A COMPARISON OF SELECTED REPUTATION MEASURES' CONVERGENT AND CRITERION VALIDITY

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INTRODUCTION

Companies are increasingly becoming aware that competitive advantages are obtainable more from intangible assets than from product-related sources. Numerous authors identify corporate reputation as the most important intangible asset (e.g., Ruth and York 2004, Eberl and Schwaiger 2005) as various studies show that reputation can give rise to lasting company success. Consequently, many researchers have measured corporate reputation in past years, leading to a variety of approaches (Chun 2005). However, research has not yet provided an empirical comparison of such approaches of corporate reputation with regard to their psychometric properties. The present article closes this research gap by reviewing and comparing six measurement approaches which emerge from different research concepts, including social expectations, corporate personality and trust (Berens and van Riel 2004). These measurement approaches are the America's Most Admired Companies index [AMAC] (Hutton 1986), Reputation Quotient [RQ] (Fombrun et al. 2000), Schwaiger's approach [SCH04] (Schwaiger, 2004), Helm's approach, [HEL05] (Helm 2005), Corporate Character scale [CCH] (Davies et al. 2004), as well as the Corporate Credibility scale [CCR] (Newell and Goldsmith 2001). To assess and compare their validities, we check the explanatory power of the scales when measuring relevant outside criteria. More specifically, we establish separate structural equation models and assess the impact of the measures on an overall single-item measure for corporate reputation as well as on customer satisfaction which is a well-established relationship in marketing research (e.g., Wiertz et al. 2004, Helm 2006).

RESEARCH DESIGN

To compare the measures' convergent and criterion validity, we revert to the adjusted R^2 which is the central criterion for evaluating the structural model the cross-validated redundancy measure Q^2 (Chin, 1998). To provide a further meaningful criterion for model comparison we also apply the FIMIX-PLS algorithm (Hahn et al. 2002; Ringle et al. 2009) to allow for a comparison of the different approaches by means of (adjusted) log likelihood values. The survey was conducted among undergraduate student volunteers from a major German university in June 2008 with respondents rating reputation and satisfaction indicators with regard to their mobile phone service provider.

RESULTS

To assess the scales' convergent validity, we compared the relationship between the different measurement models and the reputation single item by means of the endogenous construct's adjusted R^2 (R^2_{adj}) as well as the Stone-Geisser Criterion Q2 values. Overall, all models' values lie on a satisfactory level. In detail, Helm's (2005) scale outperforms the other approaches with the highest R^2_{adj} and Q^2 values. [CCR], on the other hand, performs considerably worse. Even though R^2_{adj} and Q^2 values are acceptable in absolute terms, they lie much lower than in [SCH04], [RQ] or [CCH]. This result suggests that [CCR] demonstrates a considerably lower level of convergent validity which is not surprising as the measured dimensions of trust are only one potential indicator for corporate reputation. Also Fortune's AMAC performs comparably weak, which provides support for the often-cited criticism regarding the insufficient theoretical underpinning of the approach. The analysis of the log-likelihood and the information criteria also supports these results and conclusions. Furthermore, we compare the approaches' criterion validity by using customer satisfaction as the endogenous construct. Again, the R^2_{adj} values of "customer satisfaction" are generally high across the different methods and the values for Q^2 lie all above zero. [SCH04] provides the best results, followed by the [RQ] and Helm's (2005) scale. Again the [CCR] falls behind showing weak results with the lowest R^2_{adj} and Q^2 value. [AMAC] as well as [CCH] that had shown satisfactorily results regarding convergent validity reveal a lack of criterion validity regarding "customer satisfaction". Confirming the prior results, [SCH04] shows the lowest information criterion values, thus providing the best model fit. [AMAC] and [CCR] fall behind, which suggests a reduced degree of criterion validity. This paper contributes to the wide range of reputation research by offering the first comparison of several measurement approaches for corporate reputation, including well-known concepts such as Fortune's AMAC or the RQ. Ensuring that these measures are valid is essential for both researchers and practitioners to guarantee accurate findings and implications for marketing and management decisions.

References Are Available on Request