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Book Review: The Oxford Handbook of Corporate Reputation

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Book Review

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Michael L. Barnett and Timothy G. Pollock (Eds)
The Oxford Handbook of Corporate Reputation
Oxford: Oxford University Press, 2012.

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Research dealing with firm reputation has developed various measures as well as various conceptions of reputation. Muller and Kraussl (2011), for example, conceive of reputation as a measure of firm past actions and, accordingly, derive a measure of reputation as firm performance with respect to specific performance criteria. Others, such as Obloj and Capron (2011), conceive of firm reputation as stemming from ratings conferred upon firms by external actors. Work by Philippe and Durand (2011) as well as Roberts and Grahame (2002) rely on such a conception in applying Fortune's Most Admired Companies list as a reputation measure. Underlying these differing conceptions and measures is the question of whether reputation is an economic construct, one based on measures of past firm performance, or a social one, based on the judgment of external actors.

In addition, distinguishing reputation from other social processes that result in organizational ranking and ordering (e.g. status, legitimacy) has proved to be challenging. Washington and Zajac (2005) note that "it is typically difficult to identify differences in competitive organizational outcomes that can be confidently attributed to socially based differences in status, rather than quality- or merit-based differences that correspond to reputation" (p. 283). Nevertheless, various efforts have been made to gain such an understanding. Some, for instance, have sought to tease apart status effects from reputation effects (Washington & Zajac, 2005; Dimov, Shepherd, & Sutcliffe, 2007). There still, however, remains a great deal of diversity in approaching reputation theoretically and empirically (e.g. Muller & Kraussl, 2011; Obloj & Capron, 2011; Philippe & Durand, 2011). Accordingly, establishing a solid theoretic foundation for defining, assessing and measuring reputation remains an important endeavor.

Michael Barnett and Timothy Pollock's edited volume, *The Oxford Handbook of Corporate Reputation*, serves as a timely text that makes great strides in addressing the above questions. The text focuses on four themes: what is (and is not) corporate reputation, the importance of corporate reputation and managing corporate reputation.

Readers seeking a definitive conceptualization of reputation will find that developing a single, unified construct for reputation is not one of the overarching themes of the text. Instead, the editors seek to provide clarity and guidance regarding what is meant when reputation is examined. Hence, the editors develop an immediate understanding that reputation is indeed a multidimensional phenomenon that will not have definitive measures. Various perspectives of what reputation consists of are included to support this goal. In doing so, the text provides clarity regarding the economic and non-economic nature of reputation. For instance, the chapter by Kennedy, Chock

and Liu develops a social constructivist perspective of reputation in which the emergence of salient issues shapes conceptions of reputation. Noe's chapter, in contrast, develops an economic-centered view of reputation rooted in firm behavior. This approach is also highlighted in terms of how reputation facilitates market transactions. Building on the notion of reputation commons frequently applied by scholars examining industry self-regulation (Yue & Ingram), a case is made that reputation can be a substitute for regulation, since reputation serves to build inter-organizational trust (McKenna & Olegario) and shape the association between regulatory organizations and regulated organizations (Gilad & Yogyey).

The chapter by Rindova and Martins reconciles the two perspectives of reputation with a multidimensional perspective that draws from game-theory and institutionalism. Signaling is a cornerstone of this framework; however, signaling also serves as a unifying theme among several chapters in this section. For instance, chapters by Jensen, Kim and Kim along with Noe, Fombrun and Kennedy, Chock, and Liu all specify that an important component of reputation is that it relies on external interpretation by specific stakeholders. Jensen, and Kim and Kim, in particular, recognize both the social and economic dimensions of reputation by emphasizing the importance of defining reputation in terms of "attribute and audience specific assessments" (p. 144). Harvey and Morris further develop the notion of audience specificity by examining how firm reputation can vary across stakeholder groups.

In defining particular attributes of reputation, the text sets a clear foundation for what reputation is not. In this series of chapters the volume sets out to address the issue of distinguishing reputation from other social phenomena. Accordingly, chapters in the volume focus on distinguishing reputation from the commonly confounded construct of status (Barron & Rolfe). The key distinction between assessing firm past performance (reputation) and affiliations (status) is the foundation in distinguishing reputation and status. Several chapters look closely at the implications of the separation of status from firm behavior (e.g Barron & Rolfe; Jenson & Roy). In addition, chapters contrast reputation with other social constructs such as image and legitimacy (Foreman, Whetten and Mackay). Between establishing what reputation is (Chs 2–7) and what it is not (Chs 8–12), the volume accomplishes the important task of outlining the elements of reputation as well as how such elements differ from those of other social processes that result in firm rating and stratification.

Providing clarity regarding what reputation is and distinguishing it from other social constructs are both notable contributions to organizational research and theory. However, in addition to these accomplishments, the text makes theoretic contributions by building on the concepts established within its pages. The extent to which organization can repair damaged reputation (Rhee & Kim) reinforces the fact that reputation can change. Elsbach reinforces this point by examining the temporality of reputation and the drivers of reputation enhancement and diminishment over time.

In sum, *The Oxford Handbook of Corporate Reputation* is a valuable resource which makes several notable contributions to organizational studies. In addition to clarifying the meaning and sources of reputation, this valuable text additionally pushes reputation research forward by illuminating reputation's temporal and dynamic elements.

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