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# **Willingness-to-Support**

## **A concept for corporate reputation assessment**

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*Whenever a theory appears to you as the only possible one, take this as a sign that you have neither understood the theory nor the problem which it was intended to solve.*

*Karl Popper*

## **Abstract**

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<b>Keywords:</b>	Willingness-to-support, corporate reputation, measurement, stakeholders
<b>Thesis purpose:</b>	The purpose of this thesis is to define and theorise willingness-to-support as a possible measurement of corporate reputation.
<b>Theoretical perspective:</b>	The theoretical framework aims to give an insight into corporate reputation, the importance of it, as well as how it can be measured. Different measurement methods are examined and their weaknesses are highlighted.
<b>Methodology:</b>	The knowledge production in this thesis is done through reasoning with companies to gain a deeper understanding of the social world and the respondents' view of their reality. Grounded theory is used as an inspiration for conducting the research. A qualitative method is used in the form of semi-structured interviews with six companies in three different business sectors.
<b>Empirical data:</b>	In-depth, semi-structured interviews are conducted with six companies in three business sectors. The companies are BMW, Cancerfonden, Red Cross, Siemens, Systembolaget and TeliaSonera.
<b>Conclusions:</b>	Willingness-to-support is a multi-stakeholder assessment of corporate reputation derived from the actions that are taken by individual stakeholder groups.

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# 1 Introduction

## 1.1 Problem Discussion

Willingness-to-support was first introduced to us in an article by Greyser et. al. comparing the Swedish monarchy to a corporate brand.<sup>1</sup> Companies often measure how loyal customers are to their brands, but it is difficult to measure how loyal people are to something like the monarchy. Instead, it was suggested that the idea of ‘loyalty’ could be measured by how willing one is to support. In an interview with one of the authors of that article, Stephan A. Greyser, the concept of willingness-to-support was further explained to us. It was said that willingness-to-support could be used as a measurement of corporate reputation.<sup>2</sup> Corporate reputation has many, varied definitions but there is one that stands out as more thorough and comprehensive than the others. According to Fombrun and Rindova, corporate reputation is a “collective representation of a firm’s past actions and results that describe 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 other stakeholders, in both the competitive and institutional environments.”<sup>3</sup>

In a previous paper that we wrote, we discovered that the perception of reputation is dependent on which stakeholder is being questioned.<sup>4</sup> For example, customers have one idea of what a particular firm’s reputation is while employees can have a completely different perception of the same firm’s reputation. Therefore, when it comes to measuring corporate reputation, it needs to be done from each individual stakeholder’s point-of-view as the perception of reputation can vary greatly between them. The stakeholders that we will consider in this paper are customers, employees, government, general public, suppliers, social activists, financial institutions, and shareholders.<sup>5</sup>

A thorough look at the current corporate reputation measurements revealed certain weaknesses. Many of these methods measure corporate reputation from only one stakeholder’s point of view or by clustering various stakeholders into one group. For example, *Fortune* magazine’s Most Admired Companies, one of the most widely used measurements, asks senior executives, outside directors and financial analysts to rank companies’ reputations. Because all of these groups have significant interest in financial performance, the measurement becomes swayed in that direction. The definition that we use of corporate reputation implies that looking at one stakeholder is not the most appropriate way to measure reputation and the previous research that we have done supports this. Therefore, we want to focus on willingness-to-support as a measurement of corporate reputation, with the thought that it may be able to fill gaps in current measurement techniques.

To obtain a better understanding of what willingness-to-support means, we started by examining the word *support*. Merriam-Webster Dictionary defines support as “to

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<sup>1</sup> Greyser et. al. 2006

<sup>2</sup> Greyser, 11.27.2006

<sup>3</sup> Fombrun and Rindova 1996 in Gardberg and Fombrun 2002 p.304

<sup>4</sup> Berberich et. al. 2006

<sup>5</sup> Gray and Balmer 1998

promote the interests or cause of.”<sup>6</sup> Other synonyms include advocate, uphold or back. These definitions all imply that support is a verb, meaning that it takes some sort of action. In order for one to *support* something, one must *do* something, an action must be taken. In certain instances, *not* taking an action is also an action. For example, if a supplier refuses to supply a company, this inaction would in fact be an action.

To use willingness-to-support as a measurement of corporate reputation, we want to focus on actions that stakeholders take, as they reveal their perception of a company’s reputation. All of the measurements that we looked at use attributes, which can be words, thoughts or feelings, to describe reputation. Even if the actual action that a stakeholder takes cannot in itself be measured, it is possible to ask *about* an action, such as “Have you invested money into Company A?” We believe that using actions has benefits over using attributes. The attributes that are used in existing measurements tend to be stated very abstractly, leaving much room for personal interpretation as to their meanings.<sup>7</sup> However, actions give people something concrete that they can relate to. There is only one way to answer the question stated above, “Have you invested money into Company A?” The answers to questions that refer to actions can be seen as more reliable because things like mood should not affect the answers as dramatically.

## ***1.2 Purpose***

In the discussion above, it is shown that the existing measures of corporate reputation are not completely adequate. Willingness-to-support is one method of measuring corporate reputation that is not widely used and, currently, there is no existing definition of it. *The purpose of this thesis is to define and theorise willingness-to-support as a possible measurement of corporate reputation.*

## ***1.3 Outline of the Thesis***

In the first chapter we explain where the concept of willingness-to-support was discovered. Our view of the problem and the problem formulation is presented in order to give the reader an understanding of why we think willingness-to-support needs to be defined and conceptualised.

The second chapter presents the theoretical framework and current theory under the topics corporate reputation and corporate reputation measurement in order to give the reader information about what is missing in the theory and how willingness-to-support differs from current measurement methods.

The third chapter includes the methodology where we explain the nature of the research problem and our view on how knowledge is created. A brief description of the grounded theory method is given. This section also gives our arguments for choosing a qualitative method and how companies and respondents to interview were picked. Finally, it explains why the conclusions and contributions can be seen as reliable and valid.

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<sup>6</sup> www.m-w.com

<sup>7</sup> Bromley 2002



The fourth chapter presents the empirical data from the interviews where the data are simultaneously analysed in relation to the theoretical framework in order to bring it to another level of abstraction in the process of generating theory.

The fifth chapter contains a discussion about the theory that is generated from the empirical data and literature review and a discussion about the model that is developed from it. An in-depth explanation of each part of the model is then given.

The sixth chapter presents the conclusions drawn. A definition of willingness-to-support and a concise description of the concept are given.

The seventh chapter contains both academic and managerial contributions that result from the research. Further areas of research are suggested as well as ways that the concept can be used in practical applications.

## 2 Literature Review

### 2.1 Corporate Reputation

Corporate reputation has been said to be the most critical, strategic and enduring asset that a company has which explains why it has become such a popular subject of research and interest in recent years.<sup>8</sup> Just a few examples of why a corporation's reputation leads to advantages are that "their products and stock offerings entice more customers and investors – and command higher prices, their jobs lure more applicants – and generate more loyalty and productivity from their employees, their clout with suppliers is greater – and they pay lower prices for purchases and have more stable revenues, and their risks of crisis are fewer – and when crisis do occur, they survive with less financial loss."<sup>9</sup> In short, a good reputation can be beneficial to a company because it will lead customers to do business with it when there are choices among companies offering similar products at similar prices, it will lead to support in times of controversy and it will increase a company's value in the financial market.<sup>10</sup> A good corporate reputation can lead to a sustainable competitive advantage because it is an intangible asset that is scarce, valuable, sustainable and difficult for competitors to imitate.<sup>11</sup> These advantages are the result of current trends in the business environment, such as markets becoming more global, media being more fragmented, the appearance of more vocal stakeholders and the commoditisation of industries and their products.<sup>12</sup>

While it can be agreed that corporate reputation is important to a firm, what exactly constitutes a reputation is not so unanimous. What the term means is largely dependent on the viewpoint from which reputation is being looked at. Various fields, including economics, strategy, accounting, marketing, communications, organisation theory and sociology, all have their own ideas about what corporate reputation means.<sup>13</sup> Economists believe that reputation is a perception of a firm held by external constituents. Because much of what a company does is done out of sight of observers, reputation serves as an information source that can increase confidence and knowledge about a company's products and services.<sup>14</sup> To strategists, reputations are assets and mobility barriers. An established reputation impedes mobility and produces returns to firms because it is difficult to imitate.<sup>15</sup> Reputation for accountants is the result of intangible assets like branding, training and research. Accountants look at reputation as an intangible asset that brings value to a company and that needs a place in financial statements in order to accurately reflect its value.<sup>16</sup> For marketers, reputation is often synonymous with brand image. Reputation is the cognitive and affective meanings that are associated with products and companies.<sup>17</sup> In relation to communications, reputations are corporate traits that develop from relationships

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<sup>8</sup> Cravens et. al. 2003

<sup>9</sup> Fombrun 1995 in Cravens et. al. 2003 p.203

<sup>10</sup> Greyser 1999

<sup>11</sup> Schwaiger 2004

<sup>12</sup> Gardberg and Fombrun 2002

<sup>13</sup> Fombrun et. al. 2000

<sup>14</sup> Fombrun and Van Riel 1997

<sup>15</sup> Ibid.

<sup>16</sup> Ibid.

<sup>17</sup> Ibid.

companies have with their stakeholders.<sup>18</sup> Organisation theorists emphasis reputation as an internal construct that results from employees' interactions with a company. Corporate culture influences employees' perceptions and motivations, which then influence their interactions with external stakeholders.<sup>19</sup> Lastly, sociologists think of reputation as an indication of validity. Reputation here is an overall assessment of a company's performance in relation to expectations.<sup>20</sup> These subtle differences in the way that corporate reputation is viewed contribute to the confusion about defining what the concept is. Because corporate reputation is relevant to so many different groups of professionals who all use it differently, a common definition is difficult to find.

In much of the literature on corporate reputation the terms image, identity, reputation, esteem, goodwill and standing are used synonymously. Image and identity are the two terms that cause the most confusion when it comes to defining reputation. A number of authors define image as the view that external stakeholders have of a company,<sup>21,22</sup> while identity is the internal view of a company.<sup>23,24</sup> Reputation is thus the combination of both image and identity, a collective term that refers to all stakeholders, both internal and external.<sup>25</sup> This combination of internal and external viewpoints, identity and image respectively, is necessary because corporate reputation is an intangible asset that must be evaluated using both internal and external information.<sup>26</sup>

Fombrun and Rindova define corporate reputation as “a collective representation of a firm's past actions and results that describe 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 other stakeholders, in both the competitive and institutional environments.”<sup>27</sup> This is found to be the best definition for various reasons. First, this definition encompasses both image, “a firm's relative standing both internally with its employees...” and identity, “...and externally with its other stakeholders” to result in reputation. This agrees with the earlier statement that reputation is the combination of image and identity, of internal and external stakeholders. Most importantly, this definition is found to be the best because it addresses that reputation should be viewed from different stakeholder perspectives. While many other definitions cluster all stakeholder groups together and try to define reputation as one overarching assumption about a company, this definition does not. It points out that reputation is a “collective representation.” Here it is important to note the difference between a collective and a collection, specifically when it comes to attempting to measure reputation. A collective is a group of homogenous people who have a common interest in a company's reputation, as one single stakeholder group might.<sup>28</sup> A collection is a group of heterogeneous people who may or may not have

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<sup>18</sup> Fombrun et. al. 2000

<sup>19</sup> Fombrun and Van Riel 1997

<sup>20</sup> Ibid.

<sup>21</sup> Davies et. al. 2001

<sup>22</sup> Davies and Chun 2002

<sup>23</sup> Davies et. al 2001

<sup>24</sup> Davies and Chun 2002

<sup>25</sup> Davies et. al. 2001

<sup>26</sup> Cravens et. al. 2003

<sup>27</sup> Fombrun and Rindova 1996 in Gardberg and Fombrun 2002 p.304

<sup>28</sup> Bromley 2002

the same interest and could include people from various stakeholder groups.<sup>29</sup> Because each collective can have a different perception of reputation it should be measured from each collective's point-of-view, not from a collection of stakeholders.

While it may be more convenient to look at corporate reputation from the viewpoint of all stakeholders as one aggregate group, this perspective will not be the most useful to companies. In previous research we conducted it was found that the perception of corporate reputation depends on each stakeholder individually.<sup>30</sup> It was found that consumers think high quality goods and services are the most important factor to reputation. Potential employees, on the other hand, think that corporate culture is the most important. If companies intend to measure their corporate reputation then they need to realise that they should investigate each stakeholder group separately.

Many other researchers agree that reputation must be considered from each stakeholder's perspective. Bromley writes that "commercial and industrial companies, like political candidates and other reputational entities, have as many reputations as there are distinct social groups that take an interest in them."<sup>31</sup> Cravens et. al. agree and state that it is important to include all groups that interact with a company to assess their opinions of the company.<sup>32</sup>

A hypothetical situation was developed by Wartick to show that clustering all stakeholders together to get one overall reputation is not ideal because it does not give an accurate picture of how individual stakeholders feel.<sup>33</sup> Figure 2.1 indicates three different, competing companies who interact with the same five stakeholders (i.e., customers, employees, suppliers, financial institutions, and the general public). The numbers in the cells indicate each stakeholder's perceptual representation of each company's reputation, 0 being the lowest and 10 being the highest. An aggregate number is also given for an overall view of each company's reputation.

*Hypothetical Reputation Ratings for Three Competing Companies*

	<i>Company A</i>	<i>Company B</i>	<i>Company C</i>
Owners	6	10	0
Employees	5	2	9
Customers	5	2	10
Suppliers	6	10	0
Community	5	1	7
Reputation rating	27	25	26

*Note: 10 = highest possible level of favor; 0 = lowest possible level of favor.*

**Figure 2.1**  
*Hypothetical Reputation Ratings for Three Competing Companies*<sup>34</sup>

Looking at Figure 2.1 and using the approach of an aggregate reputation, Company A would have the best reputation. However, if one asked suppliers which company had

<sup>29</sup> Bromley 2002

<sup>30</sup> Berberich et. al. 2006

<sup>31</sup> Bromley 2002 p.36

<sup>32</sup> Cravens et. al. 2003

<sup>33</sup> Wartick 2002

<sup>34</sup> Ibid.

the best reputation, the choice would be Company B. If a company chooses to see reputation as an overall perception of all stakeholders, it risks, for example, losing suppliers, losing customers and having employees quit because while the company may think it has an outstanding reputation, another company is doing better at satisfying particular stakeholders. Thus, the aggregation approach to defining corporate reputation can supply misleading information unless all stakeholder groups are considered independently of one another.<sup>35</sup> This difference is a result of different stakeholders having different expectations, different standards and different issues that they judge a company by.<sup>36</sup> Because one company will normally have several different reputations that are based on attributes and criteria that are of interest to different stakeholders,<sup>37</sup> an accurate measure of corporate reputation must assess reputation from each stakeholder's point of view.

## ***2.2 Corporate Reputation Measurement***

As corporate reputation becomes an increasingly popular topic of discussion among researchers and managers alike and as its importance to a company is realised, the next natural step is to find a way to measure reputation.<sup>38</sup> If reputation can have as dramatic an effect on a company as it is said to have, it makes sense that companies would want to be able to manage their reputations, but in order for corporate reputation to be managed, it must first be measured.<sup>39</sup>

There are three main paradigms, 'social expectations', 'corporate personality', and 'trust', into which most corporate reputation measurement methods fit. Though, naturally, there are overlapping aspects that can be found in all three paradigms, they are different enough to be analysed separately.

### **2.2.1 Social Expectations**

The 'social expectations' paradigm includes famous measurements such as *Fortune's* America's Most Admired Companies (AMAC) and the Global Most Admired Companies (GMAC) and the *Reputation Institute's* Reputation Quotient. This paradigm is based on the expectations that people have regarding the behaviour of a company.<sup>40</sup> In this measurement different attributes are grouped into clusters under different expectations that stakeholders have regarding the company, for example producing good products, having good financial performance and limiting environmental damage.<sup>41</sup>

The *Fortune* ranking is determined by senior executives, outside directors and financial analysts on eight different categories in different industries.<sup>42</sup> These eight categories; quality of management, quality of products or services, innovativeness, long-term investment value, financial soundness, ability to attract, develop and keep

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<sup>35</sup> Wartick 2002

<sup>36</sup> Lewis 2001

<sup>37</sup> Padanyi and Gainer 2003

<sup>38</sup> de la Fuente Sabaté and de Quevedo Puento 2003

<sup>39</sup> Gardberg and Fombrun 2002

<sup>40</sup> Berens and van Riel 2004

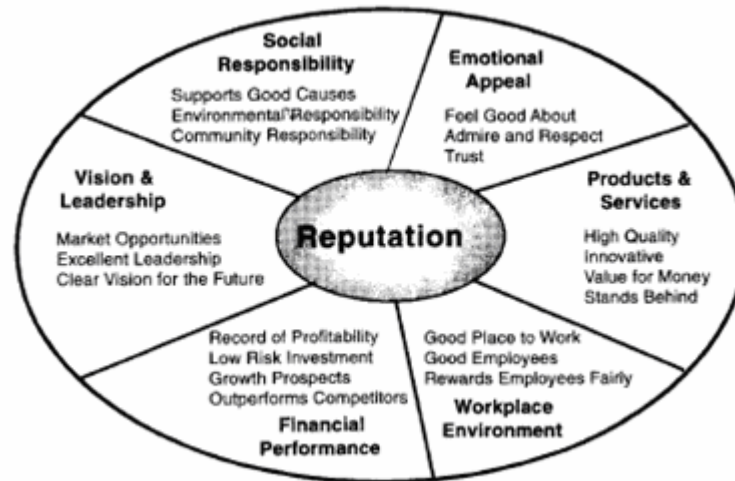
<sup>41</sup> Ibid.

<sup>42</sup> Mahon 2002

talented people, responsibility to the community and the environment and wise use of corporate assets, are then aggregated into an overall rating for each firm.<sup>43</sup> There are many other measurements similar to this one, such as *Management Today's* Britain's Most Admired Companies, *Asian Business's* Asia's Most Admired Companies, *Financial Time's* Europe's Most Respected Companies, and *Industry Week's* 100 Best Managed Companies.

Though the AMAC and GMAC, and others similar to them, are very widely used, they have significant flaws. First, many of these surveys have respondents rank only the firms in their own industry, which induces collusion.<sup>44</sup> Second, the ratings are heavily influenced by financial performance, which is a result of having the surveys completed by executives and financial analysts, who are very interested in this specific aspect of a company's reputation.<sup>45</sup> It has even been suggested that this ranking should be referred to as the Most Financially Admired Companies, due to its reliance on financial performance.<sup>46</sup> This leads to the third, and perhaps largest, flaw. Because the surveys are filled out by senior executives, outside directors and financial analysts, they rely on the perceptions of a limited pool.<sup>47</sup> Perceptions that other key stakeholders have are left out all together. The results can then only be useful when looking at the company's reputation in the eyes of this one particular group.

The Reputation Quotient (RQ) is similar to the *Fortune* rankings in that it is also based on social expectations. These are grouped into six categories: emotional appeal, products and services, vision and leadership, workplace environment, social and environmental responsibility and financial performance.<sup>48</sup> These factors and the associations related with each one are illustrated in the figure below.



**Figure 2.2** *The Reputation Quotient*<sup>49</sup>

The RQ does better than the AMAC or GMAC methods in including the various dimensions of reputation, not just those reflective of financial performance. However,

<sup>43</sup> Fombrun et. al. 2000

<sup>44</sup> Ibid.

<sup>45</sup> Brown and Perry 1994

<sup>46</sup> Mahon 2002

<sup>47</sup> Fombrun et. al. 2000

<sup>48</sup> Fombrun and Van Riel 2004

<sup>49</sup> Ibid.

in its focus on the non-business stakeholder group of the general public, surveys are sent to people who may or may not be employees, customers, or somehow otherwise involved with the company.<sup>50</sup> This means that the RQ is not giving an accurate representation of the general public's perception of reputation because there are any number of other stakeholders being surveyed unknowingly. Even if it was an accurate representation, it would still only involve one stakeholder group.

A problem with using social expectations as a measurement is that people, whether or not they are in the same stakeholder group, are likely to interpret these expectations differently. One may believe that social responsibility means properly disposing of waste while another believes that it means enriching the lives of the people in the surrounding communities. Additionally, the importance of each attribute can be weighted differently by different people.<sup>51</sup> Outside influences, such as the timing and circumstances of questioning, as well as the mood of the respondent, can affect how these attributes are interpreted.<sup>52</sup>

### 2.2.2 Corporate Personality

The 'corporate personality' paradigm measures reputation by using human personality traits that are attributed to organisations.<sup>53</sup> Here respondents are often asked to imagine that the company has come to life and are asked to assign this 'person' traits.<sup>54</sup> Personality traits are defined as "those characteristics of the person, or of people generally, that account for consistent patterns of behaviour."<sup>55</sup> These traits are then used to describe the behaviour of a company, the same way they are to describe a person. Reputation can then be determined by using words like integrity, innovative, socially responsible, and imaginative.<sup>56</sup> Figure 2.3 below includes various personality traits that are used to describe the reputation of companies.

<i>Sincerity</i>	<i>Excitement</i>	<i>Competence</i>	<i>Sophistication</i>	<i>Ruggedness</i>
Down-to-earth	Daring	Reliable	Upper class	Outdoorsy
Family oriented	Trendy	Hard-working	Glamorous	Masculine
Small town	Exciting	Secure	Good Looking	Western
Honest	Spirited	Intelligent	Charming	Tough
Sincere	Cool	Technical	Feminine	Rugged
Real	Young	Corporate	Smooth	
Wholesome	Imaginative	Successful		
Original	Unique	Leader		
Cheerful	Up-to-date	Confident		
Sentimental	Independent			
Friendly	Contemporary			

**Figure 2.3 Reputation Through Corporate Personality Traits<sup>57</sup>**

<sup>50</sup> Wartick 2002

<sup>51</sup> Bromley 2002

<sup>52</sup> Ibid.

<sup>53</sup> Helm 2005

<sup>54</sup> Davies et. al. 2004

<sup>55</sup> Pervin 1989 in Berens and van Riel 2004 p.169

<sup>56</sup> Bernstein 1984 in Davies et. al. 2004

<sup>57</sup> Aaker 1997 in Davies et. al. 2001

This paradigm uses metaphors in order to make something complex, like reputation, easier to understand for both researchers and respondents.<sup>58</sup> This metaphor makes sense to most people by allowing them to understand experiences with non-human counterparts in terms of human characteristics.<sup>59</sup> Some authors believe that this approach is better than the ‘social expectations’ approach because it attempts to focus on the emotional attachments that stakeholders have with a company, asking ‘is this company trustworthy’ rather than ‘is this company financially successful.’<sup>60</sup>

However, this method of measurement has various flaws that cannot be ignored. Often, it is hard to distinguish whether reputation is being measured or if an assessment of a company’s personality is being made. Additionally, many of these traits are very subjective. It is thus difficult to establish whether someone stating that a company is ‘extroverted’ is reflective of a good reputation or a bad one. It is also argued that researchers must be careful when interpreting the results of metaphoric analysis because it is possible that the metaphor is taken too literally.<sup>61</sup>

### 2.2.3 Trust

Trust is the third paradigm in corporate reputation measurement. In this method, “the perception of an organisation’s honesty, reliability, and benevolence are predictors of corporate behaviour and therefore interpreted as possible indicators of reputation within measurement models.”<sup>62</sup> Much of the literature about this measurement involves business-to-business relationships. Trust is related to predicting the behaviour of people or, in this instance, companies. It incorporates reliability, “the perceived ability to keep an implicit or explicit promise,”<sup>63</sup> benevolence, “the perceived willingness [...] to behave in a way that benefits the interest of both parties,”<sup>64</sup> and honesty, “the belief that an entity is reliable, stands by its word, fulfills promised role obligations and is sincere.”<sup>65</sup> Reliability and honesty deal with the likelihood that a company will fulfill the promises that it makes while benevolence deals with the likelihood that a company will behave in an obliging manner, regardless of promises made.<sup>66</sup>

Corporate credibility has become the measurement equivalent to trust for business-to-consumer relationships. Corporate credibility is “the extent to which consumers feel that the firm has the knowledge or ability to fulfill its claims and whether the firm can be trusted to tell the truth or not.”<sup>67</sup> In this method the concepts of expertise and trustworthiness are developed to form aspects of corporate credibility. Credibility and reputation are used as synonyms,<sup>68</sup> thus by measuring the credibility of a company, its

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<sup>58</sup> Black 1962 in Davies et. al. 2004

<sup>59</sup> Lakoff and Johnson 1980 in Davies and Chun 2002

<sup>60</sup> Davies et. al. 2004

<sup>61</sup> Morgan 1983 in Davies and Chun 2002

<sup>62</sup> Helm 2005 p.96

<sup>63</sup> Selnes and Gønhaug 2000 in Berens and van Riel 2004 p.172

<sup>64</sup> Ibid.

<sup>65</sup> Geyskens et. al 1998 in Berens and van Riel 2004 p.172

<sup>66</sup> Berens and van Riel 2004

<sup>67</sup> Newell and Goldsmith 2001 p.235

<sup>68</sup> Cooper 1994 in Newell and Goldsmith 2001



reputation is being measured. Figure 2.4 below shows the type of statements respondents are supposed to rank using a Likert scale.<sup>69</sup>

<i>Dimension</i>	<i>Items</i>
Expertise	The XYZ Corporation has a great amount of experience The XYZ Corporation is skilled in what they do The XYZ Corporation has great expertise The XYZ Corporation does not have much experience
Trustworthiness	I trust the XYZ Corporation The XYZ Corporation makes truthful claims The XYZ Corporation is honest I do not believe what the XYZ Corporation tells me

**Figure 2.4** *Overview of Corporate Credibility Scale*<sup>70</sup>

The ‘trust’ measurement paradigm also has its weaknesses. It is a bit short-sighted to only include concepts relating to trust, like honesty, benevolence, reliability, and expertise, in a measure of corporate reputation. Reputation is defined earlier as a group of actions from which a company is judged and corporate credibility’s focus on trust does not meet this criterion. It can be assumed that trust is an important component of any company’s reputation, but it is likely that many other variables also influence stakeholder’s perception of reputation. Additionally, the concept of corporate credibility was originally created to measure the source credibility of company advertisements.<sup>71</sup> The focus lied in measuring how trustworthy the company was based on how credible the endorsers and advertisements were. Because corporate credibility and reputation are not identical concepts, the link between the two is unclear.<sup>72</sup>

<sup>69</sup> Newell and Goldsmith 2001

<sup>70</sup> Newell and Goldsmith 2001 in Berens and van Riel 2004

<sup>71</sup> Newell and Goldsmith 2001

<sup>72</sup> Chun 2005

### 3 Methodology

#### 3.1 Nature of the Research

The aim of this thesis is to understand the relationship between individuals and a corporation’s reputation which takes an epistemological view known as interpretivist. Interpretivists understand the social world through examining the interpretation of the world by those participating in it.<sup>73</sup> As a result of this, the knowledge production in this research is an examination done through reasoning with companies, allowing us to gain a deeper understanding of the social world and how its participants see reality. A qualitative method will be used to obtain this data, a method often associated with the interpretivist view. The social phenomenon we are examining, corporate reputation, is an outcome of interaction between two entities, here a company and an individual, rather than ‘out there’ and separate from the entities.<sup>74</sup> The way individuals interpret things in their reality, like corporate reputation, is based on their interactions with other social actors.<sup>75</sup> Therefore the social phenomenon, and its meaning, is continually being accomplished by these social actors.<sup>76</sup> This assumption that we make about the nature of reality is known as constructionist, which is characteristic of qualitative research.

It is important for any reader of this thesis to know about our viewpoints in terms of knowledge production and the nature of reality, to be able to fully understand the conclusions drawn in this thesis and its position in research as such.

The following matrix in Figure 3.1 illustrates various research designs and where they fall in the world views. Our research method has been guided by the grounded theory method, which falls into our world view as social constructionists.

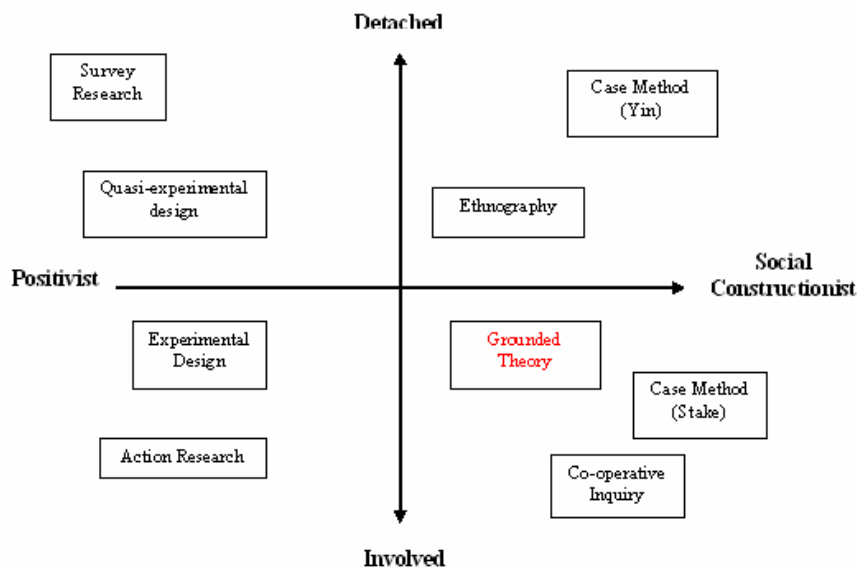


Figure 3.1 Matrix of Research Designs<sup>77</sup>

<sup>73</sup> Bryman and Bell 2003

<sup>74</sup> Ibid.

<sup>75</sup> Ibid.

<sup>76</sup> Ibid.

<sup>77</sup> Easterby Smith et. al. 2002

### ***3.2 Grounded Theory Method***

The purpose of this thesis is to define and theorise the concept of willingness-to-support. A theory is a statement of relationships between units observed in the empirical world.<sup>78</sup> It serves to explain why certain things can be seen to occur repeatedly over time. Theory in and of itself is important for various reasons. It can be used in practical applications to explain and predict behaviour in order to allow for understanding and control, for further theoretical advancement, and to give a perspective on behaviour.<sup>79</sup> Our goal for developing a theory about willingness-to-support is to fulfill these purposes.

The method of theory development that closest fit what we wanted to do is known as the grounded theory approach. We have not conducted a conventional grounded theory research project but have instead used this method as an inspiration for our research. A grounded theory is one that is inductively derived from the phenomenon that is being studied.<sup>80</sup> In this thesis a theory about willingness-to-support is developed from the phenomenon of corporate reputation.

The process of collecting data, analysing and theorising in the grounded theory method is called theoretical sampling.<sup>81</sup> It is an iterative process because one is constantly moving from data collection to analysis simultaneously.<sup>82</sup> We first gathered basic information and data by examining the literature on corporate reputation and measurement techniques. Using this as a starting point, we examined different topics that we wanted to further explore. Interviews were then conducted to obtain empirical data concerning the topics that were of interest for our purpose. After analysing this data we were able to pick out pieces that we wanted to develop more and get a deeper insight on and thus used these concepts in a later interview. The initial research was not based on previous theoretical frameworks, but on a general concept and problem – corporate reputation, measurement techniques and how willingness-to-support is a way to measure this phenomenon. The data collection was determined by results as they emerged.<sup>83</sup>

### ***3.3 Qualitative Research Strategy***

Since the purpose of this research is to define, theorise and generally conceptualise a phenomenon and due to the epistemological and ontological nature of the research, it is most appropriate to use a qualitative research strategy. Qualitative research has been defined as “an array of interpretive techniques which seek to describe, decode, translate and otherwise come to terms with the meaning, not the frequency, of certain more or less naturally occurring phenomena in the social world.”<sup>84</sup> Corporate reputation can be seen as a naturally occurring phenomenon because it exists whether or not it is intended to, thus qualitative research is appropriate for our research problem. The actions of various stakeholders will be considered as well as how

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<sup>78</sup> Bacharach 1989

<sup>79</sup> Glaser and Strauss 1967

<sup>80</sup> Strauss and Corbin 1990

<sup>81</sup> Glaser and Strauss 1967

<sup>82</sup> Bryman and Bell 2003

<sup>83</sup> Glaser and Strauss 1967

<sup>84</sup> Van Maanen 1983 in Easterby-Smith et. al. 2002 p.85

companies work with corporate reputation and the interaction between the company and their stakeholders regarding reputation. Qualitative research is also appropriate when a phenomenon is being studied about which little is currently known. As willingness-to-support is undefined and unexamined in the current research, a qualitative approach is ideal to solving this problem.<sup>85</sup>

Qualitative research supports an inductive view of the relationship between research and theory. With an inductive view theory is the outcome of research.<sup>86</sup> Instead of testing a previous theory in a new context, we set out to develop a new theory about a fairly unknown concept. Once we gathered the data we were able to draw generalisations to develop a theory.<sup>87</sup>

### 3.3.1 Interviews

We conducted in-depth interviews in order to obtain an understanding of corporate reputation and how this phenomenon is managed in practical applications. The reason for using interviews was to work together with companies to complete and apply the theoretical knowledge that we had previously gained. We wanted to obtain an understanding of corporate reputation and how companies understand, manage and measure this, with the hope of being able to offer another solution as an outcome. Interviews work well in situations like this, where researchers want to understand the respondent's thoughts about an issue or concept and then try to influence it.<sup>88</sup> Additionally, interviews are best to use when the logic of the situation is not clear, as was the case here.<sup>89</sup> A survey or questionnaire was not appropriate because we wanted to work together with the respondents to obtain data and these alternative methods would not allow for this kind of dialogue. Another benefit of conducting interviews is that both the interviewer and the interviewee are able to read each other's body language and non-verbal cues. This was especially important in this case because the topic was unfamiliar to the interviewees. Being able to read body language for signs of confusion or misunderstanding was crucial to our ability to clarify in order to get the most reliable and beneficial answers.

A semi-structured format was chosen for the interviews because it gave us the flexibility we needed to react to the interviewees' answers and to develop upon their ideas.<sup>90</sup> An interview guide (see Appendix II) was constructed with questions that we wanted to ask, but as the interview progressed, we allowed ourselves the freedom to ask questions as needed in response to the interviewees' answers. A structured interview would have provided too rigid of a format, thus limiting the depth of analysis that we wanted and would not have allowed for the collaboration that was the purpose of the interviews. On the other hand, using a completely unstructured format was not appropriate because there were fairly specific questions and topics that we wanted to address.<sup>91</sup>

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<sup>85</sup> Strauss and Corbin 1990

<sup>86</sup> Bryman and Bell 2003

<sup>87</sup> Easterby-Smith et. al. 2002

<sup>88</sup> Ibid.

<sup>89</sup> Ibid.

<sup>90</sup> Bryman and Bell 2003

<sup>91</sup> Ibid.

There are several things that must be taken into account when conducting interviews that can influence how they are conducted, what the results are and how these results are interpreted. Because in-depth interviews derive from the social constructionist perspective, there is no one 'objective' answer that the interviewers are searching for.<sup>92</sup> However, interview bias can still exist when the interviewer imposes his frame of reference on the way the questions are asked and the way that the answers are interpreted.<sup>93</sup> We have attempted to remain aware of this problem throughout the research process and to interpret the answers to the questions from the interviewees' perspective, to the best of our ability. Because interviews can be subject to this bias it is important to supplement them with other sources, as we did through a thorough review of corporate reputation literature.<sup>94</sup>

Interviews were conducted both in person and by phone. When it was possible, face-to-face interviews were done for the benefit of being able to read non-verbal cues and body language. Both the interviewers and interviewees were able to explain things more thoroughly through drawings and gestures in the face-to-face interviews. Additionally, a social rapport was built in the face-to-face interviews that could have made the interviewees more comfortable with the interviewers, enabling them to speak more freely. One telephone interview was conducted, due to time constraints. In this interview it was more difficult to explain concepts without being able to read the body language of the interviewee.

### **3.3.2 Action-Scales**

A list of stakeholders that most companies have was gathered in order to find the relevant actions that each could take.<sup>95</sup> These actions were put onto scales for each stakeholder with a positive and negative action on either end and various others in between. We found what we believed to be the most appropriate action for each stakeholder at each end of the scale. The actions on these scales are all our own thoughts and in reality the actions that stakeholders take can of course vary significantly. These were hypothetical situations that allowed us to make an abstract idea more concrete for the purpose of the interviews (see Appendix I).

### **3.3.3 Respondents**

In the process of choosing which companies to include in our research, we contacted many different firms in various industries. It was our objective to interview two companies from three different sectors; commercial, non-profit and monopoly. However, we were only able to interview one monopoly due to time constraints with our other potential company. The purpose behind choosing companies in these three sectors was to see if there was any difference in the way that corporate reputation was interpreted or managed among them. It was thought that reputation could be more important in one industry than in another. A final reason was to see if willingness-to-support was more relevant or useful to one sector compared to the others.

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<sup>92</sup> Easterby-Smith et. al. 2002

<sup>93</sup> Ibid.

<sup>94</sup> Yin 1984

<sup>95</sup> Gray and Balmer 1998

Among the firms that we spoke with, all were interested in the topic and wanted to help, but many did not have the time or had corporate policies against participating in these. However, a number of companies with whom we did meet were at the top of our list.

With the exception of one telephone interview, all interviews were conducted in Stockholm over a five day period. The interviews took place in private meeting rooms at the Swedish offices and lasted approximately one hour. Since most of the interviews were in Swedish, it was necessary to not only transcribe the interviews but also to translate them into English so that all group members could analyse them. Transcribing the Swedish interviews into English may have caused problems because, depending on how words were translated, the meanings of sentences can change the interpretation and take another shape. To avoid this as best possible, all interviews were tape recorded with the interviewee's permission.

All of the interviewees work in a marketing capacity, so it can be assumed that they interpret corporate reputation from a marketing point of view. If we had interviewed the CEO or someone from another department, the answers may have been different. When deciding who to interview, we approached the highest ranking employee that we had access to in the marketing department. It would have been more appropriate to talk to someone outside of the marketing department at corporate headquarters, but this was impossible for us to do. However, given our constraints we were very satisfied with the individuals we talked with.

### **3.3.4 Participating Companies**

#### **Siemens**

*Commercial*

##### Communication Manager

This was the first interview that was conducted, therefore the best way to ask the questions had not been discovered, as they were in later interviews. This interview was conducted in Swedish by the two Swedish speaking group members.

#### **TeliaSonera**

*Commercial*

##### Strategic Marketing Planner

This interview was the only one conducted in English, which was beneficial because all members of the group could participate. A disadvantage was that English is not the native language of two of the interviewers nor the interviewee, so answers may not have been as detailed or comprehensive as they may have otherwise been. This was also the second interview that was conducted, so the questions were not as refined as in some of the later interviews.

#### **Cancerfonden**

*Non-Profit*

##### Project Leader, Private Donations

All three interviewers were present for this interview, but it was held in Swedish. The fact that one interviewer was present who was not participating in the discussion could have affected the mood of the meeting. On the other hand, the benefit of this

was that the third interviewer could pay attention to body language and non-verbal cues that were being exchanged.

### **Systembolaget**

*Monopoly*

#### Marketing Director

This interview was very useful because the Marketing Director had a firm grasp of how the entire company managed its reputation. As this was the first interview with a monopolistic company, the focus of the interview shifted a bit to how concepts related to this fact. We requested that the interview be in English and though he was comfortable with this, he believed that the interview would be more beneficial if done in Swedish. Therefore, this interview was conducted in Swedish by the two Swedish speaking group members.

### **Red Cross**

*Non-Profit*

#### Campaign Manager

Because this interviewee is Campaign Manager, her knowledge of the Red Cross' corporate reputation management was not as extensive as some other interviewees'. This was the second interview done with a non-profit company, so we were able to ask questions to complement the previous non-profit company interview. This interview was also conducted in Swedish by the two Swedish speaking group members.

### **BMW**

*Commercial*

#### Marketing Manager, Sweden

This interview was held over the phone by the two Swedish group members and was also our last interview. Since this one was conducted a few weeks after the others, we had more insight about the subject than in the earlier interviews. This interview gave us an opportunity to ask about new aspects that had developed since the first interviews. Because it was the last interview we conducted, we were able to verify the concept we were working with. Through this phone interview it became evident that conducting interviews face-to-face was more advantageous.

## ***3.4 Sources of information***

The sources of information in this thesis are both of a primary and a secondary kind. They have been used interchangeably throughout the process to give us the opportunity to analyse the empirical data and ultimately generate a theory. The primary information comes from interviews with companies, whereas the secondary sources that have been used are peer reviewed scholarly articles and books as well as one website.

The literature chosen can never be accepted as fact but needs to be checked out since it might be angled in some way and as a result not fit the researcher's situation.<sup>96</sup> Both with primary and secondary data, interpretation is very subjective because it relies on our interpretation of someone else's interpretation. Therefore, we have tried

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<sup>96</sup> Strauss and Corbin 1990

to stay as critical and objective as possible throughout this process of knowledge production.

### **3.5 Application of Theory**

There are criteria that theory developed out of the grounded theory method must meet. The theory must *fit*, be *understandable* and be *general*.<sup>97</sup> Each of these criteria will be described in the following sections and will be applied in practice in Chapter 5.

#### **3.5.1 Fitness**

The first criterion of developed theory is that it must fit the broad area to which it will be applied.<sup>98</sup> It may seem fairly obvious that this would be the case, but as we have discussed, the researcher's own viewpoints can cloud judgements and may influence interpretation more than is realised. Therefore, it is important to verify that the theory does in fact come from the data from which it was intended and not from the subjective opinions of the researchers. Being able to apply the theory in practical applications rests on the fact that the theory is derived from data that originated in reality.<sup>99</sup> Theory that has been inductively derived, as the work presented here is, and that has been subjected to a reflective and critical eye should meet the fitness criteria.

#### **3.5.2 Understanding**

A theory that is developed out of reality should be understandable to the people working with and studying in this area.<sup>100</sup> In the case of this research, the theory that is developed should be able to be understood by managers in companies who are responsible for managing their company's reputation, by employees working in firms who are responsible for measuring the reputation of other firms, and by students who are studying related subjects. The ability to understand the theory is important for these individuals because they are the ones who are most likely to use it in practical applications and want to be able to benefit from the generalisations that can be drawn from it. Often, theories are spoken in very abstract, academic terms that professionals are not able to comprehend and thus apply to situations pertaining to them. Because grounded theory is generated out of their reality, this should not be a hurdle that has to be overcome. Concepts should be specific enough that professionals and practitioners can apply them, but abstract enough that they apply to more than one situation.<sup>101</sup>

#### **3.5.3 Generality**

A generated theory must be general and flexible enough that it can make a wide variety of situations understandable and also flexible enough that it can be reformulated when it does not fit in a given situation.<sup>102</sup> Because the theory generated should be general enough to apply to changing situations, the use of rigorous research

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<sup>97</sup> Glaser and Strauss 1967

<sup>98</sup> Ibid.

<sup>99</sup> Ibid.

<sup>100</sup> Ibid.

<sup>101</sup> Ibid.

<sup>102</sup> Ibid.



to discover quantitatively validated and factual knowledge is not necessary.<sup>103</sup> Basing theory on this kind of quantitative knowledge can lead researchers to believe that the theory as been ‘proved’ correct and thus it becomes unable to be reformulated and modified.

### ***3.6 Validity and Reliability***

There is always an underlying anxiety among researchers that the results of the research will not stand up to outside scrutiny and we are no exception.<sup>104</sup> Two important criteria when establishing and assessing the quality of research are reliability and validity. However, these are mostly applied to quantitative researchers.<sup>105</sup> An ongoing discussion among researchers has been whether this has any relevance for qualitative research,<sup>106</sup> and there has been a reluctance to apply these ideas to social constructionist research because they might imply acceptance of one absolute reality.<sup>107</sup> However, as the use of qualitative methods has increased, the realisation of the importance of validity and reliability has grown, because constructionist researchers must develop the power to convince the audience that their results should be treated seriously.<sup>108</sup>

For the results to be valid in constructionist research it is important that the study clearly gain access to the experiences of those in the research setting.<sup>109</sup> This is something that we had in mind when choosing companies. Both multinational and Swedish companies were chosen in order to get an overall picture of how they work with reputation in their different departments and among stakeholders.

There are three main kinds of validity: *Construct, internal and external*. *Construct validity* asks whether the instruments are accurate measures of reality.<sup>110</sup> We believe that interviews are the best way of doing this investigation, in order to let the companies be a part of the theory building around willingness-to-support. Other methods, for example surveys or observations, would not have fulfilled the purpose of this research. *Internal validity* asks whether the research design is capable of eliminating bias and the effect irrelevant variables have on the research.<sup>111</sup> These questions are very hard to answer because human beings are involved in the interviews and bias can be an unconscious and involuntary. We have been aware of the influence these things can have on our research and have tried to remain objective and to overcome these barriers as best as possible. *External validity* involves defining the domains to which results of the study may be generalised.<sup>112</sup> In this thesis, six respondents from six different companies in three industries were interviewed in order to obtain the best results possible. A greater amount of respondents would have

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<sup>103</sup> Glaser and Strauss 1967

<sup>104</sup> Easterby-Smith et. al. 2002

<sup>105</sup> Bryman and Bell 2003

<sup>106</sup> Ibid.

<sup>107</sup> Easterby-Smith et. al. 2002

<sup>108</sup> Ibid.

<sup>109</sup> Ibid.

<sup>110</sup> Ibid.

<sup>111</sup> Ibid.

<sup>112</sup> Ibid.

naturally helped this thesis to be more trustworthy and to allow for greater generalisations to be made.

*External reliability* means the degree to which a study can be replicated.<sup>113</sup> In qualitative studies it is impossible to ‘freeze’ a social setting to make it replicable.<sup>114</sup> If other researchers were to do the same interviews we did they may ask other questions or interpret the answers differently and therefore get different results. We know that qualitative research is the object of subjectivity but have tried to interpret the interviews as objectively as possible.

*Internal reliability* refers to how many researchers observe an interview.<sup>115</sup> In order to get as reliable a result as possible our interviews were held with at least two members of the research team. Questions in the interviews were mainly asked by one person which made it possible for the other researchers to focus on the respondent’s reactions when answering questions. Having more than one researcher also increases reliability because at least two researchers interpreted the respondent’s answers.

### **3.7 Limitations**

As with every research project, this thesis has its limitations. A greater amount of respondents would have made this thesis more valid and reliable. Due to time and money restrictions this was not possible, though. This thesis has been written over a ten week period and was limited to a student budget for its financing. It would also have been possible to conduct more interviews if we lived closer to Stockholm where many companies Swedish headquarters are located. This would also have made it easier to go back to our respondents with our conclusions to verify the results and receive further input.

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<sup>113</sup> LeCompte and Goetz 1982 in Bryman & Bell 2003

<sup>114</sup> Ibid.

<sup>115</sup> Ibid.

## 4 Empirical Data and Analysis

The empirical data was gathered from interviews that were conducted with six different companies; Siemens, TeliaSonera, Cancerfonden, Systembolaget, Red Cross, and BMW; in three different sectors; commercial, non-profit, and monopoly. During the interviews a pattern was followed which moved from reputation in general, to questions about stakeholders in relation to reputation, then to current measurement tools and techniques and finally on to willingness-to-support and the potential to measure reputation by actions, where the 'action-scales' were given as a reference. In the analysis this same pattern will be followed for a logical flow that narrows down to the concept of willingness-to-support.

### 4.1 Corporate Reputation

In asking companies general questions about reputation we wanted to see how their views and assumptions compared to those in the literature and to see how these ideas are practically applied.

As stated in Chapter 2.1, Fombrun and Rindova define corporate reputation as “a collective representation of a firm’s past actions and results that describe 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 other stakeholders, in both the competitive and institutional environments.”<sup>116</sup> We believe that this definition of corporate reputation is the most thorough and includes all the relevant components. It addresses that reputation should be viewed from a multiple stakeholder perspective and that reputation combines image and identity. We wanted to know how professionals’ definitions of corporate reputation compare to this, so we asked them what corporate reputation means to them.

*Reputation is the knowledge about a company and what values one connects with it and if these values are the same as your own. (Red Cross)*

*Corporate reputation is the total image of the company. (TeliaSonera)*

*When I think about reputation I think about what is associated with the brand, if one associates it with positive or negative signs. (Siemens)*

*It depends on what you mean by reputation. From the perspective of a company, reputation is the attitude that is connected to the brand you represent. That is, the image that those around us have of what the company stands for, or represents, how it is being managed, how it is represented, how you deliver on promises and the expectations that are connected with the company. (Systembolaget)*

As can be seen from these answers, corporate reputation is hard to define. Not many of the interviewees could explicitly say what corporate reputation was, implying that

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<sup>116</sup> Fombrun and Rindova 1996 in Gardberg and Fombrun 2002 p.304

the meaning is different depending on how one looks at it. This confirms the difficulty the literature has in developing one comprehensive definition.

It is interesting to see that Systembolaget and Siemens refer to the brand when talking about the company's reputation. As stated in Section 2.1, when looking from a marketing perspective, corporate reputation is often synonymous to brand image.<sup>117</sup> Therefore, it is understandable that when talking to these marketing managers that they would use these two terms interchangeably. However, it is difficult to understand from the explanations given if image is meant to be synonymous with reputation or if it is meant to imply that these respondents only view reputation as something that affects external stakeholders. The literature states that often times image, identity and reputation are used interchangeably, but that image in fact refers to the perception that external stakeholders have of a company.<sup>118</sup> This confusion is clear and illustrates the difficulty in defining reputation.

A commonality between these four different companies is the way they talk about the relationship between a stakeholder and the company itself. Their description of corporate reputation is what values a stakeholder connects with the company and what they associate it with. These things will differ whether it is a customer, a supplier or someone else and therefore the multiple stakeholder view in Fombrun and Rindova's definition is very relevant.<sup>119</sup> If companies have the idea that their reputation lies in the eye of the beholder, then the different stakeholders' interpretation of the company is of the utmost importance. This is going to be elaborated on in the next section, regarding stakeholders.

The literature gives many reasons for building a strong reputation. Though the reasons for having a strong reputation varied between companies they realised its importance. Two examples follow.

*It is extremely important, because we work in a business where customers don't get anything in return, except that they are part of the research on cancer. (Cancerfonden)*

*Reputation is very important to us. The products in our industry become more and more alike, therefore the brand and reputation becomes very important. (BMW)*

The companies use their reputation to attract donators and customers, respectively, from competitors.<sup>120</sup> What donators and customers get in return for their money is very different, though. For BMW it is intended to be a premium choice where one gets the reputation of the company together with the product they buy. A strong reputation allows companies to charge a premium price for their products, as BMW does.<sup>121</sup> In the case of Cancerfonden it is a matter of investing money in something one believes in. One does not get anything concrete in return, so it is important to

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<sup>117</sup> Fombrun and Van Riel 1997

<sup>118</sup> Davies et. al. 2001

<sup>119</sup> Fombrun and Rindova 1996 in Gardberg and Fombrun 2002

<sup>120</sup> Greyser 1999

<sup>121</sup> Fombrun 1995 in Cravens et. al. 2003

match the values and attitudes between the company and the stakeholder. Thus, the stakeholder feels satisfied with his contribution to cancer research.

The literature states that a benefit of a good corporate reputation is the ability to recover after a scandal or a crisis.<sup>122</sup> Systembolaget made this point clear when discussing the scandals that affected them a few years back.

*Then everything you build [reputation] before a crisis is still with you during the crisis. And if you then keep on going with that you will get respect [...] There are many people who have seen and observed what we have done, that we haven't dipped. (Systembolaget)*

It is evident here that a company's reputation can have a direct effect on how the company is perceived during or after a scandal. A company with a good reputation is more likely to come out of a crisis unscathed than a company with a poor reputation, who may never recover as a result.

### *Reputation in Commercial, Non-Profits, and Monopolies*

When we set out to do this research we thought that there might be differences in the way reputation is perceived and managed in companies that belong to three different sectors: commercial, non-profit, and monopoly. Finding out whether or not differences exist would make the results more able to be generalised. As it turned out, the difference between the sectors was not significant.

There is no doubt that reputation is very important to all the companies interviewed, regardless if they are profit-driven or not. One might have thought that corporate reputation would not be as important to a monopoly given that they do not have competitors, but this did not turn out to be true.

*I don't know if there is such a big difference [between monopolies and commercial companies]. There are different driving forces. I would say that is probably the biggest difference. We are driven by different objectives. (Systembolaget)*

We thought that corporate reputation would be particularly important to non-profit companies compared to commercial companies, which was validated. The non-profit companies we interviewed were very aware of the importance of reputation.

*It is extremely important, because we work in a business where customers don't get anything in return, except that they are part of the research on cancer. (Cancerfonden)*

*I feel that non-profit companies have been a little bit of forerunners because profit companies have started to look at how we work, how non-profits think. I think we are in front many times. (Red Cross)*

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<sup>122</sup> Fombrun 1995 in Cravens et. al. 2003

*We have to work as hard as any company, but we have to be even better because we don't have the same budget to work with. (Red Cross)*

It appeared early on in the interviews that the differences between the three sectors was not going to play a significant role in developing the concept of willingness-to-support. We continued to keep this idea open through the whole process, though, in case it were to emerge again as the research developed.

## **4.2 Stakeholders**

The stakeholders that we have considered for the 'action-scales' (see Appendix I) so far in this paper are customers, employees, government, general public, suppliers, social activists, financial institutions, and shareholders.<sup>123</sup> However, as the interviews were conducted it became clear that the media was also an important stakeholder that companies looked at closely.

*We are building relations with media. An important target for us is also journalists. There you can say we are also a knowledge company because journalists often turn to us first if they want to know if there has been an earthquake or something like that. (Red Cross)*

*You can say that we don't use PR in the same way [as commercial companies] and for the same purpose as it is normally done, to prepare a market for business, but it is used a lot for building faith. (Systembolaget)*

*Journalists are an important stakeholder because we work a lot with building opinions. Media is not just an enemy, of course. It is a very important channel to get the messages heard, the thoughts and ideas we have. (Cancerfonden)*

*We are trying to work with press and media in a more active way [...]. Therefore we have hired a press and media communicator who will only work with 'storytelling', 'success stories', and being more proactive [...]. You have to get into the social debates, to take social responsibility more seriously because that is also a way to say what the brand and the company stand for. (Siemens)*

It is very evident through these responses that the media is a crucial stakeholder for many companies. The media hold a considerable amount of power because they have the ability to reach and influence many people. Understanding the media's perception of a company is therefore important because it can affect the tone of the stories they report. The trend towards media being more vocal and present in society underlies this importance.<sup>124</sup>

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<sup>123</sup> Gray and Balmer 1998

<sup>124</sup> Gardberg and Fombrun 2002

According to the definition of corporate reputation that we apply, even if the companies aim to have one unified image, the perception of reputation that stakeholders have may be different.<sup>125</sup> This was also evident in the previous research that we conducted, where potential employees and customers had differing opinions about the same company's reputation.<sup>126</sup> It was apparent through the interviews that companies are realising that different stakeholders perceive the company differently.

*Customers are our most important target group today. And then we have employees who are important. It also depends on where you are in the company. In the mother company [in Germany] the investors are more influential. (Siemens)*

*I think it is a difference depending on where you are. Customers definitely have one view of us. They categorise us into where they are, so to say [...] Different industries have different images. They think it is very important in contrast to the general public who have an entirely different image because they look at the things that they have come into contact with, such as white goods and mobile phones, that is all. They don't know anything else. (Siemens)*

Siemens' range of products is very broad, so customers in different industries will have different perceptions of the company. For instance, those customers in the medical industry will have one perception while those in nuclear power may have another. The general public's perception of reputation is influenced by those things that it comes into contact with, such as white goods and mobile phones. The difference in stakeholders' perceptions is a result of their having different expectations, different standards and different issues that they are concerned with and that they judge a company by.<sup>127</sup> It is also important to note that a stakeholder can be influenced as a member of the general public even if they also belong to another group. For example,

*We are seen from a person who works as a buyer at SSAB. He or she is also a private person, he or she is a human being and might also be interested in football and then Hammarby [Swedish football team] runs out onto the field with Siemens on their chest as they did last year. They see the other more consumer focused part and if they see it as negative or positive, it can influence the other [B2B]. (Siemens)*

*Many people are both business-to-business customers and business-to-consumer customers so it is the mixed reputation of Telia or the Telia brand that you have [...], if you are a buyer in a big company, then you have a different view of Telia than if you are Åke in the countryside of Sweden. (TeliaSonera)*

The benefit of looking at reputation from a multi-stakeholder view may be realised more as this becomes more well-known idea. When presenting reputation from a multiple-stakeholder perspective, Cancerfonden reacted with interest.

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<sup>125</sup> Padanyi and Gainer 2003

<sup>126</sup> Berberich et. al. 2006

<sup>127</sup> Lewis 2001

*That is something [looking at multiple stakeholders] that in my opinion has to be improved, not only for non-profits like us, but for every company. [...] I really think we can improve our relations with other stakeholders, and I think your idea is good. (Cancerfonden)*

By only measuring reputation from a customer's point-of-view or among a nondescript group of people who could belong to any stakeholder group, it becomes much more difficult to use to one's advantage. The reason for measuring is to get results that can later be used. We argue that it is hard for any company to use their results from their reputation measures when not looking at distinctive stakeholders.

### **4.3 Measurement**

All of the companies we spoke to have been aware of the importance of corporate reputation and that it is important to somehow measure it. How they do it, on the other hand, differs. This is not unusual when remembering how difficult it is for companies to actually describe what corporate reputation is. How can one measure something that one is not absolutely sure about? This is summed up very well when describing how to best measure reputation.

*First question is, am I measuring reputation or...? What is reputation?  
(Siemens)*

If a company sees their reputation in the same way as Fombrun and Rindova, then they have to look both internally and externally.<sup>128</sup> Internal and external stakeholders have to be considered because corporate reputation is an intangible asset that must be seen from both viewpoints.<sup>129</sup> Additionally, by actively measuring reputation from a multi-stakeholder perspective, an organisation will have a better idea about what stakeholders think about their reputation.<sup>130</sup> Clustering all stakeholder perceptions into one can mislead companies into believing that their reputation is better than it actually is.<sup>131</sup> While the companies we interviewed realised that they could have as many reputations as they do stakeholders, none of them mentioned measuring all of these. Looking at different stakeholders was something that Systembolaget addressed, though.

*Most often one talks about the view of the general public regarding corporate reputation [...] One can also measure reputation regarding suppliers, or as many do, employees. (Systembolaget)*

The companies interviewed who currently measure their corporate reputations use methods that fall into the 'social expectations' paradigm that was described in Section 2.2.1. But, it is necessary to determine if the measures that are being used are reliable. What seems most important in terms of reliability for the companies we have talked to is that they measure repeatedly.

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<sup>128</sup> Fombrun and Rindova 1996 in Gardberg and Fombrun 2002

<sup>129</sup> Cravens et. al. 2003

<sup>130</sup> Wartick 2002

<sup>131</sup> Ibid.



*We measure this [brand tracking] in all countries and see the changes from year to year. (BMW)*

*If we measure the values it depends on how we ask and everything, if you ask the same questions every year you can see a change, and that change is reliable I think. (TeliaSonera)*

*We measure once a month and I am totally convinced that if you measure once in a while, or once a year, you would only get a measure of that specific moment. [...] It is about seeing the trends. (Systembolaget)*

Even though it is important to measure repeatedly, how often it is done differs between companies. What is considered enough time to see a change for TeliaSonera is something that is not for Systembolaget. How often is enough is of course a matter for each company to decide, dependent on how accurately they want to measure their reputation and if they have the resources to do so frequently.

Systembolaget's point that not measuring often enough will only give an idea about what stakeholders think in that very moment is valid. Even the smallest things can have an impact on how stakeholders interpret a company's reputation since the reputation covers so much in itself.

*The normal measurements we have are more, "what do you think today?" That depends on your mood, so this [willingness-to-support] might be more practical, your answer will be more reliable. (TeliaSonera)*

*You are so sceptical when you construct the questions. What is it that I want to know? "Like it a lot?" "Like it somehow?" "Don't like it at all?" "Do you think that we are innovative?" I might not have even thought about the word innovative on my own. (Siemens)*

As stated above, the companies we interviewed who do measure their reputation use methods that fall under the 'social expectations' paradigm. Using the attributes that are common to this method allow factors like the timing of the survey and the mood of the respondent to effect the way the attributes are interpreted.<sup>132</sup> The best thing would be to get around this element, to be able to minimise the 'effect of the moment' that is so prevalent in this and the 'corporate personality' and 'trust' measurement paradigms. We have done just that by focusing on the actions people take instead of what they think about a company. By seeing the actions taken by stakeholders as an indication of their interpretation of a company's reputation, we argue that a more accurate measure will be given.

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<sup>132</sup> Bromley 2002

#### **4.4 Willingness-to-Support**

The goal of the previous discussions with the companies about reputation, its importance and the way they measure it was to gain background information and build a platform from which to launch the idea of willingness-to-support to the interviewees. We started by asking them for their impressions of measuring reputation through actions instead of attributes (words, thoughts or feelings).

*The normal measurements we have are more, “What do you think today?” That depends on your mood, so this [willingness-to-support] might be more practical, your answer will be more reliable. (TeliaSonera)*

*To measure, “Do you want to donate money to us?” they say yes but in the end they don’t donate any money. So I think that kind of measurement has a lot of flaws, so yours would without hesitation be better. (Cancerfonden)*

*It is easier for the respondent to relate to. (Siemens)*

Asking respondents what kind of actions they take is easier to relate to than if one should rate the company’s reputation from 1-7 or list adjectives about a company. When it comes to listing or ranking attributes like this, problems can arise. Often times these attributes are stated very abstractly which leaves room for personal interpretation.<sup>133</sup> Also, some attributes are more important to some people than to others.<sup>134</sup> When using actions as a measurement, the mood of the respondent may still influence their answers, but not to the same extent.

*You may not be a good donator, but you want to be, and therefore you answer that you are. (Cancerfonden)*

*When asking people there is still the problem of their answering what they think is acceptable to society. In some cultures, for example, it might be that you are not supposed to fill in the highest score, which is a problem, so I think your scales might be better. (BMW)*

*[If a question asks] “Do you think that we are innovative?” I might not even have thought about the word innovative on my own. “What word do you think about when...?” and then there are 38 words... (Siemens)*

Through the interviews it became evident that often times what people say and what they actually do does not coincide.

*If one just answers the question “Are you willing...?” ...if a company that has a strong brand like Mercedes-Benz, Cancerfonden or Red Cross...people think of doing a lot of things. But the gap between actually doing something is huge. (Cancerfonden)*

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<sup>133</sup> Bromley 2002

<sup>134</sup> Ibid.

*That is a problem, between actions and thoughts. You can ask people and get an answer about what they want it to be, not what they actually are going to do. (Systembolaget)*

*If we have a positive reputation but they are not doing anything, what can we do about that? What is missing? (BMW)*

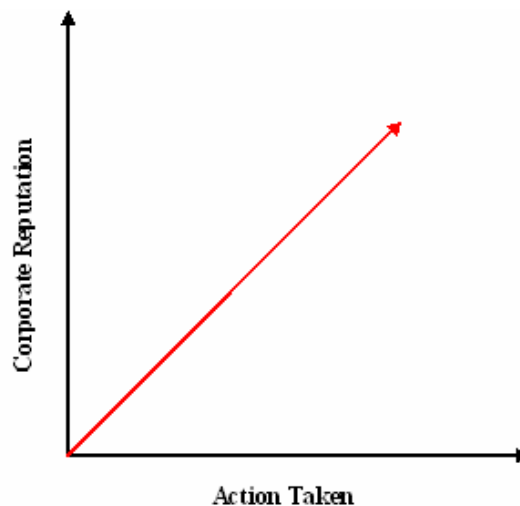
*I think it is a difference because whether you buy something in this moment depends on different things [...] Maybe you look at Telia and think it is a wonderful company but then Tele2 has a nice mobile phone with a nice price and then, in this moment, you buy that because we didn't have the phone. I may think that Mercedes-Benz is a terrific company and make beautiful cars and everything, but I drive around in a Ford Focus because I don't have the money right now. (TeliaSonera)*

This discrepancy between what one says and what one does is very interesting. Though in some way it is a statement of the obvious to say that people do not always do what they say, there is no tool which addresses this problem. It would be beneficial for companies to be able to identify these people and find a way to convince them to follow through with their statements. This is something that will be discussed in the upcoming chapter.

## 5 Discussion

The analysis gave us an insight that allowed us to deepen our knowledge about corporate reputation and the ability to use actions as a measurement tool. Our data suggested support for the idea that corporate reputation should be measured from individual stakeholder perspectives because stakeholders interact differently with the company and want different things from it. A significant finding in the analysis was that there is a gap between what people say they are going to do and what they actually do. This gap can be seen as particularly important to companies and through the discussion it will become evident how grounded theory guided us in bringing the empirical data to a higher level abstraction where a theory was able to be generated around this social phenomenon.

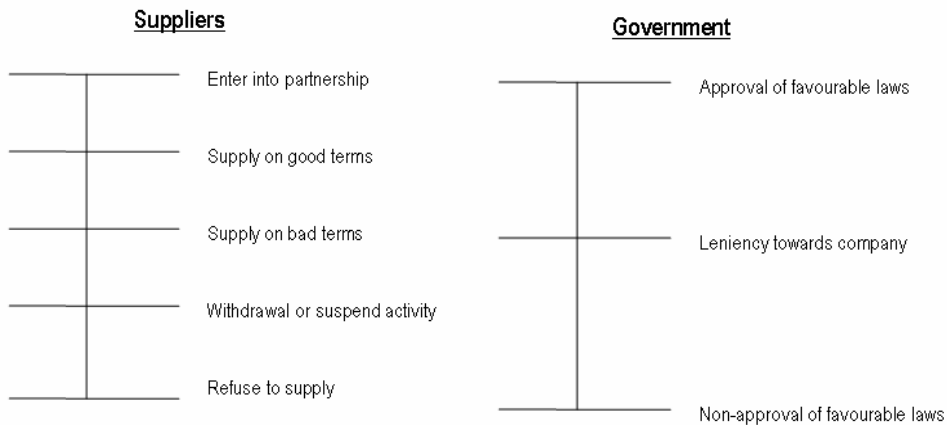
After being presented with the idea that willingness-to-support could be used to measure corporate reputation and determining that support is an action, a relationship between reputation and action was reasoned. It was concluded that because support is an action, it could be possible to measure reputation using actions instead of attributes, as is done in the existing measurement paradigms. The action one takes is a reflection of how he perceives a company's reputation. From this reasoning we argue that the better a particular company's reputation, the more positive an action a stakeholder will take. Therefore, we assumed that the relationship was linear. It is important to note that the use of the terms 'positive' and 'negative' do not connote above or below zero, but are used to imply 'good' or 'bad', respectively. This relationship is clarified in the following graph.



**Figure 5.1** *Relationship Between Corporate Reputation and Actions Taken*

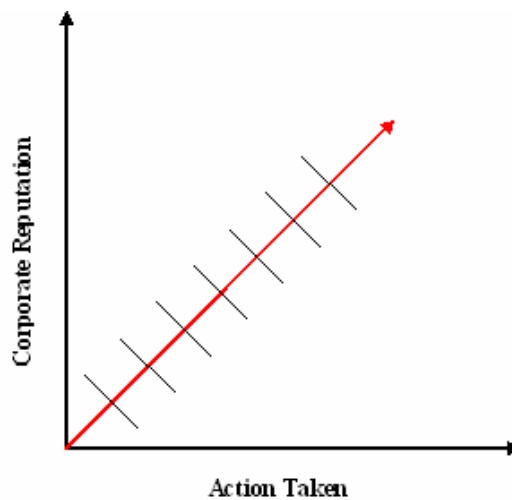
After this relationship between corporate reputation and action was reflected upon, the specific actions that each stakeholder could take needed to be examined. The corporate reputation literature and the definition of corporate reputation that we have applied in this thesis imply that corporate reputation should be seen from a multi-stakeholder perspective. That is, when it comes to measuring reputation, it should be done for each stakeholder group separately. The empirical data supports this claim because it was verified that different stakeholders value different things and thus will

have different perceptions of reputation. Because they are going to be examined individually a separate scale needed to be developed for each stakeholder. Each stakeholder has a range of actions that they can take toward a company which reflects their perception of the given company's reputation. These scales were developed before the empirical research was conducted and were used in the interviews for the purpose of collaborating with the interviewees to develop the concept of willingness-to-support and to gain feedback on the reliability and accuracy of using actions to measure reputation. Two of these scales are given below as examples. For a full visual representation of all of the 'action-scales,' see Appendix I.



**Figure 5.2** Two 'Action-Scale' Examples

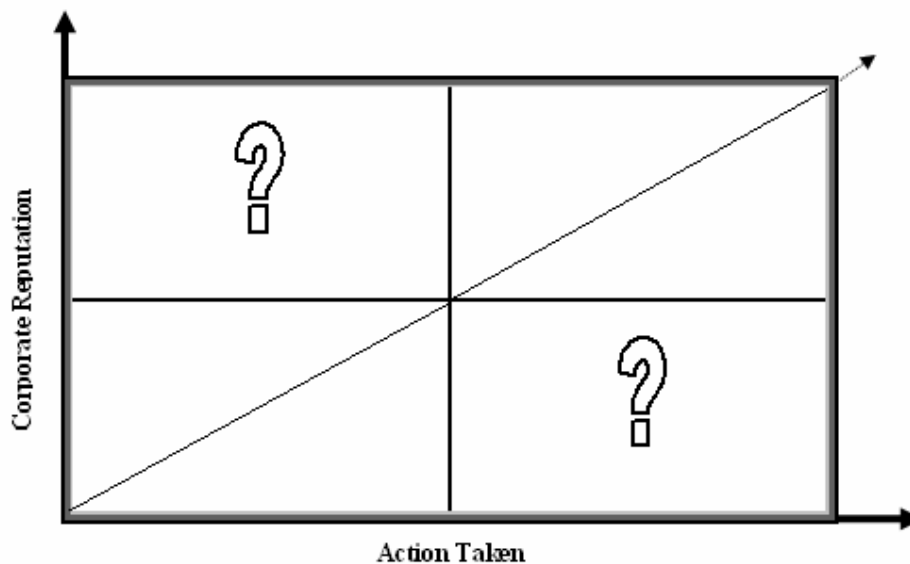
As stated above, when applying these 'action-scales', we assumed that the relationship between corporate reputation and action taken would be linear. Logically, the better a company's reputation the more positive an action a stakeholder would take. For example, a supplier who believes that Company A has an outstanding reputation would act by entering into a partnership with the company, while a supplier who thinks that this same company has a rather poor reputation may act by first suspending activity with a company, then completely refusing to supply it. Thus, the diagonal line represents the scales which are superimposed onto the graph, resulting in Figure 5.3 below.



**Figure 5.3** Relationship Between Corporate Reputation and Actions Taken (with scales)

However, as we discovered through the empirical research, the relationship does not always follow this linear pattern because stakeholders' actions can contradict their perception of a company's reputation. There are instances where, though a stakeholder may think that a company has a poor reputation, he still takes a positive action toward the company. For instance, a Nike customer may think that the company's reputation is poor because of accusations of sweatshop use, but still purchases their products and tells others how satisfactory they are. On the other hand, there are also instances where, though a particular stakeholder may think a company has an outstanding reputation, he does not purchase the company's products or otherwise take any action that the linear relationship would suggest. This was discussed in Section 4.4 with the example given by Cancerfonden of people who say that they would like to donate money but do not.

In Figure 5.3, four different dimensions exist, but are difficult to see as presently illustrated. The following matrix highlights the two unusual scenarios that were pointed out above. The diagonal line is still present to represent the actions that stakeholders may take, but allows for the placement of stakeholders whose perception of reputation and their consequent actions do not coincide.

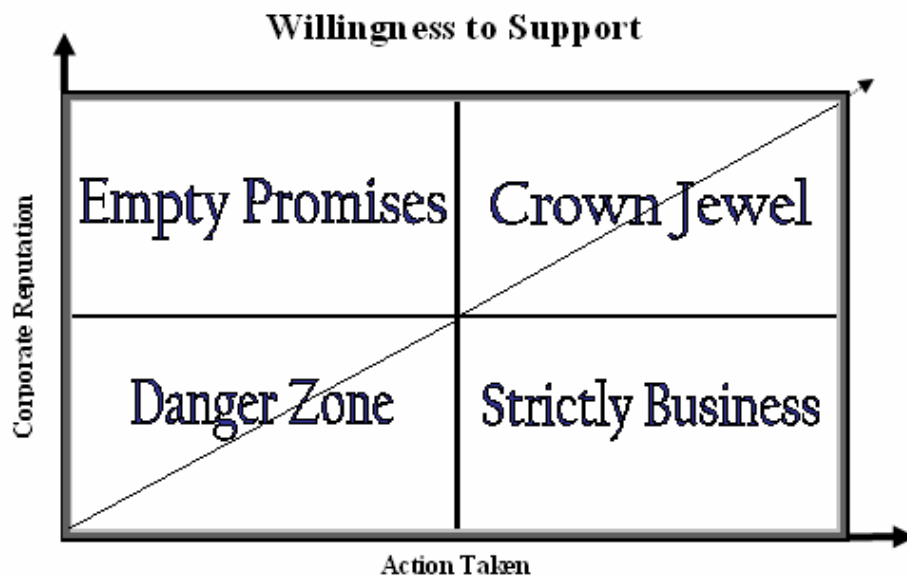


**Figure 5.4** *The Gap*

In Figure 5.4 the relationship between corporate reputation and action taken is divided into four dimensions, making the gaps more visible. This relationship is best depicted in a matrix because it allows the graph to be divided into four dimensions instead of two.

The next step results in a final model that acknowledges all four scenarios in the matrix and takes into consideration all relationships that can exist between corporate reputation and actions taken by stakeholder groups. This model gives a complete visual representation of the concept of willingness-to-support as an assessment of the relationship between corporate reputation and the actions a stakeholder takes. Willingness-to-support is more appropriate as an assessment than as a measurement because of these two gaps that exist. It would not be reliable as a measurement because in some unusual circumstances it can be that people do not act according to

their perception of a company’s reputation. Willingness-to-support as an assessment of corporate reputation is also useful, but in a different way than it otherwise would have been as a measurement tool.



**Figure 5.5** *Willingness-to-Support*

Each of these boxes represents a different relationship between the stakeholder’s perception of reputation and actions taken. This model is not intended to give a numerical value to reputation, but to give a general assessment of where each stakeholder lies. It is important to remember that the stakeholder’s perceptions cannot be added together and averaged for an overall picture of a company’s reputation. They must remain separate because a company has at least as many reputations as they do stakeholders. In the following sections each box will be described in greater detail.

### **5.1 Empty Promises**

This is where stakeholders who think a company has great reputation but do not take positive actions fall, making it the most interesting. This could be a member of the general public who thinks Company A has a great reputation but will not sign a petition for the company to build a new plant nearby or a bank who thinks the company’s reputation is impeccable but will not give the company a loan.

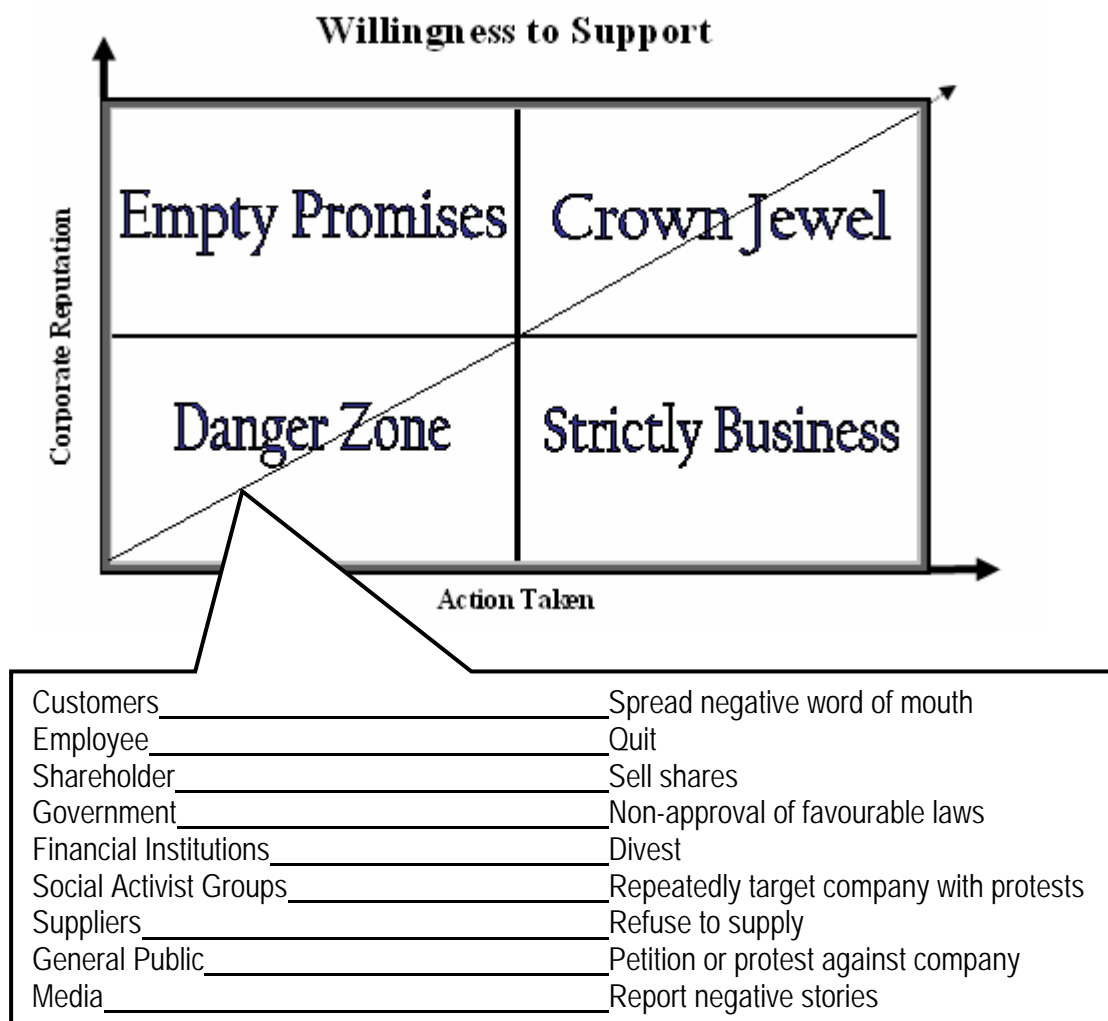
Though this relationship between actions taken and reputation should not exist, it does. As this gap is an outcome of this thesis, the exact reasons for its existence cannot not be explored in detail here. However, from the data gathered in the interviews a few speculations can be made as to what causes this irregularity. TeliaSonera mentioned that people may think that their company has a great reputation but do not buy a phone from them because the company does not have the phone that the customer wants. This interviewee also made a reference to his personal life when he said that he thinks Mercedes-Benz has a great reputation but does not own one of their cars because they are so expensive. These examples can lead one to assume that things like price and lack of alternatives can compel one to act differently than he might like to. Here a distinction between desire and limitations could be

made, but this is outside the purpose of this thesis. This thesis developed a model that allows companies to see where their stakeholders are but does not tell them why they are there for give instructions on how to move them.

Determining if a large number of stakeholders fall into this group can have significant consequences for a company. This group is an untapped source of great return. The difficult, time laden process of building reputation is already done, so it is just a matter of finding the way to make stakeholders take action. Once it is known if and which stakeholders are in this situation, companies can then strategically manage them and find the best way to move them from the 'Empty Promises' dimension to the preferred 'Crown Jewel' dimension.

### 5.2 Danger Zone

This dimension consists of those stakeholders who think that a company has a poor reputation and thus take 'negative' action. These stakeholders fall onto the scale because their actions reflect their perception of reputation. There are actions that each stakeholder can take that would place them in this box. Figure 5.6 specifies these actions for each stakeholder group.



**Figure 5.6** *Danger Zone and Stakeholder Action*



Using willingness-to-support to assess reputation will allow companies to see which of their stakeholders fall into this group, if any at all. It can be dangerous for a company who has determined their reputation through an aggregation method to believe that all stakeholders perceive their reputation as low. Willingness-to-support will tell the company which particular stakeholders fall in this dimension, allowing them to take the proper action to build their reputation among this group. This is important because the best way to build reputation can vary significantly between stakeholders. For instance, producing higher quality goods may not increase a company's reputation in the eyes of the government but it might for customers. Companies can also save time and money by not building reputation in the eyes of stakeholders who already perceive it to be good. It then becomes a matter of maintaining their good reputation among these groups.

### 5.3 Crown Jewel

Those stakeholders who fall into this dimension are categorised by a high perception of a company's reputation and correspondingly take positive actions. It should be the objective for all companies to get their stakeholders into this dimension. Figure 5.7 below specifies the actions each stakeholder group might take.

Customers	Act as a "customer evangelist"
Employee	Be an ambassador
Shareholder	Take active role in company
Government	Approval of favourable laws
Financial Institutions	Invest
Social Activist Groups	Remain neutral towards the company
Suppliers	Have a partnership
General Public	Spread word-of-mouth
Media	Report positive stories

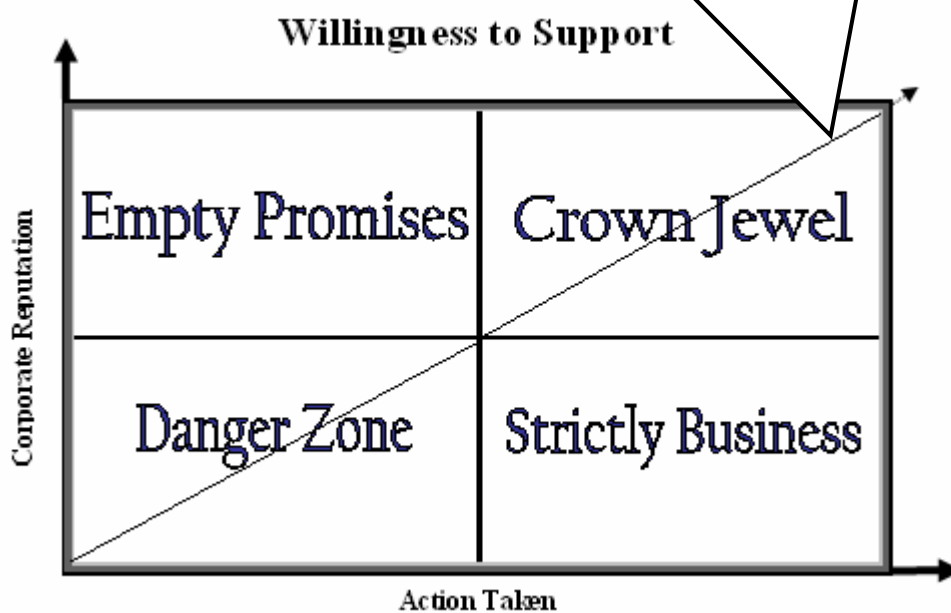


Figure 5.7 Crown Jewel and Stakeholder Action

This is the ideal place for a company's stakeholders to fall. As mentioned in the 'Danger Zone' discussion, companies using an aggregation method to measure their reputation must be weary. If the results state that they have a positive reputation, it can be deceiving because some stakeholder groups may not agree. Companies are then not working to build their reputation when they actually should. For example, assume Company A measures their reputation using an aggregation method and discovers that they have a good reputation. However, suppliers perceive the company's reputation to be poor and therefore take negative actions. Without knowing this, the company cannot do anything to change this perception and risks harming the relationship with this stakeholder. Using willingness-to-support will allow companies to see where they should maintain their reputation versus where they should improve it.

#### ***5.4 Strictly Business***

This box contains those stakeholders who do not perceive a company's reputation to be high, but take positive actions toward the company anyway. For instance, a company may think that Wal-Mart has a poor reputation but they continue to supply them because it is best in their business interest. There are numerous other factors which can cause a stakeholder to fall into this box. Low price, location and lack of alternatives, such as having to buy from a monopoly regardless of reputation, can all force stakeholders to have to take positive actions towards a company whose reputation they think is bad. Even though these stakeholders are taking positive actions toward a company, the company should still work to improve their reputation in these stakeholders' eyes. The stakeholders may just be taking positive actions because they are trapped into doing so. As soon as another option comes along and frees them from this situation, the company will suffer. If they can manage to build their reputation for these stakeholders, in the case that more options become available nothing will change, except that the stakeholders can be moved to the 'Crown Jewel' dimension

#### ***5.5 Grounded Theory Criteria***

When developing theory out of the grounded theory method various criteria must be met in their application, which were stated in Section 3.5. Because the willingness-to-support theory was developed using this method, it is subject to these criteria and how it meets them is described below.

The first of these is *fitness*. The willingness-to-support model was developed as a result of interviews with companies who are actively working with the concept of corporate reputation. The model fits into the broad area in which it will be applied because the companies had the opportunity to give their feedback on the situation it was meant to be used for. Willingness-to-support is applicable to commercial, non-profit and monopoly companies because it is from the study of these companies that it was developed. Next, it must be *understandable*. We have done what we could to make this concept easy to understand through the depiction of it in models and pictures. Since this concept has not been described before we have tried to do it as thoroughly as possible. Because the willingness-to-support concept was developed through collaboration with companies and because their ideas serve as a background to the concept, it should be understandable to them. Lastly, the concept of

willingness-to-support is *general*. It was developed with the help of companies in three different sectors, commercial, non-profit and monopoly, to insure that it met this criterion. It should be applicable in multiple, varied situations because it is the outcome of multiple, varied situations.

## 6 Conclusions

The purpose of this thesis was to define and theorise willingness-to-support as a possible measurement of corporate reputation. Research was conducted in collaboration with six different companies, in three sectors, in order to develop this definition and theory out of reality, strengthening the validity and usefulness of the concept. Through data collection and extensive analysis it is concluded that willingness-to-support may not be an appropriate way to *measure* corporate reputation but allows for a realistic *assessment* of it.

Willingness-to-support's inability to be used as a measurement is a result of the gap that was discovered between what people think and say and what they actually do. It would be difficult to gain an accurate measurement of reputation when it is possible that stakeholders are taking actions that are not in line with their perception of a company's reputation. Though these instances may not be extremely prevalent, they do exist.

*Thus, willingness-to-support is defined as a multi-stakeholder assessment of corporate reputation derived from the actions that are taken by individual stakeholder groups.*

*The theory of willingness-to-support is that a stakeholder's actions are reflective of their perception of a company's reputation where each stakeholder is placed into one of four possible dimensions.*

A four dimensional matrix exists to illustrate this relationship and to allow stakeholders to be placed in the dimension that most closely matches their perception of reputation and consequent actions.

The willingness-to-support model has the potential to be very useful and has numerous managerial implications. Because this theory was developed out of reality, its applicability in this reality is extremely realistic in determining how willing a stakeholder is to support a company.

## 7 Contributions

Both academic and managerial contributions have been made as a result of our research and analysis. Theory in and of itself is important for various reasons. Among these, it can be used for further theoretical development and in practical applications in order to understand and control situations.<sup>135</sup> How willingness-to-support can be used for both of these purposes is explained in this chapter.

### 7.1 Academic

This thesis has presented a new way to examine corporate reputation by looking at actions instead of words and thoughts. In the context of this thesis, actions were used to make an assessment about a company's reputation, but this research could be used as a catalyst for further research regarding actions as a measurement tool.

The research in this thesis revealed the importance of the gap between what stakeholders say they intend to do and what they actually do. This gap has significant implications for business practitioners but in order for *why* this happens to be more fully understood, it must be studied and researched further. The research that could be conducted in the areas of consumer behaviour and psychology, for example, would help practitioners to understand why the difference exists and thus enable them to manage it better.

### 7.2 Managerial

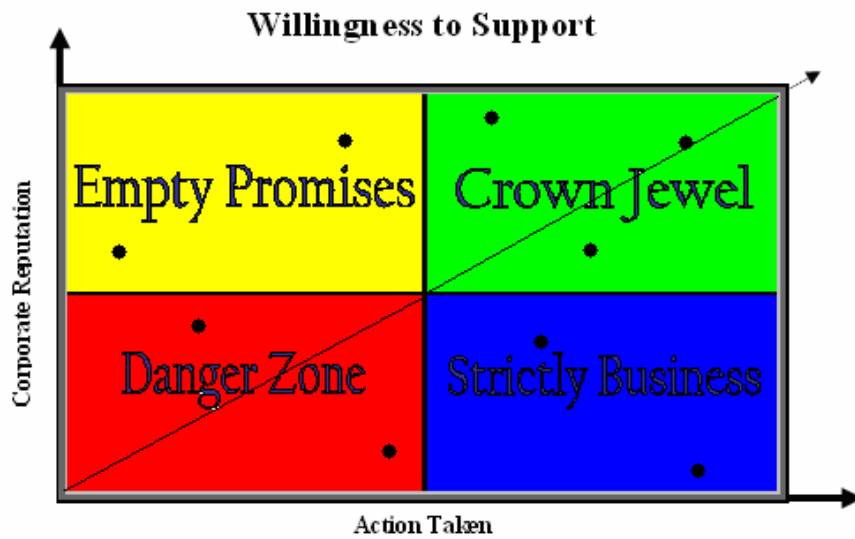
The assessment tool developed in this research can be of great use to practitioners. Willingness-to-support is based on a multiple stakeholder perspective so it will give companies the ability to look at their stakeholders separately. The ability to do this is important because determining reputation by clustering all stakeholders together can give companies an inaccurate picture of how their reputation is perceived. A measurement of reputation that is determined by adding scores together may not portray reliable information. Though the overall perception of reputation might be good, some stakeholder groups may believe it to be poor. Neglecting these stakeholders can lead to devastating consequences. Instead, by using willingness-to-support, companies are able to see how each stakeholder group perceives their reputation and can thus identify where they are strong and where they are weak. This will save companies considerable time and resources on reputation management because they know where to place their emphasis.

The willingness-to-support model is used to examine all stakeholder groups and to do so individually. It is important to keep all stakeholders in mind when measuring reputation because it is easy for companies to lose focus of those stakeholders who do not play as considerable a role as the others. Though the stakeholders' perceptions of reputation need to be determined individually, all stakeholders can be placed in the same model for a complete picture of a company's reputation in the eyes of all its constituents.

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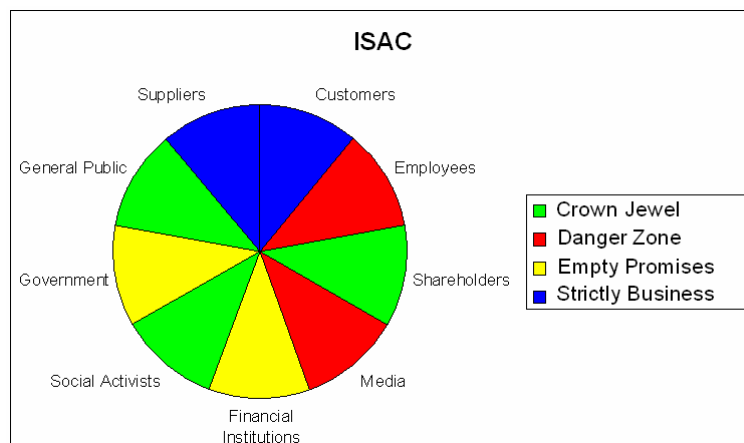
<sup>135</sup> Glaser and Strauss 1967

An example of this representation is given in Figure 7.1 where each dot represents a different stakeholder group.



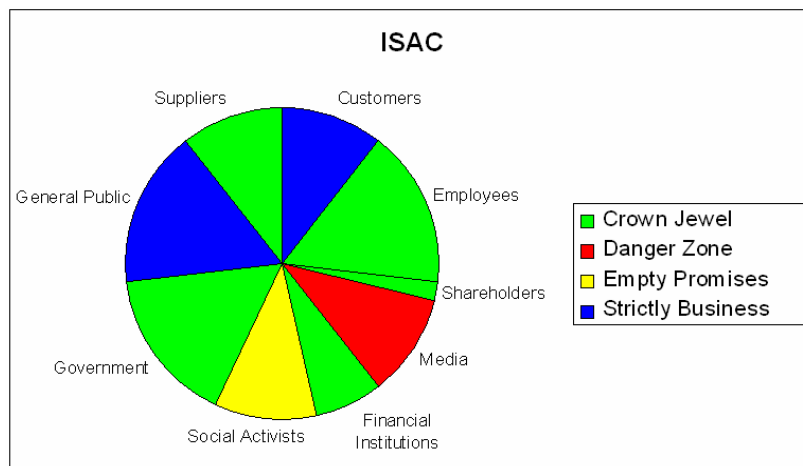
**Figure 7.1** Stakeholder Placement

Every company has stakeholders that are more important than others. This is an important fact that needs to be taken into consideration when applying the model so that it can be used to its fullest potential. In order to be able to give stakeholders the weight that they deserve an additional representation of the willingness-to-support model has been developed, called the Individual Stakeholder Assessment Chart (ISAC). This should not be seen as an aggregate measurement of reputation because each stakeholder is still seen individually. As shown in Figure 7.2 companies can change the size of the pie pieces to represent the corresponding importance of each stakeholder group. The percentage that reflects the size of each piece is not what is important, but each piece's size relative to the others. Hence, the more stakeholders in the 'Crown Jewel' dimension and thus the greener a company's chart, the better their reputation is in the eyes of their stakeholders. The ISAC is not meant to replace the willingness-to-support matrix given in Chapter 5, but to serve as a supplement and to allow willingness-to-support to be seen in another way. Visualising this concept in more than one way increases one's understanding of it and thus increases the likelihood that it will be used correctly and most beneficially.



**Figure 7.2** Individual Stakeholder Assessment Chart

To illustrate how the ISAC works, a hypothetical situation is given. Company A, which is a monopoly, has determined each of their stakeholder's perception of their reputation and placed them in their corresponding dimensions in the willingness-to-support matrix (see Figure 7.1 for an example of what this would look like). Customers, employees, the general public and the government are the most important stakeholders for this monopolistic company. The benefit of using the willingness-to-support model is that the company does not lose sight of the other existing stakeholders, but can incorporate them with the most important ones. After finding each stakeholder's relative position in the matrix, Company A can then put them into the ISAC. This allows Company A to give customers, employees, the general public and the government the emphasis that reflects their importance without forgetting the 'less important' stakeholders.



**Figure 7.3** ISAC for a Hypothetical Monopoly

Willingness-to-support can be used both internally and externally. Companies will benefit most from willingness-to-support by using it internally, as has been explained thus far, to assess their stakeholders' perceptions of reputation. However, it is also possible to use it in external circumstances. By no means is it a benchmark tool, but it can be used externally, nevertheless. Thus far in this thesis we have taken the position that this assessment would be done by a company for its own purposes. It is possible, though, that independent, external organisations can use this tool to assess another company. In this instance, the information could be used by a third party. There are numerous occasions where this might be done. Before companies enter into partnerships or other business relationships with one another, they may want to know how willing-to-support the other company's stakeholders are. For example, before a company acquires another company it is important for them to have an understanding of how the company is perceived by its stakeholders. Knowing this will influence the way they proceed.

In summary, willingness-to-support has various benefits. It allows companies to determine their reputation in each stakeholder group and then focus their activities on the groups that need it most, thus saving themselves time and resources. It also insures that no stakeholder will be left out of the picture. The ISAC that was presented as a supplement to the willingness-to-support model allows companies to weight the importance of each stakeholder group and therefore take full advantage of these benefits.

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# Appendix I

## Financial Institutions

_____	Invest
_____	Good terms
_____	Bad terms
_____	Divest

## Social Activist Groups

_____	Remain Neutral
_____	Conduct private investigations
_____	Target company once
_____	Target company repeatedly

## Suppliers

_____	Enter into partnership
_____	Supply on good terms
_____	Supply on bad terms
_____	Withdrawal or suspend activity
_____	Refuse to supply

## General Public

_____	Spread positive word-of-mouth
_____	Remain neutral
_____	Petition or protest

## Media

_____	Report stories positively
_____	Remain neutral in reports
_____	Report stories negatively

## Shareholders

_____	Active participation
_____	Passive
_____	Sell shares

**Customer**

	Evangelism
	Recommendation
	Repeat Purchase
	One Time Purchase
	Gather Information
	Negative Word of Mouth
	Actively Harm

**Employees**

	Ambassador
	Above call of duty
	Meet basic requirements
	Do as little as necessary
	Strike
	Quit

**Government**

	Approval of favourable laws
	Leniency towards company
	Non-approval of favourable laws

## **Appendix II**

### **Interview Guide**

#### **General Reputation**

- What does reputation mean to you?
- Do you manage reputation or is it just an outcome of business?
- If you do, how so?
- Why is having a good reputation important?
- How do you respond to negative/bad press/reputation?(compare across industries)

#### **Stakeholders**

- Who are your stakeholders?
- Which stakeholders' impressions are most important?
- Do different stakeholders have different perceptions?
- Do you convey different messages to different stakeholders
- What are the 2 extremes actions stakeholders can take? (give example)

#### **Measurement**

- Do you measure reputation and how? How often? Do you measure yourself or another company?
- What is the most important concept of reputation to measure? (ex social responsibility, financial reliability)
- Are you familiar with current measurements? (examples)
- Are they reliable?

#### **Willingness-to-Support**

- Is there a difference in measuring actions vs. thoughts/words
- What kind of support is the most important (loyalty, word of mouth).
- What are the general impressions of the scale- anything missing, agree? Useful?
- Does it measure reputation?
- Can these things be measured?

#### **For monopoly**

- Is measuring reputation important?
- Is reputation important?
- How is managing reputation different for a monopoly?