



New proposal for Corporate Reputation assessment: Reputation Performance Indicator

Nueva propuesta de evaluación de la Reputación Corporativa: Indicador de Desempeño Reputacional



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Abstract:

Based on the concept of reputation by consensus proposed by the author in previous research, this study conducts a comparative analysis of the most currently recognized methodologies for assessing corporate reputation, both in the academic as well as professional fields (reputation ranking). Moreover, this study allows for the identification of different theoretical approaches, their features, and the concepts related to reputation underlying the methodologies. Once all of the methods have been compared, they are subsequently classified and analysed objectively. This research concludes that the proposal of a methodology for assessing corporate reputation through performance indicators is in line with the concept of reputation by consensus, and the aim is for it to become a valid, accepted methodology for reputation assessment.

Keywords:

Corporate reputation; reputation rankings; reputation performance indicator.

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Resumen:

Partiendo del concepto de reputación de consenso propuesto por la autora en anteriores investigaciones, se realiza un análisis comparativo de las metodologías existentes más reconocidas para evaluar la reputación corporativa, tanto desde el ámbito académico como profesional (monitores de reputación), y se identifican los diferentes planteamientos teóricos, sus componentes y los conceptos de reputación subyacentes a las metodologías. Comparados todos los métodos, se procede a su clasificación y a su análisis crítico. El trabajo de investigación concluye con la propuesta de una metodología de evaluación de la reputación corporativa a través de indicadores de rendimiento que se ajusta al concepto de reputación de consenso, y que aspira a ser una metodología válida y aceptada para la evaluación de la reputación.

Palabras clave:

Reputación corporativa; monitores de reputación; indicador de desempeño reputacional.

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1. Introduction

Both in academic literature and in the daily activity of organizations, corporate reputation is a concept related to corporate purpose, which includes an increase in financial performance, improvement of sales and commercial activity, differentiation from competitors, attracting and retaining talent, selection of better suppliers, reduction of operating costs, achievement of higher goals, enticing large investors, and so on. These areas and others are where reputation is present, and its management by organizations provides noteworthy benefits as well. Given its “omnipresence”, reputation is seen as a widely used concept of considerable interest to business management today.

However, both in the professional field as well as in the academic realm where we study this concept, we find a considerable number of controversies and dilemmas, including the following: there are as few as one, or as many as various reputations in existence today; it is either of a rational or emotional nature; it can be seen as an asset or a resource; it can be based on an objective reality or on a social construction; and finally, the question is why there are so many different methods used for its measurement. Therefore, this research aims to shed light on the methods for measuring and/or assessing reputation from a purely practical point of view based on the concept of corporate reputation by consensus.

In the last three decades, studies on corporate reputation have increased, but with different results regarding its conceptual components. However, there are certain aspects that many theorists take into account when explaining the concept of corporate reputation (hereinafter CR), which gives rise to the concept of consensus, proposed by the author in previous studies, and will form the basis of the approach of the assessment methodology:

Corporate reputation: an intangible resource of a company expressed in the organization's behaviour, which requires a certain amount of time for its design, and is recognised by the company's public as a creator of value as long as it conforms to the ideals that this public considers to be worthy of such a reputation (Ferruz, 2017).

Visualized in this way, corporate reputation implies the following:

1. A strategic, manageable resource that adds value to a business.
2. It has a universal dimension.
3. It is the result of actions carried out by the company with all of its stakeholders.
4. These actions must be maintained over time to be recognised as reputation builders.
5. These actions have an axiological nature because they must respond to the specific needs of the public in such a way that such actions provide the public with real value.
6. The public is an unequivocal part of the reputation equation as their recognition is necessary for reputation to “take effect”, yet there is no causal relationship, nor is interaction between the public and the company essential.

Other intangible assets similar to reputation such as Brand and Good Governance are also subject to assessment, but in these cases there are measurement standards such as UNE 418001: 2015 Brand Assessment, Requirements for the monetary valuation of a brand (this appeared as a continuance of ISO 10668: 2010 Brand Valuation, Requirements for monetary brand evaluation), which clarifies the necessary steps to be taken by the appraiser, as well as the elements

to be taken into account in the brand valuation process; another is the Global Reporting Initiative standard (a non-governmental organization that aims to promote Sustainability Reporting and ESG: Environmental, Social, and Corporate Governance, which sets out the principles and indicators that organisations can use to measure and report their economic, environmental and social performance, providing free guidance on reporting, and also taking into account the guidelines of the international standard ISO 26000 Guide to Social Responsibility. Although this guide is not mandatory, it has implied a before and after in the creation of sustainability reports, standardising such reports in the last five years, thereby allowing for comparative analyses to be made between companies in the same sector and for the observation of a company's evolution in a certain period with regard to good governance.

These standards were initiated in the last decade and are being gradually finalized and improved. Furthermore, they arise from the need for guidelines to address the monetary valuation of the brand and good governance, and to have a frame of reference for taking action in line with accounting and valuation standards commonly accepted around the world. The combined collaborative work between the academic and business sectors has made it possible, in both cases, to provide agreement on evaluation standards based on shared concepts. Similarly, the purpose of this study is to explore the possibility of developing a standard for the assessment of Reputation as a fundamental intangible in today's organisations derived from the aspects of consensus in its conceptualisation.

More specifically, this research aims to achieve the following objectives:

- Analyse the most widely used methods for assessing CR in both the professional and academic fields and to identify the variables they take into account when assessing CR.
- Define the consensus variables of the valuation methods.
- Analyse the concept of reputation behind the use of these consensus variables.
- Propose a method of assessing CR in line with the existing concept of consensus.

To this end, we start from the following **Hypothesis**:

Current methods of assessing corporate reputation lead to different results for the same organizations because such methods manage different aspects of corporate reputation, despite the fact that in many cases they use very similar variables for its evaluation.

Bearing in mind that there is a concept of corporate reputation by consensus defined through the elements of which it is comprised, the objective is to go one step further by proposing a methodology for assessing corporate reputation.

Regarding the **working methodology**, this theoretical research has involved carrying out a literature review using the analytical-synthetic and inductive-deductive method, and has thereby completed the following phases:

1. Analysis of the different internationally-recognised methodologies of assessment of the object of study through the features that are taken into account by each one.
2. Critical comparison of methodologies and the definition of common features.

2. Theoretical review and problem statement. Analysis of the methods for assessing Corporate Reputation

The growing importance of reputation in recent decades as a valuable intangible that can be managed has led to reputation rankings having become increasingly influential in the business world, along with and originating from certain methodologies developed in the academic world. This study analyses the most significant in each area.

2.1. Reputation rankings. Comparative analysis

The indexes, or indicators of reputation assessment, commonly called rankings, are generally published on an annual basis and are linked to consulting firms and the media. They are recognized by the business community as tools that generate a certain level of influence on business strategies. We will review the most renowned worldwide, which include the following: the World's Most Admired Companies by the Hay Group, Global RepTrak™ Pulse by the Reputation Institute, Brandz™ Top 100 by Millward Brown, and the World's Most Respected Companies by Barron's; in Spain and Latin American countries, we find *MERCO* (Corporate Reputation Business Ranking) prepared by the company *Villafañe y Asociados, Análisis e Investigación*

All of these take into account different variables for their evaluation. According to Professor Villafañe (Villafañe, 2004), by using one name or another we can generally classify them into six groups of attributes: economic results, commercial quality, labour quality, innovation, internationalisation, and ethics/CSR. As we will see, even though they analyse similar attributes, the results they arrive at are very different, as shown in the following table that compares the ranking of the five most reputable companies in the leading world indexes mentioned above between 2011 and 2019, where we can see the variations that have occurred among indexes and within the indexes themselves for each year (Table 1).

Table 1. Comparison of index results from 2011 to 2019 (*)

Ranking / year	World's most Admired Companies	Global Reprtrak Pulse / 100	Brandz Top 100	World's most Respected Companies
2011	Apple Google Berkshire Hathaway Southwest Airlines Procter & Gamble	Google Apple Disney BMW Lego	Apple Google IBM McDonald's Microsoft	Apple Amazon Berkshire Hathaway Amazon McDonald's
2012	Apple Google Amazon Coca Cola IBM	BMW Sony Disney Daimler Apple	Apple IBM Google McDonald's Microsoft	Apple IBM McDonald's Amazon Caterpillar
2013	Apple Google Amazon Coca Cola Starbucks	BMW Disney Rolex Google Daimler	Apple Google IBM McDonald's Coca Cola	Berkshire Hathaway Disney Apple Google Coca Cola
2014	Apple Amazon Google Berkshire Hathaway Starbucks	Disney Google BMW Rolex Sony	Google Apple IBM Microsoft McDonald's	Apple Berkshire Hathaway Boing Google Johnson&Johnson
2015	Apple Google Berkshire Hathaway Amazon Starbucks	BMW Google Daimler Rolex Lego	Apple Google Microsoft IBM Visa	Apple Disney Berkshire Hathaway Visa Google
2016	Apple Google Amazon Berkshire Hathaway Disney	Rolex Disney Google BMW Daimler	Google Apple Microsoft AT&T Facebook	Johnson&Johnson Berkshire Hathaway Apple Amazon Nike
2017	Apple Amazon Starbucks Berkshire Hathaway Disney	Rolex Lego Disney Canon Google	Google Apple Microsoft Amazon Facebook	Alphabet Apple Amazon Berkshire Hathaway Microsoft
2018	Apple Amazon Alphabet Berkshire Hathaway Starbucks	Rolex Lego Google Canon Disney	Google Apple Amazon Microsoft Tencent	No survey results have been published
2019	Apple Amazon Berkshire Hathaway Disney Starbucks	Rolex Lego Disney Adidas Microsoft	Amazon Apple Google Microsoft Visa	No survey results have been published

*We have excluded the MERCO index from the comparison because of its local scope. It has been analysed separately

Source: created by the author

As we can see, the diversity of companies included in the top five of each ranking is remarkable (if we go to 10, 25 or 50 positions, the differences are still considerable with regard to the companies included, as well as their positions). In fact, only Apple and Google appear in all of the indexes practically year after year, although in some of them they are in very diverse positions with regard to the rest –see Global Reprtract. On the other hand, there are also significant differences even within the same index, as for example in the case of Apple not appearing in 2013 in the Global Reprtract Pulse index, yet having been included years before and years after; or Berkshire Hathaway in the World's Most Respected Companies index, which after being the 3rd most reputable company in 2011 disappears from the top ten the following year, and only a few months later re-enters the index in 1st place in the following edition; or the case of Sony, which only appears in one index for several years despite its strong position in that same index.

It should be pointed out that we have only taken into account the first 5 positions because we believe the variations must necessarily be smaller among those who lead the markets, since the leadership position is not easily “earned”. Moreover, since it is necessary to implement a strategy over time to reach leading positions in a certain sector and in the market in general, we believe the positions are more stable in these top positions of the rankings. In spite of this, even though one might consider this to be a simplistic analysis, in any case it clearly reflects the lack of criteria in the measurement of reputation, and it questions the reliability of the systems that calculate such reputation. For us, this undoubtedly reaffirms the necessity to delve more deeply into the evaluation formulas of each index in order to analyse the reasons why their results are so disparate.

In the above comparison, we have not included the reference index of Spanish companies since local companies cannot be compared with those of a global nature. Here we refer to *MERCO* (Corporate Reputation Business Ranking), in its *COMPANY* version, which we have mentioned as a tool of reference in measuring the corporate reputation of companies operating in Spain.

Once again, we include a comparative table (Table 2) where results of the *MERCO COMPANY* index can be seen for the last 9 years (2011-2019), and we have observed that the variations are smaller than in the international rankings. In spite of this, some companies have reached diverse positions in certain years –*El Corte Inglés* and *BBVA*– although these are irrelevant when analysing their comparative position within their sectors.

Table 2. Comparison of MERCOSUR COMPANIES, 2011-2019 results

Year/ Rank	2011	2012	2013	2014	2015	2016	2017	2018	2019
1º	Santander	Inditex	Inditex	Inditex	Inditex	Inditex	Inditex	Inditex	Inditex
2º	Inditex	Mercadona	Mercadona	Mercadona	Mercadona	Mercadona	Mercadona	Mercadona	Mercadona
3º	Telefónica	Repsol	Santander	Santander	Santander	Santander	Santander	Santander	Repsol
4º	Repsol	Santander	Repsol	Repsol	Repsol	BBVA	Repsol	BBVA	Santander
5º	Caixa-bank	Telefónica	Iberdrola	Telefónica	Telefónica	Repsol	BBVA	Repsol	Telefónica
6º	Mercadona	Iberdrola	Telefónica	BBVA	BBVA	Telefónica	Telefónica	Telefónica	Caixa-bank
7º	Iberdrola	Caixa-bank	BBVA	Iberdrola	Iberdrola	Caixa-bank	Caixa-bank	Caixa-bank	Once
8º	BBVA	El Corte Inglés	Mapfre	Mapfre	Caixa-bank	Iberdro-la	Mapfre	Once	Mapfre
9º	El Corte Inglés	Google	Coca Cola	Caixa-bank	Mapfre	Mapfre	Iberdrola	Mapfre	Ikea
10º	Mapfre	Mapfre	Caixa-bank	Google	Google	Google	Once	Iberdrola	BBVA

Source: created by the author

In any case, taking the comparisons into account, we insist that it seems reasonable to contemplate the way that each ranking measures reputation in order to understand the differences and be able to prevent the index results from losing credibility for stakeholders. Specifically, examination of the methodology used by these reputation assessment rankings is necessary in order to verify whether they evaluate the pre-defined aspects of the concept of reputation, and to this end, some criteria to take into account have been identified in this research, allowing us to carry out a comparative analysis under similar conditions.

In this regard, four aspects have been clearly identified and are shared by all of the rankings. Moreover, these aspects are the ones that are considered in the comparative analysis, and they are as follows:

1. Variables they take into account: We also find it difficult to identify common points or to use an inner criterion in order to organise them into groups that facilitate their comparison. Therefore, following the well-known differentiation concept used in business management, we will divide them into two basic categories: hard and soft elements or variables (this classification was created in 1980 from the work of two Mackinsey employees, Tom Peters and Roger Waterman, who identified the 7 Ss (or 7-S Model) of business strategy that differentiates two types of variables: hard

variables– strategy, structure and systems; and soft variables– skills, style, staff and shared values). The first category refers to aspects related to the performance of business management itself, or in other words, economic results, financial strength, capacity for innovation, product quality, etc. The soft variables refer to intangible assets related to people, CSR, the business perspective, and recognition by the public.

2. The assessment method they use: the process they use to collect information from the company and from the defined audiences, or in other words, whether they use surveys only or whether they also obtain data from the company itself (accounting reports, CSR, etc.).
3. The number of evaluations they carry out: the system that the indexes offer in order to check their own results and to validate the evaluation process.
4. People who evaluate or give their opinion: what audiences are asked for their opinion and who answer the survey questions.

All of these methodological issues ensure accuracy for us with regard to comparison and objectivity when analysing rankings. In the following table (Table 3), a summary of the characteristics of the selected indexes is provided, which shows the diversity regarding evaluation criteria, methodologies of results quantification, and the public taken into account in carrying out the evaluations.

Table 3. Comparison of the indexes according to pre-set variables

Index	Variables	Evaluation Method	Number of evaluations	Evaluating Audience
World’s Most Admired Companies	9 (hard and soft)	Survey of 15,600 people	1	Professionals and informed audiences
Global Reprtrak Pulse™	4 (soft) that evaluated 7 aspects	Survey of 100,000 people + behaviour of stakeholders	1 evaluation in two phases	Consumers and interested parties (informed audiences)
Brandz Top 100	Economic-financial + brand value	Survey + accounting reports	2	Consumers and experts
World’s Most Respected Companies	Economic-Financial	Survey	1	Experts only
MERCO	6 (4 hard and 2 soft)	Surveys among executives of 3,478 companies + 5 panels of experts	5	The general public + expert groups + companies

Source: created by the author

In addition to the obvious differences regarding the evaluation criteria and the audiences taken into account, there is a general lack of transparency in the indexes. Several indicators do not clarify the process of choosing the companies that will be part of the analysis, and others are based on a predefined universe of companies. The predefined universe itself constrains the evaluation of reputable companies by their audience.

On the other hand, there are many differences when it comes to evaluation by each audience. Not every audience evaluates the same thing, nor does their evaluation have the same weight in the overall calculation. However, several indexes do not define the weight of each audience. It is possible that the same audience is suitable for evaluating one company but not another.

In addition, the evaluation process is carried out with predefined criteria from the first edition of each ranking, or in other words, there is no occasional review of the evaluation criteria, but instead an initial investigation was performed to predefine the criteria, and those are the criteria they continue to use. Although one might accept that certain criteria are common to any ranking and invariable over time, in the words of Professor Villafaña (2004), these are “canonical” criteria derived from four areas (consumption, organisation, capital, and the social realm), and it also seems reasonable that rankings should incorporate systems to contrast attributes with audiences on an occasional basis, since the changing circumstances of the business and social environments in which we live can cause the value given to a company by its public to change or be adapted over time.

Another important aspect is that none of them takes into account the investment in communication and this can significantly influence public perception. Therefore, it would be necessary to consider the size of the communication investment as a factor that would amplify the activities among each evaluating audience in order to weigh its results with regard to the totality of the audiences and the evolution of the audience itself.

Moreover, as we have already mentioned, there is clearly a lack of consistency in terms of evaluation variables and evaluating audiences.

Finally, reflection on the online conversation related to a brand or company is ignored. The online environment undoubtedly serves as today’s benchmark for many stakeholders when they have to make a decision about a company, product, etc. There are informed professionals in this area (bloggers, opinion leaders, influencers), as well as organised consumer groups that should be taken into account in the analyses, as the online environment is where many transactions take place and where opinions are often formed with a consequent change of attitude in buying a product or service, selling shares, hiring employees, etc., to give a few examples.

In summary, after having analysed the rankings, we find the following points of disagreement:

- Discrepancies to be considered in defining the universe of companies.
- Definition of different evaluating audiences (informed/uninformed) and different weighting processes of their opinions with regard to the total.
- Evaluation of different attributes by similar audiences.
- Lack of periodic review of evaluation criteria (dimensions, and attributes) to check their effectiveness in assessing corporate reputation.
- Non-existence of communication investment variables nor of online conversation as additional indicators for contrasting the opinions of audiences and the importance of those opinions.

- General lack of rigour regarding methodology resulting from a scarcity of transparency in the measurement and weighting process, as well as in external auditing, with the exception of *MERCO*, which uses a more complete and objective methodology as it carries out more evaluations with more audiences and is the only ranking service that incorporates internal control procedures, as well as external auditing.

Therefore, we conclude that there is clearly a wide range of diverse methodologies, or in other words, a deficiency of consolidated measurement tools, and in any case, none of them takes into account the reputational construct as a starting point. In spite of this, reputation rankings have become increasingly influential in the business world, and in the process they have given the concept of reputation the influence and recognition it deserves.

2.2. Measuring reputation from the academic world. Comparative analysis

In the academic world, the measurement of reputation has been the subject of numerous studies in recent decades. Berens and van Riel (2004) conducted a comprehensive review of the academic literature on reputation measurement and compared 75 studies conducted between 1958 and 2004 with the aim of identifying the underlying currents of thought for conceptualizing and measuring the relationship between a company and its stakeholders. They identified 3 main currents of thought and assessment of reputation based on three fundamental concepts (about 60% belonged to one of these three currents): 1) The social expectations that people have of companies; 2) The different corporate personality traits that people attribute to companies; 3) The level of trust or mistrust that people have toward a company. The measurement of social expectations was the most frequent current of thought among the literature analysed (within which most of the present rankings would be located).

However, subsequent to this review, several studies on the subject have been undertaken that have developed different scales to measure reputation. In this research, the most relevant have been considered according to their influence in the academic field. These have been summarized below as follows:

2.2.1. Newell and Goldsmith Corporate Credibility Scale (2001)

This scale does not directly measure corporate reputation, yet it is relevant given the fact that credibility forms part of the overall concept of trust, and this is a procedure that occurs in any case in corporate reputation; therefore, this scale measures a sub-process of reputation that is also fundamental for its establishment. Newell and Goldsmith (2001) identify 8 aspects, or variables, related to the experience with and trust toward a company by its public; the authors propose the measurement of these aspects using the method of summary evaluations, better known as the Likert scaling system.

Newell and Goldsmith conducted a validity analysis of their scale by testing it with a group of students and two specific brands. The scale showed some structural validity, showing statistically acceptable correlation coefficients. However, these researchers themselves recognised that the validity of such a methodology depends on testing it with different types of audiences and different types of companies, which is something that still needs to be carried out.

2.2.2. *Reputation Scale of Cravens and her team of researchers (Cravens, K., Oliver, E. G., and Ramamoorti, S., 2003)*

For these authors, reputation must be assessed by an independent agency that verifies whether the company meets certain criteria or characteristics that provide the company with a reputation. These criteria are predefined by the company's main public (customers, employees, managers, etc.) and are summarized in 8 attributes (4 of them referring to hard variables, and another 4 to soft variables), which are weighted, with evaluation scales from 1 to 9.

2.2.3. *Corporate scale by Davies and his colleagues (Davies, G., Chun, R., da Silva, R. V., and Roper, S., 2004)*

This scale is for employees and customers based on the metaphor of personality, or in other words, "how stakeholders distinguish an organization by expressing themselves in terms of human traits". They focus on the emotional ties that interested parties have with the organization, and after conducting several interviews, focus groups, and surveys of managers, employees and customers, they define a scale of 49 items that describe 16 different aspects with 7 factors or features. These authors tried to validate the scale, but recognized that not all items were suitable for every type of company; furthermore, the items only provide limited validation of conceptual equivalence.

2.2.4. *Helm's Reputation Formative Scale (2005)*

This scale analyses the experience of employees and customers, as well as the shareholders with three different versions for each group, and with 10 items, or attributes of reference, adapted in each version. The scale is deployed on two levels—attributes and the overall measurement of rational reputation. Its novelty lies in being a scale that is formative rather than reflective. The scale is structured on two levels: the indicator level and the global reputation level, which is a direct weighted average of the basic indicators. The differentiation made by audiences of the scale showed that not all indicators were meaningful to the audiences and they activated different sources of support.

2.2.5. *Reputation measurement model by Manfred Schwaiger (2004)*

Schwaiger proposes a set of indexes and estimates to determine the influence on corporate reputation using the theory of two dimensions of reputation (cognitive/affective). The data revealed that the cognitive dimension of reputation can be described as "competence", and the affective part can be subsumed within the descriptor of "affinity" toward a corporation. Finally, the author identified the main drivers of each of the two descriptors so that an organization can infer clues as to how to manage these reputation components.

2.2.6. *The customer-based reputation scale of Walsh and Beatty (2007), and afterward Boshoff (2009)*

Their research was carried out within the field of marketing with the aim of demonstrating the link between reputation and advertising credibility by analysing the attractiveness of advertisements to consumers. They created a psychometric measurement scale composed of 31 items and reached partially conclusive results about the correlation between the good image of a company, a higher level of advertisement acceptance, and the association with a greater intention to purchase. On the other hand, Boshoff tried to perfect the work of Walsh and Beatty and proposed a scale of 17 items with more extensive psychometric properties. However, these approaches are very specific and do not evaluate a company's overall reputation; they only aim to scientifically show the link between reputation in the consumer's mind toward a

company and their purchase response, limiting the concept of corporate reputation, and ultimately equating it to that of corporate image.

2.2.7. Overall reputation index of Highhouse and colleagues (Highhouse, S., Broadfoot, A., Yugo, J. E., and Devendorf, S. A., 2009)

These authors propose a theoretical version of an overall metric based on the theory of “generalization”. They perceive reputation as an intangible resource that takes the form of a comprehensive attitude with three distinct features: it is an overall assessment, it is agreed to by a sufficient number of interested parties, and is stable over time. With these premises, they carried out an investigation with experts, asking them a set of items about 9 relevant companies in order to identify those that met the three theoretical requirements. The result was the identification of 3 items: “This company has an excellent reputation”; “This company is admired and respected”; or “This company is among the best”, showing that different experts reached very similar results in terms of how they evaluated different aspects of corporate performance for the purpose of shaping their overall reputational judgments. Their results suggest that stable estimates of overall reputation can be achieved with a small number of dimensions and experts.

2.2.8. The institutional distrust scale of Adams and various authors (Adams, J. E., Highhouse, S., and Zickar, M. J., 2010)

This scale evaluates general mistrust of any organization, defined as “the degree to which an individual expects an organization’s goals, intentions and outcomes to be consistent with social norms”. They propose a scale composed of 13 items, all of which are submitted from the viewpoint of denial of good practice. For example, “corporations are not law-abiding” or “corporations do not accept transparency”. This scale is interesting for the purpose of assessing when a feeling of mistrust is rooted in an audience and the degree to which it is embedded. However, beyond this situation, and as far as intangibles are concerned, it ends up being insufficient for evaluating a complex concept such as reputation for stakeholders.

Similar to what has been carried out with the rankings, a comparison of the academic methodologies described is presented below, starting with Alloza’s summary outline of indicators (Alloza, A. et. al., 2013), in Table 4, specifying the public that each scale takes into consideration, their psychometric properties (content validity, construct validity, nomological validity, and multicollinearity), area, and the range of each:

Table 4. Comparison of academic methodologies

Scale / Index	Stakeholder	Psychometric Properties	Area	Range
Newell y Goldsmith	Multistakeholder: consumers	Structural validity	Not validated	Students. One sector
Cravens	Multistakeholder: customers, employees, investors and partners	Content and construct validity	Scale validated in various countries	Specialized interested parties. Intersectorial
Davies	Multistakeholder: consumers and employees	Reliability of the scale; content validity and nomological validity	Scale validated in various countries Personality scale tested in various countries	Includes two of the interested parties that generate value Intersectorial
Helm	Multistakeholder: customers, investors, employees	Content validity good for customers and investors, but insufficient for employees Multicollinearity with scant plausibility Nomological validity	Scale successfully validated in a company in Germany	Includes all of the interested parties that generate value. One sector
Schwaiger	Multistakeholder: consumers	Reliability and internal validity of every component (affinity and competence)	Scale validated in USA, Germany and United Kingdom	Intersectorial consumers
Walsh y Beatty	Multistakeholder: consumers	Construct validity	Not validated	Intersectorial consumers
Highhouse	Specialised Multistakeholders: professors of finance, marketing and human resources	Convergent validity	Index validated in USA	Specialized interested parties. Intersectorial
Adams	Multistakeholder: consumers	Structural validity	Not validated	Intersectorial consumers

Source: (Alloza, A. *et. al.*, 2013) carried out and consolidated by the author

3. Results, conclusions and contributions

Significant shortcomings have been identified regarding the use of a scientific and verified and/or validated methodology, both in some reputation rankings and in various academic scales:

- Lack of transparency and rigor in the methodological process.

This aspect has been observed to a greater or lesser extent in all of the rankings. Firstly, several of them do not explain the process of defining the universe of companies that will be part of their analysis, and in many cases they start from

a predefined universe of companies. This aspect is fundamental, because if we want to identify the companies with the best reputation within a specific area (a country, a sector, etc.), we have to use a system to define the universe that does not prevent any company from taking part in the evaluation process, without delimitation in advance according to criteria such as minimum turnover, minimum number of employees, etc. Some authors such as Villafaña (2013, p. 111) recognize limitations in this sense. For this author, there is something he refers to as “the effect of the invisible reputation”, resulting from the contamination of marketing communication with regard to reputation, which causes the public, though well informed, to unconsciously recall and select those companies with high media visibility, and to discard other “good companies”, also unconsciously, whose public presence is smaller; this often happens, as shown by Caramuti (2011), with regard to industrial companies versus consumer and service companies.

Other authors such as Schultz (2001) recognise the existence of what they call the “viscosity effect”, or in other words, the effect that causes companies in the top positions to tend to be selected on successive occasions for two reasons: 1) Memory, because the more well-known they are, the more they are recalled; 2) By the very selection of the list itself, which starts with the companies that were selected as best in the previous ranking. This results in a self-referral system built by the publication of the results themselves.

- Diverse evaluating audiences and differences in the weight of each in the overall evaluation.

Not all audiences evaluate the same thing, nor do their evaluations have the same weight in the general calculation. Likewise, in some rankings and scales the public evaluates only those aspects to which they have the strongest connection. For example, economic journalists might evaluate financial indicators, yet in other rankings and scales all of the audiences taken into consideration give their opinion on all of the dimensions and variables.

In any case, many authors indicate that what is desirable is a multistakeholder analysis, or in other words, that all of the interested parties of a company should be involved in its evaluation. Moreover, there also seems to be a certain consensus that each party should evaluate that which they are most qualified to assess according to their experience, knowledge, relationship with the company, etc.

- Discrepancies in “soft” and “hard” evaluation variables, and different ways in which these are weighted for the final calculation of reputation value.

This is the area to which all of the evaluation methods studied have devoted the most effort. The definition of certain variables is always the starting point for all rankings, and various investigations have been carried out by academics and consultants. Thus, as we have seen, it appears that some of these studies focus more on the so-called “hard” variables, giving greater importance to everything that has to do with business management, economic results and business prospects, as opposed to the “soft” variables, which are more related to the social, emotional and motivational aspects that lead the public to consider a company to be more or less reputable.

On the other hand, there are significant differences in the weight given to each variable by the different methodologies. On this point there is a diversity of approaches, and this is one of the main reasons why on many occasions very different results are given about the same company in spite of the fact that the variables analysed are very similar.

- Consistency of the variables that give value to the company in accordance with its interested parties. All of the rankings identified some variables at the time of their creation that have been maintained over the years. The same is true for the scales of the academic world, in which there is no interest in their periodic revision. Furthermore, if no one doubts that the important thing to do is give value to stakeholders, it seems necessary to periodically check with the audiences to see if any of the variables need to be adjusted to their expectations.

On the other hand, we find different and conflicting approaches to other relevant aspects:

- The consideration of whether it is possible, desirable and more efficient to have an overall metric that measures reputation as a whole, or a partial one that focuses only on certain aspects.

In fact, some of the valuation procedures described focus exclusively on the evaluation of employees and shareholders, or consumers. For some theorists, it seems reasonable that reputation should be assessed with regard to specific groups, since “interested parties differ in what they consider to be the elements of corporate reputation” (Lloyd, 2011, p.230). However, it is clear for others that there is a stable overall reputation shared even by cross-cultural groups (Highhouse, et.al, 2009, Ponzi, et. al, 2011), since reputation is activated by very similar comprehensive requirements among different interested parties.

- The lack of verification of the competence of evaluating parties who are taken as informed collectives with no other guarantee than their position or profession. In addition, when the informed parties are managers of the main companies, they have to assess competing companies, which can clearly lead to a depreciative bias of the reputation of these companies (Villafañe, 2013).
- The failure to consider the importance of communication investment as a factor that amplifies its activities among the evaluating parties. Some authors such as Villafañe (2013) and Dowling (2016), among others, recognize that this is a factor that should be taken into account since it can affect not so much those companies that invest large amounts of money in order to communicate everything they do, but rather those that despite behaving in a way that could be considered highly reputable, find such behaviour to be diluted in their assessment.
- The absence of reflection on online conversation related to a company.

The online environment is undoubtedly the space that many stakeholders are currently watching with a very discerning eye in order to form their opinion about a company, product, etc. In this environment, there are informed professionals (bloggers), in addition to opinion leaders (influencers) and consumers organized into topic groups (forums), which should be taken into account in the analyses, as this online environment is the place where many transactions take place, and in many cases, where the decision to purchase a product or service is made.

Finally, we find two approaches that differ according to the foundation of the methodological process, or in other words, on the theoretical and conceptual basis of corporate reputation:

1. For advocates of subjective metrics (those who seek to reflect the subjective point of view of stakeholders), corporate reputation is not considered as something objective and directly dependent on business behaviour, but rather is seen as an evaluative attitude of interested parties, which results in quality behaviour, or in other words, is capable of fomenting a certain type of behaviour.

Therefore, this explanation places the focus on establishing the depth to which a group actually feels about, thinks about, and admires a company, whether they are right or wrong, leaving corporate behaviour aside, and instead focusing on the receiver as the corporate reputation designer.

2. For advocates of objective metrics (those who seek to objectively establish an organization's reputation and prioritize the opinion of a highly-informed audience), corporate reputation cannot be understood without it being directly dependent on business behaviour, and this must be analysed by experts in the form of an "audit". In the second case, the issuer is the determining factor in building CR.

Thus, they consider an objective evaluation of a company's actions carried out by experts or an informed public to be the starting point for reputation assessment, and they place greater importance on the methodological process and transparency. They incorporate the public's assessment in a second phase that has less weight in the final reputation weighting.

However, we have also seen some elements for which there seems to be some clear agreement:

- Regarding the audiences that must be taken into account when assessing corporate reputation as a whole, or in other words, the multi-stakeholder approach.
- In addition, regarding the variables to be taken into consideration and the areas from which they are derived (consumption, organisation, capital and the social realm), many similarities have been found. Likewise, for many it seems reasonable that these variables should not be evaluated by all of the interested parties, but by those parties more directly affected by such variables. For example, many believe it should be consumers who evaluate the quality of the commercial offer, employees should be the ones to assess the quality of work, etc.
- There is also agreement that the methodology must be transparent, and it is highly recommended that it incorporate an independent results validation procedure to verify its validity.
- Finally, among academics and professionals, there also seems to be a certain degree of consensus that the "ideal" methodology is one that measures a company's overall reputation, while taking into account all variables and the opinion of all interested parties in weighted form. It can also be useful to measure reputation "by parts" when we want to analyse in more depth one aspect among those that confirm overall reputation. It would even make sense to carry out analyses by sector, as this would be a way of comparing the same types of companies, which supposedly have equal chances of achieving the highest reputation.

Nevertheless, we can verify the hypothesis: *The current methods of assessing corporate reputation obtain different results for the same organizations because they manage different aspects of corporate reputation, despite the fact that in many cases they use very similar variables for their assessment.*

As the Hypothesis has been verified, in order to meet the final research objective, a proposal for evaluating reputation known as the Reputation Performance Indicator is offered. This indicator includes the common approaches of the methodologies analysed, resolves the problems identified, and also conforms to the concept of CR by predefined consensus, thus allowing it to be set up as a valid system recognised by the entire academic and professional community.

The concept of CR by consensus places the focus on the behaviour of a company as a direct source of reputation. Consequently, it can be deduced that reputation can be measured objectively as long as its measurement is structured according to behaviour and actions, and not as interpretations, opinions or perceptions of stakeholders. Thus, an objective methodology of the “audit” type would be suitable for assessing reputation, not only for this conceptual aspect, but also from the point of view of its intangible condition, similar to others such as Brand or Good Governance.

Thus, we could use a similar system to assess corporate reputation, or in other words, create a type of ISO standard that would be reviewed and validated periodically by an independent agency, and to which companies who were interested in joining could do so. An ISO standard would also be very useful as a guiding tool in managing what is now called reputation management, already accepted by all academics and professionals, since ISO standards are aimed at organizing the management of a company in its diverse business areas.

Such an ISO standard would provide us with an indicator of compliance of a reputable company in the form of a percentage, but we would also know the aspects on which more work would need to be done regarding reputation management. This ISO standard could have, and in fact should have, a certain number of sector-specific performance indicators in order to determine the general and specific reputation of a company within its sector.

In parallel, and for the purpose of respecting the concept of corporate reputation with regard to the necessary “recognition by the public as a creator of value”, a procedure would have to be devised for evaluating this recognition by stakeholders, which would also act as a system for validating the previous compliance indicator and would serve as a periodic filter for the variables inherent in ISO.

This procedure could very possibly become the survey system currently used by many of the rankings analysed, with a Likert scaling system to evaluate what generates value for each audience, because each specific audience would be the evaluator of the dimension variables that affect them most directly. This would give us a second indicator to relate to the first. It would be necessary to include “influencers,” or online opinion leaders, of each sector among the known stakeholders as another audience to take into account.

Likewise, as several authors have pointed out, it would be necessary to consider the variable of communication investment, given its importance as an expanding factor for the visibility of a company’s actions.

Therefore, the proposed methodology for determining the corporate reputation of a company would be, in essence, made up of two performance indicators and a weighting factor (communication investment compared to the average of all companies), and would be represented as follows:

$$\begin{aligned}
 & \text{INDICATOR 1} = \% \text{ of compliance with ISO standard} \\
 & \text{INDICATOR 2} = \% \text{ of recognition of compliance by stakeholders} \\
 & \text{Weighted factor} = \frac{\text{communication investment} + \sum \text{Investment of all companies}}{\sum \text{Investment of all companies}}
 \end{aligned}$$

With this formula, the most reputable company would be the one that comes closest to 100% in both indicators with a lower weighted factor, which would mean that its actions would mostly conform to predefined ISO standards for reputation management. Consequently, the public would recognize those actions as reputable, and moreover, there would be no bias in terms of spreading the message, since the investment in communication would not be excessive.

It should be pointed out that we are interested in indicators and data in percentages, not in numerical values, because reputation is an organizational resource and not an asset, which makes it very difficult to quantify in absolute terms, and also because we work with qualitative variables that try to measure business behaviour and how the public recognizes it as a value generator. Furthermore, in the opinion of many business managers, what is interesting is not so much having a numerical value or position in a ranking, but instead having indicators of development of reputation performance. Therefore, we might call this proposal a **Reputation Performance Indicator**.

Regarding the validity of the proposed methodology, given that CR is perceived to be a psychosocial construct as we have seen, any method that attempts to evaluate reputation has to meet at least two requirements: Content validity, which ensures that the method of measurement adequately measures corporate reputation, since it contains all the essential elements of the concept; and construct validity, which arises from the need to measure psychosocial phenomena that are real but not directly observable, such as reputation. Basically, a construct measured by a set of indicators is valid when it meets three conditions: convergence, since the indicators measure the same reality; discrimination, if the same indicators do not refer to other different constructs; and thirdly, nomological validity, in which the indicators of one construct are related to those of another construct in the expected theoretical order (Alloza, et. al., 2013, p.238). A system such as the one described would meet both requirements because it would conform to the concept of predefined corporate reputation and would evaluate the specific reality; likewise, it would comply with the necessary conditioning factors identified by the analysis of the existing methodologies, which are summarized as follows:

- Transparent methodology in line with the concept of consensus.
- A methodology that is periodically reviewed to adjust dimensions and variables to what audiences consider to be value generators.
- All dimensions have the same weight in the evaluation.
- It solves the problem of defining the universe as long as it is delimited by the companies themselves that want to comply with the corresponding ISO Standard.
- Allows for a comprehensive as well as a sectoral evaluation to be carried out.
- It incorporates a system of direct validation by the stakeholders involved, and they can also assess their own area.
- It takes into account the variable of communication investment and the views of online opinion leaders.

Nevertheless, the next step would be to follow an alternative line of research in the future. Such research would need to focus on defining the items to be considered in setting up an ISO Standard, or something similar, for the reputation management of organizations.

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