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ORIGINAL PAPER

I Love That Company: Look How Ethical, Prominent, and Efficacious It Is—A Triadic Organizational Reputation (TOR) Scale

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Abstract Within the corporate social responsibility (CSR) research field, the construct of organizational reputation has been extensively scrutinized as a crucial mediator between the firm CSR engagement and valuable organizational outcomes. Yet, the existing literature on organizational reputation suffers from substantive divergence between the studies in terms of defining the construct's domain, dimensional structure, and the methodological operationalization. The current study aims to refine the organizational reputation construct by reconciling varying theoretical perspectives within the construct's definitional landscape, suggesting a holistic but parsimonious triadic view on the organizational reputation construct for customer stakeholders. Based on commonly used extant organizational reputation measures, we theoretically and empirically develop the customer-based triadic organizational reputation (TOR) scale and position it as a superordinate multidimensional construct (generalized favorability) influencing three distinct first-order dimensions: product and service efficacy, societal ethicality, and market prominence. Results show that the proposed triadic conceptualization of organizational reputation is theoretically defensible, and the resulting scale is cross-culturally generalizable and performs well compared with existing, longer measures of organizational reputation. Together, the organizational reputation model developed here suggests that, for cognitive economy and functional efficiency, customers will access a second-order reflective model of organizational reputation as the default implicit attitude (reputation as assessment), which in turn will activate reflections of the implicit attitude in the form of first-order dimensions (reputation as asset).

Keywords Reputation · Ethics · Market prominence · Product and service · Scale development · Conceptualization

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Introduction

In the last twenty years, there has been a dramatic growth in research attention to organizational reputation (or, more narrowly, corporate reputation) across several domains of management literature, such as organizational behavior, strategy, marketing, and economics (see Rindova et al. 2005 for a review). Within the applied business ethics field, the studies consider organizational reputation as a crucial outcome of firm corporate social responsibility (CSR) activities and respective societal performance, leading to firm growth (Saeidi et al. 2015), improved financial performance (Sánchez and Sotorrío 2007), and higher market evaluation (Lourenço et al. 2014). These valuable outcomes result from the role of reputation in signaling the company's likely future behaviors and serve to reduce stakeholder uncertainty (e.g., Walker and Dyck 2014),

create relational trust (e.g., Agarwal et al. 2015), and support the firm's legitimacy (Deephouse and Carter 2005).

Despite this recognition, organizational reputation is rife with competing definitions, unclear conceptualizations, and contrary operationalizations (Lange et al. 2011). For instance, it has been defined as awareness, evaluative judgment, generalized favorability, attractiveness, firm's standing against other firms, or overall company evaluation (cf. Barnett et al. 2006). Recently, Lange et al. (2011) in a review of the field identified three dominant conceptualizations of organizational reputation namely, 'being known' (e.g., Barnett et al. 2006; Rindova et al. 2005; Shamsie 2003), 'being known for something' (e.g., Fischer and Reuber 2007; Love and Kraatz 2009; Rindova et al. 2005), and 'generalized favorability' (e.g., Gioia et al. 2000; Highhouse et al. 2009; Love and Kraatz 2009). While some scholars have maintained definitional divergence by adopting multi-theoretical viewpoints (e.g., Fischer and Reuber 2007; Love and Kraatz 2009), others have combined them to explicitly define organizational reputation as a multidimensional construct (e.g., Devers et al. 2009; Rindova et al. 2005). Moreover, some of these prominent conceptual approaches miss the reputational factors important for CSR studies: consider, for example the well-known study by Rindova et al. (2005), emphasizing only the utilitarian dimensions within the framework of organizational reputation (perceived quality and market prominence) while neglecting the socially oriented facets of reputational judgment.

Precise conceptualization and accurate measurement of organizational reputation is essential for the systematic integration and advancement of this field of research. Consequently, it is necessary to investigate the construct's definitional and dimensional domain within a larger nomological context (Bagozzi 2011). Despite conceptual agreement that organizational reputation is multidimensional and multi-faceted (Deephouse and Carter 2005; Fischer and Reuber 2007; Love and Kraatz 2009), scholars continue to operationalize it as antecedents, summated scores, average scores, or molar constructs rather than as dimensions of a higher-order multidimensional construct (Boyd et al. 2010; Rindova et al. 2005; Walsh and Beatty 2007). Understanding the dimensional structure of organizational reputation (i.e., reflective versus formative) would allow drawing systematic conclusions regarding creating and sustaining this intangible asset. For instance, modeling organizational reputation as a formative construct would suggest that influencing any dimension independent of others would change the overall reputation. Conversely, modeling it as a reflective construct would suppose that observable reputational aspects are merely reflections of the higher-order construct, and only the change of the construct itself could affect the individual dimensions.

This disparity in the field's theoretical and empirical understanding of the conceptualization and the dimensional structure of organizational reputation sets the motivation for the current study. In particular, we intend to refine the conceptualization of organizational reputation at the individual stakeholder level by reconciling conflicting perspectives of the focal construct. This we do by conceptualizing organizational reputation as a superordinate multidimensional construct, which allows us to bring together three definitional perspectives and unify them within a theoretically integrative framework. This refinement results in a parsimonious, yet theoretically coherent triadic multidimensional view of organizational reputation. We support this operationalization via the inductive systematic development and empirical validation of a short triadic organizational reputation scale using a cross-national sample from the United States and India. Since different groups of stakeholders use heterogeneous criteria for assessing the company's future behavior (Turker 2009; Wang and Berens 2015), models of organizational reputation must be stakeholder-specific (Fombrun 2012; Rindova et al. 2005). Thus, to be precise with respect to the domain of organizational reputation, we focus on customers as an important organizational stakeholder in developing the customer-based triadic organizational reputation construct scale.

The present research makes three primary contributions to the literature. *First*, the paper presents a conceptual and methodological refinement of the multidimensional organizational reputation construct that reconciles several fragmented clusters of meaning found in the extant literature (Lange et al. 2011). Building on earlier work by Agarwal et al. (2015), our results suggest that organizational reputation is best conceptualized as a superordinate multidimensional construct influencing distinct first-order dimensions (i.e., organizational reputation as a second-order reflective construct). Further, the results suggest that our organizational reputation conceptualization contains attributional firm judgments that include belief elements, evaluative elements, and favorability judgments.

Second, we collectively assess the most commonly used organizational reputation measures to inductively develop and empirically test a short triadic organizational reputation scale. Specifically, we develop a scale that is conceptually unifying, parsimonious, empirically tested, and cross-validated in two countries. Using the definitions and methodological operationalizations for the construct of organizational (corporate) reputation in the literature as a starting point, we aim to integrate, as well as build on, past organizational reputation literature with the aim of further advancing the field. Although prior researchers proposed short scales for capturing organizational reputation (e.g., the 4-item RepTrak Pulse scale of Ponzi et al. 2011), we

develop a parsimonious, yet holistic customer-based organizational reputation scale that allows for distinguishing among the three distinct organizational reputation dimensions of product and service efficacy, market prominence, and societal ethicality.

Third, we aim to clarify the construct of organizational reputation to guide future progress of the reputation field. The extant lack of clarity and consensus in defining and measuring organizational reputation as a construct may be a predictable outcome of its complex, intangible, socially constructed, and multi-level nature (Lange et al. 2011; Agarwal et al. 2015). Unfortunately, this may serve as an impediment for future progress of the organizational reputation field by preventing meaningful comparison of the construct across studies, in turn making hypotheses testing unreliable. In light of Edwards' (2001, 2011) concerns about the clarity and precision of properly measuring multidimensional constructs, we assess several alternative relational structures of customer-based organizational reputation (second-order vs. first-order models and formative vs. reflective representations), providing the rationale and empirical evidence in favor of the second-order reflective conceptualization of the construct.

Refining the Organizational Reputation Construct

The Definitional Domain of Organizational Reputation

Organizational reputation has been defined in various ways in the literature. Part of this stems from the fact that the construct is of interest across several fields in management research (strategy, organizational behavior, marketing, and economics). Strategy researchers tend to see reputation as an intangible asset firms hold in a market compared to others (Deephouse and Carter 2005), organizational behavior theorists tend to see it as a collective evaluation or appeal (Love and Kraatz 2009), and marketing researchers tend to see it as a customer-specific assessment of some attributes of a firm (Agarwal et al. 2015).

As a result, several reviews over the past decade have attempted to reconcile contrasting definitions to try to arrive at a consensus (Barnett et al. 2006; Deephouse and Carter 2005; Devers et al. 2009; Fischer and Reuber 2007; Lange et al. 2011; Love and Kraatz 2009; Rindova et al. 2005; Walker 2010). The reviews by Barnett et al. (2006) and Lange et al. (2011) independently conclude that the definitional landscape of organizational reputation primarily consists of three distinct clusters of meaning: reputation as a state of *awareness* (*'being known'*), reputation as an *asset* (*'being known for something'*), and reputation as an *assessment* (*'generalized favorability'*). According to Lange et al. (2011), '*reputation as awareness'* is a collective perceptual representation reflecting broad visibility of the firm (i.e., being known), irrespective of judgment or evaluation. Rindova et al. (2005) describe this viewpoint as 'prominence', i.e., the extent to which a firm is widely recognized among stakeholders in its organizational field, and the extent to which it stands out relative to competition. Further, Lange et al. (2011) describe '*reputation as asset'* as judgment or evaluation of a particular attribute or characteristic of the firm (i.e., being known for something) with respect to the firm's ability to create value based on past behavior. Love and Kraatz (2009) describe this viewpoint as stakeholders' assessment of firms as means to their 'parochial ends' in that they ascribe good reputation to firms that demonstrate technical efficacy. Rindova et al. (2005) refer to "perceived quality" as a dimension of technical efficacy—a judgment of the quality of the firm's output. Finally, Lange et al. (2011) describe '*reputation as assessment*' as an overall summary judgment of the organization's favorability and attractiveness (i.e., generalized favorability) that transcends particular aspects of its past or future. Here, organizations are viewed as coherent and conscious actors and stakeholders find attractive those firms that have desirable character traits (i.e., organizational character) that conform to practices that are locally appropriate and culturally desirable (i.e., symbolic conformity) (Love and Kraatz 2009).

Our review of the definitional perspectives of organizational reputation also reveals that some scholars find merit in the divergence of definitions and have not attempted to combine them into a single definition (e.g., Deephouse and Carter 2005; Fischer and Reuber 2007; Love and Kraatz 2009). Others have drawn on divergent conceptualizations of organizational reputation to explicitly define it as a multidimensional construct (e.g., Devers et al. 2009; Rindova et al. 2005). While the three perspectives of reputation are distinct, they also share conceptual overlap based on the depth of evaluation, i.e., evaluative versus non-evaluative judgment and focus of evaluation, i.e., generalized versus particular evaluation (Lange et al. 2011). For instance, whereas the 'asset' perspective focuses on strongly held expectations for an organization's consequences and tangible outputs, the 'assessment' perspective focuses on evaluative generalized opinions of stakeholders.

In this paper, we adopt an integration of these varying perspectives around the definition offered by Fombrun (2012) that organizational reputation is "a *collective assessment* of a *company's attractiveness* to a *specific group of stakeholders* relative to a *reference group of companies* with which the company competes for resources" (2012, p. 100; italics added for emphasis). This definition allows us to reconcile the seemingly divergent definitional

perspectives within one unified structure wherein we model organizational reputation as a superordinate multidimensional construct. Specifically, we propose that customer-based organizational reputation at the second-order level is an 'assessment' construct of generalized favorability reflecting a company's attractiveness to its customers-as-stakeholders. Further, we propose that the second-order construct is represented by a collection of first-order 'asset' constructs that reflect both 'firm-centric' and 'competitor-centric' facets of organizational reputation. In the next section, we elaborate this further.

Organizational Reputation: Integrating Awareness, Asset, and Assessment Views

Using Fombrun's (2012) definitional anchor, we conceptualize organizational reputation as a second-order multidimensional construct consisting of several first-order dimensions that are both stakeholder-specific and reference group-specific. At the superordinate global level, organizational reputation is an 'assessment construct' (Fombrun 2001; Fischer and Reuber 2007) reflecting a 'generalized favorability' that stakeholders hold toward the company (Lange et al. 2011). At this global level, organizational reputation is an affective judgment of a company's attractiveness to a specific group of stakeholders that transcends any specific aspect of an organization's past or future (Fombrun 2012; Ponzi et al. 2011). It is formed as a result of processing of the company's past history and current signals regarding its likely future behaviors, to inform judgments of the firm's overall appeal (i.e., organizational character) when compared to other leading rivals.

In addition to the 'generalized favorability' as a superordinate construct, we contend that organizational reputation is multidimensional and includes specific first-order dimensions (see Table 1 for review of first-order dimensions in prior literature, e.g., reputation for quality or reputation for social responsibility). Specifically, we propose that each particular organizational reputation facet represents a piecemeal evaluative judgment of a specific aspect of firm's past history and future actions (i.e., 'being known for something' in terms of Lange et al. 2011). At this level, each dimension is an 'asset' construct that entails cognitive evaluation that a firm has particular attributes of interest or value to the stakeholder and offers the advantage of perceived predictability of organizational outcomes and behavior in a particular context. The set of these first-order dimensions represents the "componential perspective" on organizational reputation (Fischer and Reuber 2007), with each dimension constituting an evaluation of a particular attribute or characteristic of significance to the stakeholder.

As earlier discussed, another proposed conceptualization of reputation is a general broad 'awareness' of the firm, referring to the firm's prominence among stakeholders (Rindova et al. 2005) and the extent to which it stands out relative to competitors ('being known' in terms of Lange et al. 2011). While some scholars treat 'awareness' as an antecedent of organizational reputation (e.g., Brooks et al. 2003), we situate market prominence as an important additional 'asset' construct (being known for something) that signals the firm's current and future competitive advantage relative to a 'reference group of companies.' We argue that knowledge of a firm's central, enduring, and distinctive attributes relative to competition (Whetten and Mackey 2002) requires more than mere perceptual representation, but rather a shared evaluative judgment that is relative, as opposed to absolute, in scope. Similar to the concept of market orientation (Narver and Slater 1990; Jaworski and Kohli 1993) that emphasizes organizational learning through knowledge of both customers and competitors, market prominence thus embodies customers' knowledge of the focal firm vis-à-vis its standing relative to competing firms, garnered by expert intermediaries and high-status actors. Together, our componential perspective of organizational reputation includes specific stakeholders' judgments of 'asset' constructs, both firm-centric and competitor-centric, that signal the firm's current and future competitive advantage relative to a reference group of companies (Roberts and Dowling 2002).

In sum, by adopting Fombrun's (2012) definition of organizational reputation and modeling it as a superordinate multidimensional construct, we are able to integrate the three definitional perspectives (i.e., assessment, asset, and awareness) within a unified structure. We do this by conceptualizing organizational reputation as a second-order construct (i.e., assessment construct) that is multidimensional in nature, composed of several first-order constructs (i.e., asset constructs) that reflect both central and enduring attributes specific to the firm (firm-centric asset constructs) and distinctive attributes relative to competition (competitor-centric asset construct) for specific stakeholders (customers in this study). We next discuss the dimensionality of organizational reputation in the context of customer stakeholders.

The Dimensionality of Organizational Reputation

A controversy in the organizational reputation literature concerns the dimensionality of organizational reputation and the specific facets of this construct (i.e., assets constructs). To illustrate this point and build on existing research, we reviewed five most frequently used approaches to conceptualization and operationalization of organizational reputation (Sarstedt et al. 2013), which are

Table 1 The domains captured in existing organizational (corporate) reputation scales

	Measures				
	Reputation quotient (RQ; Fombrun et al. 2000)	Customer-based corporate reputation (CBR; Walsh and Beatty 2007)	Corporate reputation scale (Helm 2005)	America's most admired companies (AMAC) index (Hutton 1986)	Corporate reputation scale (Schwaiger 2004)
Dimensional structure	First-order multidimensional[a]	First-order multidimensional	First-order uni-dimensional	First-order uni-dimensional	First-order multidimensional
Relational structure	Reflective	Reflective	Formative	Formative	Formative[b]
Organizational reputation dimensions					
Quality of products/ services	×	×	×	×	×
Social/environmental responsibility	×	×	×	×	(General responsibility)
Financial performance/firm success	×	×	×	×	(General performance)
Customer orientation		×	×		
Good employer/workplace environment	×	×	×	×	
Credibility of advertising			×		
Value for money			×		
Emotional appeal	×				
Sympathy					×
Competence					×
Vision/ leadership/management	×		×	×	

[a] Agarwal et al. (2015) clarified the dimensional structure of the corporate reputation scale as a second-order reflective construct in which the superordinate latent construct captures the 'halo effect' of reputation which influences all its individual first-order dimensions

[b] Schwaiger (2004) also introduces the six reflectively worded indicators (of a formative model) to capture the overall reputation construct (p. 64). These reflective indicators were used in our study as inputs for the scale development, along with the indicators from reflective scales (RQ and CBR)

applicable to this paper's focal stakeholders—customers. The organizational reputation measurement has its roots in the Fortune's ranking of America's Most Admired Companies (AMAC), but the measure has been highly criticized in literature as being not developed systematically, having poor psychometric qualities, and being driven by a single factor of financial performance (Sarstedt et al. 2013). The other four commonly used measures of organizational reputation in the literature were introduced by (1) Fombrun et al. (2000)—the reputation quotient (RQ) measure; (2) Schwaiger (2004); (3) Helm (2005); (4) Walsh et al. (2009), and Walsh and Beatty (2007)—customer-based corporate reputation measure (CBR), shortened and full versions, respectively. However, across the domain of organizational reputation measurement, these most frequently used survey scales capture a number of discrete factors (please refer to the summary of these scales in Table 1; see also Sarstedt et al. 2013).

The analysis of the organizational reputation componential domain in Table 1 suggests that embracing all eleven dimensions from existing scales is far from parsimonious (as some dimensions might be overlapping, theoretically and empirically), is not stakeholder-specific, and might miss other theoretically relevant dimensions of interest. However, an assessment of what is common across the domain suggests that out of eleven distinct dimensions, three consistently show some overlap across competing measures: (a) quality of products and services, (b) social and environmental responsibility, and (c) financial performance. This suggests that these dimensions may, in part, lie at the heart of organizational reputation as comprised of 'asset' constructs. In order to refine and generalize the componential structure of the organizational reputation, we rely on the theoretical work of Love and Kraatz (2009) who identified three distinct explanations that undergird the foundation of an organizaton's reputation: a reflection of organizational character (Davies et al. 2003; Fombrun 1996), technical efficacy concerns (Fryxell and Wang 1994), and symbolic conformity with cultural expectations (Staw and Epstein 2000). In creating our view of organizational reputation, we draw on these common dimensionalities and situate them within organizational reputation as a second-order multidimensional construct. A schematic representation is provided in Fig. 1.

Superordinate Construct: Generalized Favorability as Attractiveness and Character

At the superordinate level, the second-order 'assessment' aspect of organizational reputation is best represented by

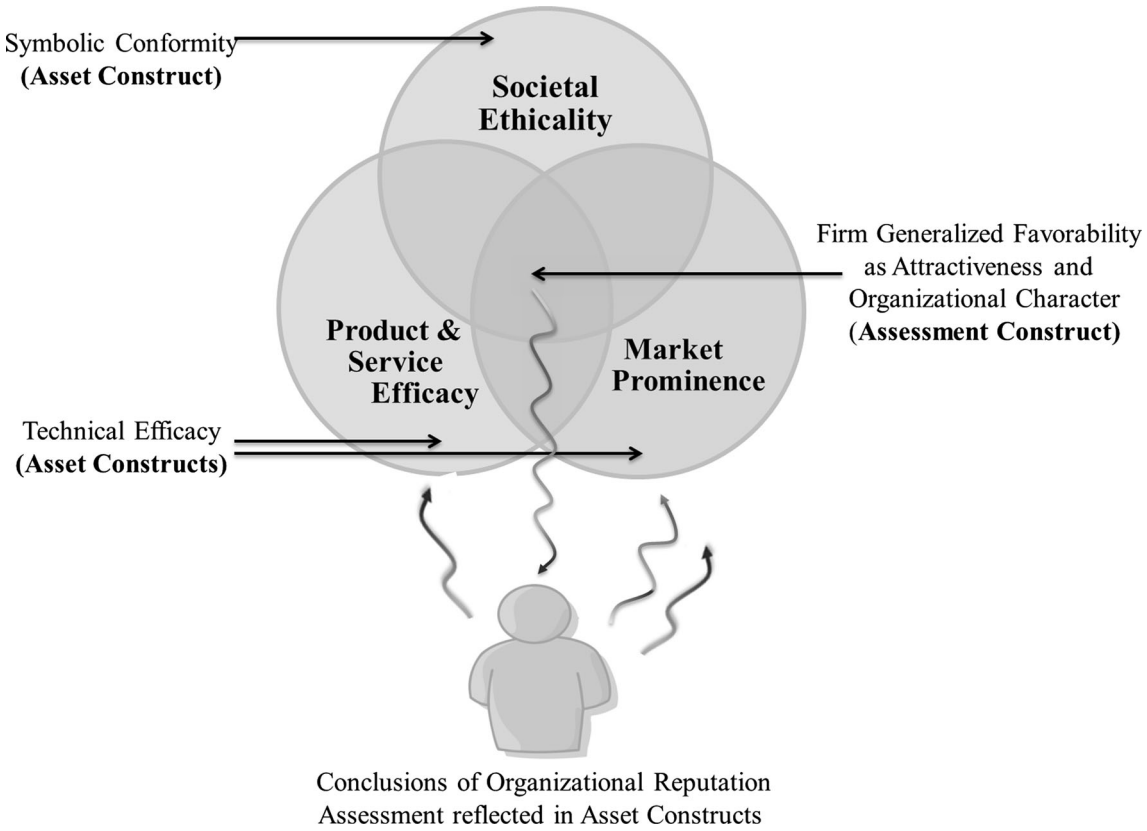

Fig. 1 Conceptual model of triadic organizational reputation

the attractiveness of its 'organizational character' (Love and Kraatz 2009), in that stakeholders assign positive reputations to firms that appear to possess desirable character traits. This is because people tend to anthropomorphize organizations as conscious actors and are concerned about their suitability as exchange partners (Davies et al. 2003; Fombrun 1996). Consistent with social exchange theory (Blau 1964) and stakeholder theory (Freeman 1984), people view signals and actions as occasions for attributing traits to the organization and tend to admire firms that possess character traits of trustworthiness and credibility, as opposed to opportunistic behavior, as these elements become the basis for projecting a firm's future behavior. This superordinate view is consistent with previous operationalizations of the firm's reputation (see Table 1) when reputation has been operationalized as the firm's emotional appeal (Fombrun et al. 2000), 'generalized favorability' (Lange et al. 2011), sympathy (Schwaiger 2004), and credibility (Helm 2005).

Dimension 1: Product and Service Efficacy

Within Love and Kraatz's (2009) view of reputation, technical efficacy characterizes a firm's ability to fulfill stakeholders' material needs and is coupled with consequences and tangible organizational outputs, for example, producing superior products and services (for customers, Fombrun and Van Riel 2004) or delivering superior financial results (for investors, Fryxell and Wang 1994). Unlike the anthropomorphized view wherein firms are seen as social actors, stakeholders perceive firms as a means to their parochial ends and ascribe reputations in response to valued organizational outputs and performance change. A technical efficacy logic implies that reputational change reduces to performance change (i.e., instrumental logic) directly relevant to stakeholders (Love and Kraatz 2009). This view is consistent with prior research, and may be reconciled with the dimensions of organizational reputation (e.g., quality of products/services, customer orientation, value for money, competence; see Table 1). While existing studies have emphasized 'perceived quality' of products/services as a distinct dimension of organizational reputation among customers, we propose that 'product and service efficacy' is a broader concept that not only embodies perceived quality but also the sacrifice made in terms of money, time, and effort, that is perceived value (Cronin et al. 2000). A firm that employs high quality inputs and productive assets to turn out quality products/services will correspondingly charge a premium price (Rindova et al. 2005), and all these serve as resource signals of product and service efficacy. Further, the benefits of 'product and service efficacy' reside not only in the functional and aesthetic domains, but also in the relational benefits reaped during the exchange process. Indeed, in support of our contention, there is growing evidence that customers not only desire to maximize equity and valued benefits vis-à-vis product and service quality, but also to engage in meaningful relationships with companies (Ahearne et al. 2005; Bhattacharya and Sen 2003; Sirdeshmukh et al. 2002). Thus, 'product and service efficacy' based on both instrumental and relational concerns serves a broader functional purpose in ascribing reputation than perceived quality alone, as it embodies elements of fairness during relational exchanges (Tyler and Blader 2003).

Dimension 2: Market Prominence

Because the first-order asset constructs reflect attributes that are both firm-centric and competitor-centric, it makes sense to partition the technical efficacy explanation of organizational reputation into two distinct dimensions: *'Product and Service Efficacy'* and *'Market Prominence'* for customers-as-stakeholders. This partitioning reflects Rindova et al.'s (2005) distinction between perceived quality and prominence, i.e., stakeholder's evaluation of the company's absolute and relative performance, respectively; a distinction that should not be ignored, in lieu of our definition of organizational reputation (adopted from Fombrun 2012). Rindova et al. (2005) describe 'prominence' as the extent to which a firm is widely recognized among stakeholders in its organizational field and the extent to which it stands out relative to competition. We define the second dimension of organizational reputation ('market prominence') as reflecting the degree of the firm's shared evaluative judgment among customers and the extent to which it stands out vis-à-vis its competitors. That is, we see market prominance as a competitor-centric evaluative judgment not explicitly contingent on firm actions. By contrast, technical efficacy implies that firm actions may themselves affect reputation because of their inherent implications for performance change (Love and Kraatz 2009). For instance, customers ascribe higher reputation to firms demonstrating leadership in product/market growth, not necessarily because of immediate performance change, but because consumers believe performance change will enhance future performance. This view is consistent with prior research, and may be reconciled with the dimensions of organizational reputation (e.g., leadership/vision; see Table 1).

Dimension 3: Societal Ethicality

Symbolic conformity refers to a firm's reputation tied to meeting socially constructed standards within the cultural system that it is embedded in (Love and Kraatz 2009), and the firm does so by adopting culture-specific and context-

specific structures and practices that are locally appropriate and culturally desirable (Staw and Epstein 2000). That is, stakeholders confer good reputations not only on firms that are able to fulfill their financial and performance obligations, but also firms that exemplify cultural fitness and conformity to local norms. Thus, we propose 'societal ethicality' as a third first-order 'asset' construct of organizational reputation. This perspective draws from neo-institutional theory (DiMaggio and Powell 1983; Scott 2001) which holds that organizations, embedded within broader institutional environment, adopt structures and practices embodying normative values and cultural beliefs of stakeholders in response to field-level pressures to gain legitimacy and support. This view is also consistent with prior research, and may be reconciled with the dimensions of organizational reputation in prior literature, e.g., in Table 1 the dimensions of social and environmental responsibility and good employer/workplace environment reflect the 'symbolic conformity' of a firm in the customers' minds and can be broadly captured as 'societal ethicality' (similarly to "business" and "social" reputation within the framework of de Castro et al. 2006).

In sum, we propose that customer-based organizational reputation consists of a second-order 'assessment' construct exemplified by the attractiveness of its 'organizational character' or generalized favorability as perceived by customers. We further propose that this second-order 'assessment' construct is represented by three first-order 'asset' constructs, namely, (a) product and service efficacy, (b) market prominence, and (c) societal ethicality—the first two dimensions reflecting 'technical efficacy' and the third dimension 'symbolic conformity.' A schematic summary of this perspective of organizational reputation is presented in Fig. 1.

The Dimensional Structure of Organizational Reputation

Another controversy in the reputation literature relates to the factor structure of organizational reputation and how the multidimensional construct should be modeled, i.e., formative versus reflective conceptualization (cf. Diamantopoulos et al. 2008; Edwards 2001). For instance, some researchers explicitly model organizational reputation as a formative construct (i.e., the dimensions form an aggregate formative construct; e.g., Helm 2005). Here, the latent construct is not ascribed any real existence and therefore does not exist apart from the measurement (Borsboom et al. 2003). The argument in favor of organizational reputation as a second-order formative model is evident when one sees that the first-order dimensions are not interchangeable, are not expected to covary with each other, and are not required to have the same set of antecedents and consequences (Jarvis et al. 2003). This implies that each dimension (or facet) of the focal construct, organizational reputation, contains unique variance with distinctive characteristics, and eliminating any one of them would compromise the conceptual domain of the focal construct (Jarvis et al. 2003; Mackenzie et al. 2011). Thus, when viewed as a second-order formative construct, stakeholders activate an inductive inference process, generalizing from 'asset' constructs to the 'assessment' construct, to form an evaluative summary judgment of a firm's organizational reputation.

In contrast, other researchers have adopted a reflective measurement approach to organizational reputation modeling (e.g., Agarwal et al. 2015; Walsh and Beatty 2007; Fombrun et al. 2000). Here, each first-order dimension represents different facet of organizational reputation (e.g., 'being known for something') being driven by a second-order 'generalized favorability' construct of organizational reputation (i.e., stakeholder or observer evaluative judgments). Because second-order reflective models in general have a common cause (Jarvis et al. 2003), high common method variance is expected and desirable; this common variance is supplemented by group variances common to some first-order dimensions, specific variances unique to each dimension, and random variation (Law et al. 1998). Consequently, while there is conceptual overlap caused by a common cause (i.e., second-order organizational reputation construct), the first-order dimensions are also conceptually distinct, each having theoretically different antecedents and consequences. Reflective models activate a deductive inference process in which specific conclusions of organizational reputation as 'asset' constructs are drawn from the higher-order organizational reputation 'assessment' construct based on general assumptions and implicit processing of information (Edwards 2011). This is in sharp contrast to formative models, which are context-dependent and hence subject to conceptual indeterminacy—a phenomenon that occurs when the assignment of 'empirical meaning' to a latent construct is divergent from its 'nominal meaning.'

Drawing from Agarwal et al. (2015), we argue that corporate reputation is best represented by the latter conceptualization. Specifically, we suggest there is a 'common cause' of organizational reputation in a reflective model. We suggest that this 'common cause' is stakeholders' perceptions of organizational identity, which can also be understood as the underlying 'core' or basic *organizational character* of a firm (Love and Kraatz 2009), i.e., central and enduring qualities that define the company and that make it distinctive from other companies (Albert and Whetton 1985; Barnett et al. 2006). In turn, this 'common

cause' of organizational reputation reflects, or predicts, its most critical asset constructs (i.e., first-order constructs) that are of value and significance to the perceiver and offer the advantage of perceived predictability of organizational outcomes and behavior. Given our previous theorizing, we expect that the first-order constructs predicted by this common cause include product and service efficacy, market prominence, and societal ethicality. In other words, we expect that corporate reputation will be best specified as a second-order reflective model in which an overarching organizational reputation construct (i.e., organizational character) impacts its first-order dimensions of product and service efficacy, market prominence, and societal ethicality. That is, we expect that:

Hypothesis 1 Second-order organizational reputation ('organizational character') positively predicts three distinct first-order reputation dimensions: (a) product and service efficacy, (b) market prominence, and (c) societal ethicality.

The Nomological Validity of Organizational Reputation

The preceding hypothesis is intended to test the fit of the suggested organizational reputation operationalization to actual data. In addition to testing the factor structure of the proposed scale's conceptualization, we also need to establish its criterion validity within the nomological network. The theoretical meaning of a focal construct accrues, in part, through specifying hypothesized relations between the focal construct and other constructs within a nomological network (Bagozzi 2011). This network includes a set of theoretical consequences and outcomes of organizational reputation. For this, we use the outcomes of customer-based organizational reputation that are already demonstrated in prior literature (Fombrun et al. 2000).

Specifically, the triadic organizational reputation short-scale measure should predict a set of positive outcomes at the individual customer level: customer loyalty, word of mouth recommendations, and satisfaction (Walsh and Beatty 2007; Walsh et al. 2009; Sarstedt et al. 2013). Moreover, prior studies suggest that organizational reputation should foster customer-company identification in the form of a match between individual's identity with the firm's identity (Lii and Lee 2012) and foster customer-company trust (e.g., Agarwal et al. 2015). Thus we posit:

Hypothesis 2 The organizational reputation model will demonstrate nomological validity, positively predicting: (a) loyalty, (b) word of mouth recommendations, (c) trust, (d) corporate identification, and (e) satisfaction.

Method

Empirical Approach

The purpose of the empirical part of this paper is to (a) validate the three-dimensional representation of customer-based, second-order reflective organizational reputation construct outlined above; (b) develop a parsimonious yet multi-faceted survey scale; (c) validate the scale in a nomological network using data from two countries; and (d) provide a comparative assessment of the short scale relative to existing organizational reputation scales. The organizational reputation survey instrument was developed on the basis of the scales from existing literature. For this, we designed a survey questionnaire, which included all reflectively designed items from the three most broadly used scales applicable to customers: (1) 20-item Reputation Quotient (Fombrun et al. 2000); (2) 15-item short scale of Customer-Based Corporate Reputation (original scale: Walsh and Beatty 2007; short scale proposed in Walsh et al. 2009); and (3) 6 reflective items for short Corporate Reputation scale (Schwaiger 2004, p. 64). America's Most Admired Companies (AMAC) index (Hutton 1986) was omitted since the first two survey scales were originally developed on the basis of AMAC index. The 10-item Helm formative scale was omitted for the purpose of developing the short organizational reputation scale given that the *item wording* is inherently formative ('*Concerning the following characteristics, does company X have a good or bad reputation in the public?*' followed by 10 characteristics in one table). The formative design of these questions contradicts our theoretical conceptualization of organizational reputation (which, as mentioned, is reflective in nature; Agarwal et al. (2015) and is not compatible empirically with the rest of reflectively worded measures. However, for the purposes of comparative analyses, we included the Helm measures into the survey questionnaire and used it for model comparison tests with other measures of corporate reputation later on.

Repetitive items within the three focal scales were requested only once, leaving 33 items in total as the initial item pool for assessing the three-dimensional operationalization and developing a parsimonious scale. Individual items were measured on a 7-point Likert scale (1 = *absolutely disagree*; 7 = *absolutely agree*).

Participants and Procedure

The data were collected in two countries, the U.S. and India, from a large panel sample of participants using a third party marketing research firm; in both cases the working business language was English. The inclusion of

Table 2 Sample description

	U.S. sample	India sample
Number of respondents	410	402
Cell phone companies (one per respondent)	Verizon wireless—29.5%	Bharti AirTel—29.1%
	AT&T mobility—30.5%	Vodafone—28.9%
	Virgin/sprint nextel—13.7%	Reliance Communications—7.5%
	T-Mobile US—14.4%	Idea cellular—10.4%
	TracFone wireless/America Movil—10.5%	Tata DoCoMo—8.7%
	U.S. cellular—1.0%	AirCel—0.7%
	Leap wireless (Cricket Wireless)—0.5%	BSNL—13.2%
		Other—1.5%
Gender	Male—40.5%	Male—52.2%
	Female—59.5%	Female—47.8%
Age	Less than 18—0.7%	18-25—19.2%
	18-25—4.6%	26-35—30.8%
	26-35—11.2%	36-50—34.3%
	36-50—27.1%	51-80—15.7%
	51-80—52.9%	
	More than 80—3.4%	
Education	Incomplete high school—1.0%	Incomplete high school—0.2%
	High school—14.4%	High school—3.7%
	Some college—34.1%	Some college—9.2%
	Undergraduate degree—31.0%	Undergraduate degree—34.6%
	Master degree—17.1%	Master degree—49.5%
	Doctoral degree—2.4%	Doctoral degree—2.7%
Occupation	Student—2.7%	Student—8.5%
	Housework—10.2%	Housework—11.4%
	Retired—30.0%	Retired—4.5%
	Worker—27.6%	Worker—20.1%
	Manager—11.2%	Manager—38.3%
	Business owner—6.1%	Business owner—10.9%
	Unemployed—12.2%	Unemployed—6.2%

the Indian sample, in addition to the U.S. sample, was done as part of validating the scale. Four hundred and ten American participants and four hundred and two Indian participants (total $N = 812$) completed the survey online in exchange for $7.00 payment (see Table 2 for sample descriptive data). We collected the data on a single industry (telecommunication services) from the customers of national cellular network operators. Notwithstanding generalizability, one industry was chosen as it allowed us to control for 'industry effects', thus allowing us to bolster the internal validity of our findings.

At the beginning of the study, participants were asked to report on their cell phone company. They then responded to the four organizational reputation measures, measures of nomological validity, and filler items. Questions were randomized to mitigate order bias concerns. Descriptive statistics, reliability, and correlations between the focal constructs are presented in Table 3. Note that there are some differences in the demographics between the United States and Indian samples (e.g., the Indian sample is younger, better educated, and more commonly in a management role). However, as we are interested in the validation of our model across samples for improved generalizability, these differences are not problematic (in fact, the differences should allow for greater generalizability).

Measures of Nomological Validity

To assess the criterion validity of each organizational reputation measure, participants completed a series of validated measures. They completed a *loyalty measure* (sample item: "I have developed a good relationship with this company"; Walsh and Beatty 2007), a *word of mouth*

Table 3 Descriptive statistics and correlations

	U.S.		India									
	Mean (SD)	α	Mean (SD)	α	1	2	3	4	5	6	7	8
Product and service efficacy	5.23 (1.18)	.89	5.43 (1.06)	.86	1	.76**	.76**	.72**	.77**	.77	.58**	.47**
Market prominence	5.33 (1.06)	.84	5.61 (.95)	.82	.73**	1	.68**	.66**	.70**	.70**	.44**	.42**
Societal ethicality	4.65 (1.09)	.89	5.21 (1.03)	.86	.71**	.72**	1	.60*	.65**	.64**	.62**	.46**
Loyalty	5.20 (1.24)	.87	5.46 (1.01)	.85	.80**	.71**	.64**	1	.89**	.87**	.67**	.55**
WOM	4.98 (1.22)	.90	5.46 (.98)	.89	.83**	.72**	.69**	.87**	1	.90**	.69**	.59**
Trust	5.10 (1.26)	.96	5.42 (1.00)	.91	.85**	.74**	.71**	.89**	.91**	1	.69**	.58**
Identification	3.60 (1.41)	.91	4.77 (1.22)	.90	.51**	.43**	.64**	.57**	.63**	.60**	1	.61**
Satisfaction	4.48 (.66)	.87	4.77 (.81)	.64	.66**	.57	.57**	.70**	.70**	.69**	.54**	1

Correlations for the U.S. sample are presented below the diagram; correlations for the India sample are presented above the diagram

** $p < .001$

intentions measure (sample item: "I would say something positive about this company"; Walsh and Beatty 2007; Maxham and Netemeyer 2002), a measure of *trust* (sample item: "This company can be relied upon"; Morgan and Hunt 1994), a *corporate identification* measure (sample item: "When I talk about this company, I usually say "we" rather than "they"; Bergami and Bagozzi 2000; Kreiner and Ashforth 2004), and a measure of *satisfaction* (sample item: "As a whole, I am NOT satisfied with this company"—reverse scored; revised from Oshagbemi 1999).

Analysis and Results

Common Method Variance Tests

Before conducting the confirmatory factor analyses, we assessed the degree to which results are subject to common method bias using the correlation-based marker variable approach (Podsakoff et al. 2012). The filler item "thinking abstractly is appealing to me" (1 = *strongly disagree*; 7 = *strongly agree*) was not theoretically related to the scales constructs and was selected as a marker variable. The smallest correlation between the marker and the scale constructs was .094 (.01% shared variance; range of correlations were .094 to .219), suggesting that common method is likely not a factor inflating the observed relationships between variables. Adding a common latent factor linked with each indicator of the existing three composite scales in the measurement model did not change the significance of the factor loadings or factor correlations in either of the samples. Similarly, adding common latent factor and a marker variable factor did not lead to insignificance of the factor loadings or factor correlations in the measurement model. Finally, as recommended by Lindell and Whitney (2001), we adjusted the correlation matrix between composite scales by partialing out the impact of the factor with the smallest positive correlation with others. All adjusted partial correlations between remaining composite scales remained statistically significant. Therefore, we conclude that common method bias is not a problem in the current study.

Cross-Country Measurement Invariance

We conducted tests of measurement invariance on our organizational reputation triadic conceptualization and short-scale (between the U.S. and India samples). Specifically, we conducted four measurement invariance tests including configural invariance (used as the base model, least restricted), metric invariance, scalar invariance, factor covariance invariance, and factor variance invariance (cf. Steenkamp and Baumgartner 1998; cf. Vandenberg and Lance 2000). As shown in Table 4, equivalence is supported across all four tests, including the most rigorous test, error variance invariance (which includes all other nested tests).

Factor Structure Stability

In developing the triadic organizational reputation short scale, we used the U.S. sample as the assessment sample and then both the U.S. sample and the India sample separately as the validation sample (as suggested by Koys and DeCotiis 1991). To assess the factor structure stability (i.e., whether the items load as expected), the responses to the 33 scale items were subjected to exploratory factor analysis using principle axis factoring with oblimin rotation using the criterion of unity. Three factors emerged as expected—accounting for 75.61% variance. We also used model fit assessments in MPlus to

Table 4 Cross-cultural measurement invariance results

Form of measurement invariance[a]	χ^2 (*df*)	χ^2/df	RMSEA	CFI	TLI	$\Delta\chi^2$ (*df*): difference between the tested and base model	Conclusion
Base model: configural invariance	123.58 (48)	2.57	.06	.98	.98	–	Configural invariance established
Metric invariance	153.77 (57)	2.70	.06	.98	.98	30.19 (9), $p < .001$	Metric invariance established
Scalar invariance	280.45 (66)	4.25	.09	.96	.95	156.87 (18), $p < .001$	Scalar invariance established
Factor variance/covariance invariance[b]	302.22 (68)	4.44	.09	.95	.95	178.64 (20), $p < .001$	Factor variance/covariance invariance established
Error variance invariance	358.43 (77)	4.65	.10	.94	.95	234.85 (29), $p < .001$	Error variance invariance established

[a] Steenkamp and Baumgartner (1998) procedure applied to the measurement model, comprising the three CR dimensions

[b] Our model (3 dimensions, 9 indicators) yields the same results for factor covariance and factor variance invariance tests

Each step following the baseline model includes the constraints from all prior steps

confirm the best number of factors to extract; results showed that a three-factor model ($\chi^2(403) = 1281.45$, CFI = .94, RMSEA = .073, SRMR = .02) fit significantly better than a two-factor model ($\chi^2(433) = 1837.84$, CFI = .91, RMSEA = .089, SRMR = .03, $\Delta\chi^2$ (30) = 556.39, $p < .0001$) and a one-factor model ($\chi^2(464) = 2799.93$, CFI = .85, RMSEA = .11, SRMR = .05, $\Delta\chi^2(61) = 1518.48$, $p < .0001$).

During several exploratory factor analysis steps, we used a number of strategies to purify and reduce the total number of items. Items that cross-loaded onto more than 1 factor (with loadings to focal construct below .30) were removed. We also culled items that showed too high or too low communalities (i.e., >.9 and <.3; Costello and Osborne 2005). This culling of 9 items resulted in retaining 24 items. From this long version organizational reputation scale, in order to develop a short scale (i.e., with three items representing each construct), we selected the three highest loading items from each construct (considering those that were not problematic via modification indices; see *Appendix* for the list of the resulting 9 items). A final three-factor CFA using a reduced number of 9 items showed good fit in both the U.S. sample: χ^2 (24) = 47.24, $\chi^2/df = 1.97$, CFI = .99, NFI = .98, RMSEA = .05 [.03 to .07], SRMR = .020 and the India sample: χ^2 (24) = 75.90 $\chi^2/df = 3.16$, CFI = .98, NFI = .97, RMSEA = .07 [.06 to .09], SRMR = .020.

Triadic Conceptualization of Organizational Reputation: Robustness Test

To further test the viability of a triadic conceptualization, we tested several alternative models: a single latent construct model (a global molar conceptualization), a dual construct model where market prominence and societal ethicality are modeled together, a dual construct model where market prominence and product and service efficacy are modeled together, and a dual construct model wherein societal ethicality and product and service efficacy are modeled together (refer to Table 5). The hypothesized reflective triadic model is the best performing model in both the U.S. and India samples (Fig. 2)—the alternative models do not show good fit (note the χ^2/df are high and the RMSEA's are above the recommended .08 level).

Triadic Organizational Reputation Short-Scale Versus Alternative Models

In order to test which multidimensional operationalization of organizational reputation is preferred, we modeled organizational reputation as a second-order reflective model and second-order formative model in both samples (refer to Tables 6 and 7; Edwards 2001). Both models demonstrate adequate fit, although the reflective organizational reputation model is more viable given the lower χ^2/df and AIC values and the higher or equal CFI, TLI, and NFI values in both samples.

Further, to ensure the triadic model is preferred compared to other competing conceptualizations in the literature, we compared the scale's second-order model (reflective and formative) to alternative operationalizations of organizational reputation in the literature. Specifically, we compared the triadic model to (a) Walsh et al. (2009) CBR modeled as a second-order reflective construct; (b) Walsh et al. (2009) CBR modeled as a second-order formative construct; (c) Fombrun et al. (2000) RQ modeled as a second-order

Table 5 Alternative factor structure models—U.S. and India samples

	U.S. sample								India sample							
	χ^2 (*df*)	χ^2/df	CFI	TLI	RMSEA (LI–UL)	AIC	NFI	PNFI	$\chi^2(df)$	χ^2/df	CFI	TLI	RMSEA (LI–UL)	AIC	NFI	PNFI
Triadic (hypothesized)	47.24 (24)	1.97	.99	.99	.05 (.03–.07)	89.24	.98	.66	75.90(24)	3.16	.98	.97	.07 (.06–.09)	117.90	.97	.65
Global molar	275.73 (27)	10.21	.90	.87	.15 (.13–.17)	311.73	.89	.67	168.84(27)	6.25	.94	.92	.14 (.10–.13)	204.54	.93	.70
Dual (MP and SE with PSE)	156.00 (26)	6.00	.95	.93	.11 (.09–.13)	194.00	.94	.68	159.53(26)	6.14	.94	.92	.13 (.10–.13)	197.53	.93	.67
Dual (MP and PSE with SE)	138.11 (26)	5.31	.96	.94	.10 (.09–.12)	176.11	.94	.68	103.05(26)	3.96	.97	.95	.09 (.07–.10)	141.05	.96	.69
Dual (SE and PSE with MP)	221.53 (26)	8.52	.92	.89	.14 (.12–.15)	259.53	.92	.66	129.92(26)	5.00	.95	.94	.10 (.08–.18)	167.92	.94	.68

PSE product and service efficacy, *MP* market prominence, *SE* societal ethicality

reflective construct; (d) Fombrun et al. (2000) RQ modeled as a second-order formative construct; (e) Schwaiger's (2004) scale modeled as a first-order formative construct; and (f) Helm's scale modeled as a first-order formative construct. Alternative models were assessed in both the U.S. and India samples (see Tables 6 and 7, respectively).

Results show that all models demonstrate relatively adequate fit. Further, results reveal that the *AIC* was the lowest for the Schwaiger first-order formative model followed by Helm's first-order formative model in both the U.S. sample (refer to Table 6) and India sample (refer to Table 7). However, results also show that the variance explained by the Helm first-order formative model is very low (34.9 and 40.1% variance explained in the U.S. sample and India sample, respectively). Further, the variance accounted for [in the U.S. sample] by the Schwaiger first-order formative model (83%) is lower compared to the RQ second-order formative model (96%) and formative model (96%). The fact that the variance accounted for by the formative TOR short scale compares equally to the variance accounted for by the RQ is impressive considering the short scale contains far fewer items (9 items versus 20 items).

Subsequent assessment was conducted on the scales to evaluate the criterion validity of each organizational reputation model explained across loyalty, word of mouth, trust, company identification, satisfaction, and avoidance. Results of the criterion validity test show that our scale's second-order reflective model explained large variance across a range of outcomes, compared to the competing alternative models (outcomes: loyalty, word of mouth recommendation, trust, identification, and satisfaction; see Tables 8 and 9), even though our scale has considerably fewer items when compared to existing measures of organizational reputation. In the U.S. sample, the average variance accounted for by our scale's reflective model in outcomes (79%) matched that of the Schwaiger first-order formative model (79%) and RQ second-order formative model (Table 8). However, in the Indian sample, our scale outperformed all other scales in terms of average variance accounted for (69%; Table 9) with the exception of the Schwaiger first-order formative model. These results provide evidence that the short triadic second-order reflective model is the most viable conceptualization of organizational reputation.

Summary

Our findings support the validity of a triadic multidimensional model of organizational reputation in that (a) a theory-based triadic model emerged inductively and (b) it was supported in exploratory and confirmatory factor analysis. The adequate model fit of the second-order reflective representation of the scale (presented in Tables 6

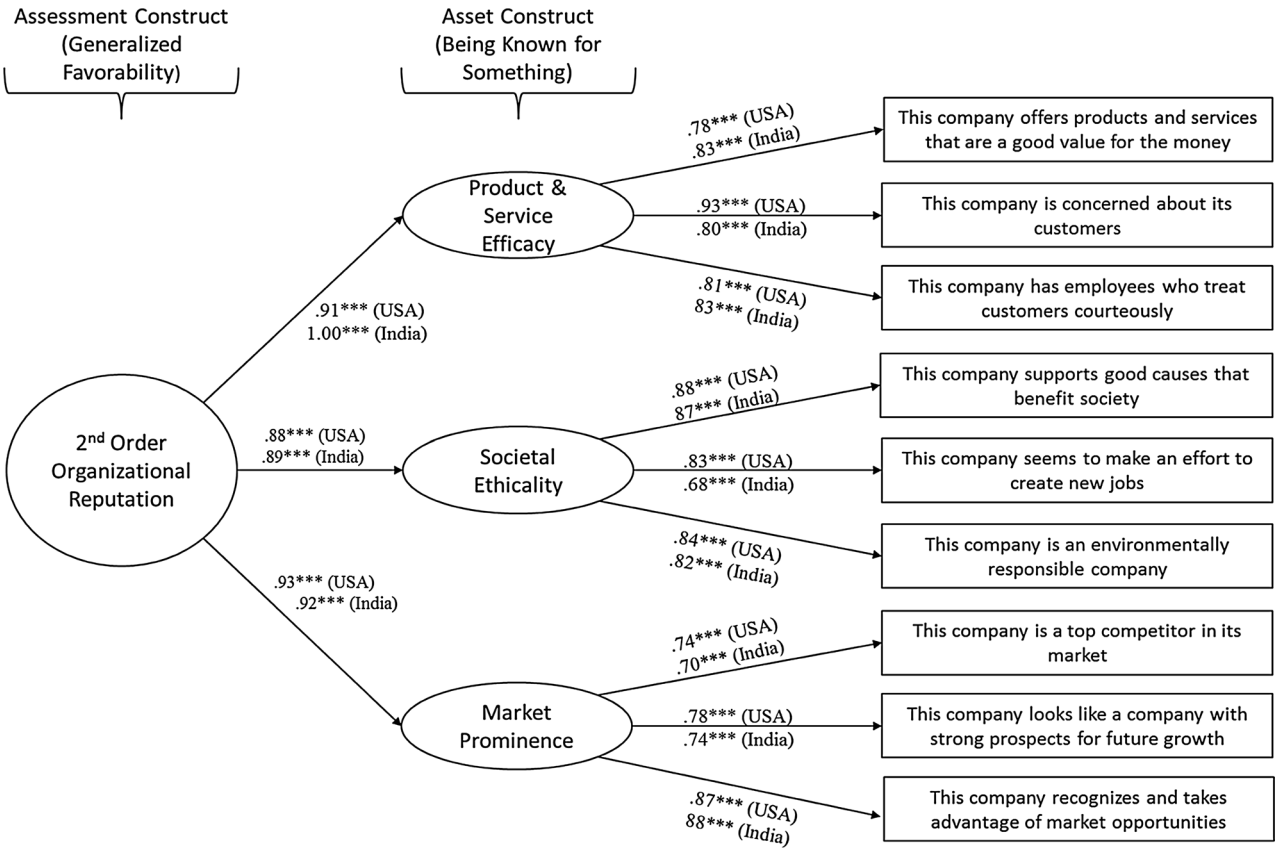

Fig. 2 Triadic organizational reputation short scale—structural model results

Table 6 Results of the multidimensional alternative model tests (U.S. sample)

Model fit	χ^2 (*df*)	χ^2/df	CFI	TLI	RMSEA [LI–UL]	AIC	SRMR	R^2 [LL–UL] of CR	NFI
CBR second-order reflective	395.48 (85)	4.63	.95	.94	.09 [.09–.10]	14458.71	.04	–	.94
CBR second-order formative	305.02 (104)	2.93	.97	.97	.07 [.06–.08]	15854.07	.02	.99 [.96–1.01]	.96
RQ second-order reflective	762.48 (164)	4.65	.94	.93	.09 [.08–.08]	18574.10	.04	–	.92
RQ second-order formative	694.98 (188)	3.70	.95	.94	.08 [.08–.09]	19920.76	.03	.96 [.95–.97]	.94
Schwaiger first-order formative	5.22 (5)	1.04	1.00	.99	.01 [.00–.07]	1686.12	.00	.83 [.82–.83]	.99
Helm first-order formative	21.33 (9)	2.37	.98	.96	.06 [.03–.09]	2100.35	.01	.35 [.33–.37]	.97
TOR second-order reflective	47.36 (24)	1.97	.99	.99	.05 [.03–.07]	9584.40	.02	–	.98
TOR second-order formative	79.48 (38)	2.09	.99	.98	.05 [.04–.07]	11163.60	.02	.96 [.95–.97]	.98

CBR customer-based reputation scale (Walsh et al. 2009), *RQ* reputation quotient scale (Fombrun et al. 2000), *TOR* triadic organizational reputation scale

and 7) also provides strong support for Hypothesis 1. Finally, the scales reflective conceptualization predicts all expected nomological outcomes (company loyalty, word of mouth recommendations, company trust, company identification, and satisfaction—see Tables 8 and 9), in support of Hypothesis 2. While a second-order reflective construct has shared common variance across all its first-order dimensions, it also has group variances common to some first-order dimensions, specific variances unique to each dimension, and random variation (Law et al. 1998). Thus, the reflective conceptualization is both conceptually and methodologically defensible.

Discussion

A major obstacle to the advancement to research on organizational reputation is the lack of consensus on how the construct should be conceptualized and methodologically operationalized. Further, measurement under competing

Table 7 Results of the multidimensional alternative model tests (India sample)

Model	χ^2 (df)	χ^2/df	CFI	TLI	RMSEA [LI –UL]	AIC	SRMR	R^2 [LL–UL] of CR	NFI
CBR second-order reflective	273.40 (85)	3.22	.96	.95	.07 [.06–.08]	14677.12	.03	–	.94
CBR second-order formative	323.76 (104)	3.11	.96	.95	.07 [.06–.08]	16330.54	.03	.85 [.83–.87]	.94
RQ second-order reflective	525.06 (164)	3.20	.95	.94	.07 [.07–.08]	18880.52	.03	–	.93
RQ second-order formative	606.06 (188)	3.22	.95	.93	.07 [.07–.08]	20538.04	.03	.85 [.83–.87]	.92
Schwaiger first-order formative	14.63 (5)	2.93	.99	.96	.07 [.03–.11]	1823.60	.00	.69 [.68 -.71]	.98
Helm first-order formative	8.53 (9)	.95	1.00	1.00	.00 [.00–.05]	2017.11	.01	.40 [.38–.42]	.98
TOR second-order reflective	76.09 (24)	3.17	.98	.97	.07 [.06–.09]	9155.67	.02	–	.97
TOR second-order formative	139.02 (38)	3.66	.97	.95	.08 [.07–.10]	10907.30	.03	.84 [.83–.86]	.96

CBR customer-based reputation scale (Walsh et al. 2009), *RQ* reputation quotient scale (Fombrun et al. 2000), *TOR* triadic organizational reputation scale

operationalizations has made findings incommensurable. This research presents a refinement of the organizational reputation construct with the aim to reconcile divergent conceptual and methodological operationalizations of the term. We proposed and supported a triadic organizational reputation model and empirically developed a multidimensional organizational reputation scale. The final short (9-item) organizational reputation scale contains three dimensions: product and services efficacy, market prominence, and societal ethicality.

Theoretical Contributions

At the superordinate level, we positioned organizational reputation as an affective-based 'assessment' construct and defined it as a 'generalized favorability' that stakeholders hold toward the company (Lange et al. 2011). At this level, organizational reputation reflects attractiveness toward a company by individual stakeholders at a generic level that transcends any particular dimension or aspect of an organization's past or future. The 'assessment' construct constitutes multidimensional 'asset' constructs each reflecting cognitive evaluative judgments of a particular aspect of a firm's past and future (i.e., 'being known for something' in terms of Lange et al. 2011), including its standing relative to competition (i.e., 'being known' in terms of Lange et al. 2011 but treated as an asset construct here). Thus, by postulating organizational reputation as a superordinate multidimensional construct, we reconcile the 'assessment,' 'asset,' and 'awareness' perspectives of organizational reputation that have long remained conflicting in the literature (Lange et al. 2011; Rindova et al. 2005).

Our customer-based study espouses and supports a triadic organizational reputation model conceptualization of three first-order facets: product and service efficacy, market prominence, and societal ethicality. *Product and service efficacy* refers to customers' perceived value of products and services that includes relational equity, *market prominence* refers to the firm's current and future performance and growth prospects relative to competition, and *societal ethicality* refers to customers' evaluation of a firm's engagement in social and environmental responsibility towards the betterment of society in general. This conceptualization is aligned with the three overarching perspectives of 'technical efficacy' and 'symbolic conformity' (Love and Kraatz 2009) at the molecular level and with 'organizational character' at the molar level (see Fig. 1). Our study provides evidence that a triadic second-order *reflective* conceptualization of organizational reputation is accurate and preferred over competing conceptualizations. Using the second-order reflective model, firms are viewed as whole, consistent, and coherent entities with continuity over time. A firm's actions are evaluated in the light of its 'character,' which emerges from past actions and espoused identity orientation. That is, firms that consistently offer tangible and relational value to customers and demonstrate competence in maximizing their organizational interests signal technical efficacy that is reflected in instrumental-based asset constructs, namely, 'product and service efficacy' and 'market prominence.' In the same vein, firms that are seen as contributing to society and the collective welfare signal symbolic conformity, i.e., cultural fitness that is reflected in normative-based asset construct, namely 'societal ethicality.' It should, however, be noted that sometimes the distinction between technical fitness and symbolic conformity can be blurry as a firm's normative criterion can ultimately serve its instrumental criterion.

Our reflective conceptualization also draws theoretical support from the dual attitude model (Cohen and Reed 2006; Wilson et al. 2000), where an implicit attitude inherent in reflective models is activated automatically (via the 'halo effect' through attitude-based inference),

Table 8 Criterion validity tests on attitudinal outcomes (U.S. sample)

Model	χ^2 (*df*)	χ^2/df	CFI	TLI	AIC	SRMR	NFI	PNFI	Loyalty R^2 [LL–UL]	WOM R^2 [LL–UL]	Trust R^2 [LL–UL]	IDN R^2 [LL–UL]	SAT R^2 [LL–UL]	AveR^2
CBR second-order reflective	2512.37 (1020)	2.46	.91	.90	34750.48	.06	.86	.76	.83 [.81–.84]	.81 [.81–.84]	.87 [.81–.84]	.54 [.52–.57]	.72 [.70–.73]	.75
CBR second-order formative	2481.99 (1111)	2.23	.92	.91	36068.42	.06	.85	.75	.84 [.83 –.85]	.82 [.82–.83]	.88 [.88–.90]	.50 [.47–.51]	.75 [.74–.76]	.76
RQ second-order reflective	3268.69 (1279)	2.56	.90	.89	38835.12	.06	.85	.76	.82 [.81–.84]	.81 [.80–.82]	.88 [.87–.82]	.55 [.52–.58]	.71 [.69–.73]	.75
RQ second-order formative	3190.40 (1375)	2.32	.92	.91	40091.99	.06	.86	.77	.87 [.86–.88]	.86 [.85–.87]	.92 [.91–.92]	.50 [.48–.52]	.78 [.77–.79]	.79
Schwaiger first-order formative	1406.10 (592)	2.38	.93	.91	21946.23	.04	.88	.73	.88 [.87–.89]	.87 [.86–.88]	.91 [.91–.92]	.49 [.48–.51]	.79 [.78–.80]	.79
Helm first-order formative	1504.96 (676)	2.22	.92	.91	22481.06	.05	.87	.73	.82 [.81–.83]	.80 [.79–.81]	.87 [.86–.88]	.46 [.44–.48]	.73 [.72–.75]	.74
TOR second-order reflective	1802.80 (743)	2.56	.92	.90	29900.05	.06	.87	.74	.86 [.85–.87]	.85 [.84–.86]	.91 [.90–.91]	.56 [.55–.58]	.75 [.74–.76]	.79
TOR second-order formative	1948.32 (829)	2.35	.92	.91	31463.12	.06	.87	.75	.84 [.83–.85]	.83 [.82–.84]	.88 [.87–.89]	.50 [.49–.56]	.74 [.73–.75]	.76

WOM word of mouth, *IDN* identification, *SAT* satisfaction, *Ave* average, *TOR* triadic organizational reputation

Table 9 Criterion validity tests on attitudinal outcomes (India sample)

Model	χ^2 (*df*)	χ^2/df	CFI	TLI	AIC	SRMR	NFI	PNFI	Loyalty R^2 [LL–UL]	WOM R^2 [LL–UL]	Trust R^2 [LL–UL]	IDN R^2 [LL–UL]	SAT R^2 [LL–UL]	Ave R^2
CBR second-order reflective	1954.70 (1020)	1.92	.93	.92	34156.56	.05	.86	.76	.70 [.68–.71]	.76 [.75–.77]	.76 [.75–.76]	.49 [.49 –.70]	.69 [.68–.71]	.68
CBR second-order formative	2133.78 (1111)	1.92	.92	.91	35846.24	.05	.85	.75	.68 [.67 –.70]	.75 [.74–.77]	.75 [.74–.76]	.40 [.38–.42]	.70 [.68–.71]	.66
RQ second-order reflective	2438.65 (1279)	1.91	.92	.91	38389.80	.05	.85	.76	.67 [.66–.69]	.75 [.74–.76]	.71 [.42–.47]	.44 [.42–.47]	.68 [.66–.70]	.65
RQ second-order formative	2634.98 (1375)	1.92	.92	.91	40056.36	.05	.86	.77	.69 [.67–.70]	.77 [.76–.79]	.74 [72–.75]	.42 [.40–.44]	.70 [.69–.72]	.66
Schwaiger first-order formative	1156.71 (592)	1.95	.93	.92	21338.97	.04	.88	.73	.74 [.73–.76]	.82 [.88–.84]	.81 [.80–.82]	.40 [.38–.41]	.79 [.78–.81]	.71
Helm first-order formative	1330.54 (676)	1.97	.92	.90	21649.88	.05	.87	.73	.59 [.57 –.61]	.69 [.67–.70]	.67 [.65–.69]	.28 [.63–.30]	.65 [.63–.67]	.58
TOR second-order reflective	1343.51 (743)	1.81	.94	.93	28665.88	.05	.88	.75	.71 [.70–.73]	.78 [.77–.79]	.75 [.73–.76]	.46 [.44–.48]	.73 [.71–.74]	.69
TOR second-order formative	1533.50 (829)	1.85	.93	.92	30447.91	.05	.87	.75	.68 [.66–.70]	.77 [.76–.78]	.74 [.73–.75]	.38 [.36–.40]	.72 [.71–.73]	.66

WOM word of mouth, *IDN* identification, *SAT* satisfaction, *TOR* triadic organizational reputation

providing stability when compared to the context-specific explicit attitude inherent in formative models. Customers tend to use the second-order reflective conceptualization of organizational reputation (i.e., the 'assessment' construct; generalized favorability), as it is cognitively efficient in transmitting category-based affect from the top node to the attribute-based nodes (i.e., the 'asset' constructs; being known for something) in the category. Further, organizational reputation characterized by the primacy of an implicit attitude (i.e., default activation) is not likely to be threatened in the face of isolated negative information received by customers, as default activation tends to override contextual-based explicit attitudes (Wilson et al. 2000).

Support for the reflective conceptualization of organizational reputation, however, does not preempt the activation of second-order formative conceptualization, as our results indicate that its model fit was also satisfactory. The plausibility of both a reflective and formative conceptualization is theoretically defensible based on dual attitude model (Wilson et al. 2000). Unlike implicit attitudes that are activated automatically when they are more accessible, explicit attitudes inherent in formative models are viewed as current states of activation of a connectionist system that is constructed based on reasons that are accessible, plausible, and easily verbalizable, rather than evaluations stored in memory. While it is intuitive that the attitude formation involves a formative mechanism initially (Rossiter 2002), once an attitude is learned and established as in second-order reflective organizational reputation, it gets chronically activated via evaluative conditioning through signals from the environment that characterize the company's organizational identity (Rindova et al. 2005). For reasons of cognitive economy and functional efficiency, customers will access the second-order reflective model of organizational reputation as the default implicit attitude (i.e., 'generalized favorability'), which in turn will activate first-order 'asset' evaluations (i.e., 'product and service efficacy,' 'market prominence,' and 'societal ethicality') as reflections of such phenomenon.

Methodological Contributions

In addition to the conceptual clarification of the organizational reputation construct, the current study provides a methodological contribution to the organizational reputation research stream. In particular, we collectively assess extant measures of organizational reputation to inductively develop and empirically test a short triadic customer-based organizational reputation scale. The 9-item scale developed is parsimonious yet conceptually unifying and exhaustive, rigorously capturing the three distinct organizational reputation dimensions (product and service efficacy, market prominence, and societal ethicality). Moreover, the scale was cross-validated in two countries, demonstrating appropriate fit in both contexts and sufficient cross-country measurement invariance.

The proposed customer-based triadic scale of organizational reputation has a set of advantages over alternatives available in the extant literature. When compared to the full, multidimensional reputation scales [such as 15-item CBR scale of Walsh et al. (2009) or 20-item RQ scale of Fombrun et al. (2000)], it has the advantage of being parsimonious with respect to the number of dimensions—capturing only three essential facets—using a smaller number of survey items, at the same time demonstrating adequately comparable model fit and criterion validity. On the other hand, the triadic organizational reputation scale is superior to existing "short" reputation scales (such as the 4-item RepTrak Pulse scale of Ponzi et al. 2011) in terms of content validity; in other words, the proposed measurement instrument allows a researcher to capture all essential facets of organizational reputation, rather than a proxy for their common variance (Agarwal et al. 2015). As such, our proposed triadic 9-item organizational reputation scale provides "the best of both worlds," allowing researchers to benefit from the advantages of longer scales (content and criterion validity) in a parsimonious manner, convenient for both data collection and subsequent analysis.

In addition to distinguishing between the three essential reputational facets and suggesting a survey instrument for capturing each one within the customer context, we investigate the proper relational structure of the customer-based organizational reputation construct, explicitly addressing the concerns regarding the clarity and precision of properly measuring multidimensional constructs (Edwards 2001, 2011). In particular, as suggested in the methodological literature on multidimensional constructs (e.g., Law et al. 1998), we assess several alternative relational structures of customer-based organizational reputation (second-order vs. first-order models and formative vs. reflective representations), providing the theoretical rationale and empirical evidence in favor of the second-order reflective conceptualization of the construct (as depicted in Fig. 2), corroborating by this means the results of prior work by Agarwal et al. (2015).

From a broader methodological perspective, the second-order reflective representation of the organizational reputation construct has a set of unique advantages. First, our empirical results in both samples consistently favor this representation over the alternative, formative construct, in terms of model fit, parsimony, and criterion validity. In addition to the conceptual argument and statistical evidence, the methodological considerations also point toward the favorability of the second-order reflective view on

organizational reputation. In particular, such model can be easily identified within conventional covariance-based structural equation measurement models, allowing the prescriptive measures for scale improvement as reliability can be assessed both at the individual item level and at the first-order factor level. Within the second-order reflective model, the individual items or first-order dimensions are constituents, rather than components, of the higher-order latent construct, and having generally stable loadings on the second-order construct (Edwards and Bagozzi 2000). The alternative, second-order formative representation would be context-dependent and therefore unstable, contingent not only on the respective first-order dimension measures, but also on the dependent variables used for model identification (Bagozzi 2011).

Moreover, the parsimony of the second-order reflective representation (as compared to, e.g., a first-order multidimensional model) is particularly convenient when examining organizational reputation's antecedents and consequences in structural equation models, as the second-order factor model representation requires a substantively lower number of parameters to estimate, adhering by this means to the principle of scientific parsimony (Agarwal et al. 2015). Further, the second-order reflective organizational reputation model is congeneric, implying that both the factor loadings and residual variances of the first-order dimensions are free to vary; this feature accounts for the fact that each of the first-order reputational facets represents the second-order reputation construct not necessarily to the same degree or to the same level of precision, allowing 'product and service efficacy,' 'market prominence,' and 'societal ethicality' to differentially represent the firm's global 'organizational character,' despite common cause.

Future Research

The triadic operationalization of organizational reputation and short-scale opens up future avenues for marketing and strategic management researchers to explore. It is relatively intuitive and straightforward that reputation as product and service efficacy should relate to marketing outcomes such as willingness to purchase, product choice, and product preferences—and this has been shown (cf. Tsiotsou 2006). However, the role of market prominence and societal ethicality's impact on consumer willingness to pay a premium for products and services are less clear and ripe for future investigation on product preference, product choice, and willingness to pay. Further, the triadic operationalization opens up avenues for testing a number of cultural or individual difference moderators. For example, in high context cultures (where interpersonal relationships and trust are important), perhaps product and service efficacy at the customer transactional and relational level is more important in predicting product outcomes compared to other dimensions, while in low context cultures, market prominence or societal ethicality may be the key. It would also be relevant to explore how organizational reputation relates to a firm's brand equity and its dimensions of brand awareness, brand associations, perceived quality, and brand loyalty (Keller 1993; Yoo and Donthu 2001). In a general sense, corporations send signals to stakeholders about their firms using marketing-mix variables and, arguably, these stakeholders adopt attributions in the form of the firm's reputation and develop an attribution of the firm unique to the brand name. However, the trajectory is unclear—does a strong organizational reputation lead to increase in brand equity? If so, which of the triadic organizational reputation dimensions matters more in developing a firm's brand equity: product and service efficacy, market prominence, or societal ethicality?

Strategy researchers could explore the role of organizational reputation as it relates to important organizational outcomes, such as firm competitiveness, innovation effectiveness, and firm performance. For example, given the centrality of organizations' business ethics (or lack of ethics) portrayed in the media today (e.g., Trevino and Brown 2004), the societal ethicality of a firm might relate more strongly to firm performance compared to market prominence or product and service efficacy.

It is also essential to explore how a firm's adoption of a positive triadic organizational reputation impacts the firm- and industry-level isomorphism process or legitimacy (Deephouse and Carter 2005), and how the scale constructs mediate the association between engagement in corporate social responsibility activities and performance (e.g., Agarwal et al. 2015). Further, as the field of strategy evolves to examine micro-foundations and the interactions of individual attributions on firm heterogeneity, reputation from an individual attributional perspective may be of interest to understand how the strength of each dimension of organizational reputation leads to firm competitive advantage (e.g., perhaps the 'product and service efficacy' and 'market prominence' are critical across the trajectory of a firm in sustaining a competitive advantage). It is also important to investigate if the 'societal ethicality' dimension of organizational reputation has a weaker relationship with the trajectory of sustaining a firm's competitive advantage in the short term (resource-based theory; Peteraf 1993) but has more to do with firm legitimacy and survival (evolutionary theory; see Kogut and Zander 1993; Deephouse and Carter 2005).

Although we believe that our proposed short organizational reputation scale, that is parsimonious and yet conceptually and theoretically comprehensive and unifying, is critical and timely given the fragmented state of the

literature, we acknowledge the potential need to develop focused scales to specifically measure individual dimensions of reputation with greater detail and completeness. In particular, we suggest the further investigation of the inherent complexity—and possibly multidimensionality—of the CSR-related reputation facet ('societal ethicality') among the organizational stakeholders, as more nuanced measures of this construct might be instrumental in explaining the complexity of the process of appropriating the rents from this intangible asset. More specifically, the future societal ethicality scales should be issue- and stakeholder-specific, reflecting the salience of different facets of this construct for distinct stakeholders (e.g., reputation with respect to treating natural environment, with respect to labor practices, with respect to treating the societal problems).

Finally, an obvious limitation of the current study is its reliance on data from a single industry (telecommunication services) and from a single stakeholder group (customers). This choice allowed us to control for 'industry effect' and 'stakeholder effect,' thus allowing us to bolster the internal validity of our findings. Hence, we encourage further studies to test the generalizability and peculiarities of the proposed TOR scale in other contexts.

In conclusion, the current research proposes and provides support for a triadic conceptualization of organizational reputation. As such, we have aimed to reconcile competing conceptual, methodological, and structural operationalizations of the construct. It is our hope that this re-orientation and the new and short triadic organizational reputation (TOR) scale can open the doorway to commensurable findings across the disciplines of marketing, organizational behavior, and strategy.

Appendix: Triadic Organizational Reputation Scale Items

1. This company offers products and services that are a good value for the money.
   Strongly disagree 1 2 3 4 5 6 7 Strongly agree
2. This company is concerned about its customers.
   Strongly disagree 1 2 3 4 5 6 7 Strongly agree
3. This company has employees who treat customers courteously.
   Strongly disagree 1 2 3 4 5 6 7 Strongly agree
4. This company supports good causes that benefit society.
   Strongly disagree 1 2 3 4 5 6 7 Strongly agree
5. This company seems to make an effort to create new jobs.
   Strongly disagree 1 2 3 4 5 6 7 Strongly agree
6. This company is an environmentally responsible company.
   Strongly disagree 1 2 3 4 5 6 7 Strongly agree
7. This company is a top competitor in its market.
   Strongly disagree 1 2 3 4 5 6 7 Strongly agree
8. This company looks like a company with strong prospects for future growth.
   Strongly disagree 1 2 3 4 5 6 7 Strongly agree
9. This company recognizes and takes advantage of market opportunities.
   Strongly disagree 1 2 3 4 5 6 7 Strongly agree

Items 1, 2, and 3 represent *Product* and *Service Efficacy*. Items 4, 5, and 6 represent *Societal Ethicality*. Items 7, 8, and 9 represent *Market Prominence*.

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