planning and investing in the future.

According to the authors, and notwithstanding the fact that they were studying the cultures of middle managers in 61 countries, they expect the findings of the research program to reflect some aspects of the national cultures of the countries represented, increasing the generalizability of the findings beyond the culture of middle managers alone.

Cultural Values and Corporate Reputation

Since the early recognition of the importance of knowledge regarding cross-cultural phenomena, and the establishment of a perspective based on the identification of fundamental cultural values that distinguish different cultures, several generations of researchers have documented how people from cultures located on different anchors of a particular cultural dimension react differently to similar situations (see Fiske, Kitayama, Markus, and Nisbett, 1998 for an overview). This approach to cross-cultural research is based on the premise that values and beliefs held by members of cultures influence the degree to which the behaviors of individuals, groups, and institutions within cultures are enacted, and the degree to which they are viewed as legitimate, acceptable, and effective (Hofstede, 1980; Triandis, 1995).

One of the several different areas studied by cross-cultural researchers, and especially by cross-cultural psychology researchers, is the topic of person perception. Person perception refers to "the ability of an individual to make inferences or draw conclusions about the beliefs, desires, intentions, emotional experiences, cognitions, and/or personality characteristics of other individuals" (Hill, 1998, p. 4). The main findings of cross-cultural research in this area have shown that person perception has cultural universal and specific elements (Zebrowitz-McArthur, 1988).

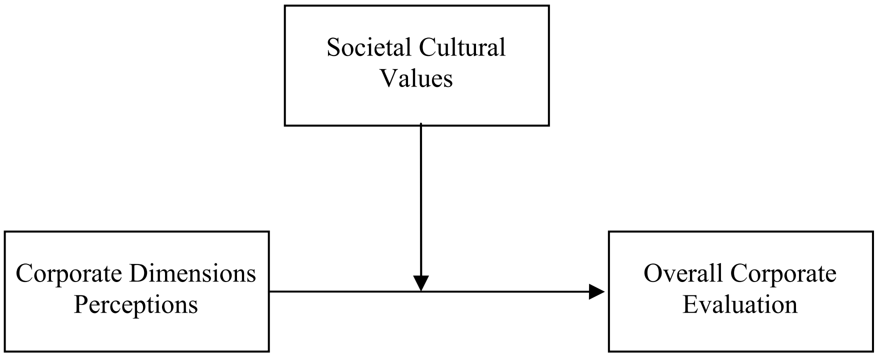
On one hand, the particular categories spontaneously used in person perception, the particular qualities ascribed to people, and the basic structures used (i.e. which behaviors and traits are similarly associated) show cross-cultural generality. Studies of implicit personality theory in any language indicate that a five-factor model – composed by extroversion, agreeableness, conscientiousness, emotional stability, and openness to experience – can describe the organization of perceived personality in any of the studied cultures (Bond, 1994; Butcher and Rouse, 1996, Narayanan, Menon and Levine, 1995)

On the other hand, specific elements of person perception due to cultural differences are found in the frequency and salience of the categories used. Therefore, culture exercises its influence by accentuating certain of the above-mentioned five dimensions over the others (Bond and Smith, 1996). Moreover, the rated importance of each of the five categories varies among cultural groups (Williams et al., 1995), and these categories are differentially weighted in guiding social behavior (Bond and Forgas, 1984).

Based on those findings, and doing an analogy between person perception and corporate perception, it is possible to suppose that the corporate dimensions considered by different cultures to evaluate and judge corporations are universal and stable across cultures, and that the importance ascribed to corporate dimensions in the assessment of a general perception of corporations may be affected by some specific cultural values, as depicted in Figure 1.

As a consequence, and considering the distinction between emic and etic perspectives discussed in the previous section, it is possible to include the present paper into the etic research perspective, since it is assumed that the constructs present in the causal theory of corporate reputation formation have the same meaning across culture and can be captured with the same measures. Moreover, the present work assumes that the structure of the model is considered stable (that is, the constructs will interrelate in the same way), although the strength of the causal relationship may be moderated by culture, which is typical from etic approaches (Brett et al, 1997).

Figure 4.1 Theoretical Model



Therefore, and using the specific corporate dimensions considered in the *Reputation Quotient* (RQ) Research and the cultural values provided by the GLOBE Project, a series of specific propositions is developed. The selection of these conceptual tools is not arbitrary, but instead based on several reasons. First, the RQ scale was developed after a detailed review of the different existing approaches to measure corporate reputation, thus it seems to be the more advanced tool in the field. Second, the RQ scale was, from its origin, conceived as a cross-nationally measure of corporate reputation, and its design followed the recommendations and indications to develop a cross-national scale (Gardberg and Fombrun, 2002). Therefore, the assumption that corporate dimensions considered by different cultures to evaluate and judge corporations are stable across cultures can be justified for this specific conceptualization of corporate dimensions. Third, the GLOBE cultural dimension is an "expansion" and improvement of the original cultural dimension provided by Hofstede, and thus it can be considered as a more comprehensive way to conceive cultural dimensions. Fourth, the data and measures from the GLOBE project are more recent, and for that reason can be considered more valid than Hofstede's measures. Finally, the sample considered for the development and measurement of cultural dimensions in the GLOBE project includes individuals from 61 countries – 11 more than those at Hofstede's study – and from three different industries, being more representative than Hofstede's sample, which was composed by members of just one organization.

As a result, and based on the constructs and concepts considered in these two measurement and conceptual tools, it is possible to develop some specific theoretical propositions about the moderating role of cultural values in the assessment of corporate reputation.

Humane Orientation

According to the GLOBE's definition, humane orientation is "the degree to which an organization or society encourages and rewards individuals for being fair, altruistic, friendly, generous, caring, and kind to others" (House et al., 1999). This proposed conceptualization for the value was developed and based on historical, religious, psychological, and sociological roots of the concept of humane orientation. Form the historical perspective, it is possible to note that descriptions of ideas, values, and prescriptions for behavior associated with this cultural dimension have existed since ancient times. According to Kabasakal and Bodur (2004) these ideas and values can be found in the writing of the classic Greek philosophers as well as in the teachings of many of the major religions in the world. For example, in Judaism, Christianity, and Islam, God is associated with ultimate "goodness", and orders from God include specific duties and prohibitions that are associated with goodness and humanitarian behavior. Form a sociological perspective, and according to culture theory, values of altruism, benevolence, kindness, love, and generosity are salient as motivating factors guiding people's behavior in societies characterized by a strong humane orientation (Triandis, 1995). It has also been noted that at a social level humane-orientation reflects how extensively social norms and regulations support people encountering adverse conditions, how positive is the attitude of the people, how positively they behave with each other, and reveals the seriousness of discrimination of minorities (Kluckhohn and Strodbeck 1961).

Humane Orientation and Work Environment

Previous research on different values associated with humane orientation have found that in societies with a high humane orientation there is a need for belonging and affiliation motivate people (Triandis, 1995), and that members of the society are responsible for promoting well being of others (Schwartz, 1992). Moreover, some studies on the paternalistic value, which is considered a form of benevolence, have shown that in paternalistic societies people in authority are expected to act like a parent and take care of subordinates' and employees' families (James, Chen and Cropanzano, 1996; Kanungo and Ayca, 1997). Based on these findings, and in the fact that being fair and kind to others are central and valuable behaviors in humane oriented societies, it is possible to hypothesize that the work environment dimension of corporate reputation will be more relevant in the elaboration of an overall corporate evaluation in cultures that are more humane oriented.

> *Proposition 1a: Company's workplace environment reputation will have a higher impact on overall corporate evaluation in more humane oriented cultures.*

Humane Orientation and Social Responsibility

Since in societies with a high humane orientation values of altruism, benevolence, kindness, and generosity have high priority (Triandis, 1995), and members of the society are responsible for promoting well being of others (Schwartz, 1992), it is possible to hypothesize that a social responsible behavior – which includes issues such as the support of good causes, the environmental responsibility of the company, and the way in which the company treats people – will be more valuable and important as a determinant of corporate reputation in those humane oriented societies.

Proposition 1b: Company's social responsibility reputation will have a higher impact on overall corporate evaluation in more future oriented cultures.

Performance Orientation

According to the GLOBE's definition, performance orientation reflects the extent to which a community encourages and rewards innovation, high standards, and performance improvements. Although this concept seems to be relevant and with and intuitive appeal, it has not received much direct attention in the literature. Nevertheless, it is possible to mention that a similar concept, need for achievement, was introduced by McClelland and colleagues (1955, 1958, 1961). Need for achievement was defined as the need to do better all the time (1987, p. 228), and it was a further development, from a psychological perspective, on Weber's (1904/1930) chronicle of the Protestant Reformation. Weber's hypothesis was that the Protestant values of self-reliance and hard work led to the evolution of the spirit of modern and rational capitalism. McClelland (1961) proposed a more detailed process in which the protestant values led to greater emphasis among parents on teaching their children to have high standards and to value independence. Such emphasis in turn resulted in higher need for achievement among sons, who then became active entrepreneurs and generated higher rates of economic growth. According to McClelland (1961) individuals with high need for achievement tend to achieve pleasure from progressive improvement, like to work on tasks with moderate probabilities of success because they represent a challenge, take personal responsibility of their actions, seek frequent feedback, search on information on how to do things better, and are generally innovative.

Another source of evidence about the performance orientation value can be found in the work of Kahn (1979) and Hofstede and Bond (1988). They argued that Confucian principles of perseverance, working hard, and learning new skills have been instrumental in helping shape and drive the economic progress in the Southeast Asia region. Although they investigated a different region, in a different time period, and a different religious environment, they arrived to comparable conclusions to Weber's work, in the sense that cultural values of performance orientation exist more strongly among some peoples than others, and are a critical force in shaping and influencing their social and economic behavior.

Performance Orientation and Products & Services

According to some authors, highly performance-oriented societies tend to value those individuals and groups that produce results and accomplish their assignments (Parsons and Shils, 1951; Trompenaars and Hampden-Turner, 1998). Moreover, has been also argued that societies with a high performance orientation tend to reward performance, value competitiveness, and value taking initiative (Javidan, 2004). Since the products and services dimension of corporate reputation is related with the stakeholders' perception of quality, value, and innovativeness of the products and services offered by a company – all aspects related with the "market" performance of the company – it is possible to hypothesize that this dimension will be more valued and important in determining the overall perception of the company in societies with higher performance orientation.

Proposition 2a: Company's products and services reputation will have a higher impact on overall corporate evaluation in more performance-oriented cultures.

Performance Orientation and Financial Performance

Based in the arguments presented in the previous paragraph, and also in the fact that highly performance-oriented societies emphasize results more than people, reward performance, value competitiveness and materialism, and value bonuses and financial rewards (Javidan, 2004), it is possible to hypothesize a positive influence of this performance orientation in the importance ascribed to financial performance – the profitability, risk, and comparative performance of the company – in determining and overall perception or evaluation of the company.

Proposition 2b: Company's financial performance reputation will have a higher impact on overall corporate evaluation in more performance-oriented cultures.

Performance Orientation and Vision and Leadership

Since performance oriented societies tend to value training and development, value assertiveness and competitiveness, believe that individuals are in control, and value and reward individual achievement (Javidan, 2004), it is possible to expect that the perception of a company's vision and leadership – which includes issues such as company's leadership, company's vision of its future, and the company's ability to take advantage of market opportunities – will be more relevant in the formation of an overall perception of the company in societies with a higher performance orientation.

Proposition 2c: Company's vision and leadership reputation will have a higher impact on overall corporate evaluation in more performance-oriented cultures.

Future Orientation

Future orientation is defined by GLOBE project as "the extent to which members of a society or an organization believe that their current actions will influence their future, focus on investment in their future, believe that they will have a future that matters, believe in planning for developing their future, and look far into the future for assessing the effects of their current actions" (Ashkanasy et al., 2004, p. 285). This concept has been widely discussed in the literature, and has been operationalized and interpreted in a variety of ways (Seijts, 1998). Future orientation has been identified as a dimension of the mire general construct, time orientation, that relates to the subjective experience of time (Trommsdorff, 1983), and has been identified consistently as a basic value orientation of all cultures (Kluckhohn and Strodtbeck, 1961). According to Keough et al. (1999), cultures with high future orientation have a strong capability and willingness to imagine future contingencies, formulate future goal states, and seek to achieve goals and develop strategies for meeting their future aspirations.

Future Orientation and Vision and Leadership

Since future-oriented societies tend to have organizations with a longer strategic vision, have flexible and adaptative organizations and managers, and emphasize visionary leadership that is capable of seeing patterns in the face of chaos and uncertainty (Ashkanasy at al., 2004), it is possible to hypothesize that these societies will attribute more importance to a company's vision and leadership – which includes issues such as company's leadership, company's vision of its future, and the company's ability to take advantage of market opportunities – in determining an overall perception of a company.

Proposition 3a: Company's vision and leadership reputation will have a higher impact on overall corporate evaluation in more future oriented cultures.

Future Orientation and Social Responsibility

Societies with higher future orientation tend to have a propensity to save for the future, and view materialistic success and spiritual fulfillment as an integrated whole (Ashkanasy at al., 2004). Consequently, it is possible to presume that these societies will attribute more importance to the social concerns of the company, which can be interpreted as behaviors or actions of the company that looks more to the future of the society than to the present of the firm. Therefore, issues such as the support of good causes, the environmental responsibility of the company, and the way in which the company treats people, may be more important and valued in societies with higher future orientation, giving more importance to this corporate dimension on the formation of an overall perception of the company than in less future-oriented societies.

Proposition 3b: Company's social responsibility reputation will have a higher impact on overall corporate evaluation in more future oriented cultures.

Institutional Collectivism and Familiar Collectivism

The construct of collectivism, and its opposite dimension, individualism, are some of the most studies constructs in the literature and have attained the status of paradigm in the cross-cultural literature (Segall and Kagitçibasi, 1997). Only in the past 25 years, more than 1,400 articles on individualism and collectivism have been published (Gelfand et al., 2004), and numerous books have been devoted to exclusively to the constructs (Kim et al., 1994; Smith and Bond, 1993; Triandis, 1995). Despite the enormous attention given to the topic, the fact that these constructs have received attention at numerous levels of analysis (e.e. societal, organizational, and individual level) has produced some confusion regarding the findings at different levels (Gelfand et al., 2004). Taking account of this confusing landscape, and in the notion that individualism and collectivism are multidimensional, GLOBE researchers developed two different scales to measure these constructs, named in-group collectivism and institutional collectivism. This differentiation of the construct is based on the work of Triandis and colleagues (Triandis et al., 1986) who empirically demonstrated that family integrity is an important factor that differentiates societies, as well on the work of other scholars who have focused on non-kin components of collectivism (Realo et al., 1997; Rhee, Uleman and Lee, 1996). While in-group (or familiar collectivism) is directly related with the degree to which individuals express pride, loyalty, and interdependency in their families, institutional collectivism is related with the practices at the societal level. Therefore, institutional collectivism is probably more relevant in the context of the corporate reputation assessment since is the societal level dimension of collectivism.

Institutional Collectivism and Social Responsibility

Institutional collectivism was defined as the degree to which institutional practices at the societal level encourages and reward collective action. Specifically, the construct considered issues such as whether group loyalty is emphasized at the expense o individual goals, whether the economic system emphasizes individual or collective interests, whether being accepted by other group members is important, and whether individualism or group cohesion is valued more in the society.

Taking into consideration that in institutional collectivistic societies motivation is socially oriented, and organizational citizenship behaviors are more common (Gelfand et al., 2004), it is possible to hypothesize that the social responsibility dimension of corporate reputation – which considers the support of good causes, the environmental responsibility of the company, and the way in which the company treats people – will be more important as a determinant of the overall company evaluation in societies higher in institutional collectivism.

> *Proposition 4a: Company's social responsibility reputation will have a higher impact on overall corporate evaluation in more institutional collectivistic cultures.*

Institutional Collectivism and Work Environment

Considering the above mentioned description of the institutional collectivism construct, and the fact the in institutional collectivistic societies organizations tend to take responsibility for employee welfare, and employees tend to develop long-term relationships with employers from recruitment to retirement (Gelfand et al., 2004), it is possible to hypothesize that in these institutional collectivistic societies individuals will give more importance to company's workplace environment in the formation of an overall perception of the company than in more individualistic societies.

Proposition 4b: Company's workplace environment reputation will have a higher impact on overall corporate evaluation in more familiar collectivist cultures.

Assertiveness

The assertiveness cultural dimension reflects beliefs as to whether people are or should be encouraged to be assertive, aggressive, and tough, or nonassertive, nonaggressive, and tender in social relationships (Den Hartog, 2004). While this concept can be partially related with the masculinity index developed by Hofstede (1980), it has rarely been studied as a dimension of culture in its own right before the GLOBE study. However, assertiveness has received ample attention in the psychological literature, and has been defined as a set of social skills or a style of responding amenable to training (e.g., Crawford, 1995) or as a facet of personality (e.g., Rathus, 1973).

The GLOBE study defined assertiveness as the degree to which individuals in organizations and societies are assertive, tough, dominant, and aggressive in social relationships (House et al., 1999). Form this perspective, assertiveness is seeing not only as a behavior, trait, or even a stereotypical national characteristic, but also as a relevant dimension of national culture that reflects shared social beliefs about whether people are or should be assertive and tough-minded, or unassertive and tender in their social relationships.

Assertiveness and Products & Services

According to Den Hartog (2004), higher assertiveness societies tend to value competition, progress, and taking initiative, and stress competition and performance. Therefore, it is possible to hypothesize that these societies will give more importance to the company's products and services reputation – which is the perception of quality, value, and innovativeness of the products and services offered by a company – in the construction of an overall perception of the company.

Proposition 5a: Company's products and services reputation will have a higher impact on overall corporate evaluation in more assertive cultures.

Assertiveness and Financial Performance

Since societies presenting a higher level of assertiveness tend to value competition, success, and reward performance (Den Hartog (2004), it is possible to hypothesize that aspects such as company's profitability, risk, and comparative performance – which are the components of the financial performance dimension of corporate reputation – will be more valued, having more influence in the overall perception of a company in higher assertiveness societies

Proposition 5b: Company's financial performance reputation will have a higher impact on overall corporate evaluation in more assertive cultures.

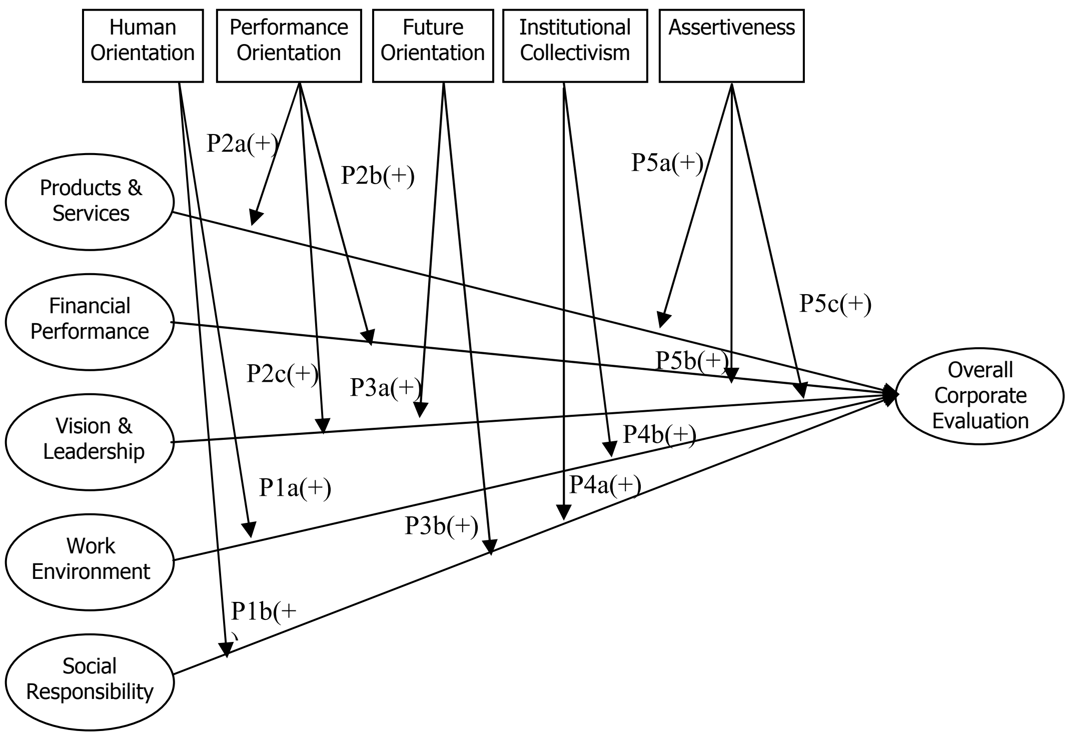
Assertiveness and Vision and Leadership

Finally, higher assertiveness societies have been characterized as societies that value assertive, dominant, and tough behavior for everyone in the society, value progress, have relatively positive connotations for the term aggression (e.g., aggression helps to win), and value taking initiative (Den Hartog, 2004). Therefore, it is possible to hypothesize that the quality of a company's leadership, the company's vision of future, and the company's ability to take advantage of market opportunities – all components of the vision and leadership dimension of corporate reputation – will be more important in determining an overall perception of the company in societies with higher levels of assertiveness

Proposition 5c: Company's vision and leadership reputation will have a higher impact on overall corporate evaluation in more assertive cultures.

A final model describing the different above mentioned propositions is presented in Figure 1.

Figure 4.2 Final Model



DISCUSSION

Existing approaches to conceptualize and measure corporate reputation consider it as a multidimensional concept, and overall or general evaluations as composed by an “average” of the evaluations of the company in those different corporate dimensions. Therefore, there is a widespread assumption that those different dimensions are equally important as sources of corporate reputation. Nevertheless, some researchers have already recognized that different stakeholders may have different interests in the company activities therefore this assumption may not be always true. So it can be said that there is a lack of research oriented to determine if the assumption of equality of the several sources of corporate reputation really holds or if their respective importance can vary in different cultures

Based on the findings of studies in the cross-cultural psychology field, more specifically in issues concerning person perception processes and influence of cultural values on these perceptions, the present study presents a conceptual model in which cultural values are supposed to have a moderator effect on the relationship between judgments about specific corporate dimensions and the overall corporate evaluation.

Using the latest developments in the conceptualization of cultural values and corporate reputation, a series of detailed propositions regarding the particular effects of some cultural values on the different dimensions of corporate reputation is developed.

In doing this, the current paper intends to provide a partial answer to the call of cross-cultural psychologists for a cross-cultural based research model (Weber and Hsee, 1999, 2000). According to them, investigators should commit themselves to a behavioral model that not only can explicitly specify possible causal constructs or variables hypothesized to influence the behavior under study, but also verify the relationship between those variables. Ideally, cultural differences on a variable of the model should act as mediators or moderators of the behavior under investigation.

Conclusions

The possible existence of differences in the importance given to corporate dimensions is an extremely relevant issue with interesting managerial implications. First, multinational corporations that are concerned about their reputation should instead of planning and conducting specific activities to leverage that reputation in a centralized way, consider the fact that these standardized activities may have different results in different cultural contexts due to the emphasis given by subjects belonging to those contexts. Therefore, the "one size fits all" attitude should be reassessed and multinational corporations should start to recognize and tailor their activities in different nations according to the local values as a way to maximize their reputations in each of the nations in which they compete. Second, reputation rankings obtained by averaging equally corporate dimensions may not represent the real perception of individuals, since their overall evaluations may be different due to the distinct importance they give to specific corporate dimensions. Therefore, reputation rankings should adapt their methodologies and calculations for the different countries in which they are obtained.

Finally, if cultural values are found to be significant moderators of the relationship between specific corporate dimensions and the overall corporate perception, it would be interesting to re-examine results of previous researches in the corporate reputation field that were conducted in different countries, because in the light of possible cultural variations, these previous results and findings could be re-interpreted and the understanding on how corporate reputation is assessed and on how different dimensions can be manipulated by a company to increase and sustain a positive reputation in the several different countries could be enriched

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