CHAPTER 1

CHARTING THE LANDSCAPE OF CORPORATE REPUTATION RESEARCH

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In this chapter we discuss the motivation behind the *Handbook* and why the timing is right for such a compendium. We also explain how the book is organized and to be used, offer brief summaries of the chapters, and discuss the future directions corporate reputation research can take.

What does it mean to have a "good" or "bad" reputation? How does it create or destroy value, or shape chances to pursue particular opportunities? Where do reputations come from? How do we measure them? How do we build and manage them?

Over the last twenty years the answers to these questions have become increasingly important—and increasingly problematic—for scholars and practitioners seeking to understand the creation, management, and role of reputation in corporate life. As documented by Fombrun in this volume (Chapter 5), there has been an explosion of interest in both the scholarly literature and popular press in corporate reputation. Various reputation rankings by business press publications have emerged to parse, order, and rate corporations both generally (e.g., *Fortune*'s rankings of "America's (now the World's) Most Admired Companies") and based on their reputations for different things with different stakeholder groups (e.g., *Fortune*'s "Best Places to Work" and *Businessweek*'s "Most Innovative Companies"). Scholars have used many of these measures, as well as created new measures of their own, to understand what corporate reputation is, where it comes from, and to offer guidance to practitioners about how best to manage it to create value for their companies (see Dowling & Gardberg, Chapter 3, this volume). *Corporate Reputation Review*, a journal founded solely to promote scholarship on corporate reputation, is entering its fifteenth year of publication as of the printing of this book, and Oxford University has a research center dedicated to the production and dissemination of knowledge about corporate reputation.

At the same time, this explosion of interest has also spawned a thicket of problems. Different definitions of corporate reputation have proliferated (see Barnett, Jermier, & Lafferty, 2006; King & Whetten, 2008; Lange, Lee, & Dai, 2011; and Rindova et al., 2005 for recent reviews); distinct theoretical constructs such as image, identity, brand, status, and legitimacy have been either conflated with reputation or treated synonymously; and a plethora of measures—many of dubious quality, or which have also been used to operationalize different constructs—have been used to operationalize corporate reputation. Indeed, even the nature of what constitutes a corporate reputation, whether or not it is an asset of the firm, who creates it, and who controls it, have all been open for debate (Pfarrer, Pollock, & Rindova, 2010).

Given the concomitant levels of interest in and confusion about corporate reputation, it seemed a good time to write this *Handbook*, which is intended to bring definitional clarity to these issues, chronicle where we have been, and offer guidance about where scholarship on corporate reputation might most profitably head. The eminent scholars from a variety of disciplines who have contributed to this *Handbook* provide state-of-the-art definitions of corporate reputation; differentiate reputation from other constructs and intangible assets; offer guidance on measuring reputation; consider the role of reputation as a corporate asset and how a variety of factors, including stage of life, nation of origin, and the stakeholders considered affect its ability to create value; and explore corporate reputation's role more broadly as a regulatory mechanism. Finally, they also discuss how to manage and grow reputations, as well as repair them when they are damaged. In discussing these issues we hope this *Handbook* moves the field of corporate reputation research forward by demonstrating where the field is now, addressing some of the perpetual problems of definition and differentiation, identifying areas that have been resolved and so do not need more research, and suggesting future research directions that have gone unconsidered, are under-considered, or that require continued attention.

In the remainder of this chapter we identify and discuss the four overarching questions that have been used to structure the *Handbook*, identify points of consensus across chapters, points of controversy that merit continued exploration, and the unanswered questions that can inspire and guide future research on corporate reputation.

The Structure of the *Handbook*

A handbook is a reference resource. Our intent is that researchers and thoughtful practitioners be able to pick up this *Handbook* and quickly find the information they seek. Each chapter addresses a specific topic that can be discerned easily from its title and abstract. Each chapter contains a table that lists the references and core contributions of a handful of the most influential studies in the relevant literature. And each chapter outlines questions that remain open within this particular literature and suggests means of addressing them. Thus, each chapter provides both a robust sense of the current state of the literature and a clear path forward for contributing to its development.

Of course, reputation is a diverse topic with many intertwined levels, disciplines, and theoretical perspectives. Any single chapter will not provide the entire picture. We encourage you to read the *Handbook* cover to cover to obtain a full appreciation of this diversity. Should you not have this luxury, however, please note that the chapters are arranged to correspond with four fundamental questions: (1) What is corporate reputation?; (2) What *isn't* corporate reputation?; (3) Why is corporate reputation important?; and (4) How can corporate reputation be managed?

The first two questions are fundamental to developing theoretical and empirical understandings of the corporate reputation construct, the role it plays in organizational life, and how to measure it effectively. These questions push us to understand the key dimensions of corporate reputation and how they differ from the dimensions of other, related constructs such as status, image, identity, celebrity, legitimacy, and brand. Along with corporate reputation, these constructs are all part of the class of intangible assets identified as "social approval assets," because they "derive their value from favorable collective perceptions" (Pfarrer, Pollock, & Rindova, 2010: 1131). They also allow us to differentiate between a bad reputation and stigma (Devers et al., 2009; Pozner, 2008; Wiesenfeld, Wurthmann, & Hambrick, 2008), and to differentiate between the reputation of the organization and the reputations of the organization's executives, its industry, and the nation in which it is domiciled.

The first two questions are also fundamental to answering the second two questions, because if you do not know what corporate reputation is and how it is different from other social approval assets, then it is difficult to assess its importance and role, or understand how to manage it effectively. These latter two questions are also important to scholars who wish to understand the broader role of reputation at the industry and field levels of analysis, and its role—and limitations—as a regulatory mechanism in markets. These questions are also valuable to those who want to understand the processes through which reputation is built, managed, and repaired. They are also of considerable interest to thoughtful practitioners who want to better understand the implications and value of their corporations' reputations, and how to manage them more effectively.

Below, we address each of these questions in more detail, and briefly describe how the associated chapters in this *Handbook* help to answer them.

What is Corporate Reputation?

Though there has been a sharp spike in studies of corporate reputation in recent years, the spike in cumulative understanding of corporate reputation has been, well, less sharp. There is no stronger prescription for blunted research progress than poor construct clarity. It is impossible to build on the work of others if you are working from a completely different blueprint. Yet researchers have, sometimes explicitly but often implicitly, used differing conceptualizations of corporate reputation in their studies. To move forward we need a clear understanding of what each of us means when we say we are studying corporate reputation. This does not mean that all of us must agree on a single definition. This *Handbook* is not intended to impose a standard on the field. But it does mean that researchers need to be explicit about how they conceptualize reputation, and cognizant of how their conceptualization compares and contrasts with that of others. Else, we will remain stuck in the trap of creating isolated islands of partial insights.

Rindova and Martins (Chapter 2) jumpstart the *Handbook* by explicating the features of corporate reputation that make it an intangible asset. Firms often claim their reputations are one of their most, if not *the* most, valued of assets. But what makes reputation such a valued asset? Rindova and Martins develop a multidimensional conceptualization that combines the insights of game-theoretic, social constructionist, and institutional perspectives regarding the ways in which observers perceive firms' signals, prominence, and standing to identify four dimensions of corporate reputation that make it an intangible asset: specificity, accumulation, breadth of appeal, and codification. The resulting model provides a framework that can aid in measuring a firm's valuable reputational assets, though the task is not an easy one, as Chapter 2 attests.

Researchers have been known to adopt measures of corporate reputation based more on data availability than on fit with the underlying construct. While trying to perfectly measure reputation may be a Sisyphean task given its intangible and multidimensional nature, it is important that we come as close as possible, because what gets measured gets done. If the wrong things are measured, then scholars may provide a faulty understanding of what reputation is and how it creates value, and firms may do the wrong things as they try to build and protect this valuable intangible asset.

Dowling and Gardberg (Chapter 3) take a close look at extant measures of corporate reputation and find them both varied and lacking in construct validity. They review ten measures that have been used in prior studies, sorting them according to unit of measurement (individuals or firms) and data source (primary or secondary), and list their strengths and weaknesses relative to ten specific measurement challenges. They further list seven recommendations for those who seek to create new measures of corporate reputation. Of course, no perfect measure can be developed. All measures entail trade-offs, so Dowling and Gardberg recommend triangulation by using more than one measure to capture the multidimensional nature of reputation. To help with this, they provide a comprehensive and exhaustive appendix of reputation measures from around the world.

Dowling and Gardberg conclude their chapter by identifying two trends—advances in technology and "gamma change"—that will exert major influences on measurement in the years ahead. Technology makes it easier to access people and collect data in new and sophisticated ways, but it also brings biases that need to be considered. Gamma change is a change in the criteria by which observers evaluate firms. As the criteria used to assess firms change, so do perceptions of how well or poorly they perform. Thus, a highly regarded firm of yesteryear may be viewed as a menace by contemporary standards, even if its behaviors have not materially changed. For example, firms' social and environmental practices are now more closely scrutinized, leading to new and more sophisticated measures of these practices, and scandals in accounting and banking have led to increased monitoring of corporate governance and transparency. The next chapter describes the process by which these new criteria arise and become part of how observers assess a firm's reputation.

Kennedy, Chock, and Liu (Chapter 4) adopt a social constructionist perspective to explain how critics and corporations engage in competition and contestation to converge on a common set of criteria to judge corporations. They analyze the content of corporate press releases and contrast it with the content of media coverage to show how corporate environmental responsibility criteria emerged and were challenged, influenced, and finally embraced by corporations. Kennedy et al. make the interesting observation that firms can act to create the scorecard by which they are assessed, rather than acting only to influence their score. They describe a theoretical approach and methodology that can be used to assess not only how reputation criteria emerge, but also how they fade away.

Fombrun (Chapter 5) takes on a different type of contestation—that of construct definition among reputation scholars—and seeks to find a common ground, as well. He reviews the various definitions that scholars have used in approaching corporate reputation from the vantage of some seven different conceptual frameworks. He notes a variety of shortcomings in these definitions, including the muddling of antecedents and consequences with the construct itself, and suggests a new definition that is narrower and deeper in focus because, he argues, reputation needs to be defined in terms of both a specific stakeholder group and a specific reference group. To achieve this, Fombrun calls for researchers to interact more with practitioners on thick descriptions and contextualized case studies. This call is laudable, as such work will no doubt help dimensionalize reputation; at the same time it will present significant challenges for the development of large data sets that can be used to assess the generalizability of reputation's effects. As the next chapter highlights, there are trade-offs between the richness of description and the ability to model the mechanisms at work.

Noe (Chapter 6) explains how economists model a firm's reputation. He argues that reputation is based on the firm's past behavior, and it represents the stakeholder's assessment of the probability that a firm is of a particular type: the type that will behave opportunistically in future transactions or not. As new information is revealed through new behaviors and stakeholders become more certain about the type of firm they are dealing with, they become more or less willing to engage in transactions with the firm under more or less favorable conditions. Noe argues that though economic modeling requires simplifying assumptions that are violated in reality, the predictions of these models are nonetheless often accurate. Further, Noe suggests a path forward wherein the beneficial rigor of economic modeling can be retained while the richness of the models are enhanced, so long as researchers are willing to pay the "tariff" inherent in increasing the sophistication and complication of their models. Noe encourages incorporation of the accumulating insights from the management and psychology literatures into economic models to further reduce the gap between economic conceptualization and managerial reality regarding the management of corporate reputation.

Of course, economic activity is embedded in a social context (Granovetter, 1985). In Chapter 7, Jensen, Kim, and Kim account for the social context missing in purely economic theorizing. They put forth a role-theoretic perspective of corporate reputation, arguing that stakeholders interpret a firm's behavior in light of the role that the firm is expected to play given its status in a particular social context. Meeting role expectations is the key inflection point from which positive or negative reputations are formed. Stakeholders may expect different things of different firms, and so the same type of behavior can produce different reputational consequences for different organizations. This helps explain, for example, the extra burden that high-status firms may face; stakeholders have higher expectations of them than they do of lower-status firms and so they must do more to simply meet expectations and so maintain a favorable reputation.

In developing their arguments Jensen et al. draw on the concept of status, one of several constructs that many have conflated with corporate reputation. Thus, this chapter provides a bridge to this *Handbook*'s second organizing question: What *isn't* corporate reputation?

What *isn't* Corporate Reputation?

Status often is conflated with reputation because both constructs deal with how observers assess a firm's characteristics and form expectations of its likely future behaviors. But, as Barron and Rolfe (Chapter 8) point out, they differ in terms of how these assessments and expectations are formed. Reputation is commonly viewed as arising from observation of a firm's behaviors, while status is commonly viewed as arising from observation of a firm's affiliations. That is, status can be untethered from behavior, and may be deemed an unearned privilege based on the company one keeps. As Jensen et al. point out, status can bring burdens, but as Barron and Rolfe identify here, it can also be a boon. They further note that though there is a clear conceptual distinction to be made, these two constructs may be indistinguishable in certain settings, such as for new firms with no performance history. They may also be used in tandem, such as with customers who might use status as an initial screen (I want a car of a certain status) and then reputation to choose within a status grouping (I want the high-status car that has the best performance record) (cf. Jensen & Roy, 2008). Thus, they call for more research that simultaneously employs measures of both reputation and status to distinguish the underlying cognitive mechanisms by which stakeholders assess firms.

Foreman, Whetten, and Mackey (Chapter 9) take on the formidable task of distinguishing reputation from image and legitimacy. Image and legitimacy are common constructs that are open to numerous conceptualizations, some more muddled with reputation than others. Foreman et al. describe the distinctions and interrelationships amongst them from an identity-based view. An organization's identity is composed of its central, enduring, and distinctive characteristics (Albert & Whetten, 1985). Image, then, may be viewed as stakeholder perceptions of an organization's identity, and legitimacy as the appropriateness of this identity within some social system. They extend the identity view to stakeholders as well as organizations in order to flesh out their conceptualization of reputation. Stakeholders also have identities and these shape what they expect of a firm and influence how they attend to and perceive a firm's actions.

Mishina and Devers (Chapter 10) untangle corporate reputation from a construct that is a relatively new entrant to the business literature: stigma. Stigmas have been associated with individuals for a long while, but this concept has only been adapted to organizations in recent years. Mishina and Devers note that though stigma can easily be confused with a bad reputation, the two constructs arise in different ways and have different effects on organizations. Whereas reputation is multidimensional, stigma is one-dimensional, permeating the entire organization and stripping it of its unique characteristics such that the firm is "tainted" in its totality. Further, societal expectations, not a history of performance, determine who is and is not stigmatized. Thus, stigma is a label used as a form of social control, as opposed to a tool providing the ability to predict how a firm will behave. Differentiating between stigma and a bad reputation can have a bearing on the reversibility of a negative event, or lack thereof, described by Noe (Chapter 6), and to the role of expectations articulated by Jensen et al. (Chapter 7). Given the relative novelty of work in this area, there remains quite fertile ground for further research sorting out the nature, causes, and consequences of stigma.

Graffin, Pfarrer, and Hill (Chapter 11) shift the focus of attention inward, and aim to separate the man (typically) from the monolith by identifying the boundaries and interrelationships between executive and corporate reputation. As the visible face of the organization, an executive's reputation can be closely associated with or subsumed within the firm's reputation. Indeed, as Graffin et al. note, executive and firm reputations tend to move in tandem, converging and co-evolving over time. An executive's reputation also serves a similar purpose to that of a firm's reputation by providing stakeholders with a guide to predict the individual's behavior. And like a firm's reputation, an executive's reputation can serve as a valuable intangible asset. However, there are significant differences. Graffin et al. suggest these differences become most apparent when shocks occur that decouple executive and firm reputations. Moreover, there are many interesting issues regarding who captures the rents from firm and executive reputations, as well as the potential for celebrity CEOs to generate negative firm performance. Overall, this area of research on reputation remains in its infancy and so Graffin et al. outline a variety of opportunities for scholars to advance it.

Newburry (Chapter 12) reverses course and shifts the level of analysis well beyond the firm, to that of the country. Newburry notes that whereas the effects of country of origin (COO) on consumer perceptions of products have been studied extensively, COO's influence on a firm's overall reputation has not received much attention, although COO can serve as a simplifying heuristic that affects a firm's reputation. Consider the differing assessments a stakeholder might make of a manufacturing firm located in China versus Germany, irrespective of the actual manufacturing operations in place. Newburry suggests, though, that when stakeholders have more specific knowledge of a firm's characteristics and behaviors, the effects of COO may be diminished. Thus, a key issue is when will stakeholders search beyond country effects to assess individual firm behavior, and when will they just rely on COO as a convenient reputational heuristic? Indeed, Newburry points out that the heuristic can be even broader than country, using even more general classifications such as "developing countries" to group multiple nations together. Thus, COO can stigmatize firms from certain regions (cf. Mishina and Devers, Chapter 10), while yielding benefits to those from higher-status classifications (cf. Jensen, Kim, and Kim, Chapter 7, and Barron and Rolfe, Chapter 8). Whatever the case, it seems that the residents of a country are poor judges of how others view their country, which is an interesting identity versus image puzzle to sort out. Further, Newburry calls for longitudinal work to explore the recursive relationship between firm and country reputation, and how they mutually influence each other over time.

Surely there are many other things that are *not* reputation but have been confounded with reputation, but the chapters in this section address the most common confounds. Having brought a bit more breathing room and clarity to our core construct, in the next section of the *Handbook* we tackle the question: Why is corporate reputation important?

Why is Corporate Reputation Important?

The chapters in the *Handbook* addressing this question argue that reputation is important because it facilitates economic transactions where markets might otherwise fail by providing incentives for firms to behave in certain predictable ways. As such, it functions as a form of non-governmental regulation. Firms regulate their behaviors because they recognize that there are financial, social, and even psychological penalties that accrue to the executives, firm, and/or industry that exceed any potential benefit from behaving in unconstrained ways. But how and how well does this self-regulatory mechanism work?

McKenna and Olegario (Chapter 13) reach back in time to provide a historical perspective on how corporate reputation has been intertwined with, and even reliant upon, formal regulation, and how the nature of this relationship has oscillated over time. Skepticism of corporations has run high at various points in history, often on the heels of scandals. McKenna and Olegario argue that though reputation can bolster markets, stakeholders seem to have stronger beliefs in the power of regulators to secure their safety than they do in firms to self-regulate. Thus, firms have welcomed formal regulation from time to time to maintain public trust in enterprise. Reputation, although a less convincing means of forging trust with stakeholders, effectively functions to fill the gaps where formal regulation and direct interaction are lacking. McKenna and Olegario encourage scholars to take better account of historical circumstance when studying corporate reputation, to consider more fully the specific relationship between reputation and regulation during the period studied and how it might differ during other periods, and to treat this relationship as dynamic and evolving.

Yue and Ingram (Chapter 14) also use a historical example, the New York Clearing House Association, to address how firms rely on reputational solutions to fill the "institutional vacuum" left by lack of formal regulation, but they examine these dynamics at the industry level. Whereas Rindova and Martins (Chapter 2) started us off by delineating the intangible asset qualities of a *firm*'s reputation, Yue and Ingram note that firms across an industry can share a common reputation, and the desire to protect this valuable *collective* intangible asset can shape how member firms behave and self-regulate. This "reputation commons" (Barnett & King, 2008) can be damaged by the actions of any individual member firm and requires cooperation across the industry to protect it. Commons are notoriously difficult to manage given the free-rider problem, but under certain conditions firms do come together to create industry-wide, self-regulatory institutions. Industry self-regulation has been criticized for being a country club, with enforcement that lacks teeth. However, as Yue and Ingram illustrate, industry self-regulation can also be an "iron fist." Yue and Ingram call for more research on the role and functioning of the reputation commons, and how industry self-regulatory programs can accomplish this yet not run afoul of antitrust laws.

Brammer and Jackson (Chapter 15) also note that reputation may substitute for formal regulation, but they further clarify that the relationship is more complicated than just substitution. Reputation is also interdependent with regulation because regulatory institutions shape what stakeholders expect of firms. These regulatory institutions vary across countries, with some countries having very involved and established regulatory regimes and others suffering institutional voids. Brammer and Jackson explore the implications of variation in country regulatory institutions for how firms manage their reputations. They urge researchers to attend more closely to cross-country differences and suggest a research agenda that takes a comparative institutional approach.

Gilad and Yogev (Chapter 16) flip the focus between regulators and the reputations of the regulated, and make the interesting observation that regulators also have reputations that they may struggle to manage. Gilad and Yogev question the assumption that formal regulation need be a strong form of regulation, and note that regulatory authority and ability can be called into question. Regulators must manage how they are perceived if they are to fulfill their duties effectively and survive. To avoid blame for ineffective regulation, regulators may seek to forge a narrow domain of responsibility, thereby limiting their exposure and responsibility for areas outside their direct expertise. This provides an interesting counterweight to the well-established idea of mission creep in bureaucratic organizations; cognizance of the dangers of being exposed to blame may serve as a brake on managerial tendencies toward empire building. Gilad and Yogev illustrate these dynamics through a study of the British Financial Ombudsman Service, and develop a framework for understanding how regulators manage their reputations across three broad spheres of task boundaries, communication, and operation.

While the preponderance of reputation research has focused on how corporate reputation affects customers, Harvey and Morris (Chapter 17) build on the notion that reputations can vary across different stakeholder groups, and highlight the importance of reputation in one particular domain—labor markets—especially as it applies to professional service firms. Firms vie for employee talent, and a firm's ability to attract and retain talent depends upon its reputation in the labor market. This is particularly true in professional service firms, where firm performance is directly attributable to the talent of the firm's labor force. As they explain, "employees can both create and evaluate the organization's reputation simultaneously." Thus, Harvey and Morris illustrate the need for ongoing research that considers how reputation differs across stakeholder groups, and the indirect effects that a firm's reputation with one set of stakeholders has on its reputation in other domains.

Karpoff (Chapter 18) wraps up this section by attempting to answer a fundamental question about the importance of reputation: Does it actually work to discipline firm misconduct? If firms do not lose or suffer damage to this valuable intangible asset when they behave badly, then its utility as a means of regulation is limited. Karpoff reviews the literature testing for reputational penalties in financial markets, and comes to the conclusion: sometimes reputation works to discipline misconduct, and sometimes it doesn't. Whether it does or does not work is contingent on who is harmed. He finds that penalties are imposed if the misconduct affects those with whom the offending firm has a business relationship, but not if the misconduct affects parties with whom the firm has no business relationship. For example, instances of financial misconduct tend to incur significant reputational penalties, whereas, "on average, the reputational loss from harming the environment is negligible."

Though not ethically appealing, these findings nonetheless provide a functional and realistic answer that brings into sharp focus the differing tasks performed by formal regulation and informal regulation through reputation. Reputation works as a regulatory mechanism in settings where the party harmed has a direct business relationship with the offending firm and can in turn do direct harm to its reputation; however, reputation does not regulate behavior that causes harm to those who cannot return the favor. But, as Karpoff notes, firms that harm non-transacting parties may still suffer significant *regulatory* penalties, even if they do not suffer reputational penalties. Thus, thoughtful, targeted government regulation is still required.

Karpoff provides evidence of the monetary costs of reputational damage. So how do you create this valuable asset, and how do you manage it and protect it thereafter? The final set of chapters address precisely this.

How can Corporate Reputation be Managed?

Petkova (Chapter 19) starts us off from ground zero, explaining how new firms, with limited or no history upon which observers can rely to make assessments, develop a reputation. She argues that new firms can develop a reputation via three mechanisms: (1) reputation borrowing, which ties to prior discussions of status (Chapters 7 and 8) as it is based on affiliation with others; (2) reputation building, which requires significant time and effort to create a performance history; and (3) reputation by endowment, which ties to prior discussions of how a firm's reputation is intertwined with that of its executives (Chapter 11). Petkova further argues that the process of creating a reputation occurs in three stages: (1) attention generation, in which the new firm develops a public profile; (2) uncertainty reduction, in which it explains its function—and, if necessary, that of its industry—to stakeholders; and (3) evaluation, in which it demonstrates the competence with which it fulfills its function. Thus, although the mechanisms employed by new firms can also be used, although perhaps to a lesser extent, by established firms, the process through which a new firm's reputation is created varies in both focus and kind from that of established companies.

In Chapter 20, Whittington and Yakis-Douglas note that when stakeholders evaluate a firm, new or old, they evaluate not just the way the firm has acted, but also the way it communicates these actions. That is, the process by which information about a firm is disclosed affects how that information is perceived, and thus the influence it has on the firm's reputation. Some firms and their managers are able to build trust and understanding with stakeholders through their "performances," while others, as a result of their manner of speaking, dress, body language, and other symbolic actions, breed distrust and misunderstanding. Yet these nonverbal aspects of communication and reputation management are often ignored. Whittington and Yakis-Douglas explore both the form and content of firms' communications, and note how variations in the skill with which firms communicate their strategies influence a firm's reputation. They recommend corporate reputation research be enriched by more study of the practice and praxis of strategy communications through such methods as discourse analysis and dramaturgy.

Schultz, Hatch, and Adams (Chapter 21) continue the focus on symbolic management by explicating the role of corporate branding in managing corporate reputation, using Novo Nordisk as a case study. Brand and reputation are often conflated, although they are distinct constructs. Schultz et al. distinguish between these constructs, not just in terms of who on the organizational chart is responsible for them (e.g., marketing vs. PR or corporate communications), but in their processes and in their distinctive yet intertwined aims. They argue that branding is more of an affective reaction to the various aspects of a firm, rather than an assessment of the firm's past behaviors, and that these affective responses arise from interacting with the symbols and practices associated with the products and/or services provided. Because it is about meaning making and experiences, managing the corporate brand entails a process of co-creation with stakeholders that Schultz et al. illustrate through the Novo Nordisk example. They further make the case that, although they are distinct constructs, firms can manage their reputation by managing their brand. This interdependent relationship between brand and reputation is moderated by management practices, and they urge future research on corporate reputation management to consider brand management as an important part of the process.

Rhee and Kim (Chapter 22) tackle perhaps the most awkward phase of reputation management, that of repairing a damaged reputation. Whereas Noe (Chapter 6) recognized economic models' unrealistic limiting assumption that reputation is not recoverable, Rhee and Kim describe the process by which firms attempt to repair their reputations. They develop a model embedded in the behavioral theory of the firm (Cyert & March, 1963) that explains how firms recognize that a problem exists and then search for and implement a solution. The specific characteristics of the problem, the organization, and stakeholders shape how this process unfolds. They recognize that depending upon how these factors play out, this process can go astray in such a way that a firm may implement an ineffective, superficial solution to the problem.

Elsbach (Chapter 23) closes out the *Handbook* by bringing temporality to reputation management, looking beyond how firms respond to the reputational challenges brought about by a single event to examine the process by which firms manage reputation-affecting events that are both anticipated and unanticipated, as well as positive and negative. She uses the controversy over Apple's iPhone 4, starting with how it handled the premature leak of its characteristics and the subsequent problem with its antenna, as a case study to demonstrate both the right and wrong ways of managing unfolding events of different sorts and develops a prescriptive framework for properly managing these events in ways to safeguard the company's reputation. The resulting framework recognizes that the solutions are situational and that managers must account for myriad contextual dimensions, including the timing and valence of the event and the sequence of communications. However, as Elsbach recognizes and as played out in the Apple case, though there may be somewhat objective solutions to such challenges, a firm's identity, perhaps intertwined with that of its CEO, can limit its ability to recognize and implement these solutions and instead bias it toward non-optimal managerial actions.

Future Directions for Corporate Reputation Research

All of the chapters in this *Handbook* provide guidance on productive directions for future research within each of their topic domains. Going into this project we initially expected this section of the introduction would discuss "dry holes" that do not require more research attention, as well as those areas that do. However, after working with all the authors to develop their chapters, it has become clear to us that, with one exception (we don't need more research establishing that corporate reputation is an asset for firms—it is), the garden of research topics remains fecund and ongoing opportunities exist in virtually every area of inquiry.

In reviewing our authors' recommendations, we have identified five broad areas that offer the most promising possibilities for future research on corporate reputation: (1) The construct validity of corporate reputation; (2) Microfoundations of corporate reputation; (3) Levels of analysis other than the firm and multilevel modeling; (4) Temporality and dynamism; and (5) Process research.

Construct validity. Although significant advances have been made in defining and dimensionalizing corporate reputation, differentiating it from related constructs, and developing empirical measures, much work still needs to be done. Definitional debates rage on, and scholars continue to identify, test, and refine the dimensions of corporate reputation. Since definitional clarity is a necessary component of measurement precision, research that resolves or at least clarifies the boundary conditions of the definitional debate, and the concurrent development of reputation measures that explicitly acknowledge the definitions and assumptions that underlie them, will continue to yield value. Similarly, research that empirically differentiates reputation, status, identity, image, legitimacy, celebrity, and brand, as well as explores the relationships among these constructs, will also be theoretically and practically valuable.

Microfoundations. Part and parcel with defining reputation, more work is needed to understand the underlying behavioral antecedents; that is, how reputation is created, the underlying cognitive processes that allow it to create value for firms, and the relative influence of the perceptions, actions, and reports of those who have direct versus indirect experience with the focal firm. Not only will such research be useful for increasing our understanding of how to create value, and thus to manage it more effectively, it will also help in differentiating reputation from other constructs (e.g., Pfarrer, Pollock, & Rindova, 2010). In order to get inside the heads of those whose perceptions determine reputation, scholars will also need to broaden their methodological repertoire and develop research designs that incorporate methods such as lab experiments and policy capturing into their toolkits.

Different levels of analysis. Given that corporate reputation is a firm-level construct, most research today has been—as one would expect—at the firm level of analysis. However, as the scholars contributing to this volume have demonstrated, corporate reputation can affect, and be affected by, the firm's industry and country of origin, or, more broadly, by the institutional field in which it exists. Likewise, little research has dropped down levels of analysis from the firm, and considered how business units within the firm, or how stakeholder interactions at the individual level, influence and are influenced by corporate reputation. We also still know little about the extent to which reputational concerns can protect stakeholders, and the circumstances that lead to different mixes of reputational and regulatory protections. Further, to the extent that such research has been conducted, the analyses rarely if ever employ multilevel theorizing or analytical techniques. Future research that takes advantage of these emerging theoretical and methodological approaches can enhance our understanding of the rich interplay of corporate reputation across levels of analysis.

Temporality and dynamism. To date, most research on corporate reputation has been static and has given limited attention to issues of temporality, both in the short and long term. However, reputations are not static, and reputation's role as a value-creating asset and regulatory mechanism varies over time. Future theorizing and empirical research must pay greater heed to the role of time in designing studies, and consider how and why firms have specific reputations in particular time periods, how and why reputations change and evolve over time, how the changes in the roles firms play affect their reputations, and how different macro-social factors influence corporate reputations and their effects in different historical periods.

Process research. Finally, while scholars have begun to explore the processes through which corporate reputations are built, maintained, and repaired, more work needs to be done to fully understand how to manage reputation effectively. To date, much of this research has been qualitative, offering the benefits of thick description and inductive theorizing. Going forward, research in this area would also benefit greatly from other methodological approaches, such as field quasi-experiments (Grant & Wall, 2009) that systematically test the benefits and efficacy of different reputation management practices. Given the high level of interest in this issue among practitioners, the time may be right to forge relationships that allow this kind of research to be conducted, thereby enhancing the practical importance, as well as the theoretical rigor, of corporate reputation research in this area.

Conclusion

Corporate reputation research reflects the essence of "Pasteur's Quadrant" (Stokes, 1997) in the social sciences: It is theoretically meaningful because it contributes to our basic understanding of fundamental social processes and resources, and it is practically important because reputations create substantial value for companies. But we still lack a thorough understanding of the processes through which this important intangible asset should be managed, and we still lack clarity regarding how that value is created. For this *Handbook* we collected scholars from some of the diverse disciplines that have endeavored to better understand corporate reputation—management, sociology, economics, finance, history, marketing, and psychology—and asked them to discuss the state-of-the-art in their domain, and to offer guidance that facilitates future inquiry. We hope you find their insights both theoretically enriching and practically useful in guiding future research and practice.

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