

**STAKEHOLDER-SPECIFIC REPUTATION AND
ORGANIZATIONAL PERFORMANCE: COMPARING THE
EFFECTS OF OVERALL AND EMPLOYER REPUTATION**

by

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Abstract

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Corporate reputation scholars largely agree that reputation is an asset related to the competitive advantage of firms. However, there is far from universal agreement about whether corporate reputation is best characterized as a single, global assessment that is common to all stakeholders, or as many assessments made by different stakeholder groups. Scholars developing corporate reputation theory have recently focused on the idiosyncratic expectations of different stakeholders, and the consequences of meeting or failing to meet those expectations. This dissertation extends this analysis to employee stakeholders by drawing on social exchange and instrumental stakeholder theory frameworks to develop hypotheses around 1.) the differential effects of employer versus overall reputation on

organizational outcomes and 2.) potential consequences for organizations that have different levels of employer and overall reputation. I use labor productivity as a more direct outcome associated with supportive employee behavior and financial returns as a more distal outcome. Further, I build theory on the moderating conditions of these effects across industries that differ in terms of capital intensity, research and development intensity, and advertising intensity. My contribution lies in testing theory that reputation's value as an asset depends on how it addresses stakeholders' concerns, which vary according to their unique relationship with the organization, and in testing moderating industry conditions of this theory. This paper uses a common data source to represent overall reputation (*Fortune's* Most Admired Companies) and secondary data in the form of online reviews to represent employer reputation (Glassdoor.com). I find support for the idea that overall and employer reputation are distinct constructs with unique effects on labor productivity and financial returns. I also find some support for my theory that the effects of employer and overall reputation depend on each other. The implications of these findings for the research literature on organizational reputation are discussed along with the managerial importance of employer reputation.

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CHAPTER 1

INTRODUCTION

Corporate reputation is associated with a number of important organizational outcomes, such as superior financial performance over time (Roberts & Dowling, 2002), the ability to charge higher prices (Benjamin & Podolny, 1999; Graham & Bansal, 2007), lower transaction costs (Bergh, Ketchen, Boyd & Bergh, 2010; Hansen, Samuelson & Silseth, 2008) and employees' attraction to work for a firm (Turban & Greening, 1997; Cable & Turban, 2003). These results have stimulated increased attention from management scholars to better understand the nature of reputation's effects on organizational performance.

The reputation literature increasingly treats reputation as a multi-dimensional construct (e.g., Barnett, Jermier & Lafferty, 2006; Lange, Lee & Dai, 2011). For example, reputation has the dimension simply of being known (Vanacker & Forbes, 2017; Wei, Ouyang & Chen, 2017), which is independent of being good or bad (Barnett et al., 2006; Lange et al., 2011; Rindova, Williamson, Petkova & Sever, 2005). Another dimension, overall reputation, is overall impressions of the organization as good or bad (Fombrun, Ponzi & Newburry, 2015; Lange et al., 2011; Pfarrer, Pollock & Rindova, 2010), which is independent of the organization's behavior or performance in any specific area (Lange et al., 2011). Finally, specific reputation is a dimension that entails judgments about some specific kind of performance or set of behaviors, such as corporate social responsibility (e.g., Janney & Gove, 2011; Oikonomou, Brooks & Pavelin, 2014), producing quality products (e.g.,

Rhee & Haunschild, 2006; Rindova et al., 2005) or being a good employer (Kanar, Collins & Bell, 2015; Panico, Raithel & Mitchell, 2014).

Much of the empirical research on reputation's effects on organizational performance has focused on overall reputation (Ertug, Yogev, Lee & Heström, 2016; Walker, 2010), although more recently other dimensions have received more attention. However, there is little empirical evidence comparing different dimensions' effects on performance (*cf.* Rindova et al., 2005; Vanacker & Forbes, 2017; Wei et al., 2017). Given that reputation theorists increasingly conceptualize reputation as multi-dimensional (Jensen, Kim & Kim, 2012), this lack of evidence represents an important gap in knowledge. This dissertation seeks to build knowledge about the nature of reputation's effects on organizational performance by comparing the performance effects of two dimensions, overall and specific reputation, while controlling for the third dimension, being known, by studying only well-known organizations.

A second important gap in the reputation literature is organization-level research on employees. In particular, there remain few empirical examinations at this level of the specific dimension of employer reputation. The few studies at this level have examined how employees respond to other kinds of reputation, such as overall reputation (Davies et al., 2010; Stuebs & Sun, 2010). While these studies are informative, they leave some interesting questions unanswered. For one, recently developed theory (Jensen et al., 2012; Mishina, Block & Mannor, 2012) and empirical findings (Ertug et al., 2016) suggest that stakeholders' supportive behavior is driven by the specific reputation that aligns with their interest in the organization. Thus, it would seem to make sense that employer reputation would have the

biggest impact on employee behaviors supportive of the organization. Moreover, employees are primary stakeholders in an interdependent relationship with their employers (Clarkson, 1995), and therefore have great potential to either help or harm organizational performance.

Employer reputation has been examined at the individual level (Kanar et al., 2015; Panico et al., 2014), but only indirectly at the organization level. Indirect evidence for employer reputation and organizational performance comes from a study using the employer-related variables from the KLD social performance database (Bae, Kang & Wang, 2011) and several studies using *Fortune's* Best Places To Work list (Edmans, 2012; Faleye & Trahan, 2011; Fulmer, Gerhart & Scott, 2003). The former study is informative, as the KLD database catalogues organizations' observable actions, policies, etc. related to employer reputation, and thus provides a relatively objective measure of employer reputation. However, employer reputation's effects on performance are likely to flow through employees' supportive behavior, and thus Bae et al. (2011) falls short in that it does not capture employer reputation as perceived by employees. *Fortune's* Best Places To Work list is partly based on employee surveys, but the surveys are not designed to measure employer reputation per se.

To address these gaps in the literature, this dissertation focuses on employees as stakeholders in organizations and on the effect of employer reputation as a specific reputation dimension as compared to the effect of overall reputation on employee productivity. The work compares the effects of employer reputation (assessed by Glassdoor.com reviews) and overall reputation (assessed by *Fortune's* MAC ranking of US companies) on employee productivity and financial returns. There is special examination of

the effect on these same outcomes when employer and overall reputation do not agree, such as when overall reputation is good but employer reputation is bad (or vice versa). Finally, the moderation of employer reputation by industry conditions is studied. Through these analyses, this dissertation makes a number of contributions to the literature.

First this dissertation contributes to research on the relationship between overall reputation and the specific dimension of employer reputation. Recent research suggests that overall reputation does not adequately reveal all of reputation's effects on organizational performance, indicating that specific dimensions of an organization's reputation, such as a reputation for quality or for being socially responsible, have measurable impacts on performance and on the behavior of stakeholders who perceive these dimensions as valuable (Ertug et al., 2016). This dissertation, by investigating how reputation as an employer affects organizational performance, advances our understanding of the importance of different conceptualizations of reputation (Lange et al., 2011). It finds that the specific dimension of employer reputation predicts organizational outcomes independently from overall reputation, which supports the notion that reputation takes different forms for different stakeholders (Lange et al., 2011). This contrasts with conceptions of reputation as an overall, generalized phenomenon (Fombrun, Ponzi & Newburry, 2015).

Second, this work generates insight on the behavior of employees, who represent a specific class of stakeholder with extensive knowledge of an organization's past actions and performance. This allows the comparison of the effects of *overall reputation* (which prospective employees learn about as members of the general public) and *employer reputation* (which employees experience in their interactions with an organization). In doing

so, this paper tests recent reputation theory that posits that different stakeholders have unique concerns when evaluating the suitability of an organization as a transaction partner (Ertug et al, 2016; Jensen & Roy, 2008; Vanacker & Forbes, 2017). Focusing on employer reputation also addresses the under-investigation of this dimension of reputation.

In addition to these theoretical contributions, this dissertation makes important methodological contributions by utilizing a unique data source to measure employer reputation. There are ongoing questions about online data's usefulness to researchers, and therefore using employee ratings of employers from Glassdoor.com will capture useful insight into the quality of information captured from such online sources. Through exploration of this online data, empirical evidence of one such data source's usefulness and applicability is added to the field. As potential job seekers access a wider variety of crowd-sourced data through social media (current popular platforms that provide elements of employer reputation include CareerBuilder, Indeed, Glasdoor, etc.), as there is more data on an organization's past actions and performance, employees' ability to assess reputation (overall and specific dimensions) grows. Therefore, determining the efficacy of social media data sets for this type of research is immediately applicable to employers; previously exclusive reputation information (the deep knowledge employees have of employer practices) is now available publicly.

This dissertation is organized as follows: Chapter 2 reviews similar reputation constructs in order to distinguish the present research from previous work, followed by a literature review on reputation, organizational performance and employee stakeholders. Chapter 3 develops the core hypotheses derived from the research question. Next, Chapter

4 describes the research sample and outlines data collection methodology and variable measurement. Chapter 5 contains the statistical analysis and results, and finally Chapter 6 discusses the theoretical and practical implications of the findings.

CHAPTER 2

LITERATURE REVIEW

The origin of organizational reputation is in theory and research on organizational performance and discussion of corporate social responsibility in the 1970's. Early studies sought to test the idea that organizations with a better pollution record would have better performance. These studies found inconclusive evidence for a positive relationship between polluting less and stock performance (Fogler and Nutt, 1975) and profitability (Spicer, 1978). Modern reputation research in the field of management began with Fombrun and Shanley (1990), who provided the theoretical and empirical underpinnings that show that reputation results from a combination of firm behavior, audience perceptions and institutional processes.

To situate this dissertation in the literature, I will review organizational reputation and related but distinct other constructs in similar fields. Next, I lay out the formation of reputation before shifting to speak particularly about both general reputation and employer reputation and performance, a core element of this paper. After that, I discuss specific stakeholders and why employees are a useful and underutilized group to study employer reputation. Finally, the extant literature on reputation and employees is covered. This altogether provides a sufficient basis for the hypotheses that come later in this dissertation.

DEFINING ORGANIZATIONAL REPUTATION

Early work on reputation came out of a combination of economics, sociology, strategy, and marketing. Twenty years ago, the area of inquiry was fruitful enough to merit the creation of *Corporate Reputation Review*, a scientific journal. In the inaugural article, Fombrun & van Riel defined reputation (1997: 10) as “a collective representation of a firm’s past actions and results that describes the firm’s ability to deliver valued outcomes to multiple stakeholders.” This definition was a deliberate effort to incorporate the various perspectives present in the field (Fombrun, 2012; Fombrun & van Riel, 1997), and it is the most often cited definition today (Wartick, 2002; Walker, 2010). Note that, while this definition references multiple stakeholders, it implies that organizational reputation is an organization's overall ability to deliver value to all its stakeholders, and therefore is inherently a definition of overall reputation. Additionally, the collective perceptions element (as opposed to individual perceptions) is a key feature of reputation.

In part due to the multiplicity of fields contributing to the study of reputation, there are many parallel constructs similar to reputation, the main ones being *prestige* (Kang & Bartlett, 2013; Mishra, 2013; Smidts, van Riel & Pruyn, 2000), *legitimacy* (Benjamin & Podolny, 1999), *status* (Bitektine, 2011; Patterson, Cavazos & Washington, 2015) *brands* (Cable & Turban, 2003; Park & Zhou, 2013) and *image* (Lievens & Slaughter, 2016). Distinguishing these related but functionally less useful than reputation for the present work is important, so what follows is a brief review of these five constructs and how they differ from reputation specifically.

Prestige

Prestige, or perceived external prestige (PEP), is “the degree to which the institution is well thought of and respected by organizational members and non-members, both in absolute terms and in comparison to related work organizations” (Mael, 1988: 39). Like overall reputation, PEP does not specify along which lines the organization is well-regarded, but it remains distinct from overall reputation because it emerges from individual-level perception analysis rather than from a collective level. Employees' PEP has been shown to be related to identification with their employer (Bartels, Pruyn, de Jong & Joustra, 2007; Ciftcioglu, 2011; Mishra, 2013; Smidts et al., 2000). According to social identity and self-categorization theories, organizations that are more distinctive are easier to identify with. This is the basis for expecting a relationship between PEP and identification, as highly prestigious organizations stand out from other organizations (Smidts et al., 2000). Smidts et al. (2000: 4) found that “members feel proud to be part of a well-respected company, as it strengthens their feelings of self-worth.” This self-esteem enhancement comes from comparing one’s own group and other, less-prestigious groups (Peterson, 2004). This basic mechanism is present in many other papers that have additionally established relationships between employees' PEP and turnover intentions (Ciftcioglu, 2011; Mishra, 2013), citizenship behaviors (Kang & Bartlett, 2013) commitment (Peterson, 2004) and attraction (Wayne & Casper, 2012). Most importantly, this line of inquiry provides some basis for expecting employees to affect organizational performance.

Legitimacy

Legitimacy is an assessment of behavior as it conforms to institutional norms (Bitektine, 2011). According to Deephouse & Carter (2005), legitimacy is a simple, dichotomous evaluation of the adherence to or deviation from a specific standard. Reputation differs from legitimacy because it is about many judgments related to performance along economically valuable lines (Washington & Zajac, 2005); rather than a yes/no evaluation, reputation is a continuous construct assessed “on virtually any attribute along which organizations may vary that can serve as a source of status comparisons” (Deephouse & Carter, 2005: 332). Thus, legitimacy can be seen as one attribute that may be attractive to stakeholders assessing reputation, but reputation is built on a multitude of attributes.

Status

Status is “the position in a social hierarchy that results from accumulated acts of deference” (Patterson et al., 2015: 74). Washington & Zajac (2005) describe status as a sociological concept that “refers more to the unearned ascription of social rank” (282). Status and reputation are sometimes used interchangeably (Patterson et al., 2015; Swider, Zimmerman, Boswell & Hinrichs, 2011) because both result from past behavior, but reputation is typically associated more with recent behavior, unlike status, which emerges when observers assume an ordering of organizations based on prior standing rather than merit or achievement (Oxford English Dictionary; Washington & Zajac, 2005).

Brands

Brands are “signals that consumers use to make inferences about the attributes of the product” (Cable & Turban, 2003: 2245). Research on branding can be considered customer-centric reputation research because it is concerned with what customers find attractive and why (Fombrun & Van Riel, 1997). There are many parallels between branding research and reputation research, such as the concept of awareness in reputation research (Barnett et al., 2006; Lange et al., 2011; Rindova et al., 2005) and brand knowledge in brand research (Keller, 2003). Brand knowledge is the descriptive knowledge a customer has about a brand, and brand attraction is the evaluative component of a brand, analogous to the evaluation inherent in reputation assessments (Keller, 2003). Further, Fombrun et al. (2015) assert that corporate brands are analogous to overall reputation, while product brands are analogous to specific dimensions of reputation. From this perspective, there may be no conceptual difference between corporate brands and overall reputation. They are both asking how good or bad is the company overall, without distinguishing what specific kinds of performance they are good or bad at. Further, product brands are a certain kind of specific reputation, that for products. Product brands are customer-specific because they describe the product’s ability to meet the idiosyncratic needs and expectations of customers. In the same way, employer reputation describes employers’ ability to meet the idiosyncratic needs and expectations of employees.

Image

An organization's image is what stakeholders believe is central, distinctive and enduring about an organization (Lievens & Slaughter, 2016; Van Hoya, 2008). More

specifically, employer image is “an amalgamation of transient mental representations of specific aspects of a company as an employer as held by individual constituents” (Lievens & Slaughter, 2016). This individual basis, rather than the collective basis for reputation, is a key distinction between the two. Organizational image is about “impressionistic associations” or the things that come to mind related to a corporate name, which is similar to the overall dimension of reputation. But the specific reputation dimension is different from image in that it centers on an “evaluative judgment” that requires deeper engagement (Olmeido-Cifuentes, Martinez-Leon & Davies, 2014: 87; Barnett et al., 2006).

The conceptual boundaries between these constructs are far from settled. So, what is the rationale for using reputation in the present study? Reputation is a good fit for research on organizational performance because it originates from both internal and external stakeholders (Walker, 2010). Further, it is an interesting phenomenon because it is based on a combination of real past events, the distortions of intermediaries, as well as the idiosyncratic expectations of stakeholders.

DIMENSIONS OF ORGANIZATIONAL REPUTATION

Lange et al. (2011) identified three aspects of reputation: being known, being known for something, and generalized favorability. First, *being known* refers to the strength of an organization's reputation (Lange et al., 2011). Several published reputation rankings (e.g. RepTrak, *Harris Poll's* Reputation Quotient, *Fortune's* Most Admired Companies) include identifying most visible organizations in their methodology, opining that to make a true evaluation, people must know enough about an organization to have a valid opinion

(Agarwal, Osiyevskyy & Feldman, 2015). Lange et al. (2011) emphasize that *being known* does not include any aspect of judgment or evaluation, but merely reflects familiarity with target company.

Second, *being known for something* is an evaluation of a company's ability to provide value along specific dimensions. This "entails expectations about future organizational outputs as held by perceivers who have an interest in those outputs" (Lange et al., 2011: 174; see also, Agarwal et al., 2015; Barnett, 2007; Ertug et al., 2016; Oikonomou et al., 2014). Examples of *being known for something* are a reputation for quality products and services (Benjamin & Podolny, 1999; Rhee & Haunschild, 2006), being well-managed (Basdeo, Smith, Grimm, Rindova & Derfus, 2006; Deutsch & Ross, 2003) and well known previous performance (Ertug, Yogev, Lee & Heström, 2016; Washington & Zajac, 2005).

Third, *generalized favorability* (also called *overall reputation*) is the all positive or negative opinions of an organization as an aggregated whole, and it represents the general attractiveness of an organization (Lange et al., 2011). *Generalized favorability* is content-neutral; it represents a general evaluation about the company holistically rather than any particular kind of behavior or performance. Lange et al. (2011) describe generalized favorability as an affective, subconscious assessment that represents general approach-avoidance motivations with respect to the company being assessed.

Being known for something and *overall reputation* are both assessments independent of *being known* because they both assume observers have basic evaluative reactions to anything encountered, regardless of familiarity (Barnett et al., 2006). In this dissertation, I consider *overall reputation* and *being known for something* as two distinct approaches to

reputation. Specifically, I evaluate whether overall reputation and being known for something—specifically, being known for being a good employer—have empirically distinguishable effects.

FORMATION OF REPUTATION

Reputation is based on collective perceptions and expectations of an organization's value and performance (Ali, Lynch & Jin, 2015; Flanagan, O'Shaughnessy & Palmer, 2011; Roberts & Dowling, 2002). Reputation is a market signal that shapes stakeholder expectations about how an organization is likely to behave in the future (Boivie, Graffin & Gentry, 2016; Fombrun, 2012). Economists define reputation as an organization's past behavior, and reputation is used as a proxy for an organization's expected future behavior (Weigelt & Camerer, 1988).

Sociology, on the other hand, emphasizes that reputations are socially-constructed (Merton, 1968). Reputations are more than observed past behavior of an organization (Kobrak, 2013; Mishina et al., 2012). For example, the news media “influences the public's perceptions of which firms are the most prominent” and which attributes of firms are the most important to know about (Einwiller, Carroll & Korn, 2011: 300). Research and media firms act as institutional intermediaries to shape views on what constitutes reputable behavior via the publication of ratings and rankings (Bermiss, Zajac & King, 2014; Deephouse, 2000; Martins, 2005; Rindova et al., 2005). Thus, sociological theories stress that, although past firm behavior forms the initial basis for reputation, there are other processes that amplify and distort the relationship between how an organization treats stakeholders and its reputation.

Reputation is also based on firsthand experience with an organization. Reputation is also influenced when individuals interact with an organization and then share and make sense of their experience with others (Deephouse & Carter, 2005; Rindova & Fombrun, 1999). The reputation perceptions of stakeholders who have extensive ongoing experience of an organization's culture, such as employees, are likely to be especially influenced by the organization's internal culture and identity (Johnston & Everett 2012).

Once beliefs become crystallized through familiarity, they become more resistant to change, and thus it takes more information that is inconsistent with current beliefs, or more extreme information, to influence reputation judgments (Kanar et al., 2015; Mariconda & Lurati, 2015; Mishina et al., 2012). Mariconda & Lurati (2015) conducted two scenario-based experiments to show that subjects' familiarity with an organization dampened the effects of both positive and negative information on their reputation judgments. Similarly, Kanar et al. (2015) ran a longitudinal randomized experiment exposing subjects to different recruiting messages from a single company. Subjects' change in reputation perceptions over four weeks was less for those initially more familiar with the organization.

REPUTATION AND SIGNALING

Reputation is valuable because it is perceived to fill an information gap. Because potential stakeholders have limited information (Bitektine, 2011; Bosse, Phillips & Harrison, 2009), they are likely to use reputation as an input in forming expectations about the level of value different organizations are likely to provide. This is because reputation represents the collective opinions of others who have presumably had more experience with an organization, and thus are likely to be better informed about how an organization is likely to

behave in the present. As Fombrun and Shanley put it (1990: 235): “By showing how previous evaluators have resolved ambivalence in firms' performance, reputations inform publics about current ambivalence.”

However, there are several reasons that organizational reputation is not a perfect reflection of an organization's recent actions. Reputations become distorted by the media, through the process of generating reputation rankings (such as *Fortune's* MAC survey; Bermiss et al., 2014), by biased human perception and memory, and by organizations' own reputation management efforts. To the extent that a mismatch develops between an organization's reputation and how they actually intend to behave, stakeholders' expectations about value are more likely to deviate from the value they actually experience.

REPUTATION AND PERFORMANCE

The impact of overall reputation on performance has been widely studied over the past thirty years. Research shows that reputation is related to organizational performance. A positive reputation is correlated with cheaper access to resources, including raw materials (Benjamin & Podolny, 1999) and human resources (Cable & Turban, 2003). A good reputation gives an organization the ability to charge a premium to customers (Graham & Bansal, 2007; Rindova et al., 2005; Walsh, Bartikowski & Beatty, 2014) and to generate more profit on products of similar quality than organizations with a lower reputation (Benjamin & Podolny, 1999). A positive reputation has also been correlated with higher firm survival rates (Rao, 1994), superior financial performance (Ali et al., 2015; Flanagan, et al., 2011; Roberts & Dowling, 2002), and better attraction and retention of employees (Cable & Turban, 2003; Turban & Greening, 1997).

McGuire, Sundgren & Schneeweiss (1988) and Fombrun & Shanley (1990) first established that there is a relationship between an organization's reputation and performance, but the causal relationship remained unknown. Initial inquiries suggested that financial performance causes reputation, but the respondents to these surveys were executives and stock analysts, people generally concerned with financial performance (Fombrun & Shanley, 1990). Subsequent research provided a method for removing the “financial performance halo” (Brown & Perry, 1994: 1347) from sources like *Fortune* (see also, Fryxell & Wang, 1994). Using this new method, Roberts & Dowling (2002) analyzed the relationship between the resultant 'residual reputation' and financial performance. They found that, over time, high-reputation firms maintained persistently high profits, even after controlling for prior performance. Flanagan et al. (2011) replicated the Brown & Perry (1994) study using more recent data and concluded that the financial halo was far weaker in 2006 than in 1991, suggesting that survey respondents may be more informed and thus able to consider more factors than just financial performance into their ratings.

Most research on reputation and performance focuses on overall reputation (Mahon, 2002; Walker, 2010) or generalized favorability (Lange et al., 2011). From this perspective, companies have one “true” reputation that multiple stakeholder groups would agree upon when evaluating the firm. More recently, work is emerging that examines stakeholder-specific perceptions of reputation. Owners and shareholders see the direct benefit of increased profits and survival rates, and for investors specifically, reputation may help indicate future financial performance, even though it is not a perfectly objective measure of performance (Gomulya & Mishina, 2017; Helm, 2007; Pfarrer et al., 2010). Employees and

managers are also concerned with reputation; a good reputation can be an explicit goal for managers or teams, may make employees proud to work for a respected organization, and is generally seen as a sign that employees are doing their jobs well (Fombrun & Van Riel, 1997). Research suggests that employee performance is linked to reputation (Kang & Bartlett, 2013; Mishra, 2013; Stuebs & Sun, 2010).

Outside of the firm, additional stakeholders benefit from a good reputation. Suppliers and customers benefit from the greater trust associated with a high reputation for quality, service, and honesty (Chun & Davies, 2006). Customers and suppliers can benefit from prestige by association with a highly-respected organization (Suh & Houston, 2010; Walsh & Beatty, 2007; Walsh et al., 2014). Finally, members of the general public (not employees or customers) are stakeholders in an organization's reputation (Raithel & Schwaiger, 2015), in part because they represent potential customers or employees. People evaluate organizations in a similar way as they do other people (Love & Kraatz, 2009; Mishina et al., 2012; Wang & Lee, 2006), and call upon these evaluations when, for example, they are considering where to shop, which product to buy, or where they might work.

A good reputation also has a mitigating effect on bad behavior, which affords well regarded firms to bend the rules for the sake of performance and profit. Stakeholders are "more lenient toward an organization that is known for good behavior" (Zavyalova, Pfarrer, Reger & Hubbard, 2016: 255) and when confronted with potentially damaging information, observers may make more positive attributions about companies with good overall reputations (Janney & Gove, 2011; Love & Kraatz, 2009). This effect emerges across stakeholder groups, including investors (Doh, Howton, Howton & Siegel, 2009; Janney &

Gove, 2011; Pfarrer, Pollock & Rindova, 2010), executives and financial analysts (Love & Kraatz, 2009), consumers (Kim, 2014), and the general public (Raithel, Wilczynsky, Schloderer & Schwaiger, 2010). The range of activities that experience a buffering effect is wide, including being dropped from a socially responsible investment index (Doh et al., 2009), an option backdating scandal (Janney & Gove, 2011), earnings surprises (Pfarrer et al., 2010), downsizing (Love & Kraatz, 2009), product-harm crises (Kim, 2014), and the financial crisis (Raithel et al., 2010). These studies show evidence that a positive overall reputation weakens the negative effects of bad behavior or misfortune. Bad behavior aside, organizations that conform to accepted standards are treated as more legitimate, while those that deviate suffer social sanctions (Phillippe & Durand, 2011). But reputable organizations with more secure standing are less compelled to conform to social norms (Phillips & Zuckerman, 2001), which gives them the advantage by lowering the cost of experimenting with business practices and promoting innovation (Deephouse & Carter, 2005). Thus, not only does a good reputation provide positive benefits, but also it lessens consequences of questionable activities, allowing firms to take greater risks and avoid capricious sentiment.

SPECIFIC REPUTATIONS

Researchers have identified a number of specific reputations for organizations, including quality products and services (Benjamin & Podolny, 1999; Rindova et al., 2005; Rhee & Haunschild, 2006), reputation for outperforming the competition (Washington & Zajac, 2005), and employer reputation (Panico et al., 2014). Most research on the association between specific reputation and organizational performance comes from the corporate social responsibility (CSR) literature, which generally agrees that a reputation for behaving in a

socially-responsible manner is positively associated with organizational performance (Margolis, Elfenbein & Walsh, 2007; Orlitzky, Schmidt & Rynes, 2003).

CSR reputation is analogous to *being known for something* (Lange et al., 2011), although the “something” encompasses behaviors from philanthropy to ethics to labor relations (Aguinis & Glavas, 2012; Morgeson, Aguinis, Waldman & Siegel, 2013). Recent meta-analyses have found evidence of a significant effect size between CSR and corporate financial performance (Margolis et al., 2007; Orlitzky et al., 2003). It is possible that one facet of this better performance is due to CSR promoting higher employee retention (Hansen et al., 2011). For employees specifically, research on CSR reputation suggests that socially-responsible firms are more attractive employers (Turban & Greening, 1997), though perhaps only to job seekers with more job choice (Albinger & Freeman, 2000). CSR is also related to employee job satisfaction and commitment (Brammer, Millington & Rayton, 2007; Peterson, 2004) as well as the aforementioned talent retention (Hansen et al., 2011). With evidence specifically signaling that employees value a firm’s CSR reputation, this robust area of reputation literature opens inquiry into perception differences observed in groups of a company’s stakeholders.

STAKEHOLDER DIFFERENCES IN REPUTATION PERCEPTIONS

Holding overall reputation constant, specific types of reputation should influence the behavior of the stakeholder group that most values that type of reputation, but this is only observable if a specific reputation differs from an organization's overall reputation because it is impossible to tease specific reputations’ effects from overall reputation’s effects when they overlap and appear the same upon observation. Few studies have directly compared

overall reputation (or a related concept of overall image, overall brand attraction, etc.) and specific reputations, and limited evidence exists that sheds some light on whether overall and specific reputation might be meaningfully different constructs.

It is intuitive that the definition of “valued outcomes” can differ significantly across stakeholder groups (Agarwal et al., 2015; Oikonomou et al., 2014). Investors are attracted to organizations with a history of strong financial performance, because future stock returns matter most. In contrast, employees tend toward organizations with a history of providing excellent development opportunities, paying well, taking work-life balance seriously, etc., because these benefits are valuable to employees (Love & Kraatz, 2009). In real world terms, Walmart, which has been successful at developing a good reputation with many customers by offering lower prices than competitors, and with many investors for its long history of financial performance (Carter & Deephouse, 1999), has a qualitatively different reputation with suppliers, who primarily see Walmart as a tough negotiator (Carter & Deephouse, 1999). Thus, it theoretically makes sense that stakeholders have inherently different perceptions.

While support is present in theory, the empirical results are mixed. In a review of reputation research, Lange et al. (2011: 163) question “whether and how organizational reputation might be idiosyncratic to a given set of perceivers.” Perceptions could be idiosyncratic in many ways. For example, some perceivers could have relatively shallow knowledge about an organization (i.e. the *being known* dimension), such as when a retail franchise opens in a new city (Fischer & Reuber, 2007), or one stakeholder group could have more positive, while another has more negative, overall perceptions of a firm (Carter &

Deephouse, 1999; Lange et al., 2011). In one great example of this mismatch between stakeholder groups, Gatewood, Gowen & Lautenschlager (1993) demonstrated that executives and job seekers differed in their perceptions of their organization's image (Highhouse, Zicker, Thorsteinson, Stierwalt & Slaughter, 1999). Studies on service organizations examined differences in stakeholders' perceptions of various organizational attributes (Davies, Chun, Vinhas da Silva & Roper, 2004; Chun & Davies, 2006; Davies, Chun & Kamin, 2010), and have found that employee and customer perceptions of organizations' attributes can differ (Davies et al., 2004; 2010; Chun & Davies, 2006). Chun & Davies (2006) specifically found interesting differences; the perception that an organization is innovative was positively associated with customer satisfaction, but not employee satisfaction. Furthermore, perceptions of competence revealed opposite tendencies; it was associated with satisfaction for employees but not customers.

Another illustrative analysis is Love & Kraatz's (2009) work, which provides a detailed comparison of financial industry analyst and executive perceptions changed in response to downsizing in the 1980's and 1990's. Love & Kraatz expected that financial analysts would be more forgiving than executives and therefore would downgrade downsizing firms' reputations less. However, they found the opposite: analysts' reputation scores dropped quicker and more steeply than executives' scores did. Love & Kraatz speculate that executives were reacting to actions taken by peers and perhaps made less-negative attributions than analysts about the motives behind downsizing. Thus, the literature provides evidence from various sources that supports the notion that reputation perceptions of the same organization differ by stakeholder group.

The question is not fully answered, however, and there is also research suggesting that stakeholder groups may not meaningfully differ in their perceptions (e.g., Fombrun et al., 2015; Helm 2007; Highhouse Broadfoot, Yugo & Devendorf, 2009; Verčič, Verčič & Znidar, 2016). For example, on the basis of 40 interviews with the private investors, customers, and employees of a single organization, Helm (2007: 243) supports the notion that “individuals do not reduce evaluation of reputational attributes to the ones most relevant to their own stakeholder role.” Another study, Verčič et al. (2016), compared how students, employees and the general public perceived the reputation of a large business school. Analyses revealed that a single factor accounted for over half of the variance across stakeholder responses, while the two other significant factors account for less than five percent. Further analysis bolstered this finding. The authors conclude that their results “bring into question the multidimensional structure of reputation” (Verčič et al., 2016: 171). Despite the same single factor emerging as dominant for each group, the ideas that that made up that factor were different across groups (Verčič et al., 2016). Employee and student perceptions were driven specific behavior of the college (e.g. “high quality lectures”), while public perceptions were driven by more general items (e.g. “has a positive influence on society”). Despite Verčič et al.’s (2016) conclusion, this result is actually consistent with the proposition that organizations can simultaneously have overall and specific reputations (Ertug et al., 2016; Lange et al., 2011), and that differentiating between these is a matter of both what is asked and who (i.e. which stakeholder) is asked. This likely variance in stakeholders’ perceptions provides theoretical reasoning for isolating employees as a group of interest.

EMPIRICAL RESEARCH ON REPUTATION AND EMPLOYEES

Employee Stakeholders

With the understanding that there are stakeholder-specific reputations, one key group of stakeholders clearly remains under studied: employees. A group in a uniquely interdependent relationship with their employers, employees are positioned to have insider information that other stakeholders may not. Organizations depend on employees as a valuable resource that can provide competitive advantage, yet employees also represent a significant cost. This makes employees powerful stakeholders, because they directly affect an organization's performance (Frooman, 1999), for better or worse.

Overall Reputation

Stueb & Sun (2010) compiled a panel data set to compare highly reputable organizations on *Fortune's* MAC list (corresponding to overall reputation) with a matched sample that did not make it onto the list (i.e. less reputable organizations). Results showed that reputation predicted both labor productivity (operationalized as income generated per employee) and labor efficiency (labor productivity divided by labor costs), and that reputation's labor efficiency advantage was specifically driven by labor productivity rather than labor costs (Stueb & Sun, 2010). This indicates that it is the employees themselves that generate sales more efficiently in reputable organizations, and Stueb and Sun (2010) interpret this as a confirmation that overall reputation is an intangible asset contributing to an organization's performance via employees. However, in not considering the potential for overall reputation to meaningfully differ from the specific dimension of employer reputation,

studies like these do not consider employees' unique stakeholder relationship and point of view (Lange et al., 2011). Employees have a good deal of knowledge about the organization as a workplace (Lange et al. 2011), and employees might be expected to respond more strongly to employer reputation than outside observers or investors.

Employer Reputation

Employer reputation is employees' collective assessment of an employer's ability to deliver outcomes valuable specifically to employee stakeholders. Thus, the central elements of this construct are the collective representations of a firm's actions and how these representations describe the employer's ability to deliver "valued outcomes" (Fombrun & Van Riel, 1997: 10). Overall, research on employer reputation per se is scant. Although there have been some studies at the individual level (Kanar et al., 2015; Panico et al., 2014), there is only indirect research at the organization level, which I will review in this section. Studies on related concepts of employer image (Lievens, 2007; Lievens & Highhouse, 2003; van Hoye, Bas, Cromheecke & Lievens, 2013; van Hoye, 2008) and employee relations (Faleye & Trahan, 2007; Fulmer et al., 2003) have shown that job seekers and employees respond favorably when they perceive an organization's image to be strong and its employee relations to be good.

Employer image has been studied in the context of both job seekers and current employees. This research shows that job seekers differentiate among various job-related characteristics associated with potential employers, and these image perceptions are related to attractiveness and job choice (Lievens, 2007; Lievens & Highhouse, 2003). In addition, several studies have shown that current employees' perceptions of their organization's image

are related to attraction to and identification with their employer (Lievens, 2007; van Hove et al., 2013) as well as how likely employees are to recommend working there to someone else (van Hove, 2008).

Three studies on employee relations have used *Forbes'* "100 Best Employers" list to represent employer relations (Edmans, 2012; Faleye & Trahan, 2011; Fulmer et al., 2003). The list is based on two surveys sent to participating employers, one an employee attitudes measure distributed to employees, and the other an inventory of HR practices sent to a company representative. Collectively, these studies found that companies on the *100 Best Companies to Work For* list have better financial, stock, and operating performance (Edmans, 2012; Faleye & Trahan, 2011; Fulmer et al., 2003). This indicates that there is a valuable relationship to study between an employer's reputation and the company's performance that is currently only vaguely sketched in the literature.

These studies offer insight into one potential signal of employer reputation, appearing on a prominent best employers list. However, they do not make direct contributions to understanding employer reputation because they do not attempt to measure perceptions of an organization's ability to perform along lines specifically valued by employees. In fact, the survey has been described as a measure of employee attitudes (Edmans, 2012). In addition, the methodology used to determine the list raises questions about its validity. First, companies must apply to be considered. This potentially represents a large bias as employers must have heard of the list and also have the resources to devote to applying. There are also a small number of organizations on any list. For example, Faleye & Trahan (2007) used data from seven annual lists to build a sample of 134 firms.

CHAPTER 3

HYPOTHESIS DEVELOPMENT

The preceding review established the basis for treating overall and employer reputation differently. Likewise, it set the precedent for analyzing stakeholder groups independently from one another, and thus for analyzing employee assessments of employers. Finally, it demonstrates that what happens when different kinds of reputation differ is an open question. In this section, I develop hypotheses designed to test whether overall and employer reputation are related but distinct from one another, and to determine if employer reputation affects organizational performance primarily through employee productivity independently from overall reputation. I predict that overall reputation and employer reputation interact when overall reputation and employer reputation conflict with one another, and I argue that the relationship between employer reputation and performance differs across industries.

EMPLOYER REPUTATION AND LABOR PRODUCTIVITY

According to social identity theory, working for an organization with high perceived external prestige (PEP) enhances employees' self-image (Smidts et al., 2000) and manifests as expectations of pride in job seekers (Jones, Willness & Madey, 2014). Job seekers also appear to infer that employers with a good reputation will also treat employees well (Wayne & Casper, 2012) and fairly (Jones et al., 2014).

In employer branding research, employment is marketed as a product or service to be consumed (Cable & Turban, 2003; Collins, 2007). Organizations use branding strategies aimed at prospective and current employees to create a distinct, attractive image of the kind of working environment they offer (Edwards, 2010). Attractive employer brands have been associated with more job applications (Cable & Turban, 2003), higher-quality job applications (Collins & Han, 2004), willingness to work for lower pay (Cable & Turban, 2003), and the positive attitudes of current employees (Lievens, 2007). Despite the variety of attitudes and behaviors employer branding research encompasses, the scope and focus of the branding concept is less suitable to the purposes of this dissertation. Branding focuses on “the systematic planned management of behaviour, communication, and symbolism” (Foster, Punjaisri & Cheng, 2010: 401). The focus of this research is on making the organization appear a certain way. This is in contrast with the concept of reputation, which is defined in terms of how stakeholders evaluate the organization in terms of its past behavior. While employer branding is an adjacent concept with interesting applications, it is theoretically insufficient in this case.

Employer reputation consists of the collective judgments of employee stakeholders of an organization’s ability to provide value in areas specifically of interest to employees. Pay, benefits, training and opportunities for internal advancement are all components of employer reputation, which is valued collectively by employee stakeholders and ultimately leads to the retention and motivation of a firm’s human capital, facilitating greater labor productivity (Kwon & Rupp, 2013; Ployhart & Moliterno, 2011).

Retaining experienced and efficient employees is a prerequisite to developing valuable, firm-specific human capital resources (Kwon & Rupp, 2013; Ployhart & Moliterno, 2011), because “it helps employees make decisions that are congruent with a firm’s unique strategy, organizational context, and competitive environment” (Crook, Todd, Combs, Woehr & Ketchen, 2011: 444). Lower turnover rates result in a workforce with longer average tenure and greater experience in firm-specific domains. We know that employer reputation should influence employee decisions to remain with an organization (Ciftciouglu, 2011; Dogl & Holtbrugge, 2014) and that this benefits companies because they enjoy the ability to not fully compensate firm-specific human capital resources that have limited value to competitors (Wang, He & Mahoney, 2009). In other words, it would take significantly more benefit to convince an employee of a reputable company to jump ship than it would take to convince an identical employee at a less reputable company.

Organizations with good employer reputations will be trusted by employees to not take advantage of them, which motivates employees to invest in developing firm-specific expertise (Wang et al., 2009). Tied to motivation is the notion of reciprocity. When employees assess their employer on important dimensions such as career advancement or compensation and act in accordance with these assessments, this is reciprocity (Hekman, Bigley, Steensma & Hereford, 2009). Social exchange theory posits that employees may feel obligated to pay back favorable treatment by employers (Dulac, Coyle-Shapiro, Henderson & Wayne, 2008), so good treatment is repaid in kind with motivated behavior that supports organizational goals (Bosse et al., 2009) and poor treatment results in counterproductive behavior and less motivation (Eisenberger, Lynch, Aselage & Rohdieck, 2004). Both types

of reciprocity manifests in various ways. Positive reciprocity could include providing better customer service (Chuang & Liao, 2010), more cooperative behavior (Dukerich, Golden & Shortell, 2002), more citizenship behavior (Kang & Bartlett, 2013) and a higher level of effort (Hekman et al., 2009). Negative reciprocity could take the form of lower effort (Bosse et al., 2009), stealing (Greenberg, 1993), or sabotage (Ambrose, Seabright & Schminke, 2002).

In summary, good employer reputation stemming from the specific practices of a firm that benefit employee stakeholders offers advantages in retaining and motivating valuable employees, which in turn gives firms capable and motivated human capital to help achieve corporate goals and lead to both input and output efficiencies. These behavioral decisions employees make are based on the value of employment rather than a general assessment of the company's nonspecific reputation, therefore:

H1: Employer reputation is positively related to labor productivity over and above overall reputation.

OVERALL REPUTATION

Research has demonstrated that overall reputation has a positive relationship with financial performance (Flanagan et al., 2011; Roberts & Dowling, 2002). Broadly, a better overall reputation should lead to higher financial performance compared to competitors' performance by influencing the decisions and behavior of stakeholder groups. There are several distinct explanations for this outcome. First, customers' purchase decisions are influenced by a positive reputation (Davies et al., 2010; Flanagan et al., 2011; Raithel et al., 2010). Additionally, buyer-supplier relationships display greater commitment and

willingness to invest in the future relationship with partners that have better reputations (Suh & Houston, 2010).

Second, overall reputation is related to various stakeholders' willingness to transact on terms more favorable for the organization, especially financially favorable terms, giving it a competitive advantage over comparable organizations. Several studies found that customers are willing to pay a price premium to do business with reputable companies (Benjamin & Podolny, 1999; Graham & Bansal, 2007; Rindova et al., 2005). Likewise, online auction markets research shows that seller reputation is positively related to the price premium that sellers command; Resnick, Zeckhauser, Swanson & Lockwood (2006) find higher premiums associated with positive reputation and Standifird (2001) finds lower premiums associated with negative reputation. This indicates that not only is a good reputation financially beneficial, but a worse reputation is potentially harmful. Finally, it has been shown that both customer and employee stakeholders are more loyal to highly reputable organizations (Bartikowsky, Walsh & Beatty, 2011; Ciftciouglu, 2011; Helm, 2007; Mishra, 2013). More loyal employees should be willing to remain with their employer at lower cost to the organization.

Based on the literature, a better overall reputation should lead to higher financial returns because of its influence on the decisions and behavior of various stakeholder groups. For its part, employer reputation should have relatively weaker effects on financial returns. This is expected on the basis that employer reputation signals value most specifically to employees and potential employees, whereas overall reputation signals value to all types of stakeholders. The supportive behavior of employees can contribute to organizations'

financial returns, but stronger financial returns will result from the supportive behavior of various stakeholder groups (Newbury, 2011). This is further expected based on the findings of a meta-analysis on the performance effects of human capital (Crook et al., 2011), which found that human capital has stronger effects on operational performance, such as labor productivity, than measures of overall organizational performance (Pandey, 2012).

H2: Overall reputation has stronger effects than employer reputation on financial returns.

In the literature, stakeholder perceptions of reputation differ, and it follows that employer reputation may have an effect on financial returns independent of overall reputation. Research has uncovered a number of ways employer reputation specifically might impact financial returns. Recruiting research studying applicants' preference for various employer characteristics has shown greater attraction to highly reputable organizations (Celani & Singh, 2009; Collins & Han, 2004; Lievens, 2007) and possible explanations for this include expectation of more support (Wayne & Casper, 2012) and better treatment (Jones et al., 2014). Interestingly, there is also evidence that employees might be willing to work for reputable employers for less compensation (Cable & Graham, 2003; Turban & Cable, 2003), which is a clear source of positive financial return for a company.

The intention is not to imply that employer reputation is an isolated construct; it may spill over into an organization's reputation with external stakeholders because of interactions between employees and the public (Davies et al., 2010). Additionally, employees and potential employees may not distinguish between overall and employer reputation signals,

potentially meaning that organizational reputation is unidimensional (Verčič, Verčič & Znidar, 2016). To the extent that either of these propositions is true, employer reputation's effects on financial performance when compared to overall reputation's effects will be less discernible, if at all.

This dissertation holds that there are strong grounds to expect employer reputation to appear as a distinct construct that sends specific signals to employee stakeholders, supported by recent literature (e.g., Ertug et al., 2016; Lange et al., 2011; Mishina et al., 2012). For example, Ertug et al. (2016) demonstrated that the relationship between artists' reputations and success with two different venues (museums and galleries) varied along reputational dimensions congruent with each venue's self-interests. For high-status museums, reputation for artistic quality was a stronger predictor of the number of exhibitions, but for commercial galleries a reputation for commercial viability was more strongly related to exhibitions. The implication is that different audiences will naturally tend to focus on attributes that have the most bearing on their personal stakeholder relationship (Boivie et al., 2016; Jensen et al., 2012). This leads to the expectation that, although overall reputation may have stronger relative effects on financial returns, employer reputation should have an effect beyond this.

H3: Employer reputation is positively related to financial return over and above overall reputation.

THE INTERACTION BETWEEN EMPLOYER AND OVERALL REPUTATION

Here, I argue that a difference between employer and overall reputation could affect the relationship between reputation and organizational performance. There are three main

lines of thought. The first extends recent theoretical distinctions between overall and specific reputations (Lange et al., 2011). Based on Lange et al.'s (2011) framework for the conceptualization of reputation, I argue that the function of overall and employer reputation is different. Overall reputation is likely to have stronger attraction effects while employer reputation is better characterized as an indication of the quality of social exchange relationship with employees. In light of this first line of thought addresses the second research question of this dissertation, what happens when overall and employer reputation differ? In this second section, I outline how the case of an organization with a high overall and low employer reputation can lead new employees to have a negative violation of expectations. Finally, in the third section I develop theory for how the strength of relationship between employer reputation and both labor productivity and financial performance should depend on the level of overall reputation. This discussion is based on the recruiting literature and human capital theory (Crook et al., 2011; Ployhart & Moliterno, 2011).

Different Functions of Overall and Employer Reputation

As outlined in Chapter 2, overall reputation entails positive or negative impressions of an organization in general, and is not specific to any particular behavior; specific reputation entails positive or negative judgments of an organization's ability to meet the idiosyncratic needs and expectations of certain stakeholders (Bundy, 2014; Lange et al., 2011). This conceptualization of different kinds of reputation is based on dual-process theories of reasoning (Bundy, 2014; Kahneman, 2003; Stanovich & West, 2000). Dual-process theories of reasoning arise from extensive psychology research on heuristics and

cognitive bias, and posit that there are two basic reasoning systems in the human mind (Stanovich & West, 2000). The first has been called System 1 (Stanovich & West, 2000), and involves fast, intuitive and effortless cognitive processing (Kahneman, 2003). The second, called System 2 (Stanovich & West, 2000), involves slow, deliberate and effortful cognitive processing (Kahneman, 2003). One result of this distinction is that overall reputation is likely formed upon exposure to any reputation cue. When someone begins seeking a new job, their perceptions of an organization as an employer may be influenced by previous exposure to reputation signals, such as through experience with the organizations products (Cable & Turban, 2001; Collins, 2007). On the other hand, employer reputation is a more involved judgment that involves consideration of facts and evidence in a rational attempt to draw conclusions about an organization's ability to meet specific needs and expectations (Bundy, 2014; Lange et al., 2011).

A second relevant difference between overall and employer reputation is based on the difference in how widely signals of each reputation are distributed in the environment (Barnett et al., 2006; Lange et al., 2011). Whereas overall reputation forms from exposure to signals relevant to any dimension of reputation, formation of valid employer reputation judgments requires exposure to employee-specific signals. To draw the most accurate conclusions about employer reputation's effects, it stands to reason that the best evaluators are employees, as they have more experience with the organization's treatment of employees than others are likely to have. This is it embodies how good an employer the organization is in the eyes of employees. Thus, it is an indication of the nature of social exchange relationship an organization has with employees, what I previously referred to as the stock

of positive reciprocity built up with employees. On the other hand, overall reputation should have a stronger effect on stakeholders' attraction because anyone exposed to any reputation signal about an organization will form a valid overall reputation impression. To be clear, I am not asserting the mutual exclusivity of these theoretical mechanisms. There is theory and evidence to support the opposite cases, in other words the attraction effects of employer reputation, and overall reputation as an indication of the state of social exchange relationship with employees, specifically. My argument is that overall reputation's effects are weighted more strongly towards attraction while employer reputation's effects are weighted towards positive reciprocity. This expectation is based on the greater distribution of overall-reputation-relevant signals, these signals' relevance to all stakeholders, and the ease with which overall reputation is formed.

The relevance of the forgoing discussion is to set up a discussion about the likely outcomes when overall and employer reputation differ. Next, I discuss how organizations with overall and employer reputations that differ can lead to an interaction between these two reputations.

Negative Expectation Violations

Prospective and current employees can occupy distinct stakeholder roles in the same organization. Overall reputation is more visible to the general public because it is of more general interest and is more likely to be reported by the media than employer-specific information because the overall reputation is more relevant to a wide audience. This means that when job seekers first consider their choice of organizations to work for, they are more likely to have been exposed to reputation cues that are not specific to performance as an

employer (Collins, 2007; Collins & Han, 2004). Employers with a good overall reputation likely give job seekers favorable overall opinions, and those with bad overall reputations likely give job seekers negative overall opinions. As successful job seekers transition from outsiders to insiders, they gain the knowledge and experience with their new employer to be able to make the assessments that make up the specific dimension of employer reputation (Bundy, 2014; Lange et al., 2011), and their original perceptions of overall reputation may either be affirmed or contradicted.

Research on expectation violations suggests that when the initial expectations of a high overall reputation are not met, there are negative consequences (Dulac et al., 2008; Gomulya & Mishina, 2017; Hekman et al., 2009; Jensen, 2006; Kim, 2014; Rhee & Haunschild, 2006; Zavyalova et al., 2016). Reputation might generate expectations that are difficult to fulfill, which is important because employees develop expectations about the employer's ability to provide valuable employment in the process of accepting a job (Edwards, 2010). These expectations form a psychological contract (Dulac et al., 2008), and when expectations are violated, organizations lose credibility (Gomulya & Mishina, 2017) and trustworthiness (Pirson & Malhotra, 2011). Turban, Forrest, and Hendrickson (1998) found that an organization's reputation, as perceived by job seekers, influenced their pre-hire attraction, but that the same pre-hire reputation variable was unexpectedly *negatively* related to post-hire attraction to the firm, likely due to “disconfirmation of an expectancy” (Turban et al., 1998: 40). These findings suggest that some companies may project a more favorable overall image than the value they deliver to all stakeholders, and thus the possibility for a negative violation of expectations.

Negative violations may be particularly likely to occur in organizations with a high overall reputation because such organizations are held to a higher standard of behavior, especially by low-identification stakeholders (Gomulya & Mishina, 2017; Zavyalova et al., 2016). In the wake of negative events, research shows that sometimes stakeholders re-evaluate their relationships, particularly with high-status (Jensen, 2006) and high-reputation organizations (Rhee & Haunschild, 2006; Zavyalova et al., 2016). For example, Zavyalova et al. (2016) found that donations to high-reputation universities fell more than to low-reputation ones following NCAA rules violations, and Rhee & Haunschild (2006) showed that high-reputation automakers suffer greater market share loss after product recalls than low-reputation.

For all these reasons, organizations with a high overall reputation but lower employer reputation should be both more susceptible to negative violations and have greater negative consequences from these violations. I also expect an interaction between overall and employer reputation because the level of overall reputation, as the more salient reputation quality, should moderate the value of having a high employer reputation. I elaborate on this argument in the next section.

Moderation of Employer Reputation's Value

This section continues with the logic that overall reputation plays a relatively larger role in attraction while employer reputation more strongly indicates the state of social exchange with employees. By this logic, an organization's overall reputation should explain the size of the talent pool available to it, and thus how selective it can be. Companies with higher overall reputation will be more attractive to all stakeholders, including employees.

Similarly, based on the logic that a larger pool of talent should also consist of more high-quality employees (Collins & Han, 2004), overall reputation should also potentially explain the value of human capital resources it may develop (Ployhart & Moliterno, 2011).

When overall reputation is average, it confers neither an attraction advantage nor a disadvantage. Therefore, there is less reason to expect employers with an average overall reputation to have higher-than-average quality employees. In this situation, the stock of positive reciprocity represented by a high employer reputation is only so valuable in gaining a human capital advantage over competitors because the employees are of an average quality. On the other hand, when overall reputation is high, more employees are attracted, giving the organization the opportunity to be more selective and hire the best fitting employees (Collins & Han, 2004). Furthermore, the level of human capital attracted to the organization is higher, which should lead to a higher-quality internal labor force. Here, the stock of positive reciprocity represented by a high employer reputation is more valuable compared to the first case of average overall reputation. When overall reputation is high, the conditions are set for an organization to gain an advantage through employees. Having a higher employer reputation means that positive reciprocity has been built up with higher-quality, better-fitting and potentially more valuable human capital.

When Overall and Employer Reputation Are Similar

Compared to when overall and employer reputation are different, there are several reasons to expect an interaction between the two. When an organization has a high reputation, overall or employer, it has the potential to gain recruiting and selection

advantages over competitors. However, as job seekers become insiders and have their expectations violated, there is reason to expect a negative reaction.

When an organization has a low reputation, overall or employer, it must work harder to recruit the same number of applicants, leading to higher recruitment costs compared to high reputation firms. They will have to offer higher pay, benefits and other perks to be able to hire the same quality of employees as higher-reputation organizations. This is in line with the above hypothesized effects for employer and overall reputation. However, job seekers are unlikely to enter the recruitment process with positive beliefs about the employment value the company offers. Consequently, as successful job seekers transition to insiders, their expectations will be confirmed.

Although I have argued that a low employer reputation indicates negative reciprocity built up with employees, this may be softened in two ways. First, negative reciprocity depends on the perception that the other party has behaved unfairly. Second, employees may tolerate worse treatment than they would if they had high expectations. Recent work on social judgment theory is illustrative of this scenario (Bitektine, 2011; Bundy & Pfarrer, 2015; Mishina et al., 2012). Bundy and Pfarrer (2015) discuss how an organization's lower social approval status can lead to less negative reactions to a crisis situation. Due to "evaluators' reduced standards for the lower-approval organization... it is harder for such an organization to violate evaluators' expectations" (Bundy & Pfarrer, 2015: 360). Thus, compared to high overall-low employer reputation, low overall-low employer reputation companies should not experience the inefficiencies in the recruiting process, the deviant and

counterproductive behavior, and costly turnover that accompany negative expectation violations.

Conceivably, low overall-low employer reputation organizations might still find some employees willing to make some limited firm-specific human capital investments. Since these employers have not likely come across as deceptive, employees might develop some level of trust. Higher-quality employees that may have found a reason to accept a job at a low-reputation employer, such as a specific, job-related challenge or the potential to have a greater impact, are more likely to be productive in a job when they do not feel deceived. This reasoning leads to the expectation that an interaction between overall and employer reputation will exist only when overall reputation is higher than employer reputation. Nonetheless, this represents an interaction, and leads to the hypotheses that:

H4: Employer and overall reputation interact to predict labor productivity, such that lower employer reputation coupled with higher overall reputation results in lower labor productivity.

H5: Employer and overall reputation interact to predict financial returns, such that lower employer reputation coupled with higher overall reputation results in lower returns.

INDUSTRY CHARACTERISTICS AND EMPLOYER REPUTATION

Across organizations, employer reputation is hypothesized to lead to better labor productivity and financial returns through more efficient acquisition, retention, and motivation of human resources (see H1 and H3). However, I do not expect these relationships to be constant across industries because in different industry contexts human capital quality confers varying levels of advantage. Below, I introduce the relevance of

industry characteristics for defining the context within which stakeholders construe meaning and judge behavior. Then, I develop hypotheses regarding industry-level capital intensity, research & development (R&D) and advertising intensity.

Industry characteristics influence both internal processes and how institutional and other external observers view behavior and industry norms (Datta et al., 2005). Managers' attentional focus, scope for decision-making, and strategic perspectives are shaped by these conditions (Nadkarni & Barr, 2008), which are also related to how managers define effectiveness (Datta et al., 2005). The strategy literature has also demonstrated that industry characteristics have a stronger association with the behavior of large organizations (Nadkarni, Hermann & Perez, 2011). As the present study examines a sample of Fortune 500 firms, industry characteristics are a relevant factor to consider.

Because standards for behavior are set within the industry context, and reputation perceptions are often based on making comparisons between the behavior of relevant actors (Fombrun, 2012; Lange et al., 2011), it makes sense to consider corporate reputation as a within-industries concept. Indeed, *Fortune's* Most Admired Companies survey asks respondents only about the largest and most well-known organizations within each of 61 industries. Thus, it is surprising that very little research on organizational reputation considers the effect of industry characteristics on the relationship between reputation and outcomes (*cf.* Alessandri & Alessandri, 2004; Musteen, Datta & Kemmerer, 2010).

Industry Capital Intensity

Capital intensity is characterized by high investment in tangible assets, such as plants, property, and equipment (Datta et al., 2005). Large investments in these assets

represent sunk costs (Balasubramanian & Lieberman, 2010; Zeitoun & Pamini, 2017), and because fixed capital investment is costly, changing course becomes risky (Datta & Rajagopalan, 1998). The presence of fixed assets creates a variety of outcomes: pressure to drive profits from fixed assets limits strategic options (Zeitoun & Pamini, 2017), having a larger percentage of fixed assets on balance sheets is considered a long-term commitment to increasing productivity over time (Lee & Roh, 2007) which means firms tend to focus on cost cutting and efficiency (Datta & Rajagopalan, 1998), and firms compete less based on the ability to adapt to changing circumstances (Vomberg et al., 2015). In capital-intensive industries where tangible assets are more important, employees as an asset are by default relatively less important. The work environment is also less dynamic because of the cost of quick changes, making it more stable.

Less capital-intensive industries are the opposite, having more dynamic and uncertain conditions that require organizations to be more flexible and adaptive (Thompson, 1967). In these industries, competition tends to be based more on intangible assets, such as human capital (Lepak, Takeuchi & Snell, 2003), and less capital-intensive industries benefit from hiring knowledge workers that can engage in non-routine problem solving and perform a wider variety of tasks (Lepak et al., 2003). Retaining these workers is also important, because workers that bring knowledge benefits to employers are also able to move to competing organizations (Alvesson, 2001; Gupta et al., 2017). This means that in industries where human capital offers competitive advantage, employees are an important primary resource that contributes to organizational success (Clarkson, 1995; Gupta et al., 2017). Because of the connection between capital intensity and human capital, low capital intensity

is sometimes used as a proxy for human capital intensity (e.g., von Nordenflycht, 2011). This provides a clue that employer reputation specifically will have a stronger relationship with labor productivity and financial return. On this basis, I expect that when capital intensity is high, employees have a weaker relationship to the employer and thus employer reputation has a weaker effect on employee productivity and financial returns.

H6: Employer reputation and capital intensity interact to predict labor productivity such that employer reputation's effects are stronger when capital intensity is low.

H7: Employer reputation and capital intensity interact to predict financial returns such that employer reputation's effects are stronger when capital intensity is low.

R&D Intensity

Industry R&D intensity is characterized by higher levels of product differentiation (Datta & Rajagopalan, 1998), industry dynamism (Thornhill, 2006), and learning- and innovation-based competition. To stand out among competitors, firms must have superior products and services (Guthrie & Datta, 2008) and the "desire to be unique or rare" (Chatman & Jehn, 1994: 527). In an industry with higher average innovative capacity, organizations that want to keep up with the pace of change must continually search for new ways of doing things (Nadkarni & Barr, 2008). There are more possible competitive actions to take in these industries, which obfuscates the cause-effect relationships between managerial decisions and outcomes (Chatman & Jehn, 1994; Datta & Rajagopalan, 1998). This degree of uncertainty present in assessments of product quality and value is logical, and it is also reflected in work using R&D intensity as a proxy for uncertainty for venture capital investors (Tong & Li, 2011). If investors experience difficulty in assessing firms' suitability for investment, job

seekers are also likely to face this challenge, and employer reputation's role in reducing information asymmetry should be stronger in R&D-intensive industries.

To maintain competitiveness in R&D-intense industries, knowledge, experience, and collaborative human capital assets, as well as employee engagement and commitment, are central to success (Lepak et al., 2003). In other words, these jobs are more complex and so they require “deeper and broader skill and knowledge sets” as well as people prepared for “challenging and varying circumstances” (Guthrie & Datta, 2008: 112). Knowledge creation, a central part of a company's competitive advantage, depends on institutional systems that foster interaction and tacit knowledge sharing among workers (Nonaka, 1994; Nonaka & von Krogh, 2009). When R&D intensity is high, the actual level of such knowledge assets is assumed to be high (He & Wang, 2009; Kirca et al., 2011).

There are a handful of empirical studies that support the notion that human capital is more important in R&D-intense industries. Lepak et al. (2003) showed that return on equity was higher for firms using knowledge-based employment in R&D-intense industries, showing immediate benefit of human capital. Thornhill (2006) found that a greater percentage of technical and professional workers in a firm was associated with higher sales growth in more R&D-intense industries, again showing the financial benefits of human capital assets. Guthrie & Datta (2008) show that the effects of downsizing are magnified in R&D-intense industries, owing to the greater impact of the loss of human and social capital (Guthrie & Datta, 2008). Because the importance of human capital as a competitive factor varies positively with the level of R&D intensity, the effect of employer reputation on labor

productivity and financial return should, too. This, combined with greater uncertainty in R&D-intensive industries, leads to the following hypotheses:

H8: Employer reputation and R&D intensity interact to predict labor productivity such that employer reputation's effects are stronger when capital intensity is low.

H9: Employer reputation and R&D intensity interact to predict financial returns such that employer reputation's effects are stronger when capital intensity is low.

Industry Advertising Intensity

Industries with high relative advertising expenditures are thought to differentiate their products more (Rajagopalan & Datta, 1996), and thus may compete more based on intangible assets, such as reputation and human capital. Organizational advertising intensity is sometimes used as a proxy for intangible assets, based on the logic that more advertising leads to greater intangible asset stock (Kirca et al., 2011; Lu & Beamish, 2004). Other research has posited a connection between advertising intensity and the importance of organizations' identities to customers (Fisman, Heal & Nair, 2005), so it follows that this could also be applied to the importance of organizations' identities to employees. Thus, industry advertising intensity represents a context where both human capital and reputation are important to organizational success.

In general, industries that advertise more will be more visible to stakeholders (Wang & Qian, 2011). Thornbury & Brooks (2010) show that industries that advertise heavily inherently create stronger messages regarding their importance to society, and they have linked advertising intensity at the organizational level with job seekers' perceptions of employers' impressiveness. The effect of advertising is strong enough that even companies

associated with a well-advertised industry may reap the benefits of that association, even if those companies advertise less. That said, with an increase in advertising comes an increase in competition for prominence and stakeholders' attention. If advertising intensity is the capability to signal (Fisman et al., 2005), industries saturated with these signals create ambiguity for observers trying to make judgments about firms, and employer reputation should function to help reduce uncertainty for job seeking observers. Therefore, in an advertising-intense industry, employer reputation should have a stronger attraction effect and a stronger association with developing valuable human capital resources. According to the mechanisms outlined above, employer reputation's effects on labor productivity and financial returns because of industry advertising's moderating role.

H10: Employer reputation and advertising intensity interact to predict financial returns such that employer reputation's effects are stronger when advertising intensity is high.

H11: Employer reputation and advertising intensity interact to predict financial returns such that employer reputation's effects are stronger when advertising intensity is high.

CHAPTER 4

METHODOLOGY

To test my hypotheses, I combined a number of secondary data sources. To measure overall reputation, I used secondary data from *Fortune's* Most Admired Companies (FMAC) survey (Basdeo et al., 2006; Pfarrer et al., 2010; Roberts & Dowling, 2002), which I received upon request from *Fortune's* List Department. For employer reputation, I used employees' reviews of their employers from Glassdoor.com. Data for all outcome and control variables came from Compustat's North America fundamental and market information database. I used multiple regression to test Hypotheses 1 and 2, and moderated multiple regression to test Hypotheses 3 through 11.

SAMPLE AND DATA

My sampling frame starts with companies rated in *Fortune's* Most Admired Companies survey between 2013 and 2015. Each year, *Fortune* magazine partners with Korn Ferry Hay Group, an HR consulting firm, to conduct a survey on corporate excellence (Wang & Smith, 2010). The survey considers the 1,000 largest U.S. companies by revenue plus large foreign-based companies in *Fortune's* Global 500 (*Fortune*, 2016). There are 774 companies with at least one rating between 2013 and 2015. To achieve multiple observations of each company's reputation, I restricted my analysis to companies with at least two ratings within this three-year period. This narrowed the pool down to 636. Of these remaining 636

companies, I excluded those with fewer than 50 Glassdoor reviews between 2013 to 2015, because an insufficient number of data points would affect the statistical models. After this stage, 421 companies were left. Finally, after listwise deletion of companies without full data in Compustat pertaining to labor productivity and financial returns, 397 companies remained. Most companies eliminated at this stage were foreign-based firms that do not trade on U.S. stock exchanges; as a result, my final sample consisted of mostly large, U.S. firms.

MEASURES

Dependent Variables

Employee productivity. For employee productivity, I used the ratio of total revenue divided by number of employees (Huselid, 1995), both obtained from Compustat and expressed in thousands of dollars per employee. The minimum and maximum values for labor productivity were 11 and 7,729, respectively, with a mean of 659; the median was 348. To enhance the ability to make causal inferences, the data for both revenue and number of employees are from 2016, providing a one-year lag from the independent variables.

Financial returns. To give a broad indication of financial performance, I used a composite of three different accounting return measures to operationalize financial return (Rajagopalan & Datta, 1996): return on assets (ROA), return on equity (ROE), and return on invested capital (ROIC). To calculate ROA, ROE, I divided net income by total assets and total shareholder equity, respectively. I calculated ROIC by dividing pre-tax income by invested

capital.¹ Both ROE and ROIC can change quite a lot from year to year, so in an attempt to smooth out this volatility, I took mean annual values for total equity and invested capital, respectively, from 2015 and 2016. The minimum and maximum values for composite return were -1.501 and 2.781, respectively, with a mean of 0.104. In all models, the dependent variables were calculated with 2016 data to provide a one-year lag from the independent variables.

Independent Variables

Overall reputation. I took companies' average FMAC scores over the 2013–2015 period. FMAC is a widely-used measure of reputation that is visible and influential. It remains widely reported on by news outlets and companies (Bermiss et al., 2014). The scores are on a nine-point scale, with higher scores indicating a higher reputation, and it measures nine reputation attributes: ability to attract and retain talented employees; quality of management; global reach; social responsibility; innovation; quality of products or services; wise use of assets; financial soundness; and investment value. The scores on each attribute are averaged to generate a total score for a company. FMAC's high visibility, combined with the broad reputation content that make up the survey, makes it a good choice to represent overall reputation. I took an average over multiple years to increase the sample size and even out changes in overall reputation from year to year. Due to *Fortune's* methodology, the non-appearance of an organization in a given year does not necessarily mean its reputation was

¹ The sum of long-term debt, total preferred stock, carrying value minority interest from the balance sheet, and total common equity

too low, but could also mean that *Fortune* re-defined the industries or did not include an industry for that year. Thus, I required organizations to appear on the list at least two out of the three years in the period to balance retaining sample size with having multiple observations per organization.

Employer reputation. I used each company's mean overall rating on Glassdoor. Ratings are on a 1 to 5 scale (higher scores indicate a better impression). Ratings are made in five sub categories (Culture and Values, Work-Life Balance, Compensation and Benefits, Senior Management, and Career Opportunities) and a sixth rating overall rating. To aggregate all reviews to a single score per company, first Glassdoor's treatment of company subsidiaries was determined. For example, Glassdoor includes all of IBM's subsidiaries with reviews of IBM, so extracting these ratings only required crawling IBM's Glassdoor reviews. On the other hand, Glassdoor does not have reviews for most of Kroger's subsidiaries under Kroger; rather they tend to have separate and individual Glassdoor pages. Accounting for this is an important step to enhance the validity of the employer reputation variable by fully representing all employees' opinions who can affect organizational performance. To do this, I first identified subsidiaries with a Google search for each parent company's name, followed by "subsidiaries." I only used subsidiaries that were 100% owned by the parent. Then, using Glassdoor's search engine, I searched for reviews in any location with each subsidiary name. I determined that when the parent company was at the top of the results list but the subsidiary was not listed, subsidiary reviews were under the parent's reviews. When subsidiaries had separate Glassdoor reviews, I merged them with those of the parent company when there were at least five reviews. Subsidiaries with separate Glassdoor reviews are shown in

Appendix B along with their corresponding parent organizations. To match my treatment of overall reputation, and in line with the expectation that reputation causes labor productivity and financial performance, I used reviews from the 2013–2015 period preceding the outcome variables in this study.

Industry Moderators

Industry capital intensity. Capital intensity is a ratio that is calculated in a few common ways. Usually net total fixed assets appear in the numerator (this is preferable to gross value because it more accurately reflects the current market value of the assets). The denominator varies, with management researchers commonly using total revenue (Datta et al., 2005; Bae, Kang & Wang, 2011) or number of employees (e.g., Kwon & Rupp, 2013; Vomberg, Homburg & Bornemann, 2015). I calculate industry capital intensity, by dividing net fixed assets by total revenue for each company in Compustat for 2013 through 2015, then taking the mean of these three values (Balasubramanian & Lieberman, 2010; Guthrie & Datta, 2008). Then I calculated the mean value within-industries at the 3-digit NAICS level. The minimum and maximum values were 0.051 and 3.586, respectively, with a mean of 0.737; the median was 0.483.

Industry R&D intensity. R&D intensity is usually calculated as the ratio of R&D investment to revenue. I operationalized industry R&D intensity by first calculating the mean annual ratio of R&D expenditures to total revenue per firm between 2013 and 2015 (Guthrie & Datta, 2008). The mean was then taken of all firms at the 3-digit NAICS level (Guthrie & Datta, 2008). The minimum and maximum values were 0 and 22.69, respectively, with a mean of 2.048; the median was 0.037.

Industry advertising intensity. Advertising intensity is commonly stated as advertising expenditures to total revenue (Balasubramanian & Lieberman, 2010; Datta et al., 2005). To calculate this at the industry level, I first calculated the mean annual ratio per organization for the period 2013 to 2015. Then I calculated the mean value for industries at the 3-digit NAICS level (Guthrie & Datta, 2008). The minimum and maximum values were 0.002 and 0.181, respectively, with a mean of 0.027; the median was 0.021.

Control Variables

Firm Size. Firm size represents organizations' access to resources as well as visibility to stakeholders, both of which can affect reputation (Musteen, Datta & Kemmerer, 2009). I control for size using the natural log of total revenue.

Media Visibility. It is common to control for media visibility in reputation research, as highly visible firms are scrutinized by the public more closely (Janney & Gove, 2011). Several studies have noted the relationship between *Fortune* reputation scores and previous financial performance (Brown & Perry, 1994; Flanagan et al., 2011; Fombrun & Shanley, 1990). To control for media visibility, I used Factiva to search for mentions of each company in major U.S. newspapers between 2013 and 2015 (Staw & Epstein, 2000). Building on past research, I sought to maximize regional newspaper circulation by first looking up the most-circulated papers in all regions of the U.S. (Agility PR), which led me to the following list: *The Wall Street Journal*, *USA Today*, *New York Times*, *Boston Globe*, *Washington Post*, *Los Angeles Times*, *Dallas Morning News*, *Houston Chronicle*, *Chicago Tribune*, *Denver Post*, *Seattle Times*, and *Tampa Tribune*. This variable was very skewed, consistent with previous research (Brammer & Pavelin, 2006; Carter, 2006). Because a number of companies had no

article mentions, making a log transformation on the raw data is not possible. I added one to each observation to be able to make the log transformation.

Industry-level controls. Stakeholders' perceptions of organizations' attributes are naturally made relative to industry competitors, making reputation research inherently industry-centric (Brown, Dacin, Pratt & Whetten, 2006; Davies et al., 2004; Newburry, 2011; Walker, 2010). This also means stakeholder expectations for behavioral norms develop with reference to industry standards. Therefore, I controlled for a number of industry characteristics. I included industry capital intensity, industry R&D intensity and advertising intensity in the models testing all hypotheses, though they are of primary interest in Hypotheses 5 through 10. I also controlled for industry sales growth using the mean annual change in sales between 2013 and 2015 to control for industry prominence and visibility (Carter, 2006).

CHAPTER 5

ANALYSIS AND RESULTS

DATA COLLECTION AND SAMPLE CHARACTERISTICS

Fortune's Most Admired Companies (FMAC)

I examined the stability of FMAC scores. I conducted paired-sample t-tests of the difference in means for all three possible combinations of the years between 2013 and 2015, inclusive. Table 4.1 shows that mean scores were essentially the same in 2014 as 2015. This could be as much because it is not the exact same group of companies each year. To see how much a single company's reputation could change, I also looked at the absolute value of the maximum difference between scores over the three years, which I calculated for all companies rated at least twice ($n = 401$). The differences ranged from 0 to 1.96 with a mean of about 0.5 and standard deviation of 0.38. So, organizations' reputation scores tend to change over a one-to-two year period, and they can swing up or down by over 1 scale point out of 9 (see description of measures in Chapter 4).

Table 5.1

Stability of Overall Reputation - *Fortune's Most Admired Companies*

Comparison	p means are not =	n
FMAC2013 == FMAC2015	$p = 0.001$	300
FMAC2013 == FMAC2014	$p < 0.001$	316
FMAC2014 == FMAC2015	$p = 0.367$	344

FMAC is designed to be a measure of overall reputation. That is, it is designed to cover a broad scope of reputation content. It has been criticized as representing a limited number of stakeholders' opinions (Fombrun & Shanley, 1990; Philippe & Durand, 2011; Roberts & Dowling, 2002) as it is a survey exclusively of executives and financial analysts. It is related to past financial performance, but the bivariate correlation is not as high in more recent years as it was in years past (Ali et al., 2015; Flanagan et al., 2011). I assessed FMAC's validity by comparing it to two other measures, RepTrak™ and the KLD database.

The Reputation Institute's RepTrak™ instrument has been used as a measure of overall reputation in a number of published studies (e.g. Fombrun et al., 2015; Ponzi, Fombrun, & Gardberg, 2011; Vidaver-Cohen & Bronn, 2015), and measures similar content to FMAC (see Appendix A). For most of 2016, the Reputation Institute made a limited sample of its data available on its website and I was able to capture data for 116 companies that are also in the FMAC sample.

The RepTrak™ data includes mean scores for each of the 7 attributes it covers as well as companies' overall reputation score, which is a separate question rather than the average of the 7 attribute scores. The overall item item had a 0.03 correlation with FMAC for the companies I have data for ($n = 116$). This I compared the associations of FMAC and RepTrak™ with company size, measured as log of total revenue, productivity, measured as log of sales per employee, and return on assets (see Table 2). While FMAC has a positive correlation with total revenue ($r = 0.25$), RepTrak™ has a negative correlation ($r = -0.16$). I found the same pattern for sales per employee ($r = 0.12$ versus -0.12). FMAC has a slightly smaller positive association with ROA than RepTrak™ ($r = 0.27$ versus 0.37).

This pattern suggests that these two measures are not capturing identical things. One explanation for this pattern is the content of the surveys, which although similar, as noted above, is not identical. Another explanation is that these two surveys sample distinct populations. *Fortune* samples managers, outside directors and financial analysts, while RepTrak™ is designed to apply universally to all stakeholders (Ponzi et al., 2011). Another issue with the RepTrak™ data is its negative relationship with size, since most studies of reputation find a positive association (Ali et al., 2015).

Another measure used to assess overall reputation is the KLD database (now part of MSCI). KLD is designed to inform socially-conscious investors about how organizations treat different stakeholders. KLD combines data from many sources regarding companies' practices and policies, providing a relatively objective assessment of companies' actual behavior, rather than stakeholder opinion. KLD's content is focused on corporate social responsibility (for details on the content of KLD, see Appendix A), but its overlap with FMAC lends it consideration as a measure of overall reputation. To examine how FMAC and KLD are related, I downloaded the full KLD database for the years 2013 to 2015 and matched the data with companies on FMAC over the same period. Next, I summed the strengths for each company over all three years, and did the same for concerns. Following various studies in the management literature (e.g., Barnett & Salomon, 2012; Liston-Heyes & Ceton, 2009), I subtracted concerns from strengths to create a single net score for each company. In addition, following a recent study (Oikonomou et al., 2014), I also examined the sum of strengths and weaknesses separately. FMAC was correlated 0.26 with the net

KLD score, 0.42 with total KLD strengths, 0.29 with total KLD concerns. This shows some evidence of convergent validity for the FMAC measure of overall reputation.

A review by Walker (2010) found that KLD had only been used once as a measure of overall reputation (Turban & Greening, 1997), whereas FMAC had been used in 39% of studies. KLD is more likely to represent the interests of non-financial stakeholders, although the reverse argument could be made about FMAC. I decided to use FMAC over KLD because adopting similar methodology as previous researchers would be in line with the theoretical foundation of this project and facilitates clearer extension of existing research.

Glassdoor

The raw data consisted of 464,180 reviews between 2013 and 2015. The six items had fairly high correlations, ranging from 0.40 to 0.75. The correlation between the overall rating and a mean composite index of the other five items was 0.84, indicating substantial similarity. I treated the overall rating together with the five individual items as a six-item scale and calculated Cronbach's alpha to assess internal consistency. Across companies, alpha scores ranged from 0.80 to 0.95. Work-Life Balance and Compensation and Benefits were less correlated with the other items, with item-rest correlations of 0.61 and 0.59, respectively, compared to between 0.72 and 0.84 for the other items. In any case, the high Cronbach's alphas are evidence that these items hang together across individuals within organizations, and thus that there is a pattern of agreement.

The number of reviews per company ranged from 50 to 33,200, with a mean of 1,604. Since it is possible that employer reputation is not estimated well for companies with a small number of Glassdoor reviews, I examined correlations and scatterplots of number of reviews

by overall Glassdoor rating. The number of reviews had a low correlation with the mean overall rating ($r = 0.06$). To check for differences between managers and non-managers, I identified all positions containing the words “executive,” “president,” “manager,” or “supervisor” (65,197), and compared mean item scores for this group and non-managers (see Tables 4-2 and 4-3). A t-test showed that means for each item differed but, practically speaking, the differences were small. The largest difference was between Work-Life Balance, with managers rating it between .23 and .25 lower than non-managers.

Table 5.2 Descriptive Statistics for Glassdoor Reviews by Employees Versus Managers

Variable	Mean and Number of Observations – Employees	Mean and Number of Observations – Managers
Overall Employer Reputation	3.27 (398,982)	3.23 (65,198)
Work-Life Balance	3.17 (356,290)	2.93 (63,267)
Culture and Values	3.23 (354,258)	3.21 (63,177)
Career Opportunities	3.07 (352,830)	3.20 (63,084)
Compensation and Benefits	3.19 (350,083)	3.32 (62,919)
Senior Management	2.81 (343,650)	2.76 (62,235)

Glassdoor is based in the U.S., but reviews come from a number of countries. Out of 464,173 observations in my sample, 168,112 reviews did not have a location, and 49,521

reviews came from 166 non-U.S. countries. The rest were from the U.S. The 10 non-U.S. countries with the most reviews are listed in Table 4. Nearly 7% of reviews with an identifiable location were from India, and roughly 2% were from Canada and England, respectively. After that, there is a considerable drop off. It should be noted that my sample of organizations contains few companies based outside the U.S. due to limitations in data available from Compustat, and this does not necessarily represent the international spread of Glassdoor reviews overall. All companies were left in the sample regardless of headquarter country.

Table 5.3 Statistics for Non-U.S. Countries with the Most Glassdoor Reviews

	Country	Number of Reviews	Mean Overall Score
1	India	20,568	3.54
2	Canada	6,325	3.22
3	England	5,372	3.28
4	Singapore	1,527	3.40
5	Ireland	1,309	3.40
6	Australia	1,167	3.14
7	Brazil	990	3.70
8	China	852	3.80
9	France	702	3.40
10	Mexico	677	3.81

Validity of Glassdoor Data

As a validity check and to support aggregating individual employees' scores to a single organizational, I conducted a within-and-between analysis (WABA) on all six items using organization as the group. This procedure separates the correlation in the entire dataset of employee ratings into correlation within-companies and correlation between-companies. Results showed that the correlation between all the Glassdoor items was stronger within- than between-companies for all 15 pairs of items. This supports treating the Glassdoor data as an organization-level variable.

A threat to the validity of online ratings is the lack of knowledge about the raters, such as whether they are more likely to be disgruntled employees and whether they are representing themselves truthfully. With so many data points and very little way to control data quality, I was interested in evidence of clearly bad ratings, and the extent to which such ratings are a problem in Glassdoor's data. A number of things could indicate 'bad' data. For example, ratings that alternate between one and five on each item. It is possible that such a pattern reflects someone's true opinion, but too many ratings like that would be implausible. One indication of a bad rating would be one with a radically different rating for the items compared with the overall score, such as giving a 5 for the individual items but scoring a 1 for the overall item. Such a rating is essentially contradicting itself. I took the average of the five individual items for each review and compared it with the review's overall rating. They were highly correlated ($r = 0.84$), indicating that, for the most part, reviewers gave overall scores that tended to agree with the scores given on the individual items. On the other hand, out of 422,912 reviews that had both overall and individual-item scores, there were 63

reviews (0.014%) that scored all the individual items 5 but scored the overall rating a 1 (0.03%). This pattern could indicate that these reviewers are signaling not to take their reviews seriously, but these could also be errors. Either way, these observations are almost certainly invalid, but comprised a very small amount of the total.

To search for evidence that Glassdoor's data captures employee-related reputation in particular, I compared the correlation of companies' mean scores with KLD data. I used KLD data for available companies for 2013–2015. Following Bae et al. (2011), I summed employee relations strengths for each company over all three years (see Appendix A for details on employee relations items). I did the same for employee relations concerns. Company mean overall rating in Glassdoor was correlated 0.26 ($p < .0001$) with employee-related strengths, and 0.08 ($p = .12$) with employee-related concerns ($n = 371$). This shows that, for my sample, Glassdoor ratings tend to be higher for companies with more employee relations strengths reported in KLD, and that there is no association for companies with more employee relations concerns. This pattern of correlations is evidence for the validity of using Glassdoor ratings to measure employer reputation. Further, the correlation with KLD strengths is less here than for FMAC (0.26 versus 0.41), which is expected because the content of employer reputation is only a fraction of overall reputation's, as well as KLD's, content. Thus, it is also evidence that the employer reputation variable used here is distinct from the overall reputation variable.

OUTLIER ANALYSIS

Table 5.1 details the means and standard deviations for all variables in my analysis. I first examined the distribution of labor productivity, which typically has a large positive

skew and is often log-transformed (e.g., Chadwick, Way, Kerr & Thacker, 2013; Datta et al., 2005; Iverson & Zatzick, 2011). There were 11 outliers more than three standard deviations above the mean. The coefficient of determination for models including these outliers was slightly more than half as large as models without these observations. Based on this, the results below for models including labor productivity are for models excluding these outliers.

Next, I looked at the distribution for composite financial return. One observation, Colgate-Palmolive (CL), was more than 19 standard deviations above the mean, but it was the only outlier. Investigating further, I found this was due to a ROE value of 14,300% in 2016, which in turn was based on a value for total equity in Compustat of just \$17 million. Seeking to confirm these values, I verified the data in Compustat and then from CL's 2017 annual report. This observation had on a large leverage on results, so I excluded it from the analysis.

Last, I examined the distributions of the industry variables. Industry capital intensity had a maximum value of 169, for the mining industry (NAICS 212). This means that the average company has gross fixed asset investments 169 times their annual revenue. For perspective, the next highest industry (Oil and Gas Extraction, NAICS 211) was five times smaller (34), and the next highest industries were at least four times smaller than that (<8). These two highest industries exerted considerable leverage on the results. Because of this, and since they only had four companies between them in the sample, I dropped them from the analysis. After dropping outliers on labor productivity, composite return and industry capital intensity, the final sample used in all models had 380 organizations.

Table 5.4 Descriptive Statistics

Variable	Obs	Mean	Std.Dev.	Min	Max
Labor Productivity	380	538.4	515.6	10.40	3237.09
Composite Return	380	0.104	0.271	-1.501	2.781
Size	380	68,315.32	227,265.9	452.90	2,446,838
Media Visibility	380	119.27	296.80	0	2,779
Firm Sales Growth	380	2.712	12.82	-43.14	100.72
Industry Cap Intensity	380	0.737	0.798	0.051	3.586
Industry R&D Intensity	380	2.048	5.073	0	22.69
Industry Advert Intensity	380	0.034	.034	0.002	0.181
Industry Sales Growth	380	13.72	19.24	-11.11	105.43
Overall Reputation	380	5.948	0.934	2.477	8.35
Employer Reputation	380	3.246	0.352	2.104	4.411

RESULTS

Descriptive statistics for all variables are reported in Table 5.1, and bivariate correlations in Table 5.2. The data reported in these two tables are for the untransformed variables. The correlation of employer reputation and labor productivity (0.13) is stronger than for overall reputation (0.06), providing preliminary support for Hypothesis 1. The pattern of the two reputation variables with composite return is also expected, being stronger for overall (0.24) than for employer (0.17) reputation.

Table 5.5 Correlation Matrix

	variable	1	2	3	4	5	6	7	8	9	10	11
1	Labor Productivity	1.00										
2	Composite Return	0.00	1.00									
3	Size	0.06	-0.03	1.00								
4	Media Visibility	0.14	0.10	0.32	1.00							
5	Firm Sales Growth	0.08	0.05	-0.06	0.09	1.00						
6	Industry Cap Intensity	0.05	-0.02	-0.07	-0.01	-0.17	1.00					
7	Industry R&D Intensity	-0.00	0.07	-0.03	0.01	-0.08	0.39	1.00				
8	Industry Advert Intensity	0.16	0.12	-0.03	0.18	-0.05	0.04	0.47	1.00			
9	Industry Sales Growth	0.09	0.19	-0.04	0.03	0.02	0.30	0.76	0.45	1.00		
10	Overall Reputation	0.06	0.24	0.15	0.31	0.06	0.02	0.06	0.11	0.07	1.00	
11	Employer Reputation	0.13	0.17	0.08	0.30	-0.05	0.17	0.12	0.14	0.12	0.47	1.00

$N = 380$

Correlations above 0.08 are significant at $p < .05$, above 0.11 at $p < .01$, and above 0.15 at $p < .001$

HYPOTHESIS TESTS

To test my hypotheses, I ran two sets of regressions, one predicting labor productivity and the other predicting composite return. I entered the control variables in step 1, then added overall (Hypothesis 1) or employer (Hypothesis 2) reputation in step 2 followed by the other reputation in step 3. Next, I added the interaction term between overall and employer reputation (Hypotheses 4 and 5) in step 4. To test the industry moderating hypotheses (Hypotheses 6 through 11), I ran each interaction term in step 4.

Hypothesis 1 predicts that employer reputation has effects on labor productivity over and above overall reputation. Table 5.3 shows that employer reputation entered the regression in Model 3 as significant ($p = 0.02$) while the coefficient for overall reputation is never significant. The F statistic in Model 2 was 7.40 and 7.29 for Model 3. The change in r^2 for Model 3 was significant ($F = 5.66, p < .02$). Therefore, Hypothesis 1 is supported.

Hypothesis 2 predicts that overall reputation has stronger effects than employer reputation on composite financial return. Table 5.4 shows that overall reputation is significant both before ($p < 0.001$) and after ($p = 0.001$) employer reputation enters the regression, while employer reputation is not significant². Thus, Hypothesis 2 was supported. Hypothesis 3 predicts that employer reputation has an effect on financial return over and above overall reputation. The change in r^2 for Model 3 was not significant ($p = .24$), indicating the employer reputation did not explain significant variance in composite return beyond overall reputation. Thus, Hypothesis 3 was not supported.

However, as shown in Table 5.5, models not controlling for prior performance were a better fit, overall reputation was highly significant, and employer reputation approached significance ($p = 0.09$). In all these models, overall reputation had stronger effects. Thus, I conclude support for Hypothesis 2 and partial support for Hypotheses 3.

² As further evidence, I ran employer reputation in Model 2. R^2 significantly increased (change was 0.018; $p < .01$). When adding overall reputation in Model 3, r^2 increased by 0.028 ($p < 0.001$) and employer reputation became not significant.

Hypothesis 4 predicts that employer and overall reputation interact to labor productivity. Table 5.3 shows that the interaction term added in Model 4 was not significant. Thus, Hypothesis 4 is not supported.

Hypothesis 5 predicts that employer and overall reputation interact to predict financial return. Table 5.4 shows that the interaction term added to Model 4 is not significant ($p = 0.25$). Thus, Hypothesis 5 is not supported.

Table 5.6 Results of Multiple Regression Analysis Predicting Labor Productivity

Variable	Model 1	Model 2	Model 3	Model 4
Constant	-506.41**	-445.22*	-881.36**	-518.47**
Total Assets	111.69***	114.53***	116.60***	118.39***
Media Visibility	-63.01**	-61.20**	-73.64**	-76.97**
Firm Sales Growth	4.57*	4.67*	4.93*	4.87*
Industry Capital Intensity	51.40	50.96	38.95	39.20
Industry R&D Intensity	-26.97**	-26.93**	-27.34**	-27.59**
Industry Advertising Intensity	4698.73***	4734.52***	4732.06**	4658.59***
Industry Sales Growth	4.96*	4.96*	4.96*	5.06*
Overall Reputation		-16.21	-45.53	-42.07
Employer Reputation			198.64*	72.35*
Overall*Employer Reputation				14.52
Adjusted r^2	0.120	0.119	0.130	0.128

$n = 380$ † $p < .10$; * $p < .05$; ** $p < .01$; *** $p < .001$

Table 5.7
Results of Multiple Regression Analysis Predicting Composite Return (ROA, ROE, ROI)

Variable	Model 1	Model 2	Model 3	Model 4
constant	-0.005	-0.245*	-0.361*	0.167†
Firm Size	-0.000	-0.012	-0.011	-0.012
Media Visibility	0.021†	0.014	0.010	0.012
Firm Sales Growth	0.000	-0.000	-0.000	0.000
Industry Capital Intensity	-0.021	-0.020	-0.023	-0.023
Industry R&D Intensity	-0.009*	-0.009*	-0.009*	-0.009*
Industry Advertising Intensity	-0.265	-0.411	-0.412	-0.364
Industry Sales Growth	0.005***	0.005***	0.005***	0.005***
Overall Reputation		0.066***	0.058**	0.054**
Employer Reputation			0.053	0.018
Overall*Employer Reputation				-0.009
Adjusted r^2	0.052	0.093	0.094	0.093

$n = 380$ † $p < .10$, * $p < .05$, ** $p < .01$, *** $p < .001$

Industry Moderators

Hypothesis 6 predicts that employer reputation will have a greater effect on labor productivity in industries with lower capital intensity. Table 5.5 shows that the interaction term between industry capital intensity and employer reputation was not significant. So, Hypothesis 6 was not supported.

Hypothesis 7 predicts that employer reputation will have a greater effect on financial return in industries with lower capital intensity. Table 5.6 shows that the interaction term between industry capital intensity and employer reputation predicting composite return was not significant. Thus, Hypothesis 7 was not supported.

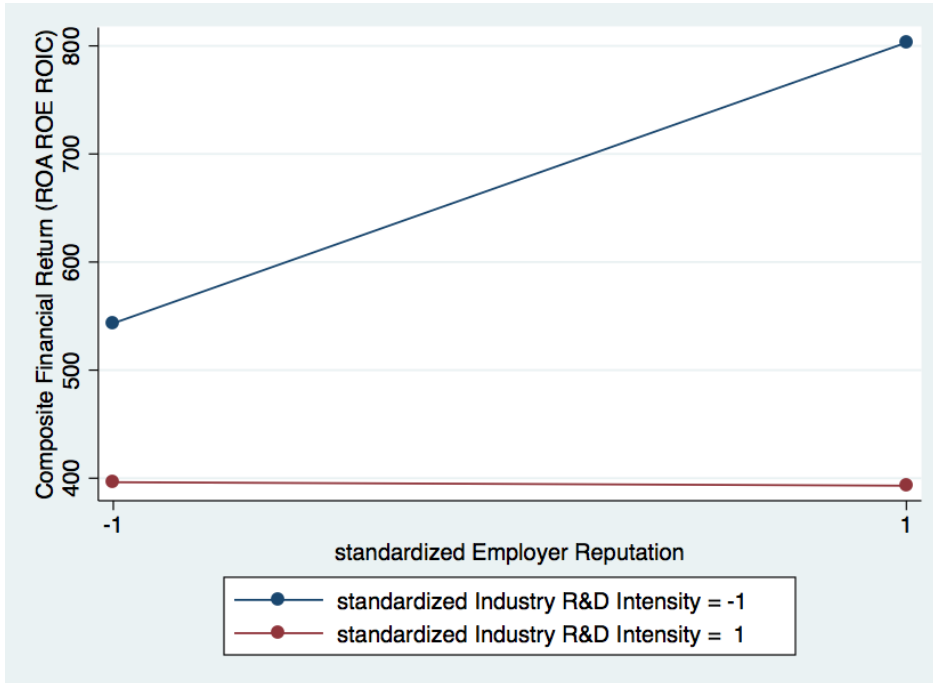
Hypothesis 8 predicts that employer reputation will have a greater effect on labor productivity in industries with higher R&D intensity. Table 5.5 shows that the interaction term for R&D intensity is not significant. However, in Model 4 with all interaction terms entered simultaneously, the interaction with R&D intensity approached significance. I show a plot of the interaction in Figure 5.1. Thus, I concluded only partial support for Hypothesis 8.

Table 5.8
Interaction Between Employer Reputation and Industry Characteristics Predicting Labor Productivity (Hypotheses 6, 8 & 10)

Variable	Model 1	Model 2	Model 3	Model 4
Constant	-120.02**	-121.28**	-58.60	160.50
Firm Size	116.57***	116.48***	113.52***	115.47***
Media Visibility	-73.70**	-72.17**	-75.66**	-62.68**
Firm Sales Growth	4.91*	5.03*	5.69**	5.22*
Industry Capital Intensity	-57.55	59.33	72.62	-27.95*
Industry R&D Intensity	-27.34**	-133.33**	-154.13***	-51.29
Industry Advertising Intensity	185.92***	185.89***	163.49***	75.14**
Industry Sales Growth	4.97*	5.02*	5.72**	1.02***
Overall Reputation	-45.33	-45.51	-52.60†	-42.71
Employer Reputation	71.73*	68.90*	76.84**	85.08**
Industry Capital Intensity *Employer Reputation	7.50			175.71*
Industry R&D Intensity *Employer Reputation		-22.03		-55.55†
Industry Advertising Intensity *Employer Reputation			114.15***	-2.40
Adjusted r^2	0.127	0.129	0.156	0.162

$n = 380$ † $p < .10$, * $p < .05$, ** $p < .01$, *** $p < .001$

Figure 5.1
Interaction Between Employer Reputation and Industry R&D Intensity Predicting Labor Productivity



Hypothesis 9 predicts that employer reputation will have a greater effect on financial return in industries with higher R&D intensity. Table 5.6 shows that the interaction term for R&D intensity was not significant. I conclude partial support for Hypothesis 9.

Hypothesis 10 predicts that employer reputation will have a greater effect on labor productivity in advertising-intense industries. Table 5.5 shows that the interaction term for advertising intensity was significant ($p < .001$). A plot of the interaction is shown in Figure 5.2. When average advertising intensity in an industry is high, the slope for employer reputation is positive. But when it is low, the slope for employer reputation appears to be slightly negative. This is in the expected direction, and thus Hypothesis 10 was supported.

Hypothesis 11 predicted that employer reputation will have a greater effect on financial return in advertising-intense industries. Table 5.6 shows that the interaction term for advertising intensity was not significant. Therefore, I conclude that Hypothesis 11 was not supported.

Table 5.9
Interaction Between Employer Reputation and Industry Characteristics Predicting Composite Return (Hypotheses 7, 9 & 11)

Variable	Model 1	Model 2	Model 3	Model 4
Constant	-0.239*	-0.239*	-0.252*	-0.250*
Firm Size	-0.011	-0.011	-0.011	-0.010
Media Visibility	0.010	0.010	0.011	0.010
Firm Sales Growth	-0.000	-0.000	-0.000	-0.000
Industry Capital Intensity	-0.035	-0.035	-0.038	-0.036
Industry R&D Intensity	-0.045*	-0.045*	-0.042†	-0.044*
Industry Advertising Intensity	-0.016	-0.016	-0.012	-0.011
Industry Sales Growth	0.005***	-0.005***	0.005***	0.004***
Overall Reputation	0.058**	0.058**	0.060***	0.060***
Employer Reputation	0.019	0.019	0.018	0.017
Industry Capital Intensity *Employer Reputation	-0.000			-0.00
Industry R&D Intensity *Employer Reputation		0.001		-0.01
Industry Advertising Intensity *Employer Reputation			-0.023	-0.026
Adjusted r^2	0.092	0.092	0.096	0.092

$N = 380$ † $p < .10$, * $p < .05$, ** $p < .01$, *** $p < .001$

Figure 5.2
Interaction Between Employer Reputation and Industry Advertising Intensity
Predicting Labor Productivity

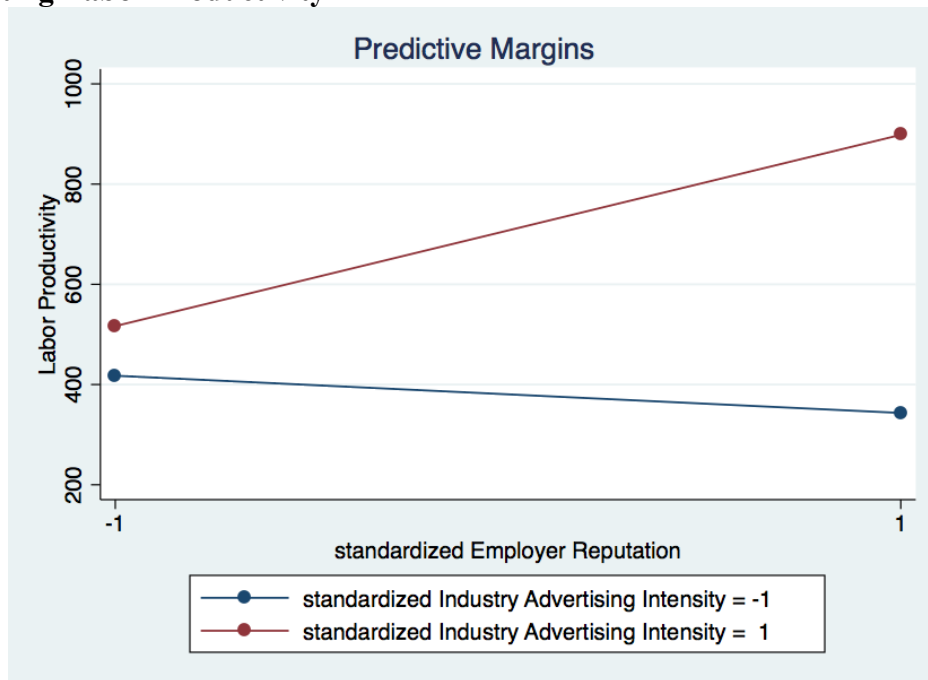


Table 5.10 Summary of Hypothesis Tests

	Hypothesis	Result
H1	Employer reputation is positively related to labor productivity over and above overall reputation.	Supported
H2	Overall reputation has stronger effects than employer reputation on financial returns.	Supported
H3	Employer reputation has an effect on financial returns over and above overall reputation.	Partially Supported
H4	Employer and overall reputation interact to predict labor productivity, such that lower employer reputation coupled with higher overall reputation results in lower labor productivity.	Not Supported
H5	Employer and overall reputation interact to predict financial returns, such that lower employer reputation coupled with higher overall reputation results in lower returns.	Not supported
H6	Employer reputation and capital intensity interact to predict labor productivity such that employer reputation's effects are stronger when capital intensity is low.	Not supported
H7	Employer reputation and capital intensity interact to predict financial returns such that employer reputation's effects are stronger when capital intensity is low.	Not supported
H8	Employer reputation and R&D intensity interact to predict labor productivity such that employer reputation's effects are stronger when capital intensity is low.	Partially supported
H9	Employer reputation and R&D intensity interact to predict financial returns such that employer reputation's effects are stronger when capital intensity is low.	Not supported
H10	Employer reputation and advertising intensity interact to predict financial returns such that employer reputation's effects are stronger when advertising intensity is high.	Supported
H11	Employer reputation and advertising intensity interact to predict financial returns such that employer reputation's effects are stronger when advertising intensity is high.	Not supported

CHAPTER 6

DISCUSSION

Scholars developing corporate reputation theory have increasingly focused on the idiosyncratic expectations of different stakeholders and the consequences of meeting or failing to meet those expectations (Ertug et al., 2016; Lange et al., 2011; Love & Kraatz, 2009; 2017; Mishina et al., 2012). The present study explicitly extends this analysis to employee stakeholders by both the differential effects of employer versus overall reputation on organizational outcomes and potential consequences for organizations that have different levels of employer and overall reputation. Overall, this study's results demonstrate that employer reputation affects an organization's financial performance and labor productivity. Furthermore, the positive relationship with labor productivity where none exists for overall reputation suggests that employer reputation, affects organizational performance through employees independent of overall or general reputation.

EMPLOYER VERSUS OVERALL REPUTATION

The test of Hypothesis 1 demonstrated that employer reputation is related to labor productivity, whereas overall reputation was not. This suggests that labor productivity is more strongly related to perceptions of employer reputation than overall reputation. (Datta et al., 2005; Iverson & Zatzick, 2011). Thus, although this study cannot make a strong causal inference, it appears that how employees evaluate their employer's performance is associated with the average sales generated by each employee. A one-point increase in

Glassdoor reputation is associated with between \$33,000 and \$362,000 more in annual sales per employee, with an expected increase of \$197,274.

Tests of Hypothesis 3 provide evidence that employer reputation has some effect on financial returns. Without controlling for previous ROA, employer reputation from 2013 to 2015 appears to predict higher ROA in 2016. In the full dataset, this effect approaches statistical significance, and is conventionally significant when dropping 8 outliers on ROA. In the model without these outliers, a one-point increase in Glassdoor reputation is associated with between .1% and 3.5% higher ROA, with an expected value of 1.8% higher ROA. Because the range of scores is approximately two points, this can be interpreted as the effect of moving from having a low to a middle, or middle to high employer reputation. As the median organization has about \$43 billion in assets, this corresponds to an expected \$275 million more in annual profit.

This dissertation contributes to our understanding of corporate reputation in several important ways. First, the overall pattern of results for Hypotheses 1 through 3 demonstrates that labor productivity is more strongly influenced by employer reputation than overall reputation, as expected based on corporate reputation literature regarding whether stakeholders only hold a single, global perception of an organization or may hold many (Dowling, 2016; Harvey, Tourky, Knight & Kitchen, 2017; Helm, 2007; Lange et al., 2011; Walker, 2010). This fits into Lange et al.'s definitional framework, but also provides clear support for the theory behind this reputation dimension (2011). A *reputation for something*, what this dissertation calls stakeholder-specific reputation, is a theoretically distinct construct in part because it develops around a group's idiosyncratic needs and expectations

(Ertug et al., 2016; Lange et al., 2011). However, past reputation research has not tested this proposition well. For example, CSR research gives insight into a kind of reputation that may be attractive to all different groups of stakeholders. The same can be said for other reputation-related constructs, such as corporate character (Chun & Davies, 2010).

The different combination of effects comparing financial return and labor productivity is evidence that that employer and overall reputation have differential validity and that employees assess employer reputation independently from overall reputation. This contrasts with how scholars have traditionally treated organizational reputation (Fombrun et al., 2015; Walker, 2010), even when they acknowledge other perspectives (Love & Kraatz, 2017). However, this finding does not indicate that there is a right and wrong way to conceptualize or measure reputation. As an increasing number of researchers suggest, there may be different, related forms of social approval that affect an organization's fortunes via different mechanisms (Boutinot, Joly, Mangematin & Ansari, 2017; Bunday & Pfarrer, 2015; Lange et al., 2011; Zavyalova, Pfarrer, Reger & Shapiro, 2012).

This dissertation makes a contribution to the reputation literature by shedding light on how a specific reputation affects outcomes at the organization level. There have been surprisingly few studies at this level, as most employer reputation research examines individual reactions and especially organizational attraction outcomes (e.g., Jones et al., 2014; Kanar et al., 2015; Turban & Greening, 1997; Wayne & Casper, 2012). The finding here that employer reputation, but not overall reputation, has effects on organizational labor productivity further demonstrates the validity of stakeholder-specific reasoning, extending recent findings (Ertug et al, 2016).

Human capital has strategic importance (Crook et al., 2011) and this study provides evidence that employer reputation is a distinct antecedent to deriving value from human capital, and suggests that employer reputation complements overall reputation as a driver of human capital efficiency and organization-wide financial results. From a practical perspective, the relationship found here between employer reputation and labor productivity suggests that managers should pay special attention to how employees perceive the company's performance as an employer. This implication lends further support to a growing stream of strategic human resource management (SHRM) research that has examined the effects of employees' perceptions of HR practices on organizational performance (Bowen & Ostroff, 2004; Nishii, Lepak & Schneider, 2008; Takeuchi, Lepak, Wang & Takeuchi, 2007).

Historically, organization-level SHRM research has measured HR practices with one or two key informants from each organization (e.g. Datta et al., 2005; Huselid, 1995), which has enabled inferences across organizations. Recent research that has begun considering the employee perspective, however, has been limited in the number and type of organizations it can study. Many studies, for example, have studied practices across unit within a single organization (e.g., Dysvik & Kuvaas, 2012; Kim & Ployhart, 2014; O'Neill, Feldman, Vandenburg, Dejoy, & Wilson, 2011; Richardson & Vandenburg, 2005; Van Iddekinge, Ferris, Perrewé, Perryman, Blass & Heetderks, 2009).

This contrasts with the results of Stuebs & Sun (2010), who found a positive relationship between reputation, as operationalized by three years of FMAC data, and labor productivity. A number of things could explain the non-finding in the present study, such as

that they operationalized labor productivity as profit, as opposed to revenue, per employee. It is plausible that their research interest in labor costs as an outcome indirectly made it more likely to make a positive finding. Stuebs & Sun had a relatively small sample size (112 data points over three years) owing to the fact that most companies do not disclose their labor cost data. Companies that voluntarily report their labor cost data may also tend to be more socially responsible in general, and thus more likely than the average company to have a positive social exchange relationship with employees. If this is true, it would stand to reason that that they would also have more productive employees.

This dissertation extends the findings in Stuebs & Sun (2010) in three ways. First, it confirms their findings using a more direct measure of employer reputation, rather than a proxy in the form of appearance versus no appearance on *Fortune's* Best Companies to Work For list. Second, it demonstrates the generalizability of their findings to a larger sample of organizations. Finally, and most importantly, this result shows that considering both employer and overall reputation simultaneously is a closer approximation to reality. Thus, “even when actors have built a positive reputation, the return from such a reputation may not be uniform and may depend on the type of audience with which they interact” (Ertug et al., 2016: 114). Companies low in both employer and overall reputation have higher profit per employee than companies with a high employer, but low overall reputation. The organization's overall reputation is not enough to know whether it will be successful with employees.

IMPORTANCE OF INDUSTRY CHARACTERISTICS

The result of Hypotheses 8 suggests that employer reputation is more important for labor productivity in more R&D intense industries. For labor productivity, the findings of an interaction with industry R&D intensity identifies a moderating condition for the positive main effects of employer reputation, as employer reputation appears to have little effect on outcomes under low R&D intensity industry conditions. This complements Datta et al. (2005), who found that industry product differentiation moderated the effects of HR practices on labor productivity. The idea that a system of HR practices creates an environment conducive to getting the most value from employees is similar to the arguments made in this study. Industry R&D intensity indicates that organizations in that industry depend more on human capital to compete (Faleye & Trahan, 2011; Lepak et al., 2003). Competitors in R&D intensive industries compete based on the ability to create knowledge, which requires a high level of human capital inputs (Nonaka, 1994; Nonaka & von Krogh, 2009), and thus highly committed employees.

Because industry advertising intensity represents the level of product differentiability of an industry (Rajagopalan & Datta, 1996), this suggests that investors differentially price in the value of employees in industries with more differentiable products. This may be because greater product differentiation swings competition in such industries to a focus on being unique in the marketplace, making employees' knowledge and creativity more valuable relative to traditional concerns of cost and efficiency (Porter, 1980; Rajagopalan & Datta, 1996). As the range of potential strategic directions is wide and changing, organizations in differentiated industries have a constant need for new ideas, and may benefit

from being able to recruit new talent on an ongoing basis. Consequently, employer reputation may be valued more by financial analysts and investors because of the relatively high reliance on human capital in differentiated industries. More simply, the level of advertising expenditures relative to sales may be a factor used by financial analysts and investors to predict future firm performance.

LIMITATIONS AND FUTURE DIRECTIONS

This study only provides a few small tests of how overall and employer reputation are different. Deeper questions include: do different reputations influence different kinds of decisions, or influence different kinds of behavior? That employer reputation influences stakeholders' 'supportive behavior' (Newbury, 2010) is a vague term to rely on from a theory standpoint. There are many ways that different stakeholders can be supportive, and the kind of supportive behavior engendered by either specific or overall reputation might vary by the nature of an audience's stake (Ertug et al., 2016).

This study attempted to capture industry conditions that proxied the importance of human capital for competition in industries. It is possible that a measure that matches this basic theory better would shed more light on the moderating conditions for employer reputation's relationship with performance. A recent study (Gupta, Briscoe & Hambrick, 2016) used similar methods as this dissertation to create industry variables using the entire universe of Compustat firms. These authors used the Compustat item 'staff and related expenses' for those firms disclosing this divided by number of employees to capture industry conditions where employees matter more.

There are also several extensions to the research questions addressed in this dissertation that need more study, as there are other possible explanations for the positive findings. First, it is assumed that the relationship between employer reputation and labor productivity arise from employees' supportive behavior due to how in how employees evaluate companies' performance as employers represent changes in employee behavior. However, no employee behavior was actually measured, so this is an unvalidated assumption and not a theoretical question this study could address directly. It is possible that knowledge embedded in organizational systems and routines explains higher labor productivity, rather than supportive employee behavior. If different workers can easily be substituted that are similarly productive, employer reputation may not matter, or may matter less.

Creating longitudinal models with this study's data would allow probing the relationship between overall and employer reputation, respectively, with organizations' performance. This could shed more light on the extent to which overall and employer reputation have different relationships with performance. Using two points in time could answer questions regarding the direction of causality between reputation and financial performance. It is acknowledged in the literature that the relationship is bi-directional, and a meta-analysis found some evidence that the kind of measurement was related to reputation's relationships with different variables across studies (Ali et al., 2015). A longitudinal study could add to this discussion.

Multi-level modeling could also be used to make a better test of the industry-level moderators. The industry-level variables tested here are also best accounted for with a different method, namely, multi-level modelling. This would allow a better partitioning of

the variance between organization- and industry-level variables, so would make a better test of the employer reputation-industry characteristics interactions.

The *Fortune* sample only consists of very large, well-known, mostly US-based organizations, which limits the generalizability of these findings. Future work should examine these research questions in other parts of the world or for small or medium-sized companies.

Although I argue above that Glassdoor overcomes sampling biases inherent in other employer reputation measures, Glassdoor may bring its own sampling bias. I was able to locate a Glassdoor page for every company within my sampling frame, but I discarded organizations with fewer than 50 Glassdoor reviews. These companies tended to be focused in the non-durable wholesale, manufacturing and oil and gas-related industries. This is a problem that can be addressed by future studies, such as by combining Glassdoor data with other career-related websites (e.g. Indeed.com, vault.com or kununu.com). This may allow a more thorough industry analysis for industries less-represented on Glassdoor. This is also a way to further validate using Glassdoor data as a measure of employer reputation.

The motivation of reviewers is one potential source of bias in Glassdoor ratings. To access its data, such as that on interview questions, salary ranges, and working conditions, Glassdoor requires users to review a company they work for or have worked for in the past. Therefore, a potential concern is that ratings may be random, not well thought out, or given by users who have little experience with the employer. For example, reviewers may sometimes only be interested in Glassdoor's company- and job-specific pay data, perhaps even only to compare their salary with others doing their job for their employer. Another

concern is that managers might prompt employees to give positive reviews and bias ratings upward, or that disgruntled former employees disproportionately visit Glassdoor and bias ratings downward.

Because KLD is an “objective social audit” of socially responsible behavior (Liston-Heyes & Ceton, 2009: 283), it is a better representation of corporate social responsibility. However, as FMAC is created from the perceptions of knowledgeable experts, it is a better representation of what the average stakeholder is likely to think.

This study did not consider within-industry differences in capital, R&D and advertising intensity. However, the logic of the hypotheses arguably works just as well at the organization level. For example, firms in any industry making more significant investments in research and development may just as likely see increased returns to employer reputation as firms competing in industries characterized by high R&D intensity. Future research should examine these possibilities.

Future research could consider within-company variance in employer reputation. Glassdoor data includes information on job type, location, and the sentiment of individual reviews. It is possible that for some companies, managers’ assessment of employer reputation is more important than for non-managers. Or perhaps reputation scores associated with non-key jobs explain labor productivity the most. The geographic location data in Glassdoor could be combined with other data available online, such as customer reviews on Google, to undertake a regional or location-specific analysis.

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APPENDIX A
SUBSIDIARY COMPANIES AND THEIR PARENT ORGANIZATIONS

Parent (as appears in Compustat NA)	Subsidiaries (as appear in Glassdoor)	
ABBVIE INC	Pharmacyclics	
ACCENTURE PLC	Cloud-Sherpas	
ACTIVISION BLIZZARD INC	Activision	King
	Activision-Blizzard	Treyarch
	Blizzard-Entertainment	
ADOBE SYSTEMS INC	TubeMogul	
ADVANCED MICRO DEVICES	AMD	SeaMicro
	American-Technologies-ATI	
AECOM	AECOM-Tishman	URS-Corporation
	Hunt-Construction-Group	
ALLIANCE DATA SYSTEMS CORP	Epsilon	LoyaltyOne
AMERICA MOVIL SA DE CV	Telcel	TracFone
	Telmex	
AMERICAN AIRLINES INC	American-Airlines	US-Airways
ANHEUSER-BUSCH INBEV	Anheuser-Busch-InBev	SABMiller
ANIXTER INTL INC	Accu-Tech	
ANTHEM INC	AIM-Specialty-Health	Anthem
APPLIED MATERIALS INC	AFCO-Industries	
AVNET INC	EBV-Elektronik	Premier-Farnell
BALL CORP	Ball-Aerospace	Rexam
BANK OF AMERICA CORP	BA-Continuum-India	Merrill-Edge
	Bank-of-America	ReconTrust
	Countrywide-Home-Loans	Security-Pacific-Bank

	Home-Loan-Services	U-S-Trust
	Incapital	
BARD (C.R.) INC	Bard-Access-Systems	Davol
	Bard-Limited	FlowCardia
	Bard-Medical	Liberator-Medical-Supply
	Bard-Peripheral-Vascular	NeoMend
	Bard-Pharmaceuticals	Rochester-Medical
BB&T CORP	National-Penn-Bank	Regional-Acceptance
BEMIS CO INC	Mactac	
BLACKBERRY LTD	AtHoc	QNX-Software-Systems
	BlackBerry	Research-In-Motion
	Good-Technology	WatchDox
BLOOMIN' BRANDS INC	Bloomin-Brands	Fleming-s-Prime-Steakhouse
	Bonefish-Grill	Outback-Steakhouse
BOSTON SCIENTIFIC CORP	Cameron-Health-Inc	Guidant-Group
	Cardiac-Pacemakers	Symetis
	CryoCor	
BOYD GAMING CORP	Blue-Chip-Casino-Hotel-Spa	The-Cannery
BRINKER INTL INC	Chili-s-Grill-and-Bar	Maggiano-s
BROADCOM CORP	NetLogic-Microsystems	
BUCKEYE PARTNERS LP	Buckeye-Energy-Services	
CA INC	Arcot-Systems	Rally-Software
	CA-Technologies	Veracode
	NetQoS	
CACI INTL INC -CL A	Six3-Systems	
CAESARS ENTERTAINMENT CORP	Horseshoe-Gaming	
CAREFUSION CORP	Viasys-Respiratory-Care	

CBRE GROUP INC	Trammell-Crow-Company	
CBS CORP	CBS-Interactive	CBS-Radio
CERNER CORP	ExcellRx	
CHEESECAKE FACTORY INC	Grand-Lux-Cafe	
CHINA MOBILE LTD	China-Mobile-Communications	Zong
	China-Mobile-International	
CHS INC	Ventura-Foods	
CITIGROUP INC	Banamex	Citicorp-Services-India
	Citi	CitiMortgage
	Citibank	Diners-Club-International
	Citicapital-Commercial-Corp	Lava-Trading
	Citicorp-North-America	Red-Roof-Inn
CLOROX CO/DE	Burt-s-Bees	Glad
COGNIZANT TECH SOLUTIONS	Cadient-Group	TriZetto
CONSOLIDATED EDISON INC	Con-Edison	Con-Edison-of-New-York
CROWN HOLDINGS INC	CarnaudMetalbox	
CSX CORP	Conrail	CSX-Intermodal-Terminals
CVS HEALTH CORP	HMIS	Omnicare
D R HORTON INC	DHI-Mortgage	
DARDEN RESTAURANTS INC	Bahama-Breeze	LongHorn-Steakhouse
	Darden	Olive-Garden-Italian-Restaurants
DISNEY (WALT) CO	Disney-ABC-Television	Lucasfilm
DISNEY (WALT) CO	Disney-Parks-and-Resorts	Pixar-Animation-Studios
DISNEY (WALT) CO	Disney-Studios	Walt-Disney-Company
DOMINION ENERGY INC	Questar	
DOVER CORP	CPC-Colder-Products-Company	OPW-Fueling-Components
	Datamax-O-Neil	SWEP

	Dover-Corporation	Theta-Oilfield-Services
	Dover-India	Unified-Brands
	Dow-Key-Microwave	Warn-Industries
	Heil-Environmental-Industries	Waukesha-Bearings
	Hydro-Systems	Wayne-Fueling-Systems
	Markem-Imaje	Wiseco-Piston-Company
E TRADE FINANCIAL CORP	OptionsHouse	
EBAY INC	eBay-Enterprise	Shopping-com
	Kijiji	StubHub
	PayPal	
ELECTRONIC ARTS INC	BioWare	PopCap-Games
EMC CORP/MA	Isilon-A-Division-of-EMC	VCE
	RSA-Security	
EMCOR GROUP INC	EMCOR-Connecticut	RepconStrickland
	EMCOR-Group-UK	USM
	Emcor-Services-Aircond	
ENERGY TRANSFER PARTNERS -LP	Sunoco	
ENVISION HEALTHCARE CORP	American-Medical-Response	EmCare
EQUITY RESIDENTIAL	Archstone	Equity-Corporate-Housing
EXPEDIA INC	Classic-Vacations	Hotels-com
	ebookers	Hotwire
	Egencia	Orbitz-Worldwide
	Expedia	Travelocity
	HomeAway	trivago
FIDELITY NATIONAL INFO SVCS	Capco	FIS
FIRST DATA CORP	First-Data	First-Data-Merchant-Services
FISERV INC	CashEdge	Open-Solutions

FLEX LTD	Flex	Flextronics
FORTUNE BRANDS HOME & SECUR	Master-Lock	Moen
	MasterBrand-Cabinets	sentry-safes
FREEMPORT-MCMORAN INC	Climax-Molybdenum	Phelps-Dodge-Refining-Corp
	Freeport-McMoRan-Copper-and-Gold	PT-Freeport-Indonesia
	Freeport-McMoRan-Oil-and-Gas	
GENUINE PARTS CO	Balkamp	NAPA-Auto-Parts
	EIS	Repco
	Johnson-Industries	S-P-Richards
	Motion-Industries	UAP
GLOBAL PARTNERS LP	Alliance-Energy	
GOLDMAN SACHS GROUP INC	GSEC	
GRAINGER (W W) INC	Acklands-Grainger	Imperial-Supplies
	CPC-Colder-Products-Company	Techni-Tool
	Cromwell-Tools	W-W-Grainger
	Fabory-Group	Zoro
GRAYBAR ELECTRIC CO INC	Cape-Electrical-Supply	Graybar-Canada
GROUPON INC	Breadcrumb-by-Groupon	LivingSocial
	ideeli	OrderUp
HARRIS CORP	Aviat-Networks	Innovision
	Exelis	
HCA HEALTHCARE INC	Conroe-Regional-Medical-Center	Methodist-Healthcare-System
	Doctors-Hospital-of-Augusta	Ogden-Regional-Medical-Center
	Grand-Strand-Health	Orange-Park-Medical-Center
	HCA-International	PatientKeeper

	HCA-Virginia	Putnam-Community-Medical-Center
	HealthONE	Sarah-Cannon
	Hospital-Corporation-of-America	Tulane-Medical-Center
	Memorial-Hospital-Tampa	
HEARTLAND PAYMENT SYSTEMS	Touchnet-Information-Systems-Inc	
HOME DEPOT INC	Blinds-com	Interline-Brands
	Home-Depot-Canada	
HYATT HOTELS CORP	GRAND-HYATT-CANNES	Miraval-Arizona-Resort-and-Spa
HYATT HOTELS CORP	Hyatt	SDI
IAC/INTERACTIVECORP	Ask-com	Match
	CityGrid-Media	Meetic
	Citysearch	OkCupid
	Dictionary-com	Plentyoffish-Media
	HomeAdvisor	Tinder
	IAC	Tutor-com
	Investopedia	Vimeo
IHEARTMEDIA INC	Clear-Channel	
ILLINOIS TOOL WORKS	Brooks-Instrument	ITW-Building-Components-Group
	Buehler	Paslode
	Click-Commerce	Signode
	Illinois-Tool-Works	Slime-Accessories-Marketing-Inc
	Instron	Wilsonart-International
INGERSOLL-RAND PLC	Hussmann	Thermo-King
	Ingersoll-Rand-India	
INSIGHT ENTERPRISES INC	Calence-LLC	Insight
	Datalink	Software-Spectrum

INTUIT INC	docstoc	LevelUp
JARDEN CORP	Coleman	K2-Sports
	Jarden	Pure-Fishing
	Jostens	Rawlings
JONES LANG LASALLE INC	Cresa	LaSalle-Investment-Management
	JLL	
JOY GLOBAL INC	Joy-Mining	P-and-H-Mining
JPMORGAN CHASE & CO	Chase	JP-Morgan-First-Capital
	EMC-Mortgage	JP-Morgan-India
	J-P-Morgan	JP-Morgan-Securities
	J-P-Morgan-Asset-Management	
KB HOME	Kaufman-and-Broad	
KEYCORP	First-Niagara-Financial	KeyBank
KINDRED HEALTHCARE INC	Synergy-HomeCare	
KOMATSU LTD	Komatsu-Equipment-Company	Modular-Mining-Systems
KONINKLIJKE PHILIPS NV	Philips	Philips-Lighting
KROGER CO	Dillon-Companies	Loaf-N-Jug
	Food-4-Less	Mariano-s
	Fred-Meyer	Pick-N-Save
	Fry-s-Food	Quality-Food
	Harris-Teeter	Ralphs
	King-Soopers	Roundy-s-Supermarkets
	Kroger	Smith-s-Food-and-Drug
	Kwik-Shop	The-Little-Clinic
	Littman-Jewelers	Turkey-Hill-Minit-Markets
L BRANDS INC	Henri-Bendel	Victoria-s-Secret-Stores
	La-Senza	

LABORATORY CP OF AMER HLDGS	Bode-Technology	LipoScience
	Cellmark	Litholink-Corp
	Covance	MEDTOX
	Dianon-Systems	Monogram-Biosciences
	Dynacare	Pathology-Associates- Medical-Laboratories
	Esoterix	Sequenom
	LabCorp	Tandem-Labs
LAS VEGAS SANDS CORP	Marina-Bay-Sands	Venetian-Casino-Resort-Inc
	Sands-China	
LEGG MASON INC	Brandywine-Global- Investment-Management	permal
	ClearBridge-Investments	QS-Investors
	Legg-Mason	Royce-and-Associates
	Martin-Currie	Western-Asset-Management
LEGGETT & PLATT INC	Pace-Industries	
LENNAR CORP	Uamc	WCI-Communities
LIBERTY INTERACTV CP QVC GRP	Buyseasons	QVC
	Evite	
LIVE NATION ENTERTAINMENT	Ticketmaster	
LOWE'S COMPANIES INC	Lowe-s	RONA
	Orchard-Supply-Hardware	The-Mine
M & T BANK CORP	Wilmington-Trust	
MAGNA INTERNATIONAL INC	Decoma-International-of- America	Getrag-Transmission- Corporation
	Drive-Automotive- Industries-of-America	Magna-International
	GETRAG	Stadco-Automotive
MANITOWOC CO	Manitowoc-Co	Manitowoc-Foodservice
	Manitowoc-Crane-Group	Manitowoc-Ice

MANPOWERGROUP	Experis	Right-Management
MASCO CORP	BEHR	Merillat
	BrassCraft	Milgard-Manufacturing
	Delta-Faucet-Company	Peerless-Mfg
	KraftMaid-Cabinetry	Starmark-Software
	Liberty-Hardware	Watkins-Wellness
MEDTRONIC PLC	Covidien	Medtronic
	Given-Imaging	Osteotech
MGM RESORTS INTERNATIONAL	Beau-Rivage-Resort-and-Casino	MGM-Resorts-International
	MGM-Grand-Hotel	The-Mirage
MOLINA HEALTHCARE INC	American-Family-Care	Providence-Community-Services
MOLSON COORS BREWING CO	MillerCoors	Molson-Coors
MOTOROLA SOLUTIONS INC	Airwave-Solutions	
NEWELL BRANDS INC	Elmer-s-Products	Newell-Rubbermaid
	Endicia	Yankee-Candle
	Graco	
NEXTERA ENERGY INC	Florida-Power-and-Light	Gexa-Energy
NVR INC	Ryan-Homes	
OCCIDENTAL PETROLEUM CORP	INDSPEC-Chemical	Occidental-Petroleum
	Occidental-Permian	Oxy-Vinyls
OFFICE DEPOT INC	Grand-and-Toy	OfficeMax
ONEOK INC	Mid-Continent-Group	
OWENS & MINOR INC	Movianto	
PARKER-HANNIFIN CORP	CLARCOR	
PATTERSON COMPANIES INC	Animal-Health-International	Patterson-Dental
PAYCHEX INC	SurePayroll	

PENN NATIONAL GAMING INC	Hollywood-Casino	
PPL CORP	LG-and-E-and-KU-Energy	Western-Power-Distribution
PRICELINE GROUP INC	Agoda	Priceline-com
	Booking-com	Priceline-Group
	Kayak-com	rentalcars-com
PULTEGROUP INC	Centex	Pulte-Homes
	Centex-Homes	Pulte-Mortgage
	CTX-Mortgage	
PVH CORP	Calvin-Klein	Tommy-Hilfiger
QUANTA SERVICES INC	Price-Gregory	
QUEST DIAGNOSTICS INC	AmeriPath	Summit-Health
	Berkeley-Heartlab	HemoCue
QUINTILES IMS HOLDINGS INC	Encore-Health-Resources	
RAYMOND JAMES FINANCIAL CORP	Eagle-Asset-Management	Morgan-Keegan-Financial-Advisor
RAYMOND JAMES FINANCIAL CORP	MacDougall-MacDougall-and-MacTier	
REALOGY HOLDINGS CORP	Better-Homes-and-Gardens-Real-Estate	NRT
	Cartus	ONCOR
	Century-21	Realty
	Coldwell-Banker	Sotheby-s-International-Realty
	Coldwell-Banker-Residential-Brokerage	Title-Resource-Group
	ERA-Franchise-Systems	ZipRealty
REGIONS FINANCIAL CORP	Exchange-Bank	
RICOH CO LTD	Avanti-Computer-Systems	
ROBERT HALF INTL INC	Protiviti	
S&P GLOBAL INC	S-and-P-Global-Market-Intelligence	S-and-P-Global-Ratings
SALESFORCE.COM INC	Demandware	Salesforce

	HeyWire	
SANDISK CORP	Fusion-io	
SCANSOURCE INC	Intelisys	
SCHEIN (HENRY) INC	Henry-Schein-Animal-Health	
SCHWAB (CHARLES) CORP	OptionsXpress	
SEABOARD CORP	Seaboard	Seaboard-Marine
	Seaboard-Foods	Seaboard-Transport
SEAGATE TECHNOLOGY PLC	LaCie	
SERVICEMASTER GLOBAL HLDGS	AHS	ServiceMaster
	Merry-Maids	Terminix
SIMON PROPERTY GROUP INC	The-Shopping-Center-Group	
SOUTHERN CO	Alabama-Power	
SPARTANNASH CO	Family-Fare	No-Frills-Supermarkets
	Nash-Finch	T-J-Morris
SPECTRA ENERGY CORP	Union-Gas	
STANLEY BLACK & DECKER INC	Mac-Tools	Sonitrol
STARWOOD HOTELS&RESORTS WRLD	Aloft-Hotels	Starwood-Hotels-and-Resorts
	Le-Meridien	The-Luxury-Collection-Hotels-and-Resorts
	Sheraton	Westin
	St-Regis-Hotels	
STATE STREET CORP	IFDS	State-Street-Global-Advisors
	State-Street	State-Street-Global-Markets
STRYKER CORP	MAKO-Surgical	Small-Bone-Innovations
	Physio-Control	
SUNTRUST BANKS INC	GenSpring	SunTrust-Robinson-Humphrey
SUPERVALU INC	Cub-Foods	Shop-n-Save

	Farm-Fresh-Supermarkets	Shoppers-Food-and-Pharmacy
	Hornbacher-s	
SWIFT TRANSPORTATION CO	Central-Refrigerated-Service	
SYMANTEC CORP	Blue-Coat-Systems	Narus
	LifeLock	Veritas
SYNNEX CORP	ComputerLand	Hyve-Solutions
	Concentrix	New-Age-Electronics
TARGA RESOURCES CORP	Atlas-Energy	
TAYLOR MORRISON HOME CORP	Darling-Homes	
TEAM HEALTH HOLDINGS INC	D-and-Y	PhysAssist-Scribes
	IPC-Healthcare	Spectrum-Healthcare
TECH DATA CORP	Brightstar	
TELECOM ITALIA SPA	TIM-Brasil	
TENET HEALTHCARE CORP	Abrazo-Community-Health-Network	Doctors-Hospital-of-Dallas
	Aspen-Healthcare	Emanuel-Medical-Center
	Baptist-Health-System-Texas	Houston-Northwest-Medical-Center
	Carondelet-Health-Network	Park-Plaza-Hospital
	Cypress-Fairbanks-Medical-Center-Hospital	Tenet-Healthcare
	Detroit-Medical-Center	Vanguard-Health-Systems
TERADATA CORP	Think-Big	
TEREX CORP	Genie	
TIME WARNER INC	CNN	TBS
	HBO	Turner-Broadcasting
	HBO-Latin-America-Media-Services	Warner-Bros
TRW AUTOMOTIVE HOLDINGS CORP	Rane-Holdings	TRW-Sun-Steering-Wheels

	Rane-TRW-Steering-Systems	ZF-TRW
TUPPERWARE BRANDS CORP	BeautiControl	
TWENTY-FIRST CENTURY FOX INC	21st-Century-Fox	FOX-Sports
	Blue-Sky-Studios	FX-Networks
	FOX-Broadcasting	Twentieth-Century-Fox
	Fox-Networks-Group	Twentieth-Century-Fox-Television
	FOX-News	
U S BANCORP	Elavon	Syncada
UNITED NATURAL FOODS INC	Gourmet-Guru	Haddon-House
UNIVERSAL HEALTH SVCS INC	Ascend-Health	Manatee-Memorial-Hospital
	Cygnnet-Health-Care	Universal-Health-Services
	Desert-Springs-Hospital	Valley-Health-System-Nevada
UNUM GROUP	Colonial-Life-and-Accident-Insurance-Co	
VENTAS INC	Ardent-Health	Lillibridge-Healthcare-Services
VERIZON COMMUNICATIONS INC	Adap-tv	MapQuest
	AOL	Verizon
	Huffington-Post	Verizon-Wireless
VF CORP	Nautica-Enterprises	Timberland
	The-North-Face	Vans
VIACOM INC	Paramount-Pictures	Viacom-Media-Networks
WAL-MART STORES INC	ASDA	Sam-s-Club
	Jet	Walmart-eCommerce
	ModCloth	
WARNER MUSIC GROUP CORP	Atlantic-Records	Warner-Chappell
	Warner-Bros	Warner-Music

	Warner-Bros-Records	
WELLCARE HEALTH PLANS INC	Windsor-Health-Plan	
WELLS FARGO & CO	Evergreen-Investments	MWCM
	Galliard-Capital-Management	Norwest-Venture-Partners
	H-D-Vest	Wells-Capital
	HomeServices	
WESCO INTL INC	Carlton-Bates	EECOL-Electric
	Communications-Supply	WESCO-International
WESTROCK CO	MeadWestvaco	Rock-Tenn
WORLD FUEL SERVICES CORP	Colt-International	Papco
WYNDHAM WORLDWIDE CORP	Baymont-Inn-and-Suites	Ramada
	Days-Inn	RCI
	Hawthorn-Suites-by-Wyndham	Wyndham-Vacation
WYNN RESORTS LTD	Wynn-Las-Vegas	Wynn-Macau
YRC WORLDWIDE INC	Reddaway	
YUM BRANDS INC	KFC	Wingstop
	Pizza-Hut	Yum
	Taco-Bell	
ZIMMER BIOMET HOLDINGS INC	CD-Diagnostics	Medtech
	EBI	Zimmer
	LDR-Spine	Zimmer-Biomet

APPENDIX B COMMON MEASURES OF REPUTATION

Data source	Description	Reputation Content
Fortune	Securities analysts and executives (and later, also outside directors) rate the largest 10 firms in their industry rating firm attributes on a scale of 1–10	<ul style="list-style-type: none"> ⤴ quality of products and services ⤴ innovation ⤴ employee talent ⤴ quality of management ⤴ use of corporate assets ⤴ financial soundness ⤴ long-term investment value ⤴ social responsibility ⤴ effectiveness in doing business globally
RepTrak/ Reputation Quotient Fombrun et al., 2015	Surveys key opinion leaders Rating firm attributes	<p><i>Products & Services</i> - “perceptions of a company's offerings based on whether they are thought to be high in quality, value & service</p> <p><i>Innovation</i> - “assesses perceptions of a company as innovative and adaptive”</p> <p><i>Workplace</i> - “perceptions of a company’s practices in maintaining an environment that shows concern for employees, and for treating and rewarding them fairly and equitably”</p> <p><i>Leadership</i> - “intended to assess perceptions of leaders as excellent and visionary managers, and strong endorsers of their companies.”</p> <p><i>Governance</i> - “perceptions of a company as ethical, fair and transparent.”</p> <p><i>Performance</i> - “perceptions of a company’s investors overall financial performance, profitability and growth prospects</p> <p><i>Citizenship</i> - “perceptions of a company as environmentally friendly, a supporter of good causes and a positive contributor to society”</p>
KLD SOCRATES	<p>A database is built from financial statements, articles in the popular press, academic journals, and government reports.</p> <p>Independent industry experts or issue specialists use the database to rate companies</p>	<p><i>Community</i> – charitable giving, innovative giving, non-US giving, support for housing, support for education, etc.</p> <p><i>Corporate governance</i> – limited compensation, ownership, transparency, political accountability</p> <p><i>Diversity</i> – CEO, promotion, Board of Directors, family benefits, women & minority contracting, employment of disabled, etc.</p> <p><i>Employee Relations</i> – union relations, employee profit sharing, retirement & other benefits, employee involvement</p> <p><i>Environment</i> - beneficial products and services, pollution, recycling, clean energy</p> <p><i>Human Rights</i> – Indigenous peoples relations, labor rights</p>

	Each indicator in each category is given a 1 if the company enacts the behavior, 0 if not	<i>Product</i> – quality, innovation, benefits to economically disadvantaged
Corporate Citizenship Scale Peterson, 2004	A survey measure of corporate social performance (CSP). The intended recipients are those who are intimately familiar with an organization (managers and employees). This scale is intended to measure actual organizational behavior, the way things are done within an organization.	<i>Economic citizenship</i> - “the obligations for businesses to maintain economic growth, and to meet consumption needs.” <i>Legal Citizenship</i> - “businesses must fulfill their economic mission within the framework of legal requirements.” <i>Ethical citizenship</i> - “that businesses abide by moral rules defining appropriate behaviors in society.” <i>Discretionary citizenship</i> - “business activities that are not mandated, not required by law, and not expected of businesses in an ethical sense” (Maignan & Ferrell, 2004: 284)
Corporate Character Scale Davies et al., 2010	Trait-based approach (like brand or organizational personality) “how a stakeholder distinguishes an organisation, expressed in terms of human characteristics” Designed to assess both internal (employees) and external (customers) stakeholders	Aggreeableness Enterprise Competence Chic Ruthlessness
Customer-based Reputation (CBR)	Customers rate their current service providers	Customer Orientation, Good Employer, Reliable and Financially Strong Company, Product and Service Quality, Social and Environmental Responsibility

Walsh et al., 2007, 2009, 2014		
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