

Reputation: A Sociological View

Stephan Voswinkel

Introduction

Imagine that you had overslept and did not have enough time for breakfast. For you must hurry if you want to be sure to make a particular flight in order to arrive on time for a meeting. However, your meeting will not be a success on an empty stomach. So on the way you make a quick stop at a snack bar to get something for the trip. The owner has some stale sandwiches behind the counter and takes advantage of an inattentive customer who is obviously in a hurry by slipping one of them into your bag. In so doing, he is undoubtedly acting rationally.

There is a well-known statement by Adam Smith: “It is not from the benevolence of the butcher, the brewer, or the baker, that we expect our dinner, but from their regard to their own interest. We address ourselves, not to their humanity but to their self-love, and never talk to them of our own necessities but of their advantages.” (Smith 1963b: 21f.)

Here in his first major work, the *Wealth of Nations*, Smith emphasizes the advantage of the free market, namely, that both the common good and the individual good of customers are satisfied insofar as all participants in the market pursue their own interests. It is the “invisible hand” of the market that takes the place of morality – and is more effective than the latter. But in our example it is *you* who end up with the stale sandwich because the owner has pursued his own interest.

However, in his second major work, *The Theory of Moral Sentiments*, Adam Smith defended a further thesis. According to this, human beings also aspire to being viewed with respect and goodwill in the eyes of others, and in particular in those of an impartial spectator. This places restrictions on their pursuit of their self-interest and forces them to accept rules of fair play.

“In the race for wealth, and honors, and preferment, he may run as hard as he can, and strain every nerve and every muscle, in order to outstrip all his competitors. But if he should jostle, or throw down any of them, the indulgence of the spectators is entirely at an end. It is a violation of fair play, which they cannot admit of.” (Smith 1963a: 141)

In order to understand Adam Smith's position correctly we must combine both theses: the market ensures that a large proportion of human needs are satisfied out of self-interest without any need for morality; and the need for recognition sets limits to the pursuit of self-interest. One gains recognition when one observes the values and norms on the basis of which recognition is granted in a society, a community, or a group. Thus, if our snack bar owner fears that his conduct could jeopardize his reputation because it violates the norm that one should not exploit the inattentiveness of a customer who is under time pressure, then as a customer in a hurry you can be confident that you will not receive a stale sandwich, or at least not at the normal price.

Smith's view supplemented the idea of "*doux commerce*" that was widely accepted at the time. It held that, by orienting their actions to the pursuit of their own interests, people would contribute to pacifying society by civilizing the passions, foremost among them the thirst for glory (Hirschman 1977). And Smith can be understood as asserting that the "passion" of self-interest is reined in by the striving for recognition.

In what follows, I will first show that the striving for recognition contributes to embedding the economy in the normative structures of society and that it connects the development of human beings' identities with the criteria of recognition operative within society. The criteria governing the acquisition of reputation in modern society are less precise in comparison to "honor" as a mode of recognition; moreover, reputation functions as capital in which investments must be made. However, it is subject to mistrust, something which must be counteracted through institutionalization. Intermediaries such as the mass media play a key role in the development of reputation. The acquisition of reputation is especially important for companies; they are assigned responsibility but in comparison to individuals they also have greater leeway in cultivating their reputation. In this regard they are confronted with a range of environments in relation to which they must manage their reputation, an activity beset with risks.

The Normative Embedding of the Economy

Adam Smith can be understood not only as the classical thinker of economic liberalism but must also be seen as a theorist of the normative embedding of the economy. According to this theory, the rational, economic pursuit of self-interest must be embedded in a social and economic normative order, for only in this context human beings can satisfy their need for recognition. Such a conception presupposes, however, that recognition is not conferred by economic success alone. For then wealth and recognition would coincide and no other reference point for recognition would exist that could set limits on the pursuit of wealth.

We can distinguish between two kinds of "embeddedness." In the premodern form of embeddedness, the economy is not separate from morality and an economy that develops in accordance with its own logic, as well as action governed

exclusively by economic rationality, is viewed as morally reprehensible (Polanyi 2001). With the rise of modern society, the economy becomes differentiated as an autonomous system and economic action is no longer subject to political, religious, or other moral principles. The theory of embeddedness stresses that even now the economy is not fully autonomous. Rather, a form of exchange takes place between the economy and other systems or value spheres that is called “interpenetration” in the theoretical tradition that goes back to Talcott Parsons (Münch 1994).¹ Richard Münch uses the example of “professional labor” to clarify what this means. It is true – and this is what is meant by the functional differentiation of economics and morality – that “someone who does good. . .does not automatically become wealthy as a result, and someone who does bad does not necessarily become poor” (Münch 1994, 390). Nevertheless economics and morality influence each other, in that economic success is not admired without further moral qualification and, on the other hand, honesty is not praised unless professional conduct also takes economic considerations into account. Someone who acquires greater moral respect can extend the scope of his economic activity and someone who is more solvent can buy more respect (Münch 1994, 406).

Recognition cultures differ in how this relation between economics and other value spheres is configured – between different countries, different historical eras, and different professions and industries. The current discussion in Germany concerning the appropriateness of managers’ salaries provides an illustration of the embeddedness of an economic phenomenon in a particular order of legitimation. For if the social recognition of managers were measured by economic criteria alone, their salary levels would not be shrouded in secrecy and certain political actors could not be confident of inducing greater restraint by disclosing the salaries earned by managers. In that case wealth alone would ensure honor and it would translate directly into social recognition.

Recognition and Identity

Adam Smith already formulated an understanding of the development of identity that later became influential in sociology. In *The Theory of Moral Sentiments*, he writes: “We endeavor to examine our own conduct as we imagine any other fair and impartial spectator would examine it” (Smith 1963a: 189). Each individual sees himself in the mirror held up by others. This mirror “is placed in the countenance and behavior of those he lives with, which always mark when they enter into, and when they disapprove of his sentiments; and it is here that he first views the propriety and impropriety of his own passions, the beauty and deformity of his

¹That is by no means obvious. For authors such as Mark Granovetter (1985), who in essence founded the new sociology of the economy by drawing on the conception of embeddedness, at first expressly rejected Talcott Parsons’ theory. Here, I would refer to the argument of Jens Beckert (2002a).

own mind” (Smith 1963a, 190). We encounter this “impartial spectator” again in George Herbert Mead (1934) as the “generalized other.” A human being judges himself by viewing himself as others would view him. He learns how others respond to his behavior and they show him how they regard him and how they judge his behavior. At the same time, he develops his relation to himself in confrontation with these others. He has the experience that different people in his environment expect different things of him and judge his behavior differently. The further he ventures beyond the narrow family circle and the more diverse the social circles in which he moves become, the more he is required to develop his identity by coming to terms with the recognition and the disrespect of others. He has to determine for himself the basis on which he wants to be recognized and whose recognition he rejects. In the process he increasingly takes his orientation from values and norms that are independent of the evaluations of other individuals. At the same time, the others also base their evaluations on general evaluative and normative standards of which he becomes aware as supra-individual generalized criteria of recognition (“generalized other”). The individual now develops in addition personal traits and modes of conduct that he regards as distinctive of his identity and for which he demands recognition from his environment. This, at any rate, is how we imagine the successful development of an identity, namely, as a balance between fulfilling the criteria of recognition of others and of society in general and the development of a distinctive individual identity (Krappmann 1982). In this way, the recognition criteria prescribed by society and by the various social environments are integrated into the identities of subjects in ways tailored to their specific situation.

Relations of authority also develop in the course of this process of identity-formation based on human beings’ need for recognition (Popitz 1992). For if the recognition of one human being is especially important for another, then the latter will endeavor to acquire that individual’s recognition in particular. Since recognition is not merely a dual relationship between two subjects but circulates within a constellation of actors, those individuals who are recognized by many others stand out. Their recognition becomes especially important for many others. This is how authorities are formed and reproduced and how actors acquire influence as potential sources of recognition.

Reputation as a Form of Recognition in Modern Society

Recognition loses its taken-for-granted aspect in modern, functionally differentiated, and individualized societies. Honor as a form of recognition laid down precise criteria for conduct worthy of recognition, self-esteem was directly linked to the esteem of others and the satisfaction of precise criteria of recognition, individual peculiarities could not expect to meet with recognition, and no distinction was made between recognition for fulfilling role requirements and esteem for the person. What this involves can be made clear by a reading of Theodor Fontane’s

1895 novel *Effi Briest*. Effi's husband, the officer Instetten, feels betrayed by his wife. He feels compelled to challenge his rival to a duel, even though he already knows that he could forgive the rival and his wife. Yet he cannot reconcile any other conduct with his own sense of honor and with the expectations of society. He believes that he must act according to a precise script. Therefore, the formative influence of this mode of recognition, which we are again encountering in the discussion of "honor killings" within premodern Turkish family structures, does not lie too far in the past of German society either.

In contrast to honor, recognition assumes a variety of different forms in modern societies (Honneth 1996; Voswinkel 2001). Everyone can claim *legal recognition* independent of status and merit; it is a universal human right and, as a universalizing guiding orientation, it continually legitimizes new claims to recognition. *Love* and *affection* play a role in interpersonal relations, the family and intimate relations being the domain in which they function as normative expectations. *Esteem* must be distinguished from legal recognition and love as a form of recognition that is assigned somebody in different degrees depending on individuals' accomplishments. *Reputation* is one aspect of esteem. It designates a positive image² that is acquired and conferred for a limited time and for a specific quality or achievement; it gives rise to influence and is capable of inspiring confidence. We speak of reputation when recognition reaches beyond personal contacts, and hence has public validity and does not rest on direct personal acquaintance.

The criteria in accordance with which one acquires reputation are no longer so clear as in the case of honor. A variety of very different individuals and reference groups can serve as donors and addressees of reputation. And individuals can exercise greater influence over what they want to be recognized for and what not.

We must distinguish between a reputation based on fulfilling the requirements of relevant roles, on moral quality, and on individual identity. These three forms of reputation are informed by different standards and, consequently, cannot be merged into one. An individual acquires *functional* reputation who effectively performs the role that he has to play in a certain functional system. *Moral* reputation is ascribed to an individual who acts in accordance with the norms and values of society. *Identity-related* reputation is acquired by those who are unique in some way and exercise an attraction on others. Since these different points of reference of reputation pose partially conflicting requirements, a certain amount of reputation management is always necessary.³

²In this article I use the term "image" to designate the picture that other persons form of a certain actor and the term "reputation" as an evaluated image.

³In an earlier text (Voswinkel 2001), I made a distinction between the reputation for power, for morality, and for identity. Eisenegger and Imhof (2001) differentiate between functional, social, and expressive reputation. These different threefold schema are not congruent, though they exhibit marked resemblances. It would be worthwhile to explore the similarities and differences in greater detail, but that is not possible in the present context.

Reputation functions as capital. It must be cultivated; one can invest in one's reputation and it may yield additional revenues as a result. For someone who is respected can find supporters more easily, can exercise influence, and has more opportunities to realize his goals. Hence, building and cultivating reputation are the focus of strategic action. One observes how one is perceived, where and how one must work on one's image, and how others assess one's strengths and weaknesses.

That is just one side of the coin, however – namely, the mutability of reputation. The other side is that individual actors can influence their reputation in very limited ways. For it is the result of a process of communication involving a range of actors who are not only interested in building their own reputations but also in damaging the reputations of others. Moreover, an individual's reputation is part of a constellation of actors with their respective reputations in which the individual actor plays a specific role. In such a constellation of actors, the individual members are assigned special personas that are intelligible only in relation to one another. Where an initiator already exists, another actor is compelled to play the role of the skeptic or naysayer. Someone who takes the initiative not only calls forth a waverer but at the same time challenges someone else to adopt the persona of the moderator. And when he knows that such a moderator exists, he can operate all the more freely as initiator. Things become difficult when two actors want to play the role of moderator. Thus, the individual has only very limited control over which figure he represents, and which reputation he has within a particular constellation.

One actor's reputation can be transferred to other actors – or it can damage others. For example, Tom is held in high regard by Paul, and George by Christine, though Christine has a low opinion of Paul. As a result, she will also be skeptical of Tom. The fact that George praises Tom then leads her to have doubts concerning George's judgment after all. Authorities lend this constellation a definite structure. If George is held in high regard not only by Christine, but also by Kevin, Ronny and Suzanne, then it is probable that Christine will change her mind about Tom if George, whom she respects, praises the despised Tom. And George's recognition becomes more important for Christine herself than that of Roderigo who is generally held in low regard. Relations of authority are created and reproduced in this way.

That reputations are acquired and shaped means at the same time that they are open to mistrust. For everyone is aware that the image one projects of oneself is not merely the result of what one "authentically" is but also of how one stages oneself, how one presents oneself in a dramatic sense, and how one is positioned dramatically within an ensemble (Goffman 1971). Accordingly, doubt lingers over whether reputation is justified. Reputation can be described as a kind of credit that one receives from one's environment. That the reputation is justified is accepted on faith – in the absence of proof of the contrary. And those who extend credit seek proofs that the reputation is justified and those who receive credit must provide them from time to time.

I call such proofs *reputation tests* (Voswinkel 2001: 127ff). An actor's reputation is tested to determine how far it coincides with his "true self." The point is to establish whether the credit is "secured." Such a test can be initiated not only by others but also by the actor himself who is not clear about his own abilities and

needs and who seeks confirmation, perhaps also in order to construct a different reputation. Reputation tests can take ad hoc forms, for example, that of a provocation that forces the individual tested to reveal her “true self” without much reflection or opportunity for stage-managing, under time pressure and mental stress, by “tearing the mask from her face.” A whole range of reputation tests are also socially institutionalized; however, they are important aspects of the development of identity and the assignment of opportunities and status. Examples are trials – ranging from ritualized tests of manhood to high-school graduation and university examinations – and tests of various kinds, ranging from tests of consumer goods to personality and intelligence tests. Job application procedures are also examples of such reputation tests. They are all designed to reveal whether someone fulfills his promise and at the same time they are supposed to address the latent mistrust concerning self-presentation by opening up a new “reputation cycle” by granting a new reputation credit.

Reputation becomes institutionalized in modern society as a means of compensating for its fragility. Aside from the reputation tests mentioned, examples of relevant institutions are certificates such as diplomas for completing courses of training, seals of approval, and ISO certifications of various kinds. Reputations give rise to circular processes: someone who has a reputation can transfer recognition to others through corresponding contacts, and they become in turn bearers of reputation. Consequently, actors and musicians, for example, try to acquire reputation by mentioning the well-known actors and musicians with whom they have collaborated or the famous venues at which they have already performed. Researchers never fail to note residencies at famous teaching and research institutions in a respected country such as the United States. The Citation Index is an example of reputation circles pushed to the point of absurdity. It saves the bother of reading and critically evaluating the contents of texts and replaces them with the appeals to the evaluations of others and the author’s network capital. Similarly, one can observe the circulation of reputations on the Internet when reader reviews are conveniently translated into a certain number of stars on Amazon or when judgments of the quality of yogurt or mobile phones are recorded on “ciao.” The “Stiftung Warentest” in Germany and the “Consumers Union” in the United States are similarly producers of reputation to which the manufacturers duly appeal in their advertisements, just as the ratings of companies influence investment decisions, for example, or the judgments of literary critics the sales of books (Strasser and Voswinkel 1997; Beckert 2002b).

Intermediaries of Reputation and the Mass Media

The foregoing suggests that reputation is the result of complex communication processes that can be steered only to a limited degree. In a communication society (Münch 1991), communicative mediators in general and the mass media in particular play key roles.

Intermediaries play a key role in facilitating the communication that circulates within social relationship networks. Thus, they make an essential contribution to defining how reality is viewed – both in positive and negative ways, as trustworthy intermediaries or as destroyers of reputation.

Here we can distinguish between:

1. Mediators of interaction in the micro-domain: these are the people who know a lot about others and do not keep this knowledge to themselves. One can describe them in a positive sense as advocates, or more pejoratively as “gossipmongers.”
2. There is a gradual transition to a mid-level domain in which we can identify more firmly established roles and positions that function as intermediaries. Examples of such intermediaries among local communities are clergyman, hairdressers, and the one-time mom-and-pop stores – in other words, individuals and institutions that function as shared points of contact for local communicators and create opportunities for semi-public communication. In organizations, too, certain positions, such as secretaries, messengers, and employee representatives, are well suited to clustering information and communication.
3. Finally, the mass media are especially prominent at the macro-level (Eisenegger 2005). They make an essential contribution to the self-concept of society by communicating interpretations of matters of which people are not immediately aware and which they are not in a position to confirm directly. What takes place at a sufficient spatial and social remove acquires reality for people only if it unfolds in the media. However, one should not overstate the importance of the mass media. For the public also assimilate the reality of the mass media critically by measuring media representations against their own experience and by situating them in the context of their social life world (“Lebenswelt”).

All of these kinds of intermediaries and the mass media are very important for the development of reputation. The interrelations between the actors and the media that influence reputation are extremely complex and are increasingly difficult for individual actors to control. Moreover, if one considers that an individual actor’s reputation is defined only in relation to a constellation of actors, then we arrive at a paradoxical conclusion: working on one’s reputation is becoming more important for actors because they are increasingly involved with other actors with whom they are not personally acquainted; at the same time it is becoming increasingly difficult to exercise strategic control over one’s reputation. Reputation is a controversial good, a highly fragile product of complex processes of communication.

The Reputation of Companies

In what follows, I would now like to apply these general considerations to the reputation of companies. The primary goal of companies is to make a profit. Thus, reputation becomes a desirable good for a private-sector enterprise when it enhances economic performance. Accordingly, it has an instrumental value.

However, one can also regard companies and the individuals associated with them as actors for whom the reputation of the company represents an independent value for their identity and self-concept. For who wants to work for or to lead a company with a bad reputation?⁴

As neo-institutionalism in sociology emphasizes, organizations need social legitimacy (Hiss 2006; Meyer and Rowan 1977). They can acquire legitimacy, on the one hand, not only by fulfilling the social expectation of economic efficiency, but also by satisfying other normative expectations. This is essentially a function of the degree to which the environment applies moral values to companies or assesses them solely in terms of economic criteria of efficiency. But, generally speaking, it is highly unlikely that companies will be the focus of *no* social–moral expectations *whatsoever*, especially in light of the fact that, as we shall see, they must contend with different environments. Accordingly, as a general rule companies cannot function in a purely market-driven way but must take moral relations into consideration if they want to safeguard their legitimacy and reputation.

Peculiarities of Companies as Actors

Companies as actors exhibit certain peculiarities in comparison to individuals. For in their case it is not self-evident who the subject actually is. Admittedly, individuals can also be described as ensembles of practical impulses, of interactions between unconscious and conscious inclinations, who often rationalize their actions after the fact even though their intentions were unclear to themselves at the time. Individuals can also adduce reasons for excusing misconduct – they can distance themselves from themselves, as it were – so that it becomes unclear who actually performed the action. However, these problems arise for organizations in additional ways.

For organizations must first determine who is authorized to speak for the organization under certain conditions. Organizations express themselves and act through representatives. They must lend some of their actions legally binding character toward the outside. This is achieved by assigning responsibilities. They also must secure their actions toward the inside by means of mechanisms that ensure the willingness of the workforce to comply. This circumstance is central for the development of the company's reputation since without clear assignment of responsibility toward the outside, without the ability to secure commitment toward the inside, and without a coherent identity, an organization cannot be regarded as one consistent actor to whom reputation can be assigned.

Organizations are even assigned higher levels of responsibility than individuals. For “they lack the opportunity to claim extenuating circumstances by appealing to poor socialization, tiredness, sickness, ‘youthful immaturity,’ psychopathological behavioral disorders or ‘justifiable anger,’ or to claim ‘lapses of memory’ in order

⁴Here I leave open whether this concern with reputation also makes sense for anonymous shareholders.

to exempt themselves from past commitments” (Geser 2002, translation amended). They are expected to be in a position to act responsibly and in a binding fashion as a result of internal processes and of the recruitment of appropriate personnel. However, organizations also have greater leeway in varying their actions according to the context in which they are operating (March and Olsen 1976). For, in contrast to individual actors, their “polycentric practical capacity” (Wiesenthal 1990) enables them to perform different actions and to adapt themselves to different environments *simultaneously* (Geser 2002). For example, companies can give priority to moral values in their product policy, ignore them on the capital markets, and accord exclusive priority to economic efficiency vis-à-vis the workforce in the internal environment. They can emphasize different aspects of their image in different external and internal settings. The actors need not be aware of the contradictions in the organization’s behavior, for they act “in good faith” in their sphere of action depending on the aspect of the identity that dominates there.

Companies can uncouple their “official” public representation toward the outside and their “official” self-concept from their everyday practice (Brunsson 1989; Meyer and Rowan 1977). One can speak here of a “divided reality of organizations” (Weltz 1988) and of a “loose coupling” (Weick 1979) between the divisions. It is not simply a matter of façades and deception; rather, the “official” reality describes a language game and a mode of interpretation in which the actors may sincerely believe and nevertheless proceed to act in ways that deviate from that interpretation. Thus, decisions are worked out and justified communicatively so that they are viewed as rational and relevant, even though each of the participants also had quite different motives and impulses. However, the latter cannot be openly discussed or recorded and as a result are forgotten.

This also applies to the practice of certification (Walgenbach 1998), which is essentially concerned with reputation. The requisite confidence in the independence of the evaluation calls for an external evaluating authority; but because its insight into the company will tend to be selective, it can form a serious judgment only of the “official” reality. The hope is then that the “unofficial” reality can be influenced through the internal organizational constraints exercised by the formal structure. However, this strategy also makes it possible to maintain the divided reality of the company.

Different Environments

Even more than individuals, companies have to deal with different environments simultaneously. These include at least:

- Market environments
- Internal environments
- Public environments

Among the *market* environments is, in the first place, the market for products. Here, the customers are the primary addressees of the company's reputation management. Most important is the functional reputation, i.e., the quality and value of the goods and services offered by the company. However, the moral reputation and the identity value of the products and of the enterprise can also play a role in the product market. At present, ecological considerations provide the main criteria for the moral assessment of products. But the working conditions under which they are produced can also influence moral reputation. Questions are raised concerning child labor, for instance, and especially exploitative forms of labor in the value-added chain. The identity-related reputation of goods and companies is developed by endowing the products with expressive value, by cultivating brand identities (Hellmann 2007), and by promoting customer identification with companies and products.

More recently, it is argued that moral reputation is gaining greater importance alongside economic performance (functional reputation) even on the capital markets. Investors may assume that it influences how companies perform on the product and retail markets. But a certain (still small) number of investors want to invest in ecological or ethical values in particular and for these investors the moral reputation of companies and their products is directly relevant to their decisions.

The threefold reference of reputation also plays a major role in the labor market – in so-called *personnel marketing* (Lieber 1995; Rastetter 1996: 104ff.). Functional reputation is an indication of the economic prosperity of the company for jobseekers who associate it with favorable career prospects. Moral reputation comes into play especially with respect to working and social conditions, hence to the reputation of the company as a good employer. And identity-related reputation can be transferred to the jobseekers if they expect to acquire high prestige from belonging to this company.

The *internal* environments of the company must be differentiated from the market environments. Most important here are the company's employees. In contrast to the jobseekers on the external labor market, they experience the organization on an everyday basis, albeit select portions of it, namely, their immediate working environment. The company is often personified in the supervisor and the working climate is important. Thus, the reputation of the company is intensely affected by the recognition culture within the enterprise – i.e., how the employees are treated – and by the social relations of reciprocity – i.e., how commitment and loyalty to the firm are rewarded (Voswinkel 2005). But the reputation of the company on the product market, within the employees' profession, and among the public also plays a major role for the standing of the company among its own workforce (Kotthoff 1997). Therefore, the moral and the identity-related reputation in the market and public environments can exert influence here as well.

Among the *public* environments are, first, the political system and its actors, both at the national and the communal level. Companies also promote their reputation through sponsorship and other activities that enable them to demonstrate that they take social responsibility seriously. This is often a matter of a taken-for-granted ethical duty, but it is one that is directly related to the goal of improving their

reputation in the local public and of increasing the general visibility of the company (Bluhm and Geicke 2007). Thus, here it is a matter of cultivating the moral reputation of the company in particular.

Second, a company's reputation policy often takes its orientation from the normative organizations that pursue primarily moral–political goals, such as nongovernmental organizations (NGOs). The most famous example is undoubtedly Greenpeace. Labor unions can also be regarded as normative organizations insofar as they publicize the working conditions and employment policies of companies. In their reputation policy, companies do not merely respond to the activities of normative organizations, but in recent times have started to become active in constructing a form of social–moral reputation management that is discussed under the heading of “Corporate Social Responsibility” (Hiss 2006; Habisch et al. 2005).

This is also aimed at the media public, of course, as the third public environment that strongly influences reputation (Eisenegger 2005). The mass media engage in communication among strangers of the broadest possible scope. They act in accordance with their own laws and practical logics (Saxer 1998; Luhmann 2000). The goal is to generate public attention, which is especially sensitive to scandals and provocations. Therefore, companies have only very limited control and influence over reputation management via the media. The media not only operate as intermediaries between actors and the public but also play an active role in directing the performance. This aggravates a problem that is of fundamental importance in dealing with reputation, namely, mistrust.

The Risk of Reputation Management

Because reputation refers to the image that an actor consciously or unconsciously projects of himself and is assigned to him by others, it is always open to mistrust. It is treated like a working hypothesis that makes action easier, but which must be continually subjected to reputation tests. The media vie for attention; and this can be achieved particularly effectively by provoking scandals. Thus, media professionals always operate with an eye to the possibility of challenging a stated reputation by exposing compromising material (Eisenegger 2005: 68ff.).

Hence companies that want to be recognized for moral excellence and to build a corporate identity with a pronounced moral profile are exposed to especially high levels of risk. For they easily inspire mistrust and assume voluntary obligations that may go beyond the normal (Eisenegger 2005: 101ff.). The distinction between *active* and *passive* reputation is important here (Voswinkel and Bode 1993: 300). Passive reputation exists when a company does *not* stand out in a *negative* way. One can speak of active reputation, by contrast, when the company creates the impression of distinctiveness in order to stand out in a *positive* way. Someone who wants to stand out in a positive way runs the risk of being more thoroughly scrutinized and examined. Someone who stands out neither positively nor negatively, by contrast, does so without an attention resource and hence stands a good chance of shielding himself against harm to his reputation.

Summary

The significance of the striving for recognition can be seen, following Adam Smith, as residing in the fact that it embeds the pursuit of self-interest in the normative order of society. Just as acting on one's interests tames the passions, so too the striving for recognition places restrictions on the pure pursuit of interests. Because human beings shape their identities on the basis of and by coming to terms with the recognition of their environment, the need for recognition connects identity with the normative structure of society.

By contrast with societies in which honor was the dominant form of recognition, modern society uncouples the (equal) legal recognition of individuals from their different levels of esteem, which are essentially determined by their achievements. The criteria for esteem are less determinate. When we speak of reputation we mean a form of recognition that goes beyond personal acquaintance and circulates publicly. Three forms of reputation can be distinguished: functional, moral, and identity-related reputation. Even though they observe different logics, they influence one another.

Reputation becomes a form of capital in which one must invest. It creates possibilities for exercising influence, and it can also be translated into economic opportunities. Managing reputation becomes increasingly important in a complex society. At the same time, however, it can be influenced only to a limited extent, particularly since reputation exists within a constellation of actors in which those involved are assigned different images. Intermediaries, in particular the mass media, assume central importance in this context.

This holds especially for companies whose reputation has a very broad scope and is based only to a slight extent on personal experiences. Reputation is of major importance for companies because they depend on legitimacy, both as regards their functional and their moral reputation. Companies are faced with a variety of environments in this regard: market, internal, and public environments, each involving different criteria of assessment. Companies are assigned higher levels of responsibility in comparison to individuals. That sets high demands on the reputation management of companies. In comparison to individual actors, however, they also have more practical leeway, for example, to develop different reputations simultaneously or to uncouple "talk" in varying degrees from "action" (Brunsson 1989). Finally, reputation management is subject to latent mistrust and hence strategies geared toward excellence entail risks.

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