

GLOBAL ASPECTS OF REPUTATION AND STRATEGIC MANAGEMENT

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RESEARCH IN GLOBAL STRATEGIC MANAGEMENT
VOLUME 18

GLOBAL ASPECTS OF REPUTATION AND STRATEGIC MANAGEMENT

EDITED BY

DAVID L. DEEPHOUSE

University of Alberta, Canada

NAOMI A. GARDBERG

City University of New York, USA

WILLIAM NEWBURY

Florida International University, USA



United Kingdom – North America – Japan
India – Malaysia – China

Emerald Publishing Limited
Howard House, Wagon Lane, Bingley BD16 1WA, UK

First edition 2019

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British Library Cataloguing in Publication Data

A catalogue record for this book is available from the British Library

ISBN: 978-1-78754-314-0 (Print)

ISBN: 978-1-78754-313-3 (Online)

ISBN: 978-1-78754-495-6 (Epub)

ISSN: 1064-4857 (Series)



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CONTENTS

<i>List of Figures</i>	vii
<i>List of Tables</i>	ix
<i>List of Contributors</i>	xi

Global Aspects of Reputation and Strategic Management <i>William Newburry, David L. Deephouse and Naomi A. Gardberg</i>	1
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SECTION I MANAGING A GLOBAL REPUTATION

Global Reputation Management: Understanding and Managing Reputation as Shared Value Across Borders <i>Keith James Kelley and Yannick Thams</i>	23
--	----

The Role of Values in the Creation and Maintenance of an Organization's Reputation <i>Tim London</i>	49
--	----

Global Value Chains, Reputation, and Social Cooperation <i>Ruth Yeoman and Milena Mueller Santos</i>	69
--	----

SECTION II NATIONAL CONTEXT AND REPUTATION

Does Country Really Matter? Exploring the Contextual Effect of Individual Self-construal in Reaping the Relational Benefits of Customer-based Reputation <i>James Agarwal and Oleksiy Osiyevskyy</i>	95
--	----

National Culture Characteristics for Managing Corporate Reputation and Brand Image Using Social Media <i>Kip Becker and Jung Wan Lee</i>	127
--	-----

Economic Indicators Affecting the Media Reputation of a Country: The Case of Chile (1990–2015) <i>Ricardo Leiva and David Kimber</i>	143
SECTION III	
THE NATURE OF REPUTATION MEASUREMENT	
<i>Praemia Virtutis Honores?</i> The Making of Global Reputations and the False Promise of Meritocracy <i>Saheli Nath</i>	167
Why Do People Love Museums So Much? Empirical Evidence about the Stellar Reputations of Art Museums and What Companies Can Learn From It <i>Cees B. M. van Riel</i>	185
The Reputation of Companies across Different Countries: Some Keys to Validating the Comparison of Results <i>Enrique Carreras-Romero, Ana Carreras-Franco and Ángel Alloza-Losada</i>	211
<i>Index</i>	269

LIST OF FIGURES

Chapter 2

Fig. 1. The Relationship of Context and Signaling Strategy on Multilevel Reputational Outcomes.	37
Fig. 2. Regional vs Global Signaling Strategies' Effect on Shared Reputational Value Efficiency.	39
Fig. 3. A Positional Typology of GRM Signaling Strategies Related to Efficiency and Effectiveness in Creating Shared Reputational Value.	43

Chapter 4

Fig. 1. Organizational Practices for Value Chain Reputation.	78
--	----

Chapter 5

Fig. 1. Theoretical Framework of the Study.	100
---	-----

Chapter 7

Fig. 1. Coefficient of Media Favorableness of Chilean Governments 1990–2015.	155
--	-----

Chapter 9

Fig. 1. Adjusted RepTrak® Model for Museums.	191
Fig. 2. Association between Familiarity and Reputation.	201
Fig. 3. Association between Country and Reputation of Museums.	202
Fig. 4. Preferred Approaches in Sponsoring a Museum.	204

Chapter 10

Fig. 1. Types of Equivalence and Procedures to Achieve Metric Equivalence.	214
Fig. 2. Relationship of the Items and Their Latent Variable according to the Models CB-SEM and PLS-SEM.	217
Fig. 3. Model Adapted from RepTrak® System (Fombrun et al., 2015), with the Three Attitude Planes Consisting of Reputation, Cognitive or Rational, Emotional, and Behavioral.	222
Fig. 4. Covariation between Distance of Intercepts and of Composites.	238

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LIST OF TABLES

Chapter 1

Table 1.	Mapping the Internationalization of Reputation Research..	2
----------	---	---

Chapter 5

Table 1.	Descriptive Statistics and Correlations..	107
Table 2.	Regression Results: The Impact of Reputation on Customer-company Trust (CCT)..	110
Table 3.	Regression Results: The Impact of Reputation on Customer-company Identification (CCID)..	112
Table 4.	Regression Results: The Impact of Reputation on Word of Mouth (WOM)..	114
Table 5.	Summary of Hypotheses Testing..	116

Chapter 6

Table 1.	Frequency Table of the Sample..	133
Table 2.	Cross-tabulation of Social Media Ownership \times Year \times Country..	135
Table 3.	Cross-tabulation of Reply Time \times Year \times Country..	135
Table 4.	Cross-tabulation of Response Styles \times Year \times Country..	136
Table 5.	Results of Hypothesis Test..	137

Chapter 7

Table 1.	Means, Standard Deviations, and Correlations Among Variables..	155
Table 2.	Tobit Model Estimates of Coefficient of Media Favorableness..	159

Chapter 8

Table 1.	Reputation Work in the Financial Sector..	174
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Chapter 9

Table 1.	Overview of the Selected 18 Most Well-known Art Museums and Their Locations..	190
Table 2.	Reputation Ranking of the Most Well-known Art Museums in the World..	193
Table 3.	Reputation Scores of the 18 Most Well-known Art Museums in Three Continents..	194

Table 4.	Reputation Scores in Home Countries.	196
Table 5.	Ranking in Reputation Drivers of the 18 Most Well-known Art Museums in 10 Countries.	197
Table 6.	Key Drivers Impacting Reputation and Supportive Behavior Most.	198
Table 7.	Degree of Familiarity of the 18 Most Well-known Museums in 10 Countries.	200
Table 8.	Familiarity of Top Five Companies and Bottom Five Companies in the Reputation Institute 2018 Global RepTrak® 100 Study.	200
Table 9.	Altruistic vs Company Centric Motives for Sponsoring a Museum.	204

Chapter 10

Table 1.	Analysis of MACS Results for Invariance of the RepTrak® Scale Constructs.	228
Table 2.	Average and Coefficient for the Intercept Variation of the 33 Items on the Scale by Country.	229
Table 3.	Model Validation by Country.	230
Table 4.	Component Invariance Test (<i>p</i> -value of Permutation Test for Weighting Structure of the Composites).	231
Table 5.	Illustration of Permutation Test for Three Pairs of Countries.	233
Table 6.	<i>p</i> -values from Kolmogorov-Smirnov with Lilliefors Correction Testing That Sample Data Proceed from a Normal or Uniform Distribution.	234
Table 7.	Bias in Means and Variances in Each Country Relative to Spain.	235
Table 8.	Comparison of National Bias Rankings according to MACS and MICOM.	237
Table A1.	MACS Procedure. Estimation of Intercepts from the Loading Invariance Validated Model.	245
Table A2.	Country Comparisons of Shared Variance and AVE for Each Pair of First-order Composites (AVE on Diagonal).	247
Table A3.	Permutation Test to Check Equality of Means and Variances by Composite and Country.	254
Table A4.	Company Sample.	260
Table A5.	Companies by Country.	261
Table A6.	Intraclass Correlation Coefficient by Country.	262
Table A7.	Probability Distribution of Means and Log of Variances.	263
Table A8.	Comparison of Expected Differences from Normal and Uniform Distributions.	267

LIST OF CONTRIBUTORS

<i>James Agarwal</i>	University of Calgary, Canada
<i>Ángel Alloza-Losada</i>	Corporate Excellence, Spain
<i>Kip Becker</i>	Boston University, US
<i>Ana Carreras-Franco</i>	Reputation Institute, Spain
<i>Enrique Carreras-Romero</i>	Corporate Excellence and Reputation Institute, Spain
<i>David L. Deephouse</i>	University of Alberta, Canada
<i>Naomi A. Gardberg</i>	City University of New York, US
<i>Keith James Kelley</i>	University of Michigan-Flint, US
<i>David Kimber</i>	Los Andes University, Chile
<i>Jung Wan Lee</i>	Boston University, US
<i>Ricardo Leiva</i>	Los Andes University, Chile
<i>Tim London</i>	University of Cape Town, South Africa
<i>Saheli Nath</i>	Northwestern University, US
<i>William Newburry</i>	Florida International University, US
<i>Oleksiy Osiyevskyy</i>	University of Calgary, Canada
<i>Milena Mueller Santos</i>	University of Oxford, UK
<i>Yannick Thams</i>	Suffolk University, US
<i>Cees B.M. van Riel</i>	Erasmus University and Reputation Institute, Netherlands
<i>Ruth Yeoman</i>	University of Oxford, UK

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GLOBAL ASPECTS OF REPUTATION AND STRATEGIC MANAGEMENT

William Newbury, David L. Deephouse* and
Naomi A. Gardberg

We are happy to introduce you to the 18th volume of the *Research in Global Strategic Management* series, which focuses on Global Aspects of Reputation and Strategic Management. This volume is timely, given the current tensions and disagreements over globalization and the role of multinational enterprises (MNEs) in the global economy. The challenges of managing intangible resources, such as corporate reputation (CR), across national institutional environments have become more complex, reinforcing the need to understand the mechanisms by which reputation develops on a global basis and raising its importance as a strategic issue for corporations (Power, Scheytt, Soin, & Sahlin, 2009). Yet, research still lags in terms of our understanding of global aspects of reputation (e.g., Deephouse, Newbury, & Soleimani, 2016), with few articles having been published in top tier strategy and international business journals. Within this volume, we seek to contribute to this underserved research area in the global strategic management field. We have included nine chapters, addressing three broad themes: *Managing a Global Reputation, National Context and Reputation*, and *Approaches to Reputation Measurement*. We believe these themes capture important aspects regarding the subject of reputation and strategic management, examined on a global basis.

Within this introductory chapter to the volume, we aim to accomplish the following. First, we present a conceptual map of global reputation illustrated with examples from the current volume combined with some of the relatively few articles in this research area. Next, we individually introduce the nine

*<https://orcid.org/0000-0002-2092-9787>

chapters within this volume. After this, we present some thoughts on advancing the study of reputation in the context of global strategic management, focusing on how international business theory can inform the study of reputation, how reputation can inform international business theory, and how to move the field forward in terms of methodology.

MAPPING GLOBAL REPUTATION

CR is essentially a perception. When theorizing about, measuring, comparing, and analyzing reputation in a global strategy context, we need to consider which firms comprise the competitive set and whose evaluations are of interest (Dowling & Gardberg, 2012). We map the domain of global aspects of reputation in Table 1, which includes some examples from studies within this volume, along with others from the reputation literature at large.

The x -axis of the table reflects the number of countries from which raters hail. We use the term rater to indicate those individuals and organizations that evaluate subjects. Reputation is commonly perceived as a perceptual measure, where reputation is socially constructed based on the degree to which a company

Table 1. Mapping the Internationalization of Reputation Research.

		Number of Countries of Raters Assessing Reputation		
		1	2–9	10+
Number of host countries in which the subject has or is perceived to have operations	1	<ul style="list-style-type: none"> • Most reputation research • Agarwal and Osiyevskyy (2019) • Deephouse et al. (2016) • Thams et al. (2016) and Borda et al. (2017) for purely domestic companies • Carreras-Romero, Carreras-Franco, and Alloza-Losada (2019) 	<ul style="list-style-type: none"> • Leiva and Kimber (2019) 	<ul style="list-style-type: none"> • van Riel (2019) for most museums examined
	2–9	<ul style="list-style-type: none"> • Thams et al. (2016) for moderately international companies in the sample • Borda et al. (2017) for regional MNCs that only appear in one country's reputation ranking 	<ul style="list-style-type: none"> • Deephouse et al. (2016) for a few companies like Shell • Borda et al. (2017) for companies in multiple countries and multiple country reputation rankings • Carreras-Romero et al. (2019) 	<ul style="list-style-type: none"> • Van Riel (2019) for a few museums, such as the Guggenheim
	10+	<ul style="list-style-type: none"> • Thams et al. (2016) for the most international companies in the sample 	<ul style="list-style-type: none"> • Carreras-Romero et al. (2019) 	<ul style="list-style-type: none"> • RepTrak™ Global 100 • Carreras-Romero et al. (2019)

conforms to the values of the rater (Rindova & Martins, 2012). These values may vary depending upon the cultural values of the rater's home country (Deephouse et al., 2016; Thams, Alvarado-Vargas, & Newburry, 2016). Because of this, it is important to consider whose perceptions are being considered, and a measure of the number of countries will provide a rough gauge of the diversity of values that may be shaping reputation assessments.

On the *y*-axis is the number of countries the subject is located in. We use the term subject to denote that entity whose reputation is being evaluated. Subject is used because entities are not inert objects but engage in reputation management efforts, both substantively by their actions and symbolically by communications (Deephouse & Suchman, 2008). Thus, capturing the geographic diversification of a company is an important global aspect of a company that may influence evaluations of its reputation (Thams et al., 2016).

One concern is that when a rater evaluates a company, are they evaluating local actions or all actions. We assume that home country raters evaluate what is salient to them. We also assume perhaps contradictorily that home country raters are aware of and generally support (are proud of) the internationalization of their home corporations (see Thams et al., 2016). However, this may vary depending upon the local culture of the country where reputation is being evaluated (Borda et al., 2017).

We also assume that in general, raters have ties to a particular country and thus would be driven by its institutional norms. However, the United Nations and its various certifications may be a possible example of an international rater not tied to a country. It also may be possible for a rating agent to use international hyper-norms (Donaldson & Dunfee, 1994), although it seems these may be largely driven by Western (or another dominant set of) values. Some raters are now multinational entities in themselves, but we assume that home country norms dominate. Raters are really tied to a set of institutional norms, not countries. This mirrors the discussion in the international business literature on societal culture, which notes that societal cultures do not generally fit neatly into country boundaries. Nevertheless, countries remain important as they establish the formal institutions that both reflect and can drive these values over time.

The table allows us to identify several considerations as the companies' scopes and raters vary across studies:

- Are the company and rater sampling frames equivalent across countries?
- Are companies rated in their home and/or host countries?
- Do scale items require knowledge of global operations?
- Are the survey responses aggregated across countries or are they reported by country?

Applying the Table

Much of the extant reputation research has focused on home country raters evaluating home country subjects. This practice began with research using *Fortune's* America's Most Admired Companies (AMAC) list, which focused on

US firms being evaluated in the US. The number of studies using this data set continues to grow because its decades-long sample allows for longitudinal research (Fombrun & Shanley, 1990; Philippe & Durand, 2011). While this database has expanded to include foreign firms (“World’s Most Admired Companies”) over time, both the raters and the company sample continue to be primarily from the US. In 2018, the 10 most admired companies were all US firms.

Within this volume, Leiva and Kimber (2019) focus on one entity from one country, the country of Chile itself. It is evaluated by rating agents from elite media in two countries, the UK and the US. Both countries are representatives of Anglo-American cultural norms and institutions, so the study lacks institutional diversity (Jackson & Deeg, 2008). Nonetheless, both are outside the subject country of Chile and differ significantly from Chile in culture and institutions.

The examination of 18 art museums from 10 countries in this volume by van Riel (2019) presents the reputation of each of the museums evaluated in each of the 10 countries. Most of the museums only operated in one country, although a few have satellite locations, such as the Guggenheim and Pompidou, both with locations in Spain, and the Louvre in Abu Dhabi. The study demonstrates interesting similarities and differences in evaluations based on the locations of the museums and the locations of the raters, which included three BRIC countries (Brazil, Russia, and China).

In this volume, Carreras-Romero, Carreras-Franco, and Alloza-Losada (2019) examine the metric equivalence of the RepTrak System of measurement and the comparability of the scores cross-nationally. They use a sample that includes firms from the Reputation Institute’s Global 100 study, which surveys residents of G8 countries about large corporations that have worldwide operations as well as firms only evaluated by raters in their home country. Their Appendices B4 and B5 summarize the company sample. Carreras et al. include companies from a total of 17 countries. Eleven companies were rated in more than 10 countries while 35 companies were evaluated only in one country. The Global 100 study is in itself not as cross-nationally diverse as it first appears. The G8 countries are all industrialized, and all but Russia have functioning Western-style democracies. However, there are five cultural groupings among the G8 countries according to the GLOBE culture study (Gupta & Hanges, 2004), with Anglo-American (Canada, the US, and the UK), Latin Europe (Italy and France), Germanic Europe (Germany), Confucian Asia (Japanese), and Eastern Europe (Russian). The G8 countries also have different economic systems, including liberal market economies and coordinated market economies (Hall & Soskice, 2001; Morgan, Campbell, Crouch, Pedersen, & Whitley, 2010).

A couple of other studies are noteworthy with respect to exploring the left-hand column in Table 1. Thams et al. (2016) examined the relationship between geographic diversification and multinational corporation (MNC) reputations. The reputations of the firms in their sample were assessed in their home countries. However, the firms varied significantly in terms of their level of geographic expansion, with some being purely domestic, while others had moderate or

extensive levels of internationalization. It is noteworthy that their study examined geographic diversification in terms of number of regions that a firm operates in, building upon work of Rugman and Verbeke (2004), among others, regarding the regional nature of multinationality. Overall, they found a U-shaped relationship between geographic diversification and home country reputation, which had a deeper U-shape in more globalized countries.

Borda et al. (2017) examined the differences in reputation among Latin American firms solely operating in their domestic market, those that operated outside their home country within Latin America, and companies that had operations outside the Latin American region. This study also included firms evaluated solely in one country, along with many that were evaluated in multiple countries within the sample frame. Thus, it provides cases that fit in several boxes in Table 1. Overall, the authors found marginal results suggesting that regional MNCs had stronger reputations than purely domestic firms or foreign firms from outside the region. However, among the more open countries within their sample, this relationship became highly significant.

While single context studies of reputation abound, limited comparative CR research has been published in academic journals, making the second and third columns of Table 1 relatively less populated. We suggest two possible reasons for this. The first is that reviewers are uncomfortable with the presence of too many moving factors in comparative studies – raters, countries, companies, and industries, all of which have identities, histories, and administrative heritages (Bartlett & Ghoshal, 1987). This has been a prevalent issue in international business research in general, although recent advances in empirical techniques such as multilevel modeling (e.g., Peterson, Arregle, & Martin, 2012) along with more advanced guidelines for assessing data equivalence in cross-cultural research (e.g., Hult et al., 2008) have eased this burden somewhat. Nonetheless, this remains an important issue that future research on global CR should consider.

Second, scholars face a lack of comparative reputation data. What little empirical research exists primarily relies on Reputation Quotient (RQ) or RepTrak because capturing cross-national samples requires costly surveys with attention to both company and respondent samples. The reliance on the *Fortune* MAC, RepTrak and RQ omits studies in over 100 countries. Some regional data sets such as the Merco data set for Latin America do provide opportunities within a region. However, this limits variation in national-level variables that might impact reputation assessments.

Overall, our Table 1 mapping of select studies on global aspects of reputation demonstrates that there is some variation of the studies examining reputation in terms of rating countries and the degree of internationalization of the companies that have been studied. However, these studies are limited in nature, and much room exists for extending both theory and empirical study in this topic area. It is our hope that this volume will spur further research into this important topic area. Moreover, the framework within Table 1 could also be expanded to address other dimensions related to global reputations. Future research could also apply our framework in Table 1 to other social evaluations or corporate

associations such as legitimacy, celebrity, or status, where the subjects and raters vary in their locations and norms.

WITHIN THIS VOLUME

We next briefly overview the chapters in this volume within the three themes mentioned earlier. We follow this overview with some discussion of how to move the study of global aspects of reputation and strategic management forward, in terms of both theory and methodology.

Managing a Global Reputation

Each of the three chapters in the first section approaches global reputation management (GRM) via the lens of shared values across exchange partners, nested institutional contexts, and stakeholder groups. Each chapter recognizes the complexity of CR management as firms face multiple stakeholders with varying expectations. Diversification in industry or country increases the challenges of creation and maintenance of shared values.

The chapter “Global Reputation Management: Understanding and Managing Reputation as Shared Value across Borders” by Keith Kelley and Yannick Thams (2019) explores the recursive, multilevel nature of reputation from a shared value perspective. The authors build on existing CR literature to discuss how reputational value created at the firm level may also lead to value shared by the industries and countries in which a firm operates, and vice versa. In examining the recursive and dynamic relationships, strategic implications emerge with regard to managing reputations globally. The authors argue that reputation’s value is determined by the ability to meet the expectations of stakeholders with respect to what they perceive as important. Stakeholders’ expectations and perceptions of value fluctuate across markets, with the difficulty of managing stakeholder expectations increasing with market heterogeneity. By building on their understanding of the recursive relationships between firm, industry, and country reputation, the authors contend that creating shared value (CSV) will be easier in cases of contextual similarity and limited product diversification. The authors create a simplified model of GRM that highlights CSV in the form of multilevel reputation, along with a typology by drawing distinctions between being efficient and effective as part of the GRM process.

The chapter “The Role of Values in the Creation and Maintenance of an Organization’s Reputation” by Timothy London (2019) also examines the importance of values. This chapter advises that reputations are developed among both internal and external audiences and that firms must attend to both audiences in their reputational efforts. As such, organizational leaders need to develop a clear values framework that signals their desired organizational reputation. In tandem with this, leaders need to structure and design their organizations in a way such that they live up to their espoused values. London advises that consistency between espoused values and enacted values is key to reputation development. He further breaks this down by noting that achieving this

consistency requires attention to organizational structures (systems and rules), people (who is hired, supported, and excluded), and culture (the organization's operating environment). Overall, he posits that values frameworks are the foundation upon which organizations and their reputations are built.

The final chapter in this section, "Global Supply Chains, Reputation, and Social Cooperation," by Ruth Yeoman and Milena Mueller Santos (2019), develops an integrative model of global value chain management based on social cooperation which places a focus on value chain reputation instead of a firm-centric one. The authors' approach suggests that reputation must be grounded in an organization's character, history, and its stakeholder relationships. The chapter suggests that organizational integrity works to stabilize public reputation and may serve to motivate stakeholders who share a concern for the organization's reputation. Thus, co-creating reputation depends upon stakeholders developing a social bond demonstrated through caring about a focal organization, while the organization similarly cares about its stakeholders. The chapter proposes a model of global value chain management that discusses organizational capabilities required for such an approach. The authors describe reputation-building as being grounded in an ethic of care and manifested through joint purposes, boundary-crossing processes, collaboration practices, and a division of labor among value chain members.

National Context and Reputation

The three chapters in the second section of this volume examine the issues related to national context and its impact on the formation of CR. Collectively, these three chapters examine contextual influences on reputations in five countries: Chile, China, India, Japan, and the US.

The first chapter in this section, "Does Country Really Matter? Exploring the Context-Dependence of Customer-based Reputation Outcomes" by James Agarwal and Oleksiy Osiyevskyy (2019), examines how customers are influenced by context and personality. The authors first examine the direct relationship between three types of reputation relevant to customers (product and service efficacy, market prominence, and societal ethicality) and three customer-level outcomes (trust, customer-company identification, and word-of-mouth intentions). Expecting that these relationships might be highly context-dependent, the authors then investigate how this relationship may be moderated by national culture, specifically collectivism, and individual traits, specifically self-construal; this individual-level construct is associated with the national-level construct of collectivism (Oyserman, Coon, & Kimmelmeier, 2002). Using survey data from 812 US and Indian respondents, the study results suggest that the country does not have a moderating effect when the individual-level moderating variables are included in the models. Additionally, individuals high on independent self-construal were found to be more responsive to utilitarian (egoistic) reputational dimensions of product and service efficacy, whereas individuals high on interdependent self-construal were more sensitive to the group-oriented reputation for market prominence and society-oriented reputation for social ethicality.

The chapter “National Culture Characteristics for Managing Corporate Reputation and Brand Image Using Social Media,” by Kip Becker and Jung Wan Lee (2019), applies Hall’s low- versus high-context culture classification to examine social media use by corporations in three countries. The authors conducted two studies in 2011 and 2015 in a longitudinal time series involving 326 listed companies in the global stock exchange markets of the US (NYSE), Japan (TSE), and China (HKSE). The study results show that the low-context culture group is more responsive and responds more quickly to customers. Becker and Lee demonstrate that a nation’s culture directly affects the ownership of social media accounts by a nation’s companies, company’s reply times to customers, and response styles (attitude). The findings may help multinational companies improve their brand images and online reputation management by better understanding the adoption of social media and providing guidance to formulate more effective public relations’ marketing strategies that accommodate cultural influences.

Ricardo Leiva and David Kimber’s (2019) chapter, “Economic Indicators Affecting the Media Reputation of a Country: The Case of Chile (1990–2015),” examines how media reports were related to economic indicators for a 25-year period after Chile returned to democratic government in 1990. The authors measured Chile’s media reputation in five prominent global news outlets headquartered in the US and the UK using criteria validated by Deephouse (2000). The main hypothesis in the analysis was that a country’s media favorableness, as measured by the Chilean Coefficient of Media Favorableness, depends on whether key economic indicators of the country are also favorable or unfavorable. The results demonstrate that key economic indicators, particularly the monthly average copper price, have significantly impacted Chile’s media reputation. They suggest that when an emergent country is doing well economically, the reputation of that country among the global press increases, with commodities being particularly influential given their importance in many developing economies.

The Nature of Reputation Measurement

The last section of the volume presents three chapters that address the nature of reputation measurement for both publicly traded firms and non-profit organizations. Rigorous research requires rigorous measures. Yet, as Carreras-Romero et al. demonstrate, cross-cultural measurement remains a challenging task, and as Nath observes, the measures should be meaningful across cultures rather than represent hegemonic imposition of so-called world-class standards.

The chapter “*Praemia Virtutis Honores?* The Making of Global Reputations and the False Promise of Meritocracy” by Saheli Nath (2019), reviews the academic literature on global reputations through the lens of meritocracy. The chapter notes that reputation systems have developed as a device that organizations use to both position themselves in the international market and to contend for prestige. However, Nath questions whether global reputation systems for evaluating reputation promote a meritocratic culture, given that these systems