The link between service quality, corporate reputation and customer responses

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Contents

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Declaration

No portion of the work referred to in this thesis has been submitted in support of an application for another degree or qualification of this or any other university or other institute of learning.

Abstract

The academic study of corporate reputation is still relatively new. At issue is how best to measure this important construct. This thesis argues that there are two, apparently competing, approaches and aims to shed light on both their inter-relationship and their relative efficacy in explaining the influence of reputation on the customer. The work also considers whether service quality, representing the experience the customer has of the firm, is more or less linked to either aspect of reputation.

The first approach, based on reputation as cognition and drawing on role expectation theory, is exemplified by the Reputation Quotient (RQ). The second based upon reputation as affect and based upon prior work in brand personality is exemplified by the Corporate Character Scale (CCS). The study considers five variables and their inter-relationships, service quality, role-based reputation, character-based reputation, customer satisfaction and customer commitment. A number of hypotheses are proposed from the literature to predict such relationships. These are combined into a single model which is tested using Structural Equation Modelling and data from a survey of 642 customers of four retailers. The validity of the proposed model and of specific hypotheses was further examined by testing alternative models.

The results show that: the two aspects of corporate reputation are both influenced by service quality, (rather than vice versa); that while there is some evidence to support the idea of a causal route from cognitive aspects of reputation and to the affective (rather than vice versa) that in reality the relationship might best be thought of as bidirectional i.e. as a co-variance. However, the affective aspect of corporate reputation appears more critical and therefore useful in determining satisfaction and commitment. Finally the causal ordering of reputation to satisfaction and commitment are supported, rather than vice versa.

This study contributes to our understanding of the links between corporate reputation, service quality, customer satisfaction and commitment in a service setting. By doing so it also contributes to the practical management of corporate reputation by confirming the importance of the affective aspect of corporate reputation and of service quality in its creation.

Acknowledgements

This doctoral study was a long venture which needed patience and full dedication, like any other big task in life, and whilst on the one hand, there were exciting and joyful moments, there were also moments of frustration. Nonetheless, it was enjoyable and a great chance to deepen my understanding of life.

In producing the thesis I am indebted to many people who have provided assistance. First of all, I express my special and eternal gratitude to Professor Gary Davies. He was there when I was in trouble and never gave up on me. Without his brilliant guidance, warm encouragement and support, this PhD would never have been completed. I would also like to thank Professor Rosa Chun for all her valuable advice and kind support throughout my doctoral studies until she left Manchester Business School.

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Publications

During the writing of this thesis, the author has authored or co-authored the following :

Jeong Kim and Rosa Chun (2008), 'Relating dimensions of corporate reputation scales: the corporate character, reputation quotient and the Fortune's AMAC', *12th International Conference on Corporate Reputation, Brand, Identity and Competitiveness*, Beijing, China.

Jeong Kim (2008), 'The links between corporate rational and emotional brand images, perceived service quality and customer attitudes', *4th Scottish Doctoral Management Conference*, University of St. Andrews, Scotland.

Jeong Kim (2005), 'The relationship between CEO reputation and corporate reputation', *International research colloquium in corporate reputation*, Waterford Business School, Ireland.

Chapter 1 INTRODUCTION

1.1   Introductory Remarks

During recent decades, the service industry has seen increasing growth and expansion. In the UK, the service economy represented three quarters of total economic output in 2008 (Monaghan 2009). Hence competition in the sector gradually became more intense, consequently driving service providers to seek more strategic ways of satisfying and retaining customers.

Service quality as a basic business function of service providers has been one of the most important considerations for many marketing scholars and managers (Parasuraman et al. 1985; Zeithaml 2000). High-quality service delivery and customer satisfaction are viewed as indispensable components of any strategy designed to secure a sustainable advantage (Shemwell et al. 1998). However, globalisation and the deregulation of markets, and a rapid diffusion of technology during the past few decades, have increased the similarity of services within the same industry, and enhancing service quality is not sufficient to satisfy customers and guarantee their loyalty to a company (Andreassen and Lindestad 1998; Harris and de Chernatony 2001). Accordingly, it became necessary for service providers to design more strategic components which cannot be easily imitated and which differentiate them from their competitors, in the eyes of their customers.

In this respect, corporate reputation can be considered as one of the most relevant strategic issues as it is regarded as a competitive advantage which other competitors cannot imitate easily in the long term (Hall 1992; Dowling 1994; Aaker 1996; Davies et al.2003). It is also suggested that corporate reputation is one of the important antecedents of a customer's attitude and behaviour (Brown 1998; Davies et al. 2003; Shamma and Hassan 2009), because what people know or believe about

an organisation is critical to their responses to that organisation and how they come to define themselves in relation to it (Brown et al. 2006). Thus, in order to lead to favourable customer responses and manage favourable relationships with customers, companies should be aware of what associations made with the company are appealing or unappealing to customers. This raises the issue of companies needing to understand how their customers construct their perceptions of them.

1.2 Problem Statement and the Purpose of the Study

Corporate reputation has been discussed extensively in terms of conceptualisation and measurement issues in various academic areas since the 1950s. There have been many discussions in various literature regarding the attributes of brand and reputation (Bhat and Reddy 1998; de Chernatony 2002; Livens and Highhouse 2003; Keller 2003). Approaches to corporate reputation can be divided into two main categories in the customer context. These are the corporate role-based and the corporate character-based approaches (Berens and van Riel 2004). Corporate role-based reputation is closely related to the cognitive attributes of a company and focuses on perceptions of how well the company performs its roles and functions, while corporate character-based reputation is more concerned with the emotional feelings held of the company and often focuses on personality traits. In terms of the measurement of corporate reputation, the former is represented by the Reputation Quotient (RQ) developed by Fombrun et al. (2000b) and the latter is represented by the Corporate Character Scale (CCS) developed by Davies et al. (2003). In the former, respondents are asked to assess the firm, for example as an employer; in the latter, they are asked whether the firm is trustworthy.

According to many literatures, these two aspects of corporate reputation are closely related to each other (Martineau 1958; Padgett and Allen 1997; de Chernatony 1998). Regarding this, some authors argue that consumers' rational judgement towards a brand or a company is always invaded by their emotional judgement (e.g. O'Shaughnessy and O'Shaughnessy 2003). However, it is not known how they are

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related to each other and it has not been verified which corporate reputation attribute is more important in the perception of a firm (Berens and van Riel 2004).

Bhat and Reddy (1998) suggested that further investigation into the relationship between these two attributes at the product brand level, using popular dependent variables such as brand attitude and behaviour, should be conducted. Berens and van Riel (2004) advanced the issue at the company level as such questions may be answered effectively by testing the constructs with the two reputations linked to other key constructs such as customers' purchase intentions, satisfaction or support. Instead of studying one aspect of corporate reputation separately, investigating two aspects in a study will provide a better understanding of how these interact and which aspect plays a more important part in determining the reputation of a firm, leading to certain customer responses in particular business contexts. Although there have been several research studies examining the importance of corporate reputation in the relationship between key variables such as service quality, satisfaction and commitment, and loyalty in a service setting (Alwi and Silva 2008; Bloemer et al. 1998; Nguyen and Leblanc 2001), mostly they have been limited to a consideration of one aspect of reputation. Hence, it is necessary to examine how the two reputation aspects are related to each other in determining the relationships between corporate reputation and other key constructs in a services setting.

Furthermore, from a measurement perspective, many debates have existed for a long time around the two prominent scales of RQ and CCS, developed by two leading schools of corporate reputation in the reputation community (Berens and van Riel 2004; Chun 2005; Chettamrongchai 2010). CCS was developed based on personality traits, which involves perceiving the company as a person, a projective technique. CCS as a corporate reputation measurement has been recognised in many researches in terms of different stakeholders and different business contexts (Chun and Davies 2006; da Silva and Alwi 2008; Roper and Davies 2010). However, CCS has been accused of being non-evaluative, particularly by authors who have focused on mainly the rational attributes of corporate reputation (Berens and van Riel 2004).

RQ and the similar measure of Fortune magazine's annual survey, the America's Most Admired Companies (AMAC), have also been criticised for focusing on financial performance (Chun 2005; Fryxell and Wang 1994). In addition, AMAC has been criticised because of its use in measuring only the perceptions of a company held by analysts and senior managers, rather than stakeholders in general, as it had previously claimed (Chun 2005). While the CCS was developed using both employees and customers, RQ was developed using members of the public. (With regard to the latter criticism, some authors have developed customer-focused (Walsh and Beatty 2007) or investor-focused reputational scales based on RQ (Helm 2007).)

The debates on the relative merits of the two main measures of corporate reputation, RQ and CCS, have lasted more than a decade in the reputation study community. The debates surrounds the following issues: whether the two scales measure the same substance of corporate reputation, how these two scales are linked in measuring corporate reputation, and how effectively they predict – and are predicted by – other key variables (Chun 2005). However, there has been an absence of work comparing the two scales and also in comparing their relationship with other key variables.

Based on the above discussion, this study aims to investigate the causal relationships between service quality and the two aspects of corporate reputation using the two prominent reputation measures, RQ and CCS, in customers' attitudinal responses in a service setting. A conceptual model is proposed in which service quality is presented as an antecedent of corporate reputation and satisfaction and commitment as outcomes or consequences. The choice of the three variables is discussed in the next chapter.

1.3 Study Methodology and Expected Contribution

In order to collect the necessary data for the study, a questionnaire survey design was selected as most suitable for the study as the author wished to test a number of hypothesised links statistically. The chosen service context was the retail sector. After piloting a questionnaire survey was carried out with customers of four retailers – Tesco, Debenhams, Marks and Spencer and Boots – in the North West region of the UK.

For the data analysis, the Structural Equation Modelling technique was used to test a model linking the various constructs of interest where the hypothesised links were based on the literature review. Given the research aim mentioned earlier, the study will contribute to the existing academic knowledge in terms of the following. Firstly, it will provide an understanding of the relationship between the customers' perception of the cognitive and emotional aspects of reputation. Secondly, it will contribute to an understanding of which aspect (role-based or character-based) is more useful in understanding customer attitudes and intentions. Thirdly, in terms of methodological concern, it will also provide an insight into how the two different corporate reputation scales (RQ and CCS) compare and which of them is more applicable in predicting customer attitudes in a service setting. Finally the work will contribute to existing work on the antecedents and consequences of corporate reputation.

The study will also provide managers with some insights into how to diagnose and manage corporate reputation using two reputation measurements in connection with their quality of service provision to encourage positive customer attitudes and behaviour.

1.4 Structure of the Thesis

The study consists of eight chapters including an introduction and a conclusion. Figure 1 shows a roadmap of the study and outlines the main issues handled in each chapter.

Chapter 2 reviews the main literature relevant to the study. Initially, the importance of reputation, its concepts and definitions, and other key relevant concepts such as image and identity, are covered. Subsequently, the way in which the reputation of a company is formed through people's cognitive and affective perception processes is considered, before the two main approaches to reputation are discussed from theoretical and methodological perspectives. In this connection, a review of the existing measurements in the corporate reputation literature is provided. The chapter then moves on to consider antecedent and consequent variables to reputation including those chosen for this study: service quality, customer satisfaction and commitment.

Chapter 3 discusses the conceptual framework. The chapter specifies the aim of the research in detail and proposes hypotheses on the relationships between the two reputations and their antecedents and consequences from a review of relevant literature. Then a conceptual model for the research is proposed based on those hypotheses.

Chapter 4 addresses the research method. The research philosophy and data collection methods are discussed. Then the measures adopted to assess the variables suggested in the literature review are explained. Finally, the Structural Equation Modelling technique employed for the study is discussed with its assumptions, statistical concepts and model fit indices relevant to assessing the structural equation model. Then the employment of SEM technique testing for the proposed model is justified.

Chapter 5 presents the characteristics of the sample and reports the result of the validity and reliability tests of the measurement model using confirmatory factor analysis.

Chapter 6 presents the result of testing the proposed model with SEM and the survey data. Then the results of testing alternative models, (different configurations of the same variables) which were tested against the proposed or baseline model are reported. Finally, the results of the final model test with a sub-sample are given in order to confirm that final model.

Chapter 7 discusses the findings revealed in the previous chapter in the light of existing studies. The chapter concludes with a discussion of the significance of the hypothesised relationships between variables.

Chapter 8 discusses the theoretical contributions and practical implications of the study. Then the limitations of the study and suggestions for further research are discussed. Finally, the conclusion of the study is addressed.

Figure 1.1: Structure of the Thesis

Chapters	Main issue
Chapter 1 Introduction	1. Problem recognition and purpose of research 2. Research methodology and expected contributions of the study 3. Introduction of the structure of the thesis
Chapter 2 Literature Review	1. Literature review of corporate reputation, antecedents and consequences of corporate reputation
Chapter 3 Conceptual Framework	1. Research aim 2. Conceptualisation of the model with hypotheses
Chapter 4 Research Method	1. Choice of quantitative method (questionnaire survey) 2. Operation of the measurement 3. Pilot studies 4. Structural equation modelling (SEM) with AMOS v7 program
Chapter 5 Examination of Measurements	1. Characteristics of the sample 2. Normality test of the sample 3. Validity and reliability of measurement model
Chapter 6 Data Analysis and Results	1. Evaluation of the structural equation model 2. Alternative model tests 3. Sub-sample test of the final model
Chapter 7 Discussion	1. Research context 2. Interpretation and discussions of finding
Chapter 8 Conclusion	1. Academic and practical contributions of the study 2. Limitations and further suggestions for future study

CHAPTER 2 LITERATURE REVIEW

2.1 Introduction

This chapter discusses key theories, concepts and definitions of corporate reputation and its antecedents and consequences while addressing the gaps in the existing literature.

2.2. Corporate Reputation

In this section, the importance of the corporate reputation and the conceptualisation of corporate reputation are discussed first. In turn, the main paradigms, formation processes and measurement approaches in corporate reputation are described and the link between two main ways of measuring corporate reputation is discussed.

2.2.1. Importance of corporate reputation

Many academics view corporate reputation as a source of competitive advantage (Deephouse 2000; Balmer & Gray 2003). Kay (1993) argues that corporate reputation creates distinctive value for the company alongside corporate architecture and innovation and enables the company to enjoy competitive superiority in the market. However, corporate reputation is an intangible asset (Aaker 1996; Fombrun 1996; Mahon 2002; Davies et al 2003) and difficult to value or evaluate in comparison with other, tangible, assets such as cash, land, equipment and buildings. Unlike other intangible assets such as trademarks, patents and copyrights which can be achieved through trading, corporate reputation can be achieved through its differentiation (fame and esteem) in the market – for example, through earning fame by advertising for a short time or esteem over a longer time (Hall 1992). With such characteristics, corporate reputation cannot be perfectly imitated by other competitors (Balmer 2003).

Specifically, such advantages of corporate reputation seem to be effective in various aspects of corporate activities. Positive corporate reputation attracts investors by enhancing the competitive advantage of the company (Caruana 1997). It helps to manage favourable relationships (satisfaction and loyalty) with customers (Helm 2007). It also influences customers' purchase decisions as a proxy for service and product quality (Fombrun 1996). Furthermore, it encourages a positive relationship with employees, and enhances employee loyalty by enabling a favourable identity for themselves, while simultaneously attracting high-quality applicants (Fombrun and Shanley 1990; Balmer 1995; van Riel 1995; van Riel and Balmer 1997).

In addition to such non-financial benefits, corporate reputation is also closely related to superior corporate financial performance. Roberts and Dowling (2002) identified that superior companies have relatively good reputations and that these reputations are improved by increased corporate performance. Davies et al (2003) also found a positive link between corporate reputation and financial performance via customer satisfaction.

As discussed above, corporate reputation contributes to the company offering various benefits. While one cannot emphasise too much the importance of corporate reputation for the survival of a company, it is necessary to understand the nature of corporate reputation. In the next section, the concept and attributes of corporate reputation is discussed.

2.2.2. Conceptualisation of Corporate Reputation

2.2.2.1. What is corporate reputation?

Corporate reputation as a term is often used interchangeably in the marketing literature with similar terms such as identity and image, and this has often led to confusion in both its usage and meaning (Markwick and Fill 1997). However,

corporate reputation is different from corporate identity and image. The identity of a company is created and perceived by those individuals working within it, often being called 'organisational identity' (Hatch and Schultz 1997; Gioia et al 2000; Whetten and Mackey 2002). It consists of the impressions held by insiders. However, insiders want their identity to be appreciated by outsiders. Corporate identity thus emerges as the picture that the company wants to show to outsiders (Brown et al 2006). This concept is frequently mentioned in the marketing literature and concerns the ideal or desired picture of a company. The terminology 'corporate identity' originally stemmed from early work in the field of marketing, being related to factors influencing the design of an organisation's characteristics that are promoted to the outside world (Olins 1978; Bernstein 1984). Many corporate identity practitioners and marketers link corporate identity to corporate logos, company house styles, and visual identifications. However, corporate identity is comprised of more than visual cues; it also involves strategic cues such as the vision and philosophy of a company and the process of corporate image formation to flow from the corporate strategy (Dowling 1994). Corporate identity should be considered as the strategically-planned representation of a company (van Riel and Balmer 1997).

Corporate image and reputation are also often confused but they are distinguished in terms of concept. Both reputation and image relate to perceptions built on beliefs, ideas, feelings and impressions about an object. However, corporate image is related to what a company believes outsiders think about the company whereas corporate reputation is related to outsiders' actual perceptions of the company (Brown et al 2006).

To summarise, corporate reputation is distinguished from identity and image in terms of meaning, although many authors do use the terms interchangeably. This study focuses on corporate reputation, which is defined here, in the Marketing context, as the outside stakeholders' evaluation, beliefs and feelings about the company and which comprises both cognitive and affective dimensions.

Many authors commonly understand corporate reputation as a 'collective phenomena' (Walsh et al. 2009). This means that corporate reputation is not fragmented imagery captured at a certain point in time by a single person. It is rather the collective beliefs, feelings and impressions of the company in various stakeholders' minds (Bromley 2000; Zyglidopoulos 2001; Brown and Dacin 2006). Such a view assumes stakeholders have a shared perception although each stakeholder has a different background and past. Insiders may share same culture and value for the company. For example, the perception of the company held by internal stakeholders, in other words employees, is more related to the corporate culture and its identity (Davies et al. 2003; Brown et al. 2006). In the marketing area, corporate reputation is understood as the external stakeholders' impressions of or mental associations with a company (Brown et al 2006; Ou and Abratt 2006; Highhouse et al 2009).

As for conceptualising corporate reputation, there exist a number of different but complementary approaches. These can be summarised into two perspectives. Both regard corporate reputation as a value judgement about company attributes (Bernstein 1984; Gray and Balmer 1998; Rindova and Fombrun 1998). Reputation emerges from the way people judge and evaluate corporate attributes, implicitly involving the esteem they give to them. This value judgement is made on the basis of stakeholders' opinions and beliefs, but also their feelings about companies.

The first view of the concept of corporate reputation is then related to a cognitive evaluation of corporate ability and behaviour. Fombrun et al (2000b) claim that corporate reputation is a cognitive process, noting it to be a "cognitive representation of a company's actions and results that crystallise the company's ability to deliver valued outcomes to its stakeholders" (p.87). A company's ability and performance is monitored and evaluated by stakeholders against their expectations and by comparisons to other companies. Corporate reputation is here understood as a gauge of relative standings (Fombrun and van Riel 1997).

The other view understands corporate reputation as the affective judgement about a company. Interestingly, Fombrun (1996) also said that corporate reputation is "the overall evaluation in which a company is held by its constituents which represents the net affective or emotional reaction of all the stakeholders to the company's name". In line with this, Cable and Graham (2000) argue that corporate reputation is an affective process. In this view, corporate reputation is often reflected by the corporate name (Larkin 2003) and the associations that surround it.

Gruning and Hung (2002) suggest that corporate reputation contains both cognitive and affective/emotional reactions rather than only one of the two. Ferguson et al (2000) argue that corporate reputation is what people think and feel about a firm, a perspective confirmed by Zylodopolos (2001) who suggests it is about the knowledge and emotions they have about a company. Based on the foregoing discussions, this study defines corporate reputation as what people think, believe and feel about a company and recognises the possibility that reputation can be usefully held to have both cognitive and affective components.

2.2.2.2. Consumer motivations and corporate reputation attributes[1]

It is well recognised in the marketing literature that there may be two explanations about consumers' consumption behaviour, these being: rational and emotional approaches (Katz 1960; Bhat and Reddy, 1998). The rational approach views consumers as being logical in evaluating products and services and in making their purchasing decision. They try to make a decision according to how they can maximise the benefits of products and services whilst minimising cost. For example, when consumers make a purchase decision regarding a product, they consider physical and tangible attributes such as price, appearance, promised functions etc,

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[1] This section is indebted to the ideas of Baht and Reddy (1998), and Lievens and Highhouse (2003).

which the product may or may not possess. They then choose one which is likely to function the best in the price range they can afford.

On the other hand, the emotional approach views the motivation and wants of consumers as being at least equally important (e.g. Dichter 1960; Holbrook 1980). For example, consumers need to maintain and express their self-identity (Shavitt 1990, Aaker 1997; 1999) and do so through the brands they buy, consume and associate with. Thus consumers tend to be attracted to, and want to consume, intangible attributes (ie symbolic attributes) of products and services to satisfy their emotional wants. Hirschman and Holbrook (1982) argue that consumers associate multisensory imagery, fantasy, fun, and emotions with products. In this approach, consumers relate their self image to the intangible attributes of products using their personal subjective criteria (ie personality, taste, pride) to determine which products suit their needs (Keller 1993). For example, consumers often want to buy mobile phones that are fashionable and innovative as well as for their functional attributes.

Scholars agree that both these views help explain human motivations in consumer behaviour (Katz 1960; Mittal 1983). Indeed, according to Baht and Reddy(1998), several research studies support these two different ideas about consumption behaviour and product attribute categories that tap into these motivations (for example, Mittal et al 1991; Johar and Sirgy 1991). From this theory and the associated research, it can be understood that consumers' needs are driven by rational/functional and emotional/symbolic motivations. These consumer motivations and wants can be applied to consumers' impressions of a company as well as to the products it offers.

2.2.2.3. Two main approaches to corporate reputation: corporate role-based and corporate character-based reputation

With the rational vs. affective explanations in consumer behaviour in mind, this section aims to introduce the two main streams of corporate reputation thought.

According to Berens and van Riel (2004), corporate reputation is considered in two ways from the customer perspective: corporate role-based reputation (social expectation), and corporate character-based reputation. The social expectation perspective assumes that companies should function or fulfil their duties as expected by their position or status in society, hence meeting all the stakeholders' various expectations of them (Berens and van Riel 2004). According to this approach, a company should be a good employer, deliver good products and services, make profit, and perform socially responsible and environmental activities. In other words, this approach focuses on the socially expected corporate role. It reflects the idea that a company should try to adhere to social norms, values, and rules (Deephouse and Carter 2005). As shown in Table 2.1, many studies within the social expectations perspective consider those attributes related to corporate function as important elements for reputation. Most authors adopting this perspective focus mainly on the quality of corporate offerings, leadership, the company as employer, corporate citizenship, and profit. Among these studies, Fombrun's Reputation Quotient (2000b) is most prominent and popularly used by academics and practitioners within the reputation community (Berens and van Riel 2004; Ou et al. 2006; Shamma and Hassan 2009). As Chun (2005) noted, the dimensions of RQ are similar to those of AMAC, the most widely acknowledged measure used in the practitioner environment and also recognised in academic research.

On the other hand, the corporate character-based approach focusing on people's feelings about a company assesses corporate reputation using personality traits. In this perspective, personality traits are used to define the reputation of the company, and to understand its behaviour. According to Berens and van Riel (2004), the personality approach was suggested initially by Spector (1961) and operates mainly from the employee perspective (see Table 2.1). This approach has been empirically validated by Aaker (1997), Davies and his colleagues (Davies and Chun 2002; Davies et al. 2003) and Slaughter et al (2004). Here the measures include items such

as 'trustworthy' or 'aggressive', reflecting the adoption of the metaphor of brand=human in deriving such measures.

The two approaches are related to assessing two different attributes of corporate reputation. More specifically, the role-based measure tends to evaluate functional or cognitive attributes while the personality-based measure assesses the affective attributes of corporate reputation. .

Many academics have also associated these two attributes with company reputation For example, half a century ago, Martineau (1958) stated that store reputation consists of both functional qualities (ie, product quality, personal treatment, atmosphere of the store) and psychological (personality) attributes. Keller (2003) also asserts that corporate brand and reputation consists of both functional (ie. corporate performance) and emotional (such as personality) attributes. Table 2.1 builds on the work of Berens and van Riel (2004) in listing many of the studies that have adopted one or other of the two approaches. It is interesting to note that few studies have considered both.

Table 2.1 Studies on the Two Approaches to Corporate Reputation

Approaches	Author(s)(year)	Stakeholders (empirical/ conceptual)	Industry	Types of associations
Corporate character- based	Spector (1961)	Not Known (Conceptual)	Multiple Industries	Dynamic; Co-operative; Business-wise; Character; Successful
	Lux (1986)	Employees (Conceptual)	All	Needs; Competencies; Attitude; Constitution: Temperament; Origin; Goals
	Kowalcyk and Pawlish (2002)	Potential Employees (Empirical)	Information Manufacturing	Risk Taking/Innovative; Detail/ Precision Oriented; Achievement Oriented; Aggressive/Opportunistic; Supportive/Acknowledging Performance; High Pay/Growth Opportunities; Team-oriented; Decisiveness
	Davies et al. (2003)	**Customers (Contact) Employees (Empirical)**	**Multiple Industries**	**Agreeableness; Enterprise; Competence; Chic; Ruthlessness; Machismo; Informality**
	*Lievens and Highhouse (2003)	Potential Employees (Empirical)	Universities and Banks	Sincerity: Innovativeness: Competence: Prestige: Robustness
	*Slaughter et al (2004)	Potential Employees (Empirical)	Universities and Industries Not Known	Boy Scout; Innovativeness; Dominance; Thrift; Style
	*Keller and Richey (2006)	Consumers (Conceptual)		Heart; Mind; Body
Corporate role-based	Cohen (1963)	General Public (Conceptual)	Multiple Industries	Product Reputation; Customer Treatment; Corporate Leadership; Defence Contribution; Employer Role; Concern for Individuals

MacLeod (1967)	All (Conceptual)	All	Products; Customer Relations; Reputation as Employer; Civic Responsibility
Little (1968)	All (Conceptual)	All	Operating Performance; Quality of Products, Services, Facilities and People; Earnings Ratio; Material, Financial and Human Resources; Wage and Salary Levels; Employee Benefits; Social Performance
Roach and Wherry (1972)	Consumers (Conceptual)	Finance and Insurance	(Third Order) Quality; Self-serving Manipulation; (Second Order) Competent Agents; Product Quality Control; Alertness to New Ideas; National Scope; Policyholder Involvement; Marketing Programme; Social Responsibility; Sound Investments; Community Involvement; Competitive Strategy
Kennedy (1977)	General Public (Empirical)	Manufacturing	Producer/Distributor; Management/Investment; Citizenship; Employer
Reeves and Ferguson-DeThorne (1980)	General Public (Conceptual)	Manufacturing	Profit; Good Citizen; Leader in Solving Social Problems
Johnson and Zinkhan (1990)	All (Empirical)	All	Company as Employer; as Seller; as Investment; as Citizen
Chew (1992)	General Public (Empirical)	Information	Economic Performance; Societal Concern
Fryxell and Wang (1994)	Analysts (Empirical)	Multiple Industries	Financial Performance; Capabilities (Product Quality and CSR)
Aaker (1996)	Consumers (Empirical)	All	Environmental Sensitivity; Community Orientation; Quality; Innovativeness; Concern for Customers; Presence/Success; Local vs. Global
Frank (1996)	Customers/ Employees (Empirical)	All	Employee Treatment; Product Quality; Supplier Treatment; CSR

Brown and Dacin (1997)	Consumers (Empirical)	Manufacturing	Corporate Ability; CSR
Fombrun and van Riel (1997)	All (Empirical)	All	Economic Performance; Social Responsibilities
Brown (1998)	Marketing Audiences (Conceptual)	All	Corporate Abilities and Success; Interaction with Exchange Partners; Interaction with Employees; Social Responsibility and Contributions; Marketing Considerations; Product Considerations
Goldberg (1998)	Consumers (Empirical)	Manufacturing; Finance and Insurance	Social Performance; Business Performance
Saxton (1998)	Consumers /B2C Customers /B2B Customers (Empirical)	Multiple Industries	Market Leadership; Product Quality; Service Quality; Brand Image; Management/Financial Performance; Social Performance
Handelman and Arnold (1999)	Consumers (Empirical)	Retail Trade	Performative Actions; Institutional Actions
Fombrun et al (2000b)	**General Public (Empirical)**	**Multiple Industries**	**('Second Order') Emotional Appeal; Rational Appeal; ('First Order') Emotional Appeal; Product and Services; Vision and Leadership; Workplace Environment; Social and Environmental Responsibility; Financial Performance**
Madrigal (2000)	Consumers (Empirical)	Manufacturing	Corporate Excitement; Corporate Environmental Friendliness
Lewis (2001)	Members of Parliament (Empirical)	Multiple Industries	Financial Record; Treatment of Staff; Quality of Management; Communication Programme; Social and Environmental Responsibility
Maignan and Ferrell (2001a)	Consumers (Empirical)	All	Economic; Legal, Ethical; Discretionary

Maignan and Ferrell (2001b)	Marketing Executives (Empirical)	Multiple Industries	Economic; Legal, Ethical; Discretionary
Fennis and Bloemers (2002)	Customers (Empirical)	Manufacturing	Product Quality; Innovation; Well Managed; Well Organised; Attractive as an Employer; Professional Qualities of Employees; Supporting Charitable Causes; Feeling Responsible for Natural Environment; Acting Responsibly Towards Customers
Spears et al (2002)	Consumers (Empirical)	Multiple Industries	Demographics and Success; Interaction with Consumers; Interaction with Employees; CSR; Advertising/Promotions; Products
Lemmink (2003)	Potential Employees (Empirical)	Multiple Industries	(Corporate image) Organisational Management/Long-term Vision; Short-term Experience/Short-term Vision
Magnan and Ferrell (2003)	Consumers (Empirical)	All	Economic Responsibilities; Legal Responsibilities; Ethical Responsibilities; Philanthropic Responsibilities; Employee Responsibilities; Customer Responsibilities; Investor Responsibilities; Community Responsibilities

Source: Modified from Berens and van Riel (2004)

* Added by the researcher. The key references in each category are highlighted in BOLD and are being elaborated in detail in chapter 2.2.4.

Baht and Reddy (1998), however, examined cognitive and affective perspectives[2] of a brand at the product level in terms of consumers' rational and emotional needs, finding that these two attributes are perceived as distinctive constructs. The result could also be applied to the reputation context because the corporate brand is the centre of its core characteristics and arguably much the same as corporate reputation (Fombrun 1996; Davies et al 2003). In the context of employer reputation, Lievens and Highhouse (2003) investigate which perspective of reputation create corporate attractiveness in the perception of job applicants. They used the cognitive attributes of employer reputation such as 'pay, advancement, job security, task demands, location and working with customers' which employees expect from a company. Additionally, they used Aaker's five dimensions of brand personality traits for affective perspective of employer reputation. However, their research was limited in that it did not examine how the two attributes are related to each other and failed to compare the two different attributes specifically in the recruitment market. Consequently, there is a need for further investigation into how the two different corporate reputation approaches are linked together conceptually and empirically.

2.2.3. How Reputation is Formed

At an individual level, a company's reputation with outsiders is formed according to their direct and indirect experience (Fombrun and Shanely 1990; Yoon et al 1993). Such experience can be gained directly by sampling corporate offerings such as services and products. For example, while services cannot be assessed until they are consumed because they do not have tangible characteristics, certain products such as newly-developed technological products, such as iPads, also require consumption before they are assessed, and this consumption is regarded as 'experience' (Nelson 1974). On the other hand, individuals can gain knowledge indirectly about a company through other people's word-of-mouth and media messages delivered through methods such as purposive advertising and news. Kapferer (2008) noted

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[2] Symbolic attributes in their study are based on customers' emotional motivation. Thus the author considers them as affective attributes of corporate reputation.

that the consumer perception of a corporate brand is initially formed through direct experience. Then other intangible and symbolic elements such as the personality of corporate brand become part of that perception as the consumer is exposed to various media and non-media elements.

Antonides and van Raaij (1998) add to this the notion that consumer perception of a product/service/company/brand is also influenced by personal background such as past experience, life history and personal situation. They argue that consumer perceptions are built upon several inputs: objective reality, i.e. consumers' personal experience; construed reality, i.e. messages from media and advertising; and PR activities and experiences of others, i.e. word of mouth. Consumers process and evaluate all those direct and indirect experiences cognitively and affectively to arrive at a judgement about the brand, product or company. Consequently, it can be seen that reputation is formed by people processing various pieces of information they have gained about a company through both direct and indirect experience.

However, whilst it is possible to determine how consumer perception is formed, it is still necessary to learn how the various experiences that are being evaluated are interpreted, and in particular, the sequence between cognition and emotional interpretation in the reputation formation process. Thus it is interesting to consider whether cognition leads to affect or vice versa.

There have been many views about the sequencing of cognition and emotion. Certainly, such debates on the sequence between cognition and emotion have also been familiar in the area of psychology. Some authors argue that it best to consider emotion first and then cognition later because people make judgements affectively (good or bad, trustworthy or not) and then extensive cognitive operations come after (Premack 1976; Zajonc 1980). Their view is that people can have an affective feeling to the stimuli without knowing it at first, and later they start to evaluate them cognitively. Such a view is much supported in the area of advertising. Regarding this, some advertising academics and practitioners, believe emotional stimuli are

first evaluated to lead cognition on and then form consumers' perception on the brand/product/service and company. They think this is more likely particularly when consumers do not know well certain brands or products and services. Their view is that consumers' affective judgement of – and response to – the affective appeal of advertising leads to their cognitive decision to purchase (Plesiss 2005; Woods 2006). From this understanding, many advertising practitioners put effort into creating emotional stimuli in advertisements to influence consumers into having certain favourable feelings and, further, to applying personality traits (a long-lasting form of feelings) to the product or service and company or brand (Plesiss 2005).

However, many psychologists view cognitions as occurring first and feelings last. Lazarus (1982) criticised the idea of emotion first and cognition later by arguing that emotion is the reaction to people's adaptation in the environment, and people actively search information and meaning cognitively and then evaluate/attach them with affect even though they are inseparable in nature. This view is backed by some authors and their research conducted in the marketing and branding area. In the branding area, which has sparked interest in investigating the issue recently, some researchers have suggested that the sequence is from cognition to emotion. Franzen and Bouwman (2001) suggest that the move is from cognitive evaluation to emotional response, a position also argued by da Silva and Alwi (2006) who believe that the evaluation of functional or rational attributes (service quality in their research) leads to the development of emotional attributes (corporate brand personality in their research) in corporate branding.

These ideas also support that of de Chernatony (2002) on the perception sequence of corporate brand attributes. de Chernatony (2002) defines a brand "as universally applicable across contexts within which offerings (i.e. corporations, countries, politicians, products, services etc) are branded" (p.116). In this context, the company itself can be a brand and corporate brand is the core of corporate reputation (Davies et al 2003). Thus, the model can be applied to the corporate

reputation formation context. Furthermore, de Chernatony (2002) claims that consumers rationally assess the functional values of a product (i.e. the functions of a car) or company (i.e. profit-making, product and service quality, etc) earlier than emotional values (i.e. individual values such as the brand personality of a product or company) which often accord with their self-image. The author stated that his model is an application of the means and end theory to corporate branding.

Means and end theory concerns consumers' categorisation of the information process in respect of the product containing attributes they choose to satisfy their desire (Gutman 1982; Reynolds and Gutman 1988). According to the theory, consumers' thinking about certain products is related first to the physical attributes of the products (means), their social/psychological consequences, and finally their value (end), in that order.

Franzen and Bouwman (2001, p. 208) also applied means end theory to corporate brand and reputation research, suggesting three levels of means-end hierarchy to understand consumers' perception process in relation to brand. At the first level, physical and sensory characteristics of the product and service – for example, comfort or taste – are perceived. The second level relates to the direct functional implications of the product or service, their advantages and disadvantages. Finally, the third level refers to symbolic values or meanings of the brand. This level involves psychosocial implications (i.e. happiness, joy etc), expressive values (i.e. personality traits), terminal values (individual ideal life) and social values (social ideal).

From the discussions above, more views seem to suggest the sequence of cognition first and then emotion later. Thus, in this study, the position is taken that the formation sequence in respect of corporate reputation is cognitive evaluation first and affective evaluation later, and that both direct and indirect experience of the company are used as inputs on which to make the decision.

2.2.4. Measurements of Corporate Reputation

There are a number of measurements available to assess corporate reputation, ranging from general survey for commercial purposes to specific measuring tools developed to focus on certain attributes of corporate reputation. However, these can also be categorised mainly by focusing on two main attributes such as corporate role and character. Among them, two measurements, the Reputation Quotient and Corporate Character Scale, are the most representative of the two main streams described in the previous sections.

2.2.4.1. Measurements focusing on corporate role

Corporate reputation measurement focusing on corporate roles was initially developed for the purpose of reporting company standing in business magazines, but was later made more robust by the participation of the academic community. This section reviews existing commercial ranking surveys and other notable academic measurements on corporate role reputation.

Commercial ranking surveys

There are several media ranking surveys such as the Fortune America's Most Admired Companies (AMAC) in the USA, The Financial Times' World's Most Respected Companies, Industry Week's Best Managed Companies and Management Today's Britain's Most Admired Companies in the UK. These surveys were developed mostly for commercial purposes.

The Financial Times' World's Most Respected Companies survey consists of a questionnaire assessing eight key attributes of companies such as strong and well-thought-out strategy, maximising customer satisfaction and loyalty, business leadership, quality of products and services, strong and consistent profit performance, robust and human corporate culture, successful change management

and globalisation of business (Financial Times 2009). The ranking is, however, based on the CEO's views of companies.

The oldest and most popular approach in the role-based evaluative assessment of corporate reputation is via a league table or ranking system, and the Fortune America's Most Admired Company's Survey (AMAC) is the most established scale in this respect. The AMAC survey asks CEOs and analysts for their views about Fortune 500 companies (since 1984) and Fortune 1000 companies (since 1995). The AMAC measurement dimensions consist of eight key attributes such as financial soundness, long-term investment value, use of corporate assets, innovativeness, quality of the company's management, quality of its products and services, ability to attract, develop and keep talented people, and social responsibility. Although the survey has provided comparable data over a certain period, it has been criticised by academics for lacking theoretical grounds, only reflecting certain groups' views such as those of managers and business analysts, and over-emphasising financial performance (Fryxell and Wang 1994; Chun 2005).

Academic measurement focusing on corporate role attributes

In the academic area, many authors have tried to develop measurements overcoming the inclination towards a concentration on financial performance and the problems of commercial ranking surveys. Several notable suggestions on corporate role-based reputation can be noted in this respect. Firstly, Caruana (1997) explored the attributes of corporate reputation using both qualitative and quantitative research, suggesting a 14-item scale for corporate reputation in the customer context. However, similar to the Fortune AMAC scale, it remains confined to financial and sales performance.

Kowalczyk et al (2003) also suggested more rigorous measurements focusing on the role perspective covering the weakness of existing commercial corporate reputation measurements. They measured corporate reputation using five financial variables

(sales, average return on assets (ROA), growth, risk, market-to-book value) similar to those which Berry and Perry (1994) tested in their research and found that these variables explain the eight factors of Fortune's Most Admired Companies[3] survey. The study also showed that market-to-book value is the most powerful explanatory variable for corporate reputation. Once more, however, the limitation of Fortune MAC was revealed. Also, their measure is very dependent upon stock market and economic performance and so it did not overcome the problem of Fortune MAC focussing on financial criteria.

Another attempt was the Reputational Index developed by Cravens et al (2003), in an attempt to capture diverse corporate indices for reputation without missing key intangible assets shaded under the effect of the financial performance variable in existing measurements. Their measurement includes components such as strategy, financial strength and viability, organisational culture, ethics and integrity, governance processes and leadership, products and services, strategic alliances and business partnering, innovation and other components already contained in company annual reports. The measurement uses a weighted score for individual components and aggregates the scores for the overall corporate reputation. In their study, tangible components were the most highly weighted, and culture was the least weighted. Financial performance was weighted between these two. The Reputation Index made a contribution to corporate role-based reputation measurement studies because it captures non-financial performance components as well as financial performance unlike existing corporate role-based measurements. However, the measurement as suggested was conceptual and has not been further tested empirically for validation.

Reputation Quotient (RQ)

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[3] Fortune's surveys of Most Admired Companies are conducted internationally and domestically. AMAC is the domestic version of the survey. The variables for the two surveys are same.

Fombrun (1997) stated that the measurement of reputation should comprise components of various roles/functions which society expects from companies, including an emotional component. The Reputation Quotient (Fombrun et al 2000b) is the most well-known measurement for corporate reputation from the viewpoint of the corporate social role perspective, overcoming many disadvantages of existing reputation measurements focusing on corporate role (Shamma and Hassan 2009). The RQ presents corporate reputation with a ranking comparison with other companies and shows their uniqueness and differences with an emphasis placed on the (expected corporate role) attributes (Bronn and Bronn 2005).

The RQ was developed based on the combination of commercial surveys and academic literature, its authors claiming it to be a valid, reliable measure of corporate reputation (Fombrun et al 2000b) that meets the requirements of validity. Regarding reliability, Fombrun et al (2000b) claimed that Cronbach's alpha for the RQ exceeds 0.84, which shows that the items of RQ can be used as a reliable corporate reputation measurement. Although specific reliabilities of each dimension of RQ are not reported, these arguments have been supported by many subsequent researchers (Porritt 2005; Ou et al. 2006; Helm 2007; Abraham et al. 2008).

The RQ consists of both emotional appeal and rational appeal measures but with a focus on the latter. As depicted in Table 2.2, it assesses corporate reputation on six factors: emotional appeal, product and services, vision and leadership, work place environment, social and environmental responsibility, and financial performance. In particular, rational appeal consists of five dimensions, these being: product and services, vision and leadership, work place environment, social and environmental responsibility, and financial performance.

The authors claim their measurement scale was developed to measure corporate reputation reflecting both non-economic and economic cues, thereby differentiating it from the AMAC scale (Fombrun and Shanley 1990). However, this has been

accused of being too heavily focused on the economic cues. Fombrun et al (2000b) also acknowledge that their RQ has a statistical weakness in respect of the emotional dimension, which is the only differentiating aspect from Fortune's AMAC scale. Both scales base their measures on the corporate role expected by society, and league tables, which are updated annually for commercial purposes. For the purposes of this thesis and, considering the weakness of the emotional appeal part of the scale, it can be said that the RQ is a reputation scale focusing mainly on corporate role.

Table 2.2 Similarity of factors between the RQ and the Fortune AMAC Survey

RQ: 6 factors and 20 items		Fortune AMAC: 8 factors
20 items	**6 factors**	
I have a good feeling about the company I admire and respect the company I trust this company	Emotional appeal	N/a
Stands behind its products and services Develops innovative products and services Offers high quality products and services Offers products and services that are good value for money	Product and service	Quality of product and service
Has excellent leadership Has a clear vision for its future Recognises and takes advantage of market opportunities	Vision and leadership	Innovativeness Quality of management
Is well managed Looks like a good company to work for Looks like a company that would have good employees	Workplace environment	Develops and keeps talented people
Supports good causes Is an environmentally responsible company Maintains a high standard in the way it treats people	Social and environmental responsibility	Social responsibility
Has a strong record of profitability Looks like a low-risk investment Tends to outperform its competitors Looks like a company with strong prospects for future growth	Financial performance	Long-term investment value Financial soundness

Source: Chun (2005)

2.2.4.2. Measurement scales based on personality traits

Corporate reputation measurement using the personification metaphor originated from Aaker's (1997) brand personality scale. However, Aaker's brand personality items are mainly tested on the product level with customers. The corporate character scale (Davies et al 2003) was developed and tested at the level of the corporate brand (Davies et al 2003). In the following section, Aaker's brand personality scale and the corporate character scale are reviewed in detail.

Aaker's brand personality scale

Aaker (1997) assumed that a brand can be usefully thought of as having a personality and defined brand personality as 'a set of human characteristics associated with the brand (p.347)'. She developed a measurement for brand personality based on the framework of the Big Five personality theory in psychology. Her measure consists of five dimensions: Sincerity, Excitement, Competence, Sophistication and Ruggedness. Each dimension consists of more detailed personality traits.

Table 2.3 Aaker's brand personality dimensions and traits

Dimensions	Item
Competence	Reliable, hardworking, secure, intelligent, technical, corporate, successful, leader, confident
Sincerity	Down to earth, family-oriented, small-town, honest, sincere, real, wholesome, original, cheerful, sentimental, friendly
Excitement	Daring, trendy, exciting, spirited, cool, young, imaginative, unique, up to date, independent, contemporary
Sophistication	Upper class, glamorous, good looking, charming, feminine, smooth
Ruggedness	Outdoorsy, masculine, western, tough, rugged

Source: Aaker 1997

Aaker's brand personality measurement is used for capturing the key dimensions of personality traits of the brand. She made a list of personality traits gathered from human personality traits in the Big Five personality scale, and any other scales which use personality traits in the academic and practitioner literatures. In qualitative work, participants were asked to write down the personality traits that first came into their mind when thinking about selected brands. After elaborating her scales through the initial two processes with a first list of 309 traits which she later reduced to 114 traits, she conducted a nationwide survey of consumers. Factor Analysis assuming 5 dimensions produced 59 items and these were finally reduced to the 42 items in Table 2.3 above.

However, the measurement is criticised for being an inappropriate application of a human personality definition to brands because brands can be more changeable than human personalities which are stable and durable over time. Azoulay and Kapferer (2003, p.151) suggest an alternative definition, 'brand personality is the set of human personality traits that are both applicable to and relevant for brands' over Aaker's definition of brand personality, 'a set of human characteristics associated with the brand'. Another criticism is that Aaker's brand personality is American-oriented, as it uses terms such as 'small-town', and also it was not been validated for the corporate brand level nor for multiple stakeholders.

Corporate Character Scale (CCS)

Killman (1985) stated that a company can have a certain character or personality which reflects its culture and reputation. The approach assumes that a company is a person and can have a personality like a human being; and that like personal reputation, corporate reputation can be described using personality adjectives. The idea of personifying a company or corporate brand has been popular amongst academics and practitioners, and in both marketing and organisational behaviour literature (Shavitt 1990; Keller 1993; Aaker 1997; 1999). Within the literature concerning the personality trait approach, the most popular measure for assessing

corporate reputation appears to be the Corporate Character Scale (Davies et al. 2003).

The Corporate Character Scale (Davies et al. 2003) was developed through both qualitative (exhaustive literature review and in-depth interview) and quantitative research (surveys of customers and employees of a business school and 4 retailers initially). It was validated through a survey of over 15,000 employees and customers from 50 business units of British and overseas companies including services companies such as retailers, banks and department stores (Davies et al. 2003). It is the only scale of corporate reputation validated for both employees and customers, and is also used as a diagnostic tool in understanding how to improve corporate reputation.

Table 2.4 shows the seven dimensions of the Corporate Character Scale, namely Agreeableness, Enterprise, Competence, Chic, Ruthlessness, Informality and Machismo. (The last two were not well defined in the original study). The Agreeableness dimension is related to trust (Davies et al. 2003) and a major predictor of satisfaction. Ruthlessness, on the other hand, corresponds to Neuroticism in human personality and is generally negatively correlated with employee and customer satisfaction. Enterprise reflects extroversion in human personality and incorporates innovativeness and excitement in corporate character. Competence was the dimension most emphasised in the corporate values, and mission and vision statements of America's most successful companies (Chun and Davies 2002). Chic is associated with the prestige of the company, and is expected to be most relevant to companies such as fashion retailers. Informality is connected to the concept of the open way that staff members interact with customers. Machismo, represented by toughness, masculinity and ruggedness, appears important in the construction industry. In the context of fashion retailing, Enterprise had a positive effect on customer satisfaction but a negative effect on employee-perceived differentiation; Chic had a positive effect on both customer and satisfaction (Chun and Davies 2006).

Table 2.4 The Corporate Character Scale: Dimensions, Facets and Items

Dimensions	Facet	Item
Agreeableness	Warmth Empathy Integrity	Friendly, pleasant, open, straightforward Concerned, reassuring, supportive, agreeable Honest, sincere, trustworthy, socially responsible
Enterprise	Modernity Adventure Boldness	Cool, trendy, young Imaginative, up-to-date, exciting, innovative Extrovert, daring
Competence	Conscientiousness Drive Technocracy	Reliable, secure, hard-working Ambitious, achievement-oriented, leading Technical, corporate
Chic	Elegance Prestige Snobbery	Charming, stylish, elegant Prestigious, exclusive, refined Snobby, elitist
Ruthlessness	Egotism Dominance	Arrogant, aggressive, selfish Inward-looking, authoritarian, controlling
Informality	None	Casual, simple, easy-going
Machismo	None	Masculine, tough, rugged

Source: Davies et al. (2003)

As discussed above, there are many measurements that have been proposed from industry and academic areas. However, those measurements reflect two main perspectives on corporate reputation: one focusing on corporate role and one on corporate personality. To summarise, it can be said that, among many scales, the Reputation Quotient and the Corporate Character Scale are the most well-validated scales to capture these two different attributes of corporate reputation. In this study the five main dimensions of the CCS scale and the five cognitive components of RQ are used to compare the two aspects of reputation.

2.3 Antecedents and consequents of corporate reputation

There is a wide interest in what creates a positive reputation and what the consequences are for the company in acquiring a positive reputation; in other words the antecedents and consequences of reputation (Brown 1998; Andreassen and Lindestad 1998; da Silva and Alwi 2006; Walsh et al, 2009; Shamma and Hassan 2009). In this thesis the relationship between service quality (hypothesised as an antecedent of reputation) customer satisfaction and customer commitment (hypothesised as outcomes) and both aspects of reputation are considered.

2.3.1 Service Quality

2.3.1.1 Concept of Service Quality

Arguably the quality of the service received by a customer should have a bearing on the customer's perception of the company reputation as it represents the interaction seen by reputation scholars which creates reputation. The author was then interested in exploring the relationship between service quality and both aspects of reputation.

In the management literature, quality is defined as 'fitness to use' or the degree of being free from deficiencies (Anderson et al. 1994). In the marketing literature, service quality is approached in terms of its subjective quality rather than its objective quality, focusing on the customer side. Whereas objective quality means the mechanic or objective feature of a thing or event, subjective quality means peoples' relative perception of the service content or feature, and this is perceived variedly by their background and contact with the service. In this context, service quality is understood by relating it to customers' assessment or perception of service excellence (Cronin and Taylor 1992; Parasuraman et al. 1985; 1988; Zeithaml 1988).

However, the concept of service quality differs among researchers. Some view the customer perception of service quality as being the gap between their expectation and perception of performance of service (Gronroos 1984; Lehtinen and Lehtinen 1991; Parasuraman et al. 1985). From this perspective, customers' perceived service quality is the attitude based on comparing the actual service provided with the expected level of service. The definition is similar to the transaction-specific view of satisfaction in that both consider the perception gap between the expected and performed service. However, Parasuraman and his colleagues (1985) distinguish perceived service quality as the attitude, an overall evaluation over time from satisfaction as a transaction-specific emotional feeling. They also differentiate service quality from satisfaction by arguing that service quality means what the customers expect the company should offer, while satisfaction means what customers expect the company to offer.

Some academics disagree with those views, and describe service quality as the perception of performance of service (Oliver 1994; Tse 1988). Cronin and Taylor (1992) further develop this position, criticising the view, using the opinion of Woodruff et al. (1983) who suggest that customers' expectations should emerge from their experience-based performance norms. They argue that customer perceptions of service quality are better represented by an attitude and can be properly understood only by measuring perceived service performance, by which they suggested the performance-based measure of service quality (SERVPERF) scale which has the same content as SERVQUAL but is for measuring only the perception of performance of service quality. In other words, SERVPERF does not measure the gap between the perceptions of expected service and performance quality of service. Extended research in this area shows that measuring the perception of service performance is sufficient to understand the perception of service quality (Cronin and Taylor 1992; 1994). The researcher agrees with the view of Cronin and Taylor and takes their position in respect of measuring the perception of service quality using customers' perception of service performance,

rather than measuring the gap between expectation and the actual service that customers receive.

2.3.1.2 Service Quality and Corporate Reputation

Services are differentiated from products by their special features such as intangibility, heterogeneity and inseparability (Parasuraman et al. 1985; 1988). Service content and quality can be different according to service personnel, customers and service days, and it is difficult to separate the process of producing and consuming service because service delivery is carried out through interaction between service personnel and the customers (Carmen and Langeard 1980; Gronroos 1978; Upah 1980).

Existing literature shows a strong theoretical support for a positive link between service quality and corporate reputation. In the service quality literature, corporate reputation is seen as an important element of service quality (Anderson and Sullivan 1993; Blancard and Galloway 1994). For example, Groonros (1988) proposed three dimensions of service quality: technical quality, professionalism and skills, and image. The technical quality dimension includes professionalism and skills which is outcome-related. The image dimension refers to reputation and credibility, and the functional quality dimension includes attitude and behaviour, accessibility and flexibility, reliability and trustworthiness, and recovery, which are related to the service process. Groonros' (1988) image dimension of service quality is equivalent to the corporate quality dimension in the three-dimensional model of service produced by Lehtinen and Lehtinen (1991). This model consists of physical quality, interactive quality, and corporate quality. Physical quality includes physical products and support. The interactive quality dimension is based on the interaction between the customer and interactive components of the service company. Interactive quality can be varied per service interaction. Finally, corporate quality is related to corporate image and reputation. However, the models provided by Groonros (1988) and Lehtinen and Lehtinen (1991) are criticised for their lack of

theoretical base and sufficient detail although they have tried to identify and differentiate determinants of service quality in separating service delivery and quality associated with service outcome (Ghobadian et al. 1994).

2.3.1.3. Measurement of service quality

The most widely-known service quality scale - SERVQUAL - was proposed by Parasuraman et al. (1985). This offers five dimensions of service quality: Tangibles, Reliability, Responsiveness, Assurance, Empathy and ten sub-elements. The Tangibles dimension is related to physical facilities and equipment, and staff appearance. The Reliability dimension is related to the ability to provide good service performance in the promised time. Responsiveness is about willingness to help and to provide prompt service delivery. Assurance is involved with staff knowledge, courtesy, trust and confidence. Finally, the Empathy dimension refers to the degree of individualised attention that customers receive from the service provider.

However, although SERVQUAL has been empirically tested in many research studies, it has shown instability of factor structure in some service settings. Regarding this, Brady et al. (2002) argued that several more dimensions such as interaction quality, outcome quality and environment quality should be considered to supplement the weakness of SERVQUAL. Here, Interaction is considered as what goes on between service provider and customers, Outcome quality relates to the customers' assessment of punctuality of the service provider and environment quality is involved with tangible or physical features of the service provider.

In addition to this, it was argued that the use of SERVQUAL in the retail store environment has been limited (Mehta et al. 2000). This may be because, as Carman (1990) pointed out, SERVQUAL does not cover some special features that are specific to the retail sector - for example, physical setting such as location and parking. To measure service quality in the retailer service, there is still a need to

look at quality from the perspective of services as well as goods. Therefore, Daholkar et al. (1996) developed a retail service quality model which consists of five dimensions and eight sub-dimensions based on their literature review and qualitative research. Like other service quality dimensions mentioned previously, Daholkar's (1996) Retail Service Quality Model consists of five main factors. Three factors are similar to those in SERVQUAL, these being physical aspects, reliability, and personal interaction, but in addition it includes problem solving and policy factors which are distinctive to retail business, including handling, returning and exchange, complaints, parking spaces, opening times, and acceptance of credit cards. Mehta et al. (2000) tested SERVQUAL and the Retail Service Quality scale for supermarkets and electronic goods retailers in Singapore by measuring only performance perceptions, and found that the Retail Service Quality scale worked better than SERVQUAL. In particular, personal interaction and physical aspects were found to be important components of service quality for supermarket retailers. Customers tend to pay attention to the convenient layout of the store (Mazursky and Jacoby 1985). Table 2.8 summarises the above review of the literature on the service quality models.

Table 2.5 Summary of Service Quality Models

Author	Dimensions and elements

Groonros (1991)
Service in general
	1) **Technical quality** - Professionalism and skills
	2) **Image** - Reputation and credibility
	3) **Functional quality** - Attitudes and behaviour
	          - Accessibility and flexibility
	       - Reliability and trustworthiness
	        - Recovery

Lihtinen and Lihtinen (1988) Service in general	1) **Physical quality** - Physical products 　　　　　　　　　　- Physical support : physical environment and instruments 2) **Interactive quality** - interaction with staff or other customers 3) **Corporate quality -** corporate image or profile
Parasuraman et al. (1996) Service in general: (SERVQUAL)	1) **Tangibles** - Physical facilities, equipment, and appearance of personnel 2) **Reliability** - Ability to perform the promised service dependably and accurately 3) **Responsiveness** - Willingness to help customers and provide prompt service 4) **Assurance** - Knowledge and courtesy of employees and their ability to inspire trust and confidence 　　　- Competence 　　　- Courtesy 　　　- Credibility 　　　- Security 5) **Empathy** - Caring, individualised attention the firm provides its customers 　　　- Access 　　　- Communication 　　　- Understanding
Daholkar (1996) Retail services	1) **Physical aspects** - Appearance 　　　　　　　　　- Convenience 2) **Reliability** - Promises 　　　　　- Doing it right 3) **Personal interaction** - Inspiring confidence 　　　　　　　　　- Courteousness/helpfulness 4) **Problem-solving (no sub-facets)** 5) **Policy (no sub-facets)**

To summarise, and based on the discussions above, the researcher defines service quality in this study as 'the customers' overall perception of service performance'. The view of the study is that service quality should be measured focusing on perception rather than through the disconfirmation process of expected service

quality. The study uses Daholkar's (1996) Retail Service Quality Model in investigating the link between search quality and the reputation of retailers (Hypotheses 2 and 3).

2.3.2 Satisfaction

One of the more commonly used outcome measures in the context of reputation is that of satisfaction (Davies et al 2003) and it was a logical variable to include when comparing the relative influence of both aspects of reputation.

2.3.2.1. Definition

Customer satisfaction has been one of the important concepts in marketing over the past few decades, since as noted by several researchers (Anderson et al. 1994; Johnson et al. 1995; Olsen and Johnson 2003), through this profits can be realised. The existing literature appears to be divided into two streams of definitions: transaction-specific versus cumulative views of satisfaction (Anderson et al. 1994; Johnson et al. 1995; Oliver 1980; 1993).

Oliver (1980) argues that the degree of customer satisfaction is decided by customers' comparison of their expected service encounter and the encounter actually experienced. This view understands customer satisfaction as the process of comparison. In this view, the fit between the consumers' expectation and experienced product and service performance influences customer satisfaction. In other words, expectation and disconfirmation affect customer satisfaction. A customer's satisfaction is increased when they perceive performance above their expectation. However, it is decreased when the perceived performance is below expectation (Yi 1993). Thus in this view, customer satisfaction is a function of disconfirmation of performance. The transaction-specific view helps in understanding customers' psychological reactions to products and services in the short term (Fornell 1992; Johnson et al. 1995; Johnson and Fornell 1991).

On the other hand, the cumulative view of satisfaction concerns satisfaction as customers' overall assessment of their total purchase and consumption experience in respect of products and service which a company provides over time (Anderson et al. 1994). Here, satisfaction is viewed as an outcome (Oliver 1993) or end state (Bloemer and Ruyter 1998) rather than the process of comparison. Many studies show that customer satisfaction is, however, affected directly by performance attributes rather than via disconfirmation (Churchill & Surprenant 1982: Tse & Wilton 1988: Bolton & Drew 1991). This means disconfirmation may not be the necessary process in understanding customer satisfaction. Besides, according to Olsen and Johnson (2003), the cumulative view of satisfaction predicts customers' intention and behaviour better than the trans-specific definition because customers tend to evaluate their satisfaction over time rather than on one temporal experience. In this study, the researcher takes a cumulative view of satisfaction.

Satisfaction is closely related to cognitive and affective attributes (Oliver 1993; 1994; 1997). Oliver (1993) viewed expectations, performance (of product and service) and disconfirmation as cognitive attributes closely involved in satisfaction. Westbrook (1980) described service quality as a cognitive construct, and satisfaction as primarily an emotional reaction. In this context, Bloemer (2002, p.70) defines satisfaction as "a pleasure level of consumption related fulfilment'. Westbrook and Reilly (1983, p.256) consider satisfaction as 'an emotional response to the experiences provided by, associated with particular products or services purchased, retail outlets, or even molar patterns of behaviour such as shopping and buyer behaviour, as well as the overall marketplace". Yi (1990) further argues that the positive and negative effects which are not related to the product itself may well influence the emotions occurred by the evaluative process inherent in satisfaction formation. He sees that satisfaction with the consumption experience might be customers' emotions such as 'happiness, pleasure or sadness' (Yi 1990, p.98-99). Oliver (1997) indicated that emotions being expressed with words such as 'happy', 'pleased' and 'proud' are frequently associated with assessing emotional satisfaction (Davies and Chun 2002).

2.3.2.2 Satisfaction, corporate reputation and service quality

Satisfaction, when measured as an affective outcome, is closely related in previous studies with customers' affective associations with a corporate brand name (e.g. Da Silva and Alwi 2006). Davies et al. (2003) show that satisfaction measured in this way is correlated with all dimensions of the CCS scale. The study views satisfaction as customers' overall assessment of an organisation over time (Davies et al 2003) and suggest a positive association between the three constructs.

The positive relationship between customer satisfaction and perception of service quality has been noted elsewhere in the marketing literature, and two different perspectives seem to emerge. The research conducted by Bitner and Hubbert (1994) and Anderson et al. (1994) showed that satisfaction is an antecedent of service quality. Both studies assumed service quality to be a global attitude and satisfaction to be a transaction-specific emotion. Others argue that service quality influences satisfaction, not the other way around (Woodside et al. 1989). Rust and Oliver (1994) also support the view that the service dimension is factored into the assessment of satisfaction. Spreng and Mackoy (1996) identified service quality as being the antecedent of customer satisfaction. In addition, many previous studies have shown empirically that customer satisfaction is influenced by service quality in the service sector (Bloemer et al. 1998; Hu et al. 2009; Zins 2001). There is little consensus about the direction of the relationship between service quality and satisfaction.

According to Parasuraman et al. (1994), this controversy derives from conflict between different types of evaluation of quality and satisfaction. They argue that it is possible to distinguish this as a transaction-specific evaluation and an overall evaluation as the result of cumulative experience. While service quality researchers start from the premise that satisfaction is a transaction-specific evaluation and that quality is an overall evaluation made using a whole set of cumulative evaluations,

researchers focusing on the satisfaction topic tend to have quite the opposite point of view.

2.3.3 Commitment

Recently, marketing scholars have applied the concept of organisational commitment to customers' affective commitment. Customers who have affections to stores and companies will patronise them more often (Gundlach et al. 1995). In this context, customer (affective) commitment is often regarded as attitudinal loyalty or loyalty commitment (Gilliland and Bello 2002; Zins 2001). Commitment was chosen as the second outcome measure for this study.

The importance of corporate reputation to customers' loyalty is well acknowledged (Davies et al. 2003; Helm 2005). Recently, customer commitment has received attention as the cursor (Evanschitzky et al. 2006) or key determinant of customer retention and loyalty (Grundlach et al. 1995; Morgan and Hunt 1994). Customer commitment in the marketing literature originally came from the concept of organisational commitment (employee commitment towards the employer) in the Organisational Behavioural literature. In the literature, organisational commitment is divided into two elements: behavioural and attitudinal commitment. According to the behavioural view taken by Gundlach (1995), organisational commitment is 'the tendency to engage the consistent lines of activity' or 'consistent behaviour' for a choice among all the alternatives. In this view, employees tend to engage the present behaviour consistently because of perceived cost if they try to seek other jobs and organisations.

On the other hand, the attitudinal view emphasises the employees' attachment to the organisation. Mowday and Porter (1979, p.226) define commitment as "the relative strength of an individual's identification and involvement in a particular organization". They characterised the commitment using three factors: "(1) a strong

belief in acceptance of the organisation's goals and values; (2) a willingness to exert considerable effort on behalf of the organisation; (3) a strong desire to maintain membership in the organisation (Mowday and Porter 1979, p.226)". Attitudinal commitment is regarded as an affective and emotional response to the organisation (Swailes 2002) and a psychological attachment to the goals and values of the organisation in general (Gilliland and Bello 2002). Some academics categorise organisational commitment into three different types according to the nature of its relationship to the organisation. These types are: desire, economic cost, and normative-based commitment (Allen and Meyer 1996; Garbarino and Johnson 1999; Kelly and Davis 1994).

The attitudinal view of organisational commitment is predominant in the organisational commitment literature. In this view, high commitment is regarded with high positive feelings about the organisation and its values and goals. Many researchers adopt an attitudinal view because of the effectiveness of its measurement. As noted by Swailes (2002), commitment can be assessed by the congruence between employees' own values and beliefs and those of the organisation.

Furthermore, behavioural measures of loyalty such as repeat purchasing or visiting frequency cannot explain the often dynamic process of customer behaviour; for example, they do not take into account the situation when the service provider cannot provide the customer's preference, or when the service is not available, whereas attitudinal measures can predict customer retention well (Bloemer et al. 1998). Thus the study focuses on the attitudinal aspect of loyalty.

Such attitudinal commitment is expected to be important for the relationship between customers and service providers. In particular, attitudinal commitment helps to understand customers' loyal behaviour in more depth in terms of customers' mental, emotional and knowledge structure perspectives (Zins 2001).

Customer (affective) commitment allows secures / loyalty in service relationships (Evanschitzky et al. 2006) and is also conceptualised as the identification with the organisation and psychological attachment to, and concern about, the welfare of the organisation (Garbarino and Johnson 1999; Wong and Sohal 2002). Many research studies about customer commitment in the marketing area have viewed the concept as uni-dimensional.

CHAPTER 3 CONCEPTUAL FRAMEWORK

In Chapter 2, corporate reputation and its antecedents and consequences in the service setting were reviewed. In this chapter, the research purposes are specified and then a conceptual model is proposed based on the hypotheses drawn to answer the gaps in the relevant literatures according to the research purpose. In addition, expected contributions to each hypothesis are discussed.

3.1. Research purpose

In Chapter 2, corporate reputation is defined as outsiders' accumulated perceptions of the company over time consisting of rational judgments and emotional judgments, on which identity, image, and service quality exert their influences. In the reputation formation process, customers are actively involved in the process as they evaluate reciprocal benefits which stem from forming a mutual relationship. The resultant reputation held by the customer, however, is not a cognitive and rational perception, but an emotional one attaching the customer herself to the corporation. Because of the nature of reputation defined above, customer attitudes and behaviours such as commitment and loyalty are, most likely, determined and predicted by affective aspects of corporate reputation but that remains untested.

It was also understood from the literature review in Chapter 2 that there is a close link between cognitive attributes and emotional attributes of corporate reputation in the process of reputation formation, which in turn shows the necessity of understanding corporate reputation comprehensively at the same time. Thus, there is a need for a strategic consideration of the differences between cognitive attributes (role-based reputation) and emotional attributes (character-based reputation) in terms of their roles in the process of reputation formation. Furthermore, in order to understand which attributes of corporate reputation are critical in the reputation management process more holistically, it is also necessary to understand the

relationships between the two reputations and their antecedents and consequences: service quality and customer attitudes.

Based on such discussions, the study aim can be summarized as: to investigate the causal relationships between service quality, two attributes of corporate reputation and customers' attitudinal responses, satisfaction and commitment in a service setting. In addition, the RQ and CCS are also investigated to see how they are complementarily linked to each other.

3.2. Hypotheses development and expected contributions

3.2.1. The theoretical link between corporate role-based (RQ) and corporate character-based reputation (CCS)

The study conceptualised corporate role-based reputation as customers' perception of the socially-expected corporate role, which is associated with customers' cognitive judgements of corporate reputation. In contrast, corporate character-based reputation represents customers' perception of corporate personality traits which is associated with their affective judgement of corporate reputation. In the current study, those attributes are represented by RQ (specifically, the rational appeal parts: Product and service quality, Vision and Leadership, work environment and Social responsibility and environment) developed by Fombrun et al (2000b), and CCS, specifically, Agreeableness, Enterprise, Competence, Chic and Ruthlessness respectively.

As stated earlier, marketing researchers argue that the functional and emotional attributes of corporate brand are related (de Chernatony 2002). As discussed in the previous sections 2.2.2 and 2.2.4, similarly to the relationship between the two attributes of corporate brand, corporate role-based reputation should then be linked to corporate character-based reputation. This section focuses on how these two different reputation variables are linked to each other, in particular through

theoretically comparing each dimension of the two established measurements, RQ and CCS, based on the literature. A description of how each of the five dimensions of the RQ measure may be related to the five dimensions of the CCS is now given.

Product and Service, Innovativeness (RQ) - Agreeableness, Competence, Enterprise (CCS)

Product and service dimension in the RQ seems to be most relevant to the Competence dimension of the CCS. When customers experience a high quality product or service, they may gain the impression that the company is reliable (Fombrun 1996). Similarly, Groonros (1988) believed that when customers think employees deliver good quality service, they regard the company as reliable and competent. These are key features of the Competence corporate character dimension.

On the other hand, corporate innovation (RQ) seems to be related to both the Competence and Enterprise dimensions of the CCS. Companies known for developing and producing new and improved products and services, with constant investment in R&D and new technology, are positively perceived as being modern and up-to-date by consumers (Gürhan-Canli and Batra 2004), and this innovation trait is represented by the Enterprise dimension of the CCS. In other words, customers will generally have a modern and up-to-date image of a company if it provides them with innovative products and services. For example, in particular, companies such as Samsung, Sony, General Electronics and 3M are famous in the electric home appliances industry for developing innovative products and services, and therefore developing character for being modern and up-to-date for the companies themselves. Likewise, customers believe that an incompetent company cannot deliver good quality products and services (Sichtmann 2007). In particular, competence in using new technology is important in the development of innovative products and service. Daneels (2002) argues that corporate competence is related to technology which enables it to develop the innovative products that customers

require. According to Daneels (2002), corporate competence (CCS) assures the quality of products (RQ). So a competent company may develop and produce highly innovative products and services, which in turn, lead customers to perceive the company as being innovative and competent.

Product and Service (RQ) may also be related to the Agreeableness character dimension (CCS). According to Brown and Dacin (1997) and Gürhan-Canli and Batra (2004), when customers believe a company to be trustworthy and honest, they are likely to have a high opinion of that company's products and services. This indicates that customers' perception of Agreeableness as a corporate character (CCS) influences their subsequent evaluation of products and services (RQ). However, the perception of corporate character is usually arrived at after having had direct or indirect experience of the company.

In summary, Agreeableness (honesty, trustworthiness), Competence (innovativeness, reliability), and Enterprise (up-to-date, and modern) seem to be the most salient character dimensions in evaluating the product and service quality of a company. Honesty and Trustworthiness traits represent Agreeableness on the Corporate Character Scale (Davies et al. 2003). Innovativeness, one of the RQ dimensions, is related to Enterprise dimension (modern and up-to-date) of CCS. Reliability and Competence traits are involved with the Competence dimension of the Corporate Character Scale.

Vision and Leadership (RQ) – Agreeableness, Ruthlessness and Competence (CCS)

According to the corporate culture literature, vision and leadership (RQ) seem to be most relevant to the Ruthlessness, Competence and Agreeableness dimensions of corporate character (CCS). Vera and Crossan (2004) argue that leaders who exert transformational leadership adapt themselves to the existing corporate culture and realign this with their new vision if necessary. Transformational leaders help

individual staff to transcend their self-interest in favour of supporting the company vision (Vera and Crossan 2004). According to Bass and Avolio (1990), the characteristics of transformational cultures are open and flexible, thereby representing Agreeableness character traits (CCS). Transformational leaders also foster an open and flexible culture, which facilitates the execution of positive change (Vera and Crossan 2004). Fairnholm (1994) has claimed that a trusting culture helps leaders and followers to work together towards agreed goals, values and vision. On the other hand, transformational leadership can encourage a company to have aggressive strategies and high potential for growth and an accompanying achievement-oriented culture among staff (Fairnholm 1994). These traits represent both the Ruthlessness and Competence character dimensions. Customers are most likely to perceive this through the image of the CEO as portrayed in the media, or through direct experience with managers during their consumption experience.

Competent companies may also look for good management and leadership. To summarise the corporate traits of being open, trustworthy and aggressive, achievement-oriented and competent are related to the leadership and vision of a company. Open and trustworthy traits represent the Agreeableness dimension, an aggressive trait represents Ruthlessness, and an achievement-orientation represents the Competence dimension of corporate character. Thus, Agreeableness, Ruthlessness and Competence are closely associated with the leadership and vision dimensions of the RQ scale.

Workplace Environment (RQ)-Agreeableness, Enterprise, Chic, and Competence (CCS)

One of the important corporate functions is the provision of a good workplace environment for employees. This function is related to the image of the company as an employer. In the human resource literature, Wilden et al. (2006) argue that a good employer should be regarded as one who is trustworthy, honesty, representing

Agreeableness dimension of corporate character (CCS). Backhouse and Tikoo (2004) view prestige or innovativeness as important traits for a good employer. For example, companies such as Microsoft or IBM are known as prestigious employer brands in the IT sector. They are also known for being highly innovative in developing IT products. Many applicants may think such prestige and innovativeness is the signal of a good employer that they are financially secure and it is worth applying to the company. According to the study by Lievens and Highhouse (2003), applicants consider the innovativeness and competency of a company as important signals of a good employer.

To sum up, trustworthiness, prestige, innovativeness and competence are the most relevant traits for creating a good workplace environment. As mentioned previously, the trustworthy trait relates to the Agreeableness dimension, the innovative trait to the Enterprise dimension, and prestige to the Chic dimension of corporate character. Thus, Agreeableness, Enterprise, Chic, and Competence corporate character dimensions are the most related to the workplace environment dimension of the RQ.

Corporate Social Responsibility (RQ) - Agreeableness and Ruthlessness (CCS)

Corporate Social Responsibility (CSR) is concerned with business ethics and corporate social contribution. Social responsibility activities comprise ethical behaviour, concern for sustainable development and environment, and philanthropic activities (Papasolomolu-Doukakis et al. 2005).

According to Seitel (2001), ethics are the values which guide people, organisations, and society in terms of the difference between fairness and unfairness, right and wrong, and honesty and dishonesty. To be ethical and socially responsible, a company should behave consistently and be trustworthy (Caza et al. 2004). Supporting corporate social responsibility can help to enhance a firm's 'trustworthiness' and 'honest' reputation in the eyes of the consumer (Keller and

Aaker 1998; McWilliams et al 2000), since these traits represent the Agreeableness dimension of corporate character.

Put the other way around, companies who behave irresponsibly are likely to show a lack of Agreeableness (honesty and sincerity), but score highly on Ruthlessness (selfishness, arrogance) characteristics. For example, Nike customers may consider the company as being selfish and ruthless when they hear about the company's unethical practice of using child labour in its Third World operations (The Guardian April 14, 2005).

The reputation for being socially responsible is related to the traits of honesty, trustworthiness, innovation, and lack of selfishness and ruthlessness. Honesty and trustworthiness perceptions correspond with the Agreeableness corporate character, and the selfishness trait is related to the Ruthlessness corporate character dimension. Therefore, Agreeableness and Ruthlessness are the most salient character dimensions in the literature that appear to be related to reputation for CSR.

Financial Performance (RQ) - Agreeableness, Chic, Competence, Enterprise, Ruthlessness

Organisational competencies (CCS) embedded in the organisation's structure, technology, processes (Lado and Wilson 1994) and interpersonal and inter-group relationships are a source of competitive advantage and generate economic return (Barney 1986; Dierickx and Cool 1989; Lado et al. 1992). According to Davies et al (2003) who developed the corporate character scale, all five dimensions were proven to be capable of predicting financial performance.

The emphasis may differ by different industry. In the retail business, the focus of my study, customers' positive disposition towards corporate Agreeableness and Chic dimensions are linked to financial performance via customer satisfaction (Davies et al. 2003; Chun and Davies 2006). In the research, Agreeableness

reflected customers' perception of staff service (friendly and helpful) and Chic was related to the store design (sophisticated, stylish).

The link between corporate performance and the Competence corporate character is well documented. Schwaiger (2004) believes that a reputation for Competence helps to build a leading position in the market. Eberl and Schwaiger (2005) found that perception of corporate competence had a positive effect on future financial performance. According to McEvility et al. (2004), a technologically competent company shows a high financial performance.

Innovativeness is another characteristic that is closely linked to corporate superior profitability. Wiklund and Shepherd (2003) argue that the innovativeness of a company can generate economic growth and function as an engine for economic performance. Geroski et al. (1993), in their research with 721 UK manufacturing firms, showed that innovation had a positive effect on their profitability. To summarise, the Competence and Innovativeness characteristics in the Enterprise dimension are most likely related to corporate financial performance regardless of the sectors. The Agreeableness and Chic characters are linked to financial performance indirectly via customer satisfaction and the influence which varies by sector. Table 2.5 summarises the literature concerning the links between the two perspectives on corporate reputation. The extensive literature review of linking corporate character scale and RQ by dimension in this section is summarised in Table 3.1.

Table 3.1   The Links between RQ and CCS

References/Scale	RQ(corporate role based)	CCS (corporate character based)
Fombrun (1996) Groonros (1988) Gurhan Canli and Barta (2004) Sichtmann (2007) Daneel (2002) Brown and Dacin (1997)	**Product and service**	**Agreeableness** (honest, trustworthy) **Enterprise** (innovative, modern, up-to-date) **Competence** (reliable)
Vera and Crossa(2004) Bass and Avolio (1990) Fairnholm (1994)	**Vision and leadership**	**Agreeableness**(open, trustworthy) **Ruthlessness**: (aggressive) **Competence**: (achievement-oriented)
Wilden et al (2006) Backhouse and Tikoo (2004) Lievens and Highhouse (2003)	**Workplace environment**	**Agreeableness**(trustworthy) **Enterprise**(innovative) **Competence** **Chic**(prestige)
Papasolomou-Doukakis et al (2005) Seitel (2001) Caza et al. (2004) Aaker 1996 McWillams et al 2000	**Social responsibility and environment**	**Agreeableness**(honest, trustworthy) **Ruthlessness**(selfish)
Lado and Wilson (1994) Barney (1986) Dierickx and Cool (1989) Lado et al. (1992) Schwaiger (2004) Eberl and Schwaiger (2005) McEvility et al. (2004) Sheperd (2003) Geroski et al (1993)-	**Financial performance**	**Agreeableness** **Enterprise**(innovative) **Chic** **Competence**

Based on the literature review and Table 3.1, a positive link between the two corporate reputation models, role based (RQ) and character based (CCS) is expected. Furthermore, in Chapter 2 (2.2.3) while views differ as to the causal ordering of the affective and cognitive components of reputation, the dominant view appears to

favour a link from the cognitive and to the affective (a further discussion follows below). Hence hypothesis 1 is proposed.

H1. Corporate role- based reputation (RQ) has a positive influence on corporate character- based reputation (CCS).

3.2.2. Expected Contribution – Hypothesis 1

The hypothesis 1 proposes to test that customers' perception of company based on corporate role attributes (such as product and service quality, vision, work conditions, social responsibility and economic performance) will influence their perception on affective attributes of the company such as corporate personality. The researcher believes the hypothesis will fill the gaps in existing literature in the following areas at both the conceptual and empirical levels.

The first contribution would be testing the theoretical link between the two main perspectives of corporate reputation, the corporate role-based and corporate character-based ones. There were suggestions that they might be theoretically linked to each other, or put it differently, one approach might lead to the other. For example, when customers form their perceptions of a company, they evaluate corporate role attributes such as product and service quality, vision, work conditions, social responsibility and economic performance rationally at first, and then evaluate affective attributes such as corporate personality emotionally later. There are suggestions on the sequence between cognitive and emotional attributes in the marketing area (see section 2.2.4), and for example, the Brand Triangle model by de Chernatony (2002) which discusses the formation of corporate brand attributes. However, empirical researches in investigating the relationship between the two aspects of corporate reputation are still lacking (Baht and Reddy 1998; Berens and van Riel 2004). To support the hypothesis development, an extensive review in linking each dimension of RQ and corporate character was first conducted. Table

3.1 showed plenty of theoretical support in the possible relationship between the two.

Nevertheless, determining the direction of the relationship is not an easy task; does the corporate role based reputation lead to character based reputation as in the hypothesis 1 or the other way around? Therefore further literature review was conducted to see how existing literature sees which one leads to the other, which leads then to the second expected contribution, testing the causality between the two reputational perspectives. Table 3.2 and 3.3 summarise the direction of the links appeared in existing literature. In Table 3.2, each dimension of RQ is expected to have high influence on each corporate character. However, there are also literatures the possibility of the influence from CCS to RQ. This is summarised in Table 3.3.

Table 3.2 The influence from corporate role based on the corporate character based reputation

References/scales	Corporate role based(RQ)	Corporate character based (CCS)
Fombrun(1996) Groonros(1988) Wilden et al (2006) Seitel(2001) Caza et al.(2004) McWilliams et al.(2000)	**Product and service quality** **Vision and leadership** **Work environment** **Social responsibility and environment** **Financial performance**	**Agreeableness** (honest, trustworthy)
Gruhan-canli and Batra 2004)	**Product and service quality** **Work environment** **Financial performance**	**Enterprise**(innovative)
Sichmann (2007) Daneels (2002) Bass and Avolio (1990) Fairnholm (1994)	**Product and service quality** **Vision and leadersip** **Workplace environment** **Financial performance**	**Competence**
Backhouseand Tikoo(2004)	**Work environment** **Social responsibility and environment**	**Chic**(prestige)
	Financial performance	**Ruthlessness**

Table 3.3 The influence from corporate character based reputation on the corporate role based reputation.

Reference/scales	Corporate character based (CCS)	Corporate role based (RQ)
Brown and Dacin(1997) Gruhan-Canli and Batra (2004)	**Agreeableness** (honest, trustworthy) **Enterprise** (innovative, modern, up-to-date) **Competence** (reliable)	**Product and service**
Fairnholm(1994)	**Agreeableness**(open, trustworthy) **Ruthlessness**: (aggressive) **Competence**: (achievement-oriented)	**Vision and leadership**
	Agreeableness(trustworthy) **Enterprise**(innovative) **Competence** **Chic**(prestige)	**Workplace environment**
	Agreeableness(honest, trustworthy) **Ruthlessness**(selfish)	**Social responsibility and environment**
Eberl and Schwaiger (2005) McEvility et al (2004) Shepherd (2003) Geroski et al.(2003)	**Agreeableness** **Enterprise**(innovative) **Chic** **Competence**	**Financial performance**

As shown in Table 3.2 and 3.3., a significantly higher number of literature support the direction coming from the corporate role based reputation leading to corporate character scales (Table 3.2), hence hypothesis 1 is proposed to reflect the findings. The following argument is also in favour of the direction in the proposed hypothesis 1: Corporate role based approaches are often used in the media ranking surveys such as AMAC, RQ, World Most Respected Companies criteria which are allegedly based on the expectation held by members of public who may or may not have direct experience with the company or brand. For example, evaluation on the 'financial soundness' may not require accumulated direct experiences with the company and this may fluctuate over time. On the other hand, formation of perceived character in people's mind requires certain level of direct and indirect

experiences which are accumulated over time. The formation process will be influenced by what they heard from news about how good the company based their perception on socially expected role. A third argument could be that consumer perception on the cognitive attributes of corporate reputation leads to the formation of symbolic attributes of corporate reputation (corporate character). The data analysis will however test both directions to see which causal direction between the two approaches could fit the model better.

In terms of a methodological perspective, RQ scholars often criticised the Character based approach for being merely empirically driven (Berens and van Riel 2004) despite the fact that the ranking criteria hardly shows any link to a theoretical basis. Hypothesis 1 will hopefully provide insights into the two scales which are not necessarily mutually exclusive but will build on one to the other. Further hypotheses will also test which of the two scales can better predict positive consumer responses.

In the model testing, it will be identified which of the two scales is a stronger predictor for dependent variables such as consumer satisfaction and commitment. Thus the testing of the hypothesis 1 is expected to fill theoretical as well as empirical gaps in the existing literature.

Finally, testing of the hypothesis 1 would also have practical implications for managers. It will help managers to understand how customers' respond to the different types of company's reputation based on what they think, believe and feel about the company. In particular, the positive (or negative) link, and any causality between two attributes of corporate reputation is helpful in considering effective corporate reputation campaigns. For example, when a company plans to position itself as a good employer, it may use message contents which include the traits such as Agreeable, Enterprise and Chic and may try to drive in customers' endorsements linking with their own personalities.

3.3.1. Service quality and corporate reputation

Many scholars perceive corporate reputation and service quality to be causally related. For example, customers can develop a favourable perception of corporate reputation through their experience of a service offered by a company. A number of researchers support the idea that corporate reputation is the consequence of service quality. According to the literature, perceived service quality influences a customer's perception on corporate role such as providing a high quality product and service, corporate social contributions (Andreassen and Lindestad 1998; Zeithaml 2000; Wang et al. 2003) and corporate personalities (Zins 2001; Alwi and Silva 2008).

Years ago Berry (1969) claimed that service quality is a determinant of corporate reputation. The reliability and problem-solving ability of employees are important in the evaluation of a corporate brand (Semeijin et al. 2004). Physical equipment, people, and communication materials all affect customer perceptions on both an emotional and a cognitive level. The physical aspect of a retail store, such as its design, layout and degree of cleanliness, are elements of service that also influence corporate reputation (Baker and Parasuraman 1994).

Thus, hypotheses 2 and 3 are proposed:

Hypothesis 2: Service quality has a positive influence on corporate role-based reputation (RQ).
Hypothesis 3: Service quality has a positive influence on corporate character-based reputation (CCS).

3.3.2. Expected Contribution – Hypotheses 2 and 3

Hypotheses 2 and 3 are expected to have the following contributions. In services business, service quality is expected to play an important role in creating favourable

reputation. Existing studies examined the link between service quality and corporate reputation (e.g., Andreassen and Lindestand 1998; Wang et al. 2003;), mainly treating reputation as an unidimensional construct measured as being favourable and non-favourable. In other words, there is a lack of empirical research which links service quality and corporate reputation as a multi dimensional construct. Both RQ and Corporate Character represent multiple dimensions of reputation. In this context, Hypothesis 2 and 3 will test how service quality is related to multiple dimensions of corporate reputation expressed in both corporate role based and character based.

In terms of direction in the hypothesis, the dominant literature argues for service quality leading to reputation rather than vice versa (Berry1996; Semejin et al. 2004; Wang et al. 2003). Practitioners appear to share the same view – for example, according to a survey conducted by market research company TNS in 2006 about corporate reputation, Marks and Spencer, a mixed goods retailer in the UK, was highly ranked with high-quality products and service. The participants of the survey believed that M&S provides fair-trade products and reliable service and considered M&S as a highly trustworthy company.

3.4.1. Corporate reputations and satisfaction

Many researchers have explored the linkage between corporate reputation and customer satisfaction with service brands. There are researchers that investigate the linkage by viewing satisfaction as an antecedent of corporate reputation (Nguyen and Leblanc 2001; Walsh et al. 2009). This research show how customers' judgement of their experience of consumption, compared to their expectations of the consumption of corporate offerings, influences their perception of corporate reputation. Other research considers satisfaction as an emotional outcome to corporate associations. In these views, positive satisfaction is achieved as the consequence of favourable corporate reputation. Zins (2001), Davies and Chun (2002), and Da Silva and Alwi (2006) found that customer perceptions of corporate character positively affect their satisfaction in the context of the retail and airline

industries. Andreassen and Lindestad (1998) also found that customers' overall evaluation of a company impacts upon their satisfaction in the context of the airline industry.

The study aims to investigate how corporate service quality and reputation influences customers' attitudes. Hence, according to the research context, the study takes the view of satisfaction as accumulated attitude of all the corporate associations. This means that customers' accumulated attitude can be first held through their assessment after contacting all the corporate associations such as product and service quality and reputation. Hence, the study takes the position of satisfaction as the consequence of corporate reputation and hypotheses 4 and 5 are proposed as follows.

Hypothesis 4: Corporate role-based reputation (RQ) has a positive influence on customer satisfaction.

Hypothesis 5: Corporate character-based reputation (CCS) has a positive influence on customer satisfaction.

3.4.2. Expected Contribution – Hypotheses 4 and 5

Investigating the relationship between two attributes of corporate reputation and satisfaction in a same model would give some insights for both academics and practitioners. Many existing studies testing the relationship between corporate reputation and satisfaction in terms of either corporate role based reputation (RQ) (Walsh et al 2009) or corporate character based reputation (CCS) (Davies and Chun 2002; da Silva and Alwi 2006; Zins 2001), or unidmensional scale of corporate reputation (Andreassen and Lindestad 1998). This study extends the existing studies by investigating how the two different attributes of (or approaches to) corporate reputation, in other words, corporate role based and corporate character based

reputation lead to satisfaction and specifically which of the two corporate reputation attributes determine customer satisfaction more effectively.

3.5.1. Service quality and satisfaction

Parasuraman et al. (1994), following the work of Teas (1993), consider that service quality and satisfaction can be examined from both transaction-specific as well as global perspectives and they suggest that an interesting direction for further researchers is to analyse the causal links of these two constructs from both perspectives. These authors took the view that perceived quality is an antecedent of satisfaction when both constructs are measured in the context of a transaction-specific perspective (Beerli et al. 2002). This study views service quality as the overall evaluation of the service performance and satisfaction and also the cumulative experience of corporate offerings and associations. Although the study takes a different view in terms of evaluation on service quality and satisfaction, the author believes that service quality should be experienced before customers evaluate their cumulative experience of a company. With the extension of such reasoning, the study views service quality as an antecedent of satisfaction. (Alternative views of causal ordering will also be tested and discussed in later chapters.)

Thus, hypothesis 6 is proposed as follows.

Hypothesis 6: Service quality has a positive influence on customer satisfaction.

3.5.2. Expected Contribution – Hypothesis 6

The above hypothesis has been extensively tested in the existing literature. However testing the link in a structural equation model containing other variables will give a fuller picture as to how the link can be influenced by the presence of other variables. The relationship between service quality and customer satisfaction has been

extensively researched in the service marketing arena. However, the strength of the relationship is expected to be influenced by their relationship with reputation variables. The hypothesis 6 together with hypotheses 4 and 5 will allow a test of what extent the direct link between service quality and satisfaction can be stronger (or weaker) than the direct link between reputation and satisfaction (4 and 5) .

3.6. 1 Service quality, reputation, satisfaction and commitment

According to Brown (1998), the more accord the customer has with a service provider with a favourable reputation, the more they commit to the company. Aydin and Őzer (2005) identified that the perception of corporate role characteristics such as innovativeness and social contribution to society influences customer commitment. Zins (2001) has produced findings that the perception of a favourable corporate character positively influences customer commitment. It is known that customers commit more to a company that they believe they can trust (Schurr and Ozanne 1985), and such trust is built up as a result of their experience of those companies' products and services, and by indirect experience through advertising (Delgado-Ballester and Munuera-Aleman 2000). When a company is perceived as trustworthy by customers, it is likely that customers will show high commitment towards it. Thus, it can be suggested that the perception of a company's role and character affects customer commitment and that both relationships will be positive.

Hypothesis 7: Corporate based reputation (RQ) has a positive influence on customer commitment.

Hypothesis 8: Corporate character based reputation (CCS) has a positive influence on customer commitment.

Regarding the relationship between service quality and commitment, Dick and Basu (1994) argue that perceived service quality is a cognitive evaluation of service and whether communication efforts enhancing customers' beliefs on service quality will raise their patronage on the company. Kelly and Davis (1994) found that when

customers receive a high-quality service, they will show a high level of commitment to the company; for example, they will be willing to advocate the company (Kelly and Davis 1994). Focusing on the influence of perception on specific service components to their commitment, Fullerton (2004) also identified that signs of service quality such as interactions between service staff and customers, tangible features of service quality such as the physical environment of the service provider, and outcomes of quality such as customers' evaluation of service acts plays as the antecedent of commitment in service relationships. Furthermore, customers' perception of reliability and responsiveness staff leads to affective commitment (Gruen et al 2000).

Hence, hypothesis 9 is proposed.

Hypothesis 9: Service quality has a positive influence on customer commitment.

According to Kelly and Davis (1994), customer satisfaction directly influences customers' organisational commitment. Bettencourt (1997) and Zins (2001) supported the view that customer satisfaction influences customer commitment in a service business. Similarly to employee commitment, customer satisfaction predicts customer commitment (Morgan and Hunt 1994; Mowday et al. 1982; O'Reilly and Chatman 1986) which in turn predicts customer behavioural loyalty. Therefore, customers' commitment to a company is influenced by their satisfaction.

Hypothesis 10: Customer satisfaction has a positive influence on customer commitment.

3.6.2. Expected Contribution – Hypotheses 7, 8, 9 and 10

Few sources of literature exist on the subject of how two different corporate reputation approaches interact with customer commitment. Thus, similarly to hypothesis 1, investigating these two hypotheses (7 & 8) will contribute to a more

comprehensive understanding of how the two corporate reputation approaches determine customer commitments, and more specifically which corporate reputation attribute is more critical to lead customer commitment. Secondly, to understand how both corporate reputations interact with commitment compared to service quality and satisfaction is also important especially which construct is most influential to customer commitment. Practically, the investigation of these four hypotheses will help managers to plan and practise an effective corporate reputation strategy and campaign by focusing on appropriate corporate reputation attributes as well as relevant constructs such as service quality and satisfaction which encourage customer commitment.

3.3. The conceptual model

Figure 2.1 presents a conceptual model which summarises the hypotheses and shows the relationships between the constructs that are expected to be significant. The model consists of service quality, two corporate reputation variables and outcome variables, which are satisfaction and commitment.

The model proposes, first, that service quality influences both corporate role-based reputation (H2) and corporate character-based reputation (H3); secondly, that corporate role-based reputation influences corporate character-based reputation (H1); and thirdly, the two corporate reputations influence the customer satisfaction (H4, H5 and H6). The final outcome variable, commitment, is influenced by these four antecedents (service quality, the two corporate reputations and satisfaction) in the model (H7, H8, H9 and H10).

Figure 3.1 The Conceptual Model
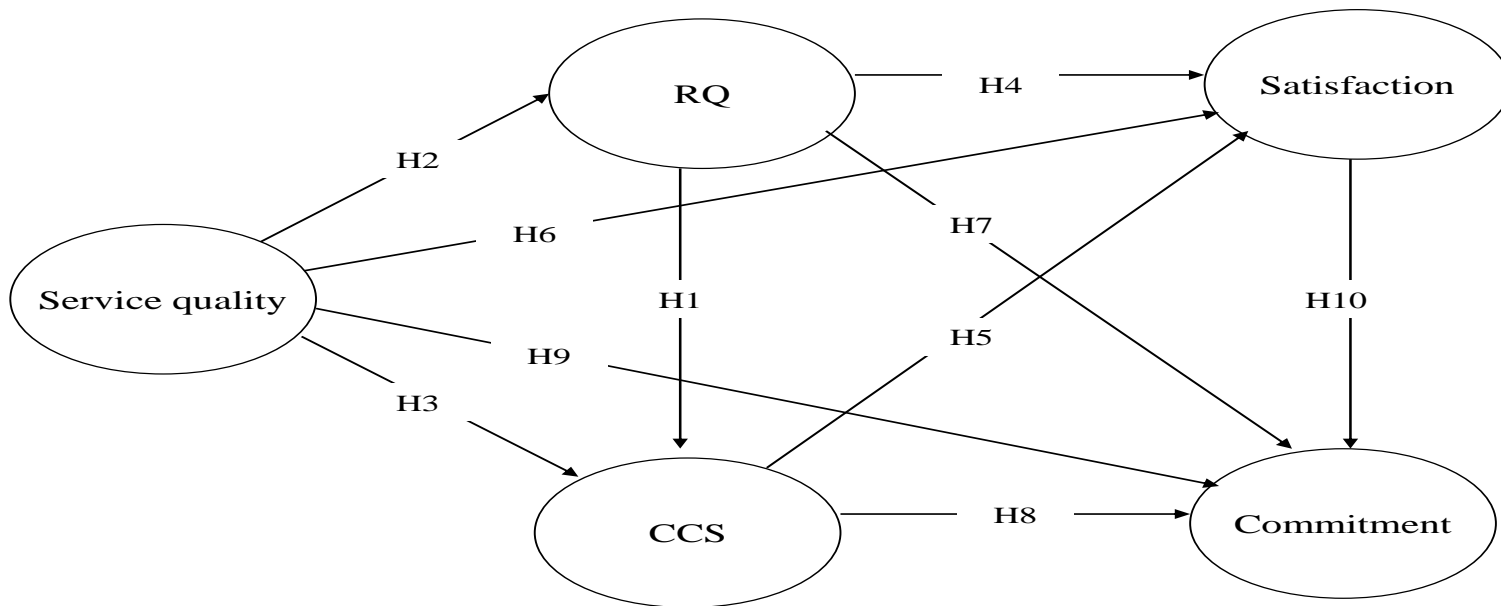
The process of developing ten hypotheses was explained in a detail in the previous sections and the directions chosen in each hypothesis were based on the dominant existing literature. However, possible alternative relationships between the constructs were recognised will be tested and confirmed in the data analysis chapter.

3.4 Conclusion

In this chapter, the relevant literature has been reviewed on corporate reputation and its antecedents and consequences. In terms of understanding and measuring corporate reputation, two main approaches were identified: one focusing on corporate role-based analysis (RQ) and the other on corporate character-based analysis (CCS). Based on the arguments in the literature review, hypotheses were drawn and a conceptual model was suggested in order to test those hypotheses, mainly considering how the two approaches to reputation are linked to service quality and customer satisfaction and commitment. The next chapter discusses the research methodology.

Chapter 4 RESEARCH METHOD

4.1 Introduction

The purpose of the study is to investigate the relationships between service quality, two different perspectives of corporate reputation and customer attitudes. To investigate those links, 10 hypotheses were formulated on the basis of the literature reviewed (see Chapter 2 and Chapter 3). This chapter discusses the method which is appropriate to test those hypotheses. It consists of the following five sections: (1) Choice of the research method; (2) Sampling strategy; (3) Measurements of variables; (4) Pilot test; and (5) Structural equation modelling.

Initially, the research method is discussed and a justification is provided for the use of a questionnaire survey to collect data with which to test the hypotheses. Secondly, the sampling strategy and data collection procedure are addressed. Thirdly, the development and validation of research instruments are discussed in detail and the pilot testing of the instrument is reported. Fourthly, structural equation modelling used as the statistical procedure for the data analysis is explained in detail. Finally, a justification for employing the structural equation modelling for the data analysis is provided.

4.2 Choosing a Research Method

4.2.1 Research Philosophy

Research methods involve "the ways in which social scientists envision the connection between different viewpoints about the nature of social reality and how it should be examined (Bryman 2004, p.4)". They are decided on ontological, epistemological and methodological bases. Ontology relates to the question of what is the nature of social entities, or in other words, reality. Within the social

sciences, ontological positions can be classified into two streams of thought: Constructionism and Objectivism. Constructionism believes social phenomena to be produced through social interactions, and such phenomena are constantly reviewed (Bryman 2004). It focuses on the social process. In contrast, objectivism implies that social phenomena and their meanings exist independently from social actors (Bryman 2004).

The question of Epistemology, on the other hand, is concerned with "what is regarded as acceptable knowledge in a discipline (Bryman 2004; p.11)". Epistemology considerations mainly come in two types: Interpretivism and Positivism. Interpretivism explains the social world with reference to an interpretive understanding of human actions. However, although interpretivism provides influential thinking in social research, it has been criticised as it is not rigorous in terms of analysis and it could suggest inconsistent results according to different researchers' subjective interpretation (Denscombe 2007; Bryman 2004).

Positivism applies the natural science model to investigate social phenomena and explains them with the cause and effect relationship of the social world. Positivism requires the researcher to be detached and to have no relationship with those being studied and the objects of the research. Positivism has also been criticised as it applies the natural science model to human society which is more complex than the natural world. Nonetheless, positivism still contributes to social research because it provides advantages such as giving the research a theoretical focus in the beginning, and also allowing the research process to be controlled.

In positivist research, hypotheses are deduced from the theory, and it is interested in investigating the causal relationship between variables (Robson 2002; Saunders et al. 2003). The variables of hypotheses are operationalised to be measured (Robson 2002). This study shares such features of positivist research philosophy. It proposes 10 hypotheses deduced from relevant reviews of literature on corporate reputation, its antecedents and consequents, and aims to investigate the

relationships between these variables. The study also operationalises each variable for measurement.

4.2.2 Research Strategy: The Quantitative Approach

Regarding methodological issues, the choice is basically between quantitative and qualitative data. Epistemologically, qualitative research is based on interpretivism and quantitative research on positivism. Given their different philosophical bases, these two approaches are distinct in a number of ways (Bryman 2004). Qualitative research focuses on words and the meaning of actions. It is process-oriented, and involves a contextual understanding of findings at the micro level of social reality, such as people's interactions in a natural environment. It usually needs small samples. On the other hand, quantitative research is interested in testing hypotheses deduced from theory and focuses on the quantification of data through applying measurement to social life in artificial settings (Saunders et al. 2003). It is concerned with the behaviour of people and presents a static image of social life. It is, thus, outcome-oriented. In the quantitative method, the testing of operational hypotheses is conducted with experiments or some other forms of empirical inquiry.

Questionnaire survey is the most commonly-used quantitative data collection method in understanding the attitude and behaviour of consumers (Blaxter et al. 2003). The survey may be less informative than in-depth interview because it uses a structured questionnaire. However, the survey method still has many advantages. According to Saunders et al. (2003), firstly, it allows a large amount of data to be gained in a short time. Secondly, it is easily understood by people (with simple and clear wording) and thirdly, the data are standardised allowing easy comparison. Fourthly, it allows the researcher to control the research process more. In the present context, when a large number of hypotheses need to be evaluated and alternatives tested, it is difficult to see a viable alternative.

Considering these advantages of the survey approach, it can be argued that it is the most suitable data collection strategy for this study.

4.3 Sample Strategy

4.3.1 Sampling Method

The selection of a sampling method depends on the nature of the research question, time and money, desired accuracy level, and the data gathering method (de Vaus 2002). For this study, a simple random sampling approach was used to collect the data, since this is the most common method and is regarded as providing a relatively accurate and easily accessible sampling frame (Saunders et al. 2003). The advantage of this method is that the characteristics of the entire population can be estimated from the selected sample without bias (Saunders et al. 2003). Thus, it is ideal for survey data collection because it can establish the validity and generalisability of the survey findings better than the other methods (Fowler 2002; Nardi 2003).

4.3.2 Sample Frame and Data Collection Process

The population of this study is comprised of UK retail customers. The first reason for choosing customers of retailers as the sample of the study is that customers are the primary source of revenue for the business and their personal experiences on products and services, their perceptions and attitudes and opinions of the company greatly influence those of other stakeholders of the company (Walsh et al. 2006). Thus, understanding and sustaining long-term relationships with customers is important for a company's reputation and survival in a competitive marketplace (Shamma and Hassan 2009). Secondly, the vast majority of the UK population are customers and they are easy to contact. Thirdly, the reason to select customers of retail services is that retailers such as grocers, pharmacies and department stores are more likely to be used in everyday life than any other service providers.

Four retailers were chosen: Tesco (grocery), Debenhams (department store), Boots (chemist), and Marks and Spencer (department store), all of which were ranked in the 'Top 50 UK retailers 2008-2009' in terms of their sales volume (Retailer Week 2009). They are also companies that are well-known to the UK public, as they all have a long history in retailing. Customers were contacted in branches of these retailers in the Northwest region of the UK where the researcher is located. The researcher interviewed them face-to-face near the shops' entrance as they came out, and a total of 642 usable questionnaires were collected.

4.3.2.1 Background of Sample Companies

<u>**Tesco**</u>[4]

Tesco is the UK's largest and leading retailer and was founded by Jack Cohen in London in 1919. Five years later in 1924, Cohen started to sell goods branded as, for example, 'Tesco tea', and this brand name subsequently became the corporate name. In 1929, the first Tesco store was opened in North London. In the mid 1970s, Tesco adopted a price-led campaign, but in the mid 1990s, the company begin its expansion programme, building high quality stores, taking over other supermarkets such as Quinnsworth, Stewarts and Crazy Prices and introducing a loyalty card scheme. At present, Tesco is the leader of the UK grocery market and its market share is 30.6% (Kantar Worldpanel 2010).

Tesco is now selling non-food products such as electronics and clothing, in addition to grocery products, both in store and online. It is estimated that £1 in every £8 spent nationally goes to Tesco. Tesco stores consist of Extra, Superstore, Metro, or Express types of store which all differ in terms of size and product ranges. Extra and Superstores provide a wider range of products (including food, clothing and electronics) and more additional convenience facilities such as cafés

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[4] This section is based on contents from http://cr2010.tescoplc.com/ and http://en.wikipedia.org/wiki/Tesco (accessed on 11 November 2010 at 18:54)

and larger parking sites than Metro and Express type of stores, which are mainly located on high streets and in shopping centres and lack convenience facilities.

In this study, 400 customers of eight branches of three types of Tesco stores – Extra, Superstore and Metro – were contacted and 392 customers participated in the survey. Upon agreement with the store managers, respondents were randomly selected and approached by the researcher during their shopping inside the store. The refusal rate was kept to a minimum due to the researcher's choice of using the face-to-face interview method. The rate of response was 98%.

Debenhams[5]

Debenhams is a British department store franchise that was founded in 1778 in London. The Debenhams franchise grew from the acquisition of many other department stores in the UK. The company is currently under the leadership of Rob Templeman (CEO). The number of stores has increased in the past two years following the acquisition of nine stores in the Republic of Ireland from Roches Stores and eight in the UK from Allders. As of February 2010, the company had around 157 shops throughout the UK and Ireland.

Debenhams department stores vary in size and character, but a typical one has approximately 80,000 square feet of selling space. Stores include womenswear, menswear, childrenswear, lingerie, accessories, health and beauty, and homeware. Product ranges consist of a mixture of own label (including Designers at Debenhams) and international brands. Each store also contains a number of concessions, mostly in womenswear, menswear and homeware. Stores also offer additional services to customers including restaurants and cafes, personal shopping, hairdressing and beauty treatments, nail bars, and wedding and celebration gift services.

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[5] The section is based on http://www.debenhamsplc.com/deb/aboutus/overviews/ and
http://en.wikipedia.org/wiki/Debenhams (accessed on 7 November 2010 at 16:13)

The survey was conducted in a typical Debenhams department store consisting of two floors in the Trafford Centre in the Manchester area. As with the approach to the collection of data at Tesco, the 100 respondents were contacted near the store entrance, and 90 people agreed to participate, giving a 90% response rate.

Marks and Spencer[6]

Marks and Spencer is a well-known department store founded by a partnership between Michael Marks and Thomas Spencer in the 19th century and which has over 600 stores in the UK. The company is considered to be the largest clothing retailer in the UK. It is a grocery for upmarket customers. The company is the number one provider of womenswear and lingerie in the UK. Most of its stores sell both clothing and food, and it has recently started expanding into homeware, furniture and technology. M&S sells both own brand products and other companies' products.

The company yielded high profits during the 1990s by providing quality products and services. In particular, the profits peaked in the period of 1997/1998 (Mintel 2005). During Sir Richard Greenbury's leadership, however, the company suffered inactivity of business, profits decreased and the customer loyalty was lost. However, a recovery plan was introduced involving the removal of the problematic elements (e.g. its financial services business) to another company, the closure of the Gateshead Lifestore, and a halt to the expansion of its Simply Food line of stores. The outcome of such efforts has been a gradual recovery.

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[6] The section is based on http://corporate.marksandspencer.com/aboutus and http://en.wikipedia.org/wiki/Marks_%26_Spencer (accessed on 30 November 2010 at 10:41)

The typical M&S store consists of several floors, with the basement as the food hall, and the upper floors for clothing and furniture. The survey was conducted in a typical store, consisting of four floors, in Manchester's city centre. The 100 respondents were contacted near the entrance, in keeping with the approach in Tesco and Debenhams, and 83 people agreed to participate, thereby giving an 73% response rate.

Boots[7]

Boots, established by John Boot in 1849, is a leading British pharmacy and healthcare chain and now a subsidiary of Alliance Boots, an international pharmacy-led service company on health and beauty. Its shops are mostly located on high streets or in big shopping malls in the city centres. The product ranges comprise both other international brands and its own brands developed and manufactured by the company. Boots values high-quality service and offers free health advice for customers. The company operates a loyalty scheme called Advantage Card, similar to other retailers.

The survey was conducted in a typical store consisting of two floors in Manchester's city centre. The 100 respondents were contacted near the entrance, the same as in the other sample companies, and the response rate was 87%.

4.4 Measures

To decide on measurements for a survey, researchers tend to choose one of three options, which are: adopt exactly the same questions developed by other researchers, modify the questions developed by other researchers, or develop their

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[7] The section is based on http://www.boots-uk.com/About_Boots.aspx , http://www.allianceboots.com/About_Us.aspx and http://en.wikipedia.org/wiki/Boots (accessed on 9 November 2010 at 20:18)

own questions. Bourque and Clark (1994) suggested that using existing scales has advantages over developing a new scale in terms of the validity and reliability of the questions. The study adopted existing measurement scales since one of the actual research aims is to compare the two established reputation scales in terms of their theoretical relationship and their predictive validity. Both scales have already been widely tested and show reasonable reliability.

The conceptual model adopted in the study consists of five variables: corporate role-based reputation, corporate character-based reputation, service quality, satisfaction, and commitment. The two corporate reputation and service quality variables were measured using multi-dimension scales while the satisfaction and commitment variables were measured with a single dimension scale.

The scales used for the questions for most sections, with the exception of the background information sections, were Likert-type scales with five categories ranging from 'strongly disagree' to 'strongly agree'. In the next section, the measurement questions are introduced in detail.

4.4.1 Corporate Reputation

In this research, both types of corporate reputation, role-based and character-based, were studied.

Role-based Corporate Reputation: Reputation Quotient (RQ)

In this research, role-based corporate reputation was measured by the Reputation Quotient (RQ), which was developed by Fombrun et al. (2000b), based mainly on media rankings such as Fortune's America's Most Admired Companies. The RQ has six dimensions and the reported reliability of each dimension is Cronbach's alpha of 0.84 or above (Fombrun et al 2000b, p.254). In this research, the questions in the rational part of the scale were adopted and were used to measure

the role of the company because this part only reflects the corporate role expected by society (see Table 4.1). The emotional appeal dimension was dropped as one aim of this study is to compare the cognitive and affective aspects of reputation.

Table 4.1   RQ Scale (the rational appeal part of the original scale)

Dimension	Items
Product and Service	1.Stands behind its products and services 2.Develops innovative products and services 3.Offers high quality products and services 4.Offers products/services that are good value for money
Vision and Leadership	1. Has excellent leadership 2. Has a clear vision for its future 3. Recognises and takes advantage of market opportunities
Work Environment	1. Is well managed 2. Is a good company to work for 3. Is a company that would have good employees
Social Responsibility and Environment	1. Supports good causes 2. Has social responsibility to the community/environment 3. Maintains a high standard in the way it treats people
Financial Performance	1. Has a strong record of profitability 2. Looks like a low risk investment 3. Tends to outperform its competitors 4. Is a company with strong prospects for growth

Character-based Corporate Reputation: Corporate Character Scale (CCS)

Character-based corporate reputation was measured using the Corporate Character Scale. As introduced previously, the Corporate Character Scale (Davies et al. 2003) takes a personification metaphor. According to the authors, the Cronbach alphas measuring the reliability of five dimensions (Agreeableness, Enterprise, Competence, Chic, Ruthlessness) among the original seven dimensions (Agreeableness, Enterprise, Competence, Chic, Ruthlessness, Machismo and

Informality) are above 0.7 (Davies et al. 2003, p.150). In this research, these five main dimensions of the scale are used to measure corporate character reputation. Although the other two dimensions, Informality (e.g., online companies) and Machismo (e.g., construction companies) are useful in certain contexts (Alwi and da Silva 2006; Davies et al 2003) (see Table 4.2), their reliability is low (Davies et al 2003).

Table 4.2   Corporate Character Scale (Five dimensions)

Dimension	Facet	Item
Agreeableness	Warmth	Cheerful, pleasant, open, straightforward
	Empathy	Concerned, reassuring, supportive, Agreeable
	Integrity	Honest, sincere, trustworthy, socially responsible
Enterprise	Modernity	Cool, trendy, young
	Adventure	Imaginative, up-to-date, exciting, innovative
	Boldness	Extrovert, daring
Competence	Conscientiousness	Reliable, secure, hard-working
	Drive	Ambitious, achievement-oriented, leading
	Technocracy	Technical, corporate
Chic	Elegance	Charming, stylish, elegant
	Prestige	Prestigious, exclusive, refined
	Snobbery	Snobby, elitist
Ruthlessness	Egotism	Arrogant, aggressive, selfish
	Dominance	Inward-looking, authoritarian, controlling

Source: Davies and Chun (2002)

4.4.2 Service Quality

Service quality was measured using the retail service quality scale produced by Dabholkar et al. (1996), which comprises five dimensions and twenty-eight items (Table 4.3). The five dimensions are Physical aspect, Reliability, Personal interaction, Problem-solving, and Policy. The Physical aspect refers to the appearance and convenience of the physical facilities; Reliability refers to whether the company keeps its promises and does the right thing; Personal interaction is

related to whether service personnel inspire confidence and show courtesy and a desire to be helpful; Problem-solving relates to the ability of staff to handle exchanges, returns and complaints; and Policy refers to service quality affecting store policy directly, for example, having convenient operating hours, credit and charge policies. The twenty-eight associated items originally came from two sources, these being SERVQUAL (Parasuraman et al. 1996) and the researcher's own literature review and qualitative research. Since its creation, the scale has been used by other scholars in the context of supermarkets (Mehta et al. 2000). The reliability of the five dimensions ranged from 0.85 to 0.92 (Dabholka et al. 1996, p.13.).

According to Mehta et al. (2000), the retail service quality scale developed by Dabholkar et al. (1996) performs better than SERVQUAL in measuring service quality in the retail sector.

Table 4.3   Service Quality

Dimension	Items
Physical Aspects	1.X has modern-looking equipment and fixtures 2.The physical facilities at X are visually appealing 3.Materials associated with X's service (such as shopping bags, catalogues, or receipts) are visually appealing 4.X has clean, attractive and convenient public areas (i.e. toilets) 5.The store layout of X makes it easy to find what customers need 6.The store layout of X makes it easy for customers to move around in the store
Reliability	1. When X promises to do something by a certain time, it will do so 2. X provides its services at the time it promises to do so 3. X performs the service right the first time 4.X has merchandise available when the customers want it 5.X insists on error-free sales transactions and records
Personal Interaction	1.X employees have the knowledge to answer customers' questions 2.The behaviour of X employees instils confidence in customers 3.X makes customers feel secure in their transaction with it 4.X employees give prompt service to customers 5.X employees tell customers exactly when services will be performed 6.X employees are never too busy to respond to customer requests 7.X gives customers individual attention

	8.X employees are consistently courteous
	9.X employees treat customers courteously on the telephone
Problem Solving	1.X willingly handles returns and exchanges
	2.When a customer has a problem, X shows a sincere interest in solving it
	3.X employees are able to handle customer complaints directly and immediately
Policy	1.X offers high-quality merchandise
	2.X provides plenty of convenient parking for customers
	3.X has operating hours convenient to all customers
	4.X accepts most major credit cards
	5. X offers its own credit card

Source: Retail Service Quality scale (Dabholkar et al. 1996)
*X is a company name

4.4.3 Satisfaction

There are many different types of satisfaction measure in marketing: satisfaction with products or services (Oliver 1980; Oliver 1993; Westbrook 1980) and satisfaction with corporate brand (Andreassen and Lindestad 1998; Da Silva and Alwi 2006; Nguyen and Leblanc 2001). In order to assess customers' affective satisfaction with the company as a whole, a four-item measure of satisfaction (Davies and Chun 2002) was used (see Table 4.4).

Table 4.4   Satisfaction Measures

Items
1. I would recommend X to a friend or colleague
2. I am pleased to be associated with X
3. I feel an affinity with X
4. I am satisfied with X.

Source: Davies and Chun (2002)
*X is a company name

4.4.4 Commitment

The concept of customer commitment in marketing originally came from the organisational behaviour literature (Allen and Meyer 1996; Becker 1960; Mowday et al. 1982). Affective commitment as attitudinal commitment is regarded as a psychological attachment and emotional response to an organisation (Mowday et al. 1982). Similarly with customer satisfaction, affective commitment is considered as being more important in investigating the relationship between customer and service providers. Thus, from the affective commitment scale, four items that are most relevant to measuring customer commitment to a retail brand were chosen. The commitment scale in this research has an affective basis.

Table 4.5   Commitment Measures

Items
1. I feel emotionally attached to X
2. I find that X's values are similar to mine
3. I care about the fate of X
4. I am committed to X

Source: Drawn from previous research (Mowday et al. 1982; Schechter 1985; Mayer and Schrooman 1992; Harrison-Walker 2001; Battencourt 1997)
*X is a company name

4.5 The Pilot Study

Piloting refers to the preliminary testing of various aspects of a research study such as the questionnaire, sample design, research method, and research hypothesis that have been proposed (Babbie 1990). Before conducting the main study, the author carried out a pilot study to establish whether the design of the questionnaire was sensible and the instrument was clear for respondents. In other words, the scope of the pilot test is limited to the evaluation of the questionnaire, and that is mainly focused on testing the appropriateness of questions and patterns

of responses to improve reliability of the measurement (Neuman 2003). Fifteen Tesco customers, mainly doctoral students with expertise in research, pre-tested the questionnaire, and after receiving their comments, the author also submitted the questionnaire to three professors on her research proposal committee for their comments. The questionnaire was then revised according to the comments received during the pilot study, as below.

1. Respondents found the personification metaphor approach easy to understand, and commented positively on the overall layout, instruction and design of the questionnaire.
2. Most respondents had no problems but some students whose first language was not English had difficulties in understanding some words such as 'cool'. In such cases, the researcher explained the meaning of the words that the respondents questioned. Thus there were no missing values for any variable.

The final version of the questionnaire appears as an Appendix.

4.6 Data Analysis Technique: Structural Equation Modelling (SEM)

4.6.1 What is Structural Equation Modelling?

Structural equation modelling (SEM) is a statistical method which examines interrelationships among multiple variables (the independent and dependent variables) involved in the analysis (Hair et al 2006). SEM combines the measurement model (observed variables) of constructs and a structural model which tests the relationship among latent constructs (unobservable variables). Byrne (2000, p.3) stated that structural equation modelling conveys two important

procedures: 1) the causal process under study is represented by a series of structural (regression) equations; 2) these structural relations can be modelled pictorially to conceptualise the theory of the research more clearly.

SEM is regarded as a second-generation method with benefits over traditional first-generation methods such as multiple regression, factor analysis and cluster analysis (Fornell 1987). First, in SEM, factor analysis for measurement and path analysis among latent variables is carried out simultaneously (Garver and Mentzer 1999). This simultaneity of the measurement model and structural model is the most salient advantage of SEM. Another important advantage is that SEM can test a theoretical model. It is also flexible in testing a theoretical model in terms of handling latent constructs, and the path relationships among those constructs. Unlike other first-generation methods, SEM is based on more confirmatory characteristics rather than exploratory ones. SEM requires an *a priori* hypothesised model to test and can modify the *a priori* hypothesised model and compare competing theoretical models (Ullman 1996).

Structural Equation Modelling is applied over two sequential stages. Confirmatory factor analysis is carried out at first to assess the validity of the measurement model and then an assessment of the structural model is conducted (Anderson and Gerbing 1988). In the next sections, the assumptions of SEM, how to validate the measurement model and the structural model, and the kinds of criteria used are all discussed.

4.6.2 Assumptions of SEM

SEM assumes that the distributions of data is normal. The normality of the data can be detected through examination of univariate normality and multivariate normality. Univariate normality can be detected by investigating the skewness and kurtosis of each variable (Hair et al 2006; Tabachnick and Fidell 1996). Kline

(1998) believes that if skewness is greater than 3, it indicates that it is 'extremely skewed' and if the kurtosis is greater than 10.0 then it indicates a problem. If the kurtosis is greater than 20.0, this suggests a serious problem of normality.

Normality can be considered on a multivariate level. Multivariate normality is related to the joint distributions of indicators. It is impractical and difficult to assess all aspects of such joint distributions of three or more indicators (Kline 1998). Thus, multivariate non-normality is, in most instances, detected through the investigation of the univariate distributions (Kline 1998). Deletion of outliers would enhance multivariate normality. A large sample size would also lessen the multivariate non-normality problem (Hair et al 2006). In addition, usage of a robust technique for normality such as the Maximum Likelihood method (ML) would handle a small departure of the normality problem (Jaccard and Wan 1996).

Another important assumption for SEM is lack of multicollinearity. Multicollinearity can occur when separate variables are very highly intercorrelated and this indicates that they actually measure the same concept (Kline 1998). Multicollinearity can be assessed by inspecting the correlation matrix and squared multiple correlations. Kline (1998) noted that if any correlations exceeds .85 among two different variables, they may be conceptually indistinguishable.

The sample size is important for SEM analysis. If the model is complex, this means more parameters should be estimated. Thus the cases of the sample should be increased to achieve a stable result. Five to ten observations per estimated parameter are recommended in order to achieve proper solutions (Crowley and Fan 1997; Floyd and Widaman 1995).

4.6.3 Assessment of the validity of a model

In SEM, a model is specified by assessing its validity. Validity is involved with the degree to which the research model is accurate. The validity of the model is

estimated based on the construct validity, convergent validity, discriminant validity and unidimensionality. Construct validity is the most general type of validity and is the extent to which the measurement items (or indicators) reflect the theoretical latent construct accurately. The concept of construct validity subsumes the other three validity concepts (Kline 1995).

Convergent validity is the extent to which a set of measurements share a high proportion of variance in common. Convergent validity can be assessed with factor loadings (standardised loadings), variance extracted and reliability. As a good rule of thumb, factor loadings of .5 or higher are considered as significant (Hair et al 2006). Variance extracted (VE) is the average squared factor loadings divided by the number of indicators of a construct. VE means overall variance shared between its indicators and a construct. Higher values of VE are presented when the indicators truly represent the construct. VE should be greater than 0.5 and this means 50% or more variance of the indicators should be accounted for by the construct (Fornell and Larcker 1981).

Reliability concerns the internal consistency of the measurement of the variable (Kline 1998). Internal consistency means the indicators of the scale should all be measuring the same construct and should be highly correlated to each other (Hair et al 2006). Cronbach's alpha coefficient is most widely used to measure the reliability of the scale. A Cronbach's alpha value of 0.7 is generally agreed to be the lower limit (Hair et al 2006) although some authors suggest an even lower limit of 0.6 (Garson 2008).

Discriminant validity is concerned with whether a set of variables is capable of measuring different constructs. If inter-correlations among constructs are not too high, discriminant validity is established (Kline 1998). In SEM, discriminant validity can be assessed by examining whether a construct shares more variance with its measures than it shares with other constructs in the model (Hulland 1999). To demonstrate discriminant validities between two constructs, their AVE should

be higher than their correlations and shared variances (Fornell and Lacker 1981; Hair et al. 2006).

Finally, unidimensionality means that a set of indicators has only one underlying construct. In other words, they should represent a single concept. If there are significant cross-loadings, it suggests a lack of construct validity and any potential improvement of the model fit is artificial (Hair et al 2006). Thus achieving a unidimensional measurement is crucial for theory testing (Anderson and Gerbing 1988).

Once such validity of the measurement model is achieved, the structural model of the research is estimated based on the goodness-of-fit measures which are suggested by the various sources of literature. In the next section, the most widely used goodness-of-fit measures will be discussed in detail.

4.6.4 Assessment of model fit

Marsh et al (1988, p.395) suggest that ideal fit indices should be relatively independent of sample size, which accurately reflects the differences in fit, and should be easily interpreted aided by a meaningful and well-defined preset range. Based on this idea, Garver and Mentzer (1999, p. 41) recommended several ideal fit indices such as the Turker-Lewis index (TLI or NNFI), the comparative fit index (CFI) and the root mean square approximation of error (RMSEA). In addition to those indices, the research employed the goodness-of-fit (GFI) and Chi-square measures which are popularly used as model fit indices.

χ^2 (Chi-square) statistic is the most commonly used model fit index. In SEM, Chi-square statistic is used in cross-classification to examine whether a relationship exists between two models (Hair et al 2006). It is also called CMIN and represents 'the discrepancy between the unrestricted sample covariance matrix and the restricted covariance matrix' (Bryne 2000, p.79). A low value of Chi-square

statistic indicates a good model fit (Garver and Mentzer 1999). In a Chi-square test, a high degree of freedom helps to achieve a statistically significant result. In this context, the Chi-square divided by the degree of freedom (χ^2/df) ratio (absolute fit) is often used to assess the soundness of the model. According to Kelloway (1998), if the χ^2/df ratio is less than 5, the model can be understood as a good fit. However, the Chi-square is highly sensitive to the sample size so it could mislead the significance of the model and thus using the Chi-square statistic as an indicator to examine model fit should be conducted cautiously (Garver and Mentzer 1999). Instead researchers rely on other fit indices.

GFI (Goodness-of-Fit index) is similar to a squared multiple correlation in that it indicates the relative amount of variance in a sample covariance matrix (Kline 1996; Byrne 2000). The range of GFI is between 0 and 1 and a value greater than .90 is considered a good fit (Hair et al 2006).

CFI (Comparative Fit index) represents a comparison of the hypothesised model with a null model. The range of this index is from 0 to 1 and a value of .90 or greater is considered as a better fit (Bentler 1992).

RMSEA (the root mean squared approximation of error) measures the discrepancy between the observed and estimated covariance matrix per degree of freedom in terms of the population (not the sample) (Garver and Menzer 1999, p.41). It is regarded as measuring badness of fit. The value of RMSEA of .05 and .08 is an acceptable fit (Garver and Mentzer 1999) and .05 or below is considered as most acceptable (Kelloway 1998). It is best used in a confirmatory or competing models strategy with a large sample (Hair et al 2006).

TLI (the Tucker-Lewis index) is conceptually similar to CFI in that it compares the hypothesised model with a null model. TLI measures parsimony by estimating the degrees of freedom from the hypothesised model to the degrees of the null model (Garver and Mentzer 1999). Marsh et al (1988) recommended TLI as a

useful fit index because it is less sensitive in terms of sample size. Its range from 0 to 1 and .90 or greater indicates a good model fit (Hair et al 2006).

4.6.5. Modification of a misfit model

When a model possesses an unacceptable fit, investigations of large standardised residuals (SR) and modification indexes (MI) are helpful to avoid specification errors influencing the proposed model and to modify it properly (Joreskog and Sorbom 1993). Standardised residuals are the residuals divided by standard error (Hair et al 2006). A value of greater than |4.0| indicates misspecification and raises a concern (Hair et al 2006). If a subset of items has large positive or negative standardised residuals with the other items pertaining to the same factor, it is likely they represent a different factor (Steenkamp and van Trijp 1991). Thus such items should be carefully scrutinised and if necessary, it is recommended that they be deleted (Grarver and Mentzer 1999).

Another useful indicator to assess misspecification of the model is the modification index (MI). MI is particularly helpful for modification of a measurement model (Joreskog and Sorbom 1993). The MI value shows the expected change in the Chi-square value and parameter estimate (Graver and Mantzer 1999). For example, in the AMOS 7 program, MI is presented in two ways. Some MI values represent the cross-loading between two indicator variables pertaining to the same factor which are supposed to measure. Others represent the regression of one indicator variable to another indicator variable. If a value of MI is higher, it indicates that more improvement in fit is needed. This means the researcher should investigate these indicators for modification.

Such investigation of standardised residuals and MI for modification of the model should be carefully considered based on the theoretical consideration. This is because a modification purely based on sample data may lead to the revised model capitalising the unique characteristics of the sample and consequently, and

the fit may decrease appreciably when the revised model is tested against different sample data (Crowley and Fan, 1997, p.527).

4.6.6. Justifications of using SEM for the study

The study aims to test the proposed model which consists of the relationships among sets of constructs (latent variables) and indicator variables (observed variables): service quality, two aspects of corporate reputation known as role-based reputation and character-based reputation, and two consequents satisfaction and commitment. In particular, the study is also interested in comparing two aspects of reputation (RQ and CCS) by representing two attributes of corporate reputation and two competing measures on corporate reputation. As discussed previously, SEM involves testing the causal relationships among all constructs in a model. Thus it is possible to compare how these reputations are influenced by – and how they influence – other variables in a model, which is impossible with the multiple regression technique.

During the drawing of the hypotheses on all the relationships among constructs for the study, alternative directions of influences between constructs in several hypotheses have been suggested by many authors. The study will test such alternative directions of hypotheses in addition to proposed hypotheses for the study. Regarding this, SEM also has advantages in testing alternative relationships between variables (alternative model test), discriminating possible alternative models against the proposed model using Chi-square difference statistic and various model fit indices. Thus based on these reasons, Structural Equation Modelling (SEM) is considered as the most appropriate statistical technique to test the suggested model for the study. There are a number of computer programs available for those wishing to use SEM. The author chose AMOS (v 7) as this type of program allows for comparison between competing models.

4.7. Conclusion

In this chapter, the research philosophy, the sampling strategy and methods for data collection, and the information about the retail companies where the customers were shopping have been addressed. Operationalisation of measures and the result of the pilot test were in turn also presented. Then an introduction to the SEM technique was given, and the concepts, assumptions and goodness fit indices used for the model test were discussed. Finally, justification of the SEM technique for the study was provided. In the next chapter, an overview of the sample and test of the measurement will be reported.

CHAPTER 5 EXAMINATION OF MEASUREMENTS

5.1 Introduction

The main purpose of this chapter is to explore the data gathered to test the research hypotheses prior to their modelling in Chapter 6. First, the characteristics of the sample are described in detail. Then the normality of the data is investigated and the validity and reliability of the measurements are assessed through confirmatory factor analysis. The aim of the chapter is then to ensure the requirements of the data and the measurements for the main analysis of the causal model are met.

5.2 Demographic Characteristics of the Sample

The sample demographics are summarised in Table 5.1. The number of female respondents was higher than for males (67% versus 35%). It is not a surprising outcome given that more females shop in retail outlets particularly those that display fashion goods and other studies have also shown a similar high proportion of females in their samples (e.g. Sivadas and Baker-Prewitt 2000). In terms of the age profile, each age group accounts for a similar percentage of the sample with 16-24(20.7%), 25-34(24.6%), 35-44(21.8%) and 45-55(21.3%) except the over 55 age group (11.5%). 94% of the respondents spoke English as their first language minimising any potential bias originating from linguistic problems. 85.4% of respondents were employed, either full time (61.7%) or part time (13.7%).

Table 5.1   Characteristics of the Customer Sample

Variable	Value Label	Freq (valid %)	Total
Gender	Male Female	257(40) 385(60)	642(100%)
Age	16-24 years 25-34 years 35-44 years 45-55 years Over 55 years	133(20.7) 158(24.6) 140(21.8) 137(21.3) 74(11.5)	642(100%)
Language	English Not English	604(94.1) 38(5.9)	642(100%)
Occupation	Full-time employee Part-time employee No paid employment Other *(student, unemployed,* *retired, etc)*	396(61.7) 88(13.7) 44(6.9) 114(17.8)	642(100%)

The question about shopping frequency was asked to know the degree of customers' experiences of retailers' services. It can be assumed that the respondents had experienced shopping in the target stores at least once because they were asked to participate in the survey when they left after finishing their shopping. As displayed in Table 5.2, the majority of respondents (77.9%) were regular shoppers of the sample companies and indicated shopping in those outlets at least once a week.

Table 5.2   Shopping Frequency

Variable	Value Label	Freq (valid %)	Total
Shopping Frequency	Very frequently (Once a day or more) Frequently (More than once a week) Average (Once a week) Rarely (Less than twice a month) Very rarely (Less than once a month)	38(9.7) 167(42.5) 139(35.4) 36(9.2) 13(3.3)	642(100%)

5.3 Examination of normality of variables

One of the important assumptions to consider in using Structural Equation Modelling (SEM), the main analysis method used in this thesis, is the normality of the data sample. The univariate descriptive analysis of all variables in the data is presented in table 5.17. As seen in the table, there are no non-normal variables. The skewness and kurtosis of all variables are in the acceptable level for normality suggested by Kline (1998): skewness < 3, kurtosis <10. Thus all variables were then used in the confirmatory factor analysis that follows. The software chosen to analyse the data was AMOS7, for which an assumption of data normality is necessary but it allows easier comparison of competing models in Chapter 6.

Table 5.3 Skewness, kurtosis and standard errors of variables

	Skewness		Kurtosis	
	Statistic	Std. Error	Statistic	Std. Error
Cheerful	-1.011	.096	1.642	.193
Pleasant	-1.059	.096	3.900	.193
Open	-1.089	.096	1.345	.193
Straightforward	-1.259	.096	3.339	.193
Concerned	-.456	.096	-.430	.193
Reassuring	-.883	.096	1.123	.193
Supportive	-.694	.096	.029	.193
Agreeable	-1.325	.096	2.710	.193
Honest	-1.009	.096	1.640	.193
Sincere	-.806	.096	.637	.193
Socially responsible	-.702	.096	.108	.193
Trustworthy	-.440	.096	-1.013	.193
Reliable	-1.104	.096	3.487	.193
Secure	-.527	.096	1.234	.193
Hardworking	-.732	.096	1.712	.193
Ambitious	-.718	.096	.398	.193
Achievement	-.666	.096	.627	.193
Leading	-.697	.096	.307	.193
Technical	-.142	.096	-.931	.193
Corporate	-.540	.096	.453	.193
Cool	-.133	.096	-.499	.193
Trendy	-.039	.096	-.832	.193
Young	-.100	.096	-.637	.193
Imaginative	-.620	.096	-.268	.193
Uptodate	-.976	.096	1.192	.193
Exciting	.118	.096	-.927	.193
Innovative	-.633	.096	-.330	.193
Extrovert	.083	.096	-.819	.193
Daring	.202	.096	-.815	.193

Charming	-.163	.096	-.587	.193
Stylish	-.150	.096	-.727	.193
Elegant	.027	.096	-.881	.193
Prestigious	-.301	.096	-.703	.193
Exclusive	.566	.096	-.572	.193
Refined	-.049	.096	-.986	.193
Snobby	1.267	.096	2.795	.193
Elitist	.605	.096	-.263	.193
Arrogant	1.036	.096	.815	.193
Aggressive	1.174	.096	1.215	.193
Selfish	1.028	.096	.671	.193
Inwardlooking	.008	.096	-.918	.193
Authoritarian	.360	.096	-.658	.193
Controlling	.309	.096	-.922	.193
PS1	-1.390	.096	3.908	.193
PS2	-.809	.096	.200	.193
PS3	-1.077	.096	2.372	.193
PS4	-1.022	.096	1.545	.193
VL1	-.147	.096	.023	.193
VL2	-.275	.096	-.082	.193
VL3	-.682	.096	.736	.193
W1	-.852	.096	1.557	.193
W2	.485	.096	1.359	.193
W3	-.863	.096	1.691	.193
S1	-.388	.096	.117	.193
S2	-.455	.096	-.101	.193
S3	-.585	.096	.276	.193
F1	-.435	.096	.397	.193
F2	-.338	.096	.002	.193
F3	-.529	.096	.113	.193
F4	-.618	.096	.375	.193
PA1	-.848	.096	.297	.193
PA2	-.762	.096	.051	.193
PA3	-.767	.096	-.179	.193
PA4	-1.030	.096	.600	.193
PA5	-1.030	.096	.552	.193
PA6	-1.207	.096	1.499	.193
R1	-.510	.096	.189	.193
R2	-.923	.096	.974	.193
R3	-.617	.096	.620	.193
R4	-.746	.096	-.137	.193
R5	-.835	.096	1.118	.193
PI1	-1.246	.096	1.544	.193
PI2	-1.146	.096	1.768	.193
PI3	-1.192	.096	3.425	.193
PI4	-1.418	.096	4.080	.193
PI5	-.771	.096	1.726	.193
PI6	-1.080	.096	1.448	.193
PI7	-.930	.096	.777	.193
PI8	-1.136	.096	1.537	.193
PI9	-.115	.096	.222	.193
PS1	-.926	.096	2.378	.193
PS2	-.430	.096	.408	.193
PS3	-.703	.096	1.051	.193
P1	-1.112	.096	2.308	.193
P2	-.610	.096	-.403	.193
P3	-.924	.096	2.462	.193
P4	-1.078	.096	1.338	.193

P5	-.891	.096	2.059	.193
SA1	-.871	.096	1.872	.193
SA2	-.600	.096	.441	.193
SA3	-.602	.096	-.223	.193
SA6	-.938	.096	1.622	.193
CO1	.207	.096	-.827	.193
CO2	-.668	.096	.081	.193
CO3	-.154	.096	-.950	.193
CO7	-.015	.096	-.831	.193
Valid N (listwise)				

5.4 Validity and reliability of the measurement

5.4.1. Summation of indicators of constructs

Before testing the hypothesised model, as suggested by Anderson and Gerbing (1988), the validity and reliability of measurement were first examined using confirmatory factor analysis. Confirmatory factor analysis is useful in confirming the validity of the measures used. It is also used to investigate the relationships between observed variables based on a knowledge of theory (Byrne 2000). The validity of the measurement is confirmed through examination of convergent validity, discriminant validity, unidimensionality and reliability (see section 4.6.3 for detailed explanations of these concepts). Regarding the examination of validity, the factor loadings of indicators and the variance extracted for a construct were specifically investigated. As for reliability of measurements, Cronbach's alpha was used.

Having checked for normality, and to conduct confirmatory factor analysis, all the factors of each construct were summated according to the factor structures originally suggested in the scales adopted for the research. The reasons to use summated indicators for each construct in the study are twofold. First, one of the research aims is to investigate the relationship between two different aspects of corporate reputation using two competing reputation scales. Specifically, the study is interested in looking at which dimensions of each corporate reputation

scale would be validated when related to each other by customers in the retail service industry. Thus it is important to keep the original factors of the scales for the comparison.

The second reason is related to the sample issue. Kline (1998) claimed that SEM requires a large sample size. A large sample size such as 400 to 500 will perhaps help to obtain convergence and proper solutions for an SEM model (Anderson and Gerbing 1988). However, the necessary sample size does in fact depend on the model complexity and the number of parameters to be estimated. Thus, as model complexity increases, the sample size should be increased according to an increase in parameter estimates. It is recommended that each estimated parameter requires at least five to ten observations (Crowley and Fan. 1997). The study uses 96 items with a total of 642 cases implying the sample size is sufficient for the test. However, three of the scales (Retail service quality scale, Reputation Quotient, Corporate character scale) used for the study are 2nd order constructs increasing complexity as more parameters have to be estimated than if simple 1st order scales are used and if the study uses a total disaggregation strategy for the confirmatory factor analysis. Hatcher (1994) also suggests that the number of items in an SEM model should be between 20 and 40. However, the Corporate character scale alone has 43 items. Finally in Chapter 6 the final model is tested using only part of the data suggesting again a need to reduce model complexity. Thus, in order to avoid the model complexity issue and to obtain proper and converged solutions for the model, the researcher decided to summate the factors of each construct. Table 5.4 indicates the constructs and their indicators summated according to the original factors in the scales. The method used to summate was to obtain the score for each compound indicator using principal component analysis (from SPSS 16), a method which weights each measurement item, thus placing greater emphasis on items which contribute more to the underlying factor. This approach has the additional benefit of normalising the data for each variable, reducing further any issues due to non-normality in fitting the data using AMOS7. For the confirmatory factor analysis, the maximum likelihood procedure was used with

Chi square statistics (χ^2) and the fit indices, such as GFI, CFI, RMSEA, and TLI, which were explained in the previous chapter.

Table 5.4   Summated Constructs and Factors

Constructs (latent variable)	Factors and items
Service quality	**Physical aspect (PA)**: PA1, PA2, PA3, PA4, PA5, PA6 **Reliability (R):** R1, R2, R3, R4, R5 **Personal interaction (PI):** PI1, PI2, PI3, PI4, PI5, I6, PI7, PI8, PI9 **Problem-solving (PS):** PS1, PS2, PS3 **Policy**: P1, P2, P3, P4, P5
Corporate role-based reputation (RQ)	**Product and service quality (PNS):** PnS1, PnS2, PnS3, PS4 **Vision and leadership (VL):** VL1, VL2, VL3 **Social responsibility (S):** S1, S2, S3 **Financial performance (F)**: F1, F2, F3 **Work environment (W)**: W1, W2, W3
Corporate character-based reputation (CCS)	**Agreeableness (Chic):** cheerful, pleasant, open, straightforward, concerned, reassuring, supportive, agreeable, honest, sincere, socially responsible, trustworthy **Competence (Comp)**: reliable, secure, hardworking, ambitious, achievement-oriented, leading, technical, corporate **Enterprise (Ent)**: cool, trendy, young, imaginative, up-to-date, exciting, innovative, extrovert, daring **Chic (Chic)**: charming, stylish, elegant, prestigious, exclusive, refined, snobby, elitist **Ruthlessness (Ruth)**: arrogant, aggressive, selfish, inward-looking, authoritarian, controlling
Satisfaction	**SA:** SA1, SA2, SA3, SA4
Commitment	**CO**: CO1, CO2, CO3, CO4

5.4.2 Confirmatory factor analysis of the measurement

In order to validate the measurement model, confirmatory factor analysis (CFA) was conducted by correlating all the latent variables of measurement. The initial result was not acceptable with χ^2 (111)=1259.934, p=.000, GFI=.778, CFI=.783, RMSEA=.127 and TLI=.735. The χ^2 statistic is not significant and all other model fit indices such as GFI, CFI, RMSEA and TLI were below an acceptable level for

an adequately fitting model. By removing certain items (those with low factor loadings or those which loaded onto other measures) and adding covariances where appropriate (Hair et al. 2006; Kline 1998). An acceptable fit was obtained. Financial performance from the Reputation Quotient (RQ) and Ruthlessness from the Corporate Character Scale (CCS) were deleted at first because their factor loadings were less than the cut-off point of 0.5. Additionally, the Social responsibility dimension of RQ and the Competence and Enterprise dimensions of the CCS and the Physical aspect dimension of the Retail service scale were removed because they were highly correlated with unexpected indicators and latent variables.

After removing these items, the model showed an adequate fit with χ^2 (54) =190.393, p=.000, GFI=.921, CFI=.921, and RMSEA=.080. TLI=.909. The χ^2 statistic is not significant but other model fit indices were at an acceptable level. All factor loadings were above the cutoff point of 0.5, as seen in Figure 5.1.

Figure 5.1   The measurement model: service quality, corporate reputations and satisfaction and commitment

chi-square=167.444(df=36)   p=.000
CFI=.958   GFI=.956
TLI=.936   RMSEA=.075
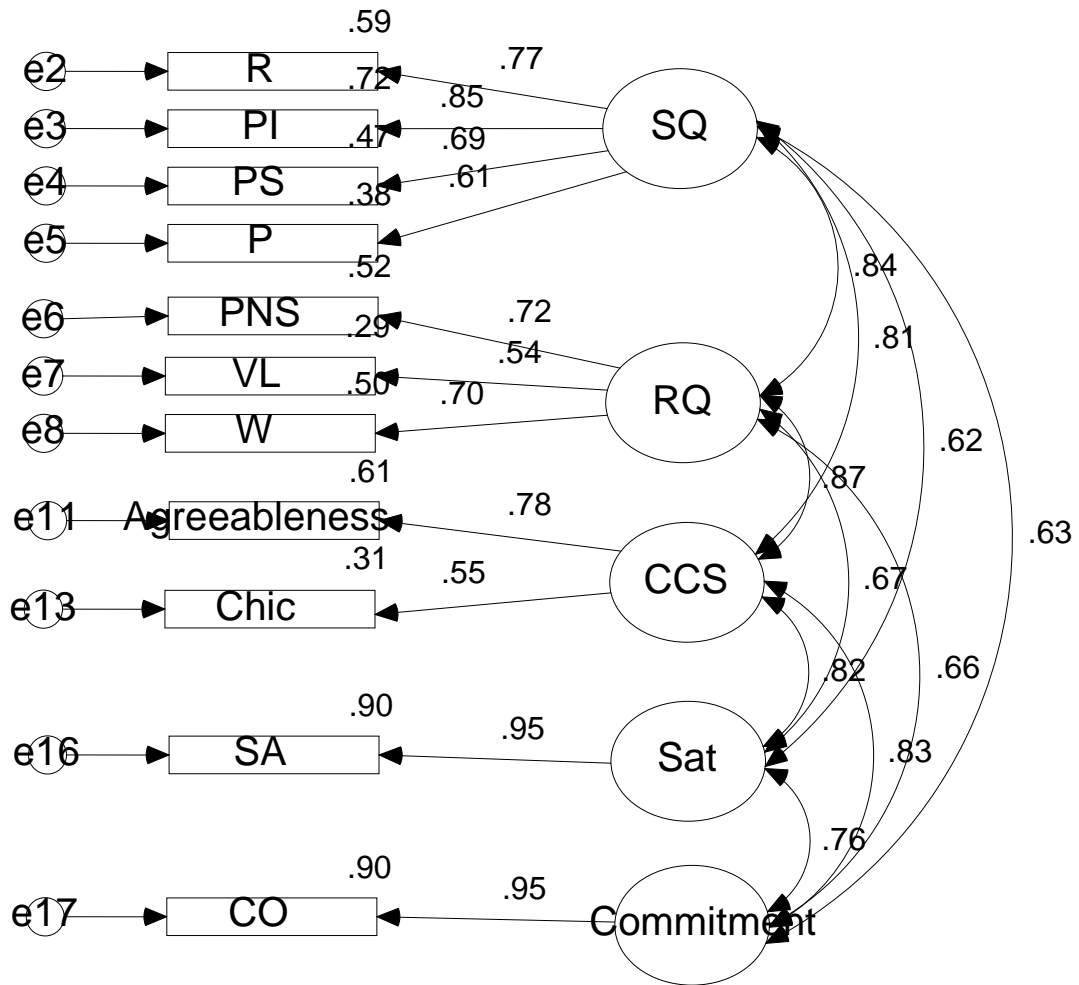
Reliability tests using Cronbach's alpha were conducted for each construct that was found in the confirmatory factor analysis. As reported in table 5.5, most dimensions of original constructs have a Cronbach's alpha of greater than 0.7, Three are at or around the lower level that some authors accept of 0.6. In each case, if one item is deleted, the alphas are acceptable and as in this study the

weighted score of each factor was used (and the alphas quoted by the originators of RQ are above 0.7), no further attempt was made to improve on the reliability of the RQ measures.

Table 5.5 Cronbach's alpha on the research construct

Construct		Cronbach's Alpha when all items are tested		Largest Cronbach's alpha when any item is excluded	
		No. of items	Cronbach's α	No. of items left	Largest Cronbach's α
Service quality	*Physical aspect*	6	.74	*Same as the left*	
	Reliability	5	.74	Same as the left	
	Personal interaction	9	.86	Same as the left	
	Problem solving	3	.71	Same as the left	
	Policy	4	.57	3	.61
RQ	Product and service quality	4	.64	Same as the left	
	Vision and leadership	3	.70	Same as the left	
	Work environment	3	.55	2	.58
	Social responsibility	3	.82	*Same as the left*	
	Financial performance	4	.73	*Same as the left*	
CCS	Agreeableness	12	.83	11	.87
	Competence	8	.71	*Same as the left*	
	Enterprise	9	.82	8	.83
	Chic	8	.77	7	.80
	Ruthlessness	6	.75	*Same as the left*	
Satisfaction		4	.74	Same as the left	
Commitment		4	.78	Same as the left	

*Note: Italic characters are not included in the final outcomes of CFA.

However, an issue is raised in Figure 5.1 which became even more obvious in fitting the structural model, the high correlation (r=.87) between role-based reputation measure (RQ) and the character-based reputation measure (CCS). The value is greater than .85, which suggests the possibility of lack of discriminant

validity (Kline 1998). Discriminant validity is often examined by comparing the values of the average variance extracted (AVE), correlations and shared variance extracted between constructs (Fornell and Lacker 1981; Hair et al. 2006). The average variance extracted, correlations, and shared variance between the constructs are displayed in Table 5.6. To demonstrate discriminant validity between constructs, their AVE should be higher than their correlations (below the diagonal) and shared variances (above the diagonal). However, Table 5.6 shows that the AVE of RQ and CCS are lower than the correlations and shared variances of them. This suggests that RQ and CCS are measuring the same concept, albeit in very different ways, an issue returned to later in the thesis.

Table 5.6 Correlations, AVE and shared variance

	Mean	Std deviation	RQ	CCS	SQ	SA	CO
RQ	3.74	0.41	**.66**	.76	.71	.45	.44
CCS	3.35	0.44	.87(**)	**.66**	.66	.67	.69
SQ	3.73	0.41	84(**)	.81(**)	**.72**	.38	.58
SA	3.81	0.61	.67(**)	.82(**)	.62(**)	**.94**	.58
CO	3.05	0.79	.66(**)	.83(**)	.63(**)	.76(**)	**.94**

** Correlation is significant at the 0.01 level (2-tailed).

A. The diagonal elements (the figures in bold) are the average variance extracted between the constructs and their measures. Above the diagonal elements are the shared variances (squared correlations) among constructs. Below the diagonal elements are the correlations among constructions. For discriminant validity, the diagonal elements should be larger than the off-diagonals.
B. All of the correlations are significant at the p<0.01 level.

To investigate the discriminant validity issue in more detail, a model correlating two original scales (RQ and CCS) i.e. including all their original dimensions was examined using CFA in Figure 5.2.

Figure 5.2. CFA model of RQ and CCS
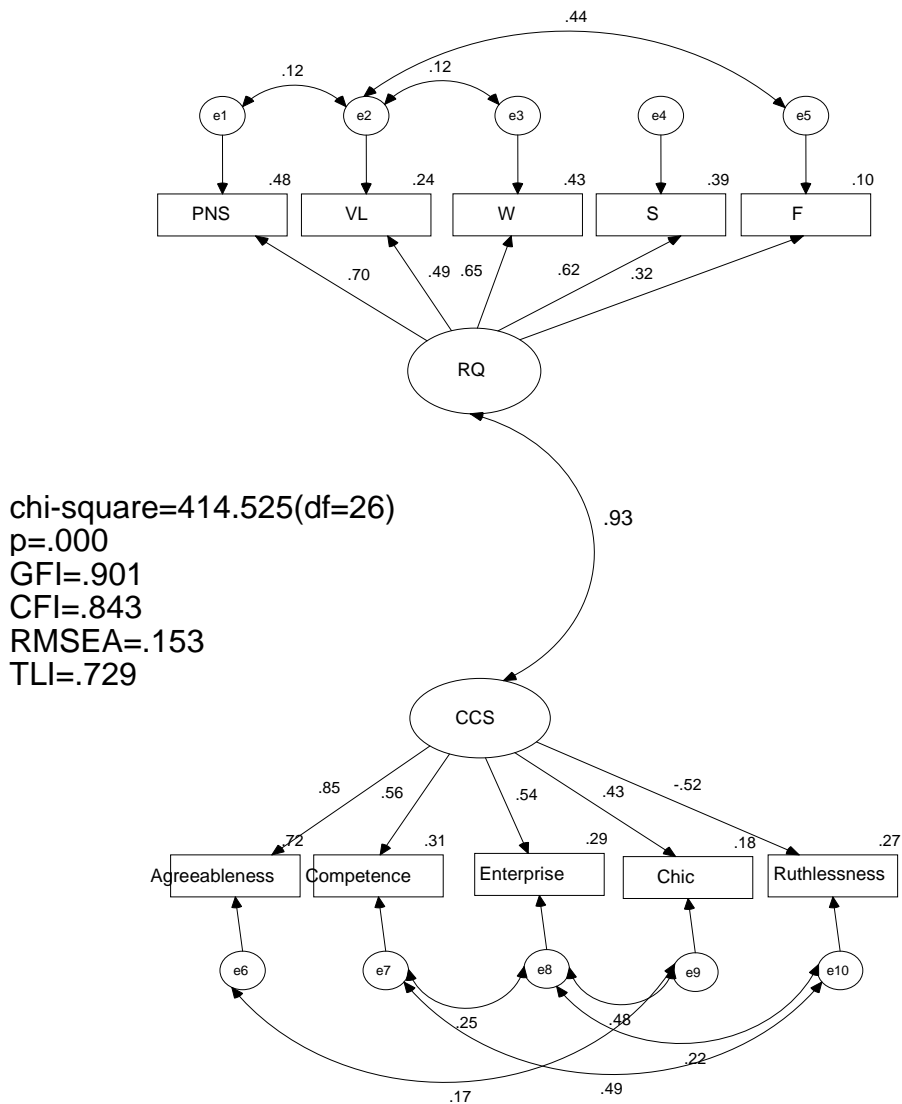
The initial test result of the RQ-CCS model was χ^2 (34)=884.649, p=.000, GFI=.757; CFI=.657, RMSEA=.198 and TLI=.546. Adding covariances between errors but keeping the original dimensions for each scale still did not produce a good fit with χ^2 (26)=414.525, p=.000, GFI=.901,; CFI=.843, RMSEA=.152, and TLI=.729. Yet, as GFI meets the recommended level, a rough glance at the relationship between RQ and CCS may be possible at least. The correlation between RQ and CCS was .93. This reveals how highly correlated are the two measures. The study aims to compare these two aspects of corporate reputation in

terms of theory and methodologically, and a close relationship between the two may be expected, but not perhaps as close as this. How the two are related is considered in more depth in Chapter 6.

5.5. Conclusion

In this chapter, a descriptive analysis of the sample characteristics was presented first. Then the normality of the data was reported. Finally, the reliability and validity of the measures for the structural model were examined using confirmatory factor analysis. In the next chapter, the structural model will be assessed and the final model for the study will be chosen by comparing competing models and by using a subsample of the full data set.

CHAPTER 6 DATA ANALYSIS AND RESULTS

This chapter presents the results of the analysis of the hypothesised relationship proposed in the literature review in the form of a structural model. In order to confirm the validity of the model, alternative models are compared against a baseline model derived from this initial model, and then the final model from the study is chosen. To test the validity of the final model, it is retested using a subsample of the full dataset. Finally, a summary of the data analysis is presented.

6.1. Evaluation of the structural model

This study is primarily interested in investigating the relationship between corporate role-based reputation and corporate character-based reputation, the relationship between service quality and those two attributes of corporate reputation, and finally the relationships between two different attributes of reputation and customers' attitudinal responses, satisfaction and commitment. A measurement model of the measures used for each construct was tested and validated first in Chapter 5. The next stage is to evaluate the hypothesised structural model. The structural model is concerned with testing the relationships proposed in the study and consequently with predictive validity. Predictive validity is obtained by correlating a certain construct to other constructs that they should, from theory or prior work, predict (Garver and Mentzer 1999). For example, in the current study, if the correlations between service quality and corporate character-based reputation are statistically significant and service quality predicts corporate character-based reputation with statistically significant standardised regression weights, it can be said that predictive validity has been achieved. The structural model for the study consists of 10 hypothesised relationships between service quality, corporate role-based reputation (RQ), corporate character-based reputation (CCS), satisfaction and commitment. The

evaluation of the structural model is conducted by estimating whether the correlations between these constructs and the predictive validity of one construct to other constructs – which it should predict – are statistically significant.

The full model containing all hypothesised relationships was tested using SEM (AMOS 7) and the result showed an adequate fit to the sample data with χ^2 (36) =167.444, p=.000, GFI=.956; CFI=.958, RMSEA=.075 and TLI=.936. The χ^2 statistic was not significant (a normal result for complex models) but all the values of the other fit indices were within the recommended levels for a good fitting model. Furthermore, when Modification Indices (MI) and standardised residuals were examined to investigate the possibility of misspecification, there were no problematic standardised residuals beyond 4.00 (Hair et al 2006), no high MI's and no cross loading among variables in the model. Thus, the full model can be used to interpret the parameters estimated and for testing the hypotheses.

Role-based reputation had the expected and significant influence on corporate character-based reputation (**H1**: β=.63, P<.001). This result lets us assume at least initially that customers' perceptions of the cognitive attributes of reputation (product and service quality of the company, management vision and leadership and the corporate work environment) influence their affective evaluation of reputation (an agreeable and chic corporate personality) in the retail sector. However, although the full model supported an influence *from* RQ *and to* CCS, the direction of influence between the two constructs is still controversial in terms of theory. Thus, further investigation will be carried out in the next section through a comparison of models with alternative directions for the relationship.

As for the relationship between service quality and the two reputation measures, service quality had significant influences on both corporate role-based reputation (**H2**: β=.84, p<.001) and corporate character-based reputation (**H3**: β=.28, p<.05) but it did not directly influence satisfaction (**H6**: β=-.10, p=.451) and commitment (**H9**: β=-.02, p=.868) as expected. The result allows us to presume that service

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quality may influence satisfaction and commitment but via corporate reputation and therefore indirectly; in other words, customers' satisfaction and commitment is not evoked directly by high service quality, it does so by changing perception of the company reputation.

The results also indicate that corporate role-based reputation does not influence satisfaction (**H4**: β=.-.11, p=.626) or commitment (**H7**: β=-.21, p=.319) directly, whereas corporate character-based reputation (CCS) influenced both satisfaction (**H5**: β=.99, P<.001) and commitment (**H8**: β=.85, p<.05). This suggests that the affective aspects of reputation are more important in explaining customer satisfaction and commitment than the cognitive attributes of reputation assessed by RQ at least in the retail sector. From a methodological perspective, the results also show that CCS predicts customer attitudes better than RQ does in the retail sector. However due to the influence of RQ on CCS, RQ can be claimed to influence customer attitudes indirectly. Another interesting outcome is the influence of satisfaction on commitment. The model did not support the influence of satisfaction on commitment (**H10:** β=.23, p=.163) expected from the literature. This suggests that the customer's commitment does not depend on their satisfaction and that these are two different outcomes of the relationships between service quality and corporate reputation. However, according to the literature, there is a possibility of satisfaction and commitment being antecedents of reputation. Thus this should also be considered further by comparing competing models.

Returning to the full model and the relationships between service quality and satisfaction and commitment, corporate character-based reputation seems to mediate the effects of service quality on customer satisfaction and commitment. Although an investigation of such effects is not a central issue in the study, in order to understand the influence of service quality on customer responses more clearly, the researcher decided to test the mediating effect of corporate character-

based reputation in those relationships[8], referring to the mediation test suggested by Baron and Kenny (1986).

As for the possibility of corporate character-based reputation being a mediator between service quality and satisfaction, first the influence from service quality to satisfaction was examined separately. The result showed that the path from service quality to satisfaction was significant with $\beta=.62$, $p<.001$. However, the path from service quality to satisfaction was not significant ($\beta=-.06$, $p=.635$) when the three variables were tested altogether at the same time in the same model, the paths between service quality to character- based reputation and character-based reputation to satisfaction were both significant with $\beta=.80$, $p<.001$ and $\beta=.85$, $p<.001$ respectively. This means corporate character-based reputation fully mediates the relationship between service quality and satisfaction. In the full model, the link between service quality and satisfaction was also not significant, and so it can be inferred that service quality only influences satisfaction via corporate character-based reputation. The test of the possibility of mediation of corporate character-based reputation between service quality and commitment gave similar results. In the separate test the relationship between service quality and commitment was significant with $\beta=.63$, $p<=.001$. However, the path from service quality to commitment was not significant ($\beta=-.20$, $p=.214$) when character based reputation was included and the three variables were tested altogether at the same time, while the paths between service quality to character-based reputation and character-based reputation to satisfaction were both significant with $\beta=.82$ at $p<.001$ and $\beta=1.01$[9] at $p<.001$ respectively.

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[8] The mediation effect among three variables (i.e. A→B→C) can be tested by two steps: first, to test the direct path between two constructs (A→ C) separately, and secondly, to test all the paths between the three variables (A→B→C). If all those relationships are significant and the value of the correlation between A and C falls, the B variable can be considered as partially mediating the relationship between A and C. If the path between A and C is not significant when all paths between the three variables are considered, B can be considered as a full mediator of the relationship between A and C (Baron and Kenny 1986).

[9] Technically a standardised regression weight of more than 1 is an illogical estimate for parameters in testing a structural model (Hair et al. 2006). However, here the mediation effect of corporate character-based reputation was not the aim for the study so it was not considered significant.

To sum up the results of the full model, service quality influences both corporate role-based reputation and corporate character-based reputation, while corporate role-based reputation influences corporate character-based reputation. Corporate character-based reputation influences, in turn, customer satisfaction and commitment. The result informs us that customers' perception of service quality impacts their cognitive perception of corporate reputation and their affective perception of corporate reputation while the cognitive view appears to influence the affective view as originally predicted. In turn the customers' perception of affective attributes of corporate reputation elicits their satisfaction and commitment to the company. The result confirms the importance of the more emotionally based attributes of corporate reputation in understanding customers' attitudinal responses.

In the next section, possible competing models based on the alternative hypotheses (different directions of arrows in the hypotheses) will be compared with what will be referred to as the 'baseline' model, the model where all insignificant paths in the full model were deleted (the dotted lines in Figure 6.2).

Figure 6.1 Hypothesised full model

Chi-square=167.444(df=36)
p=.000
GFI=.956
CFI=.958
RMSEA=.075
TLI=.936
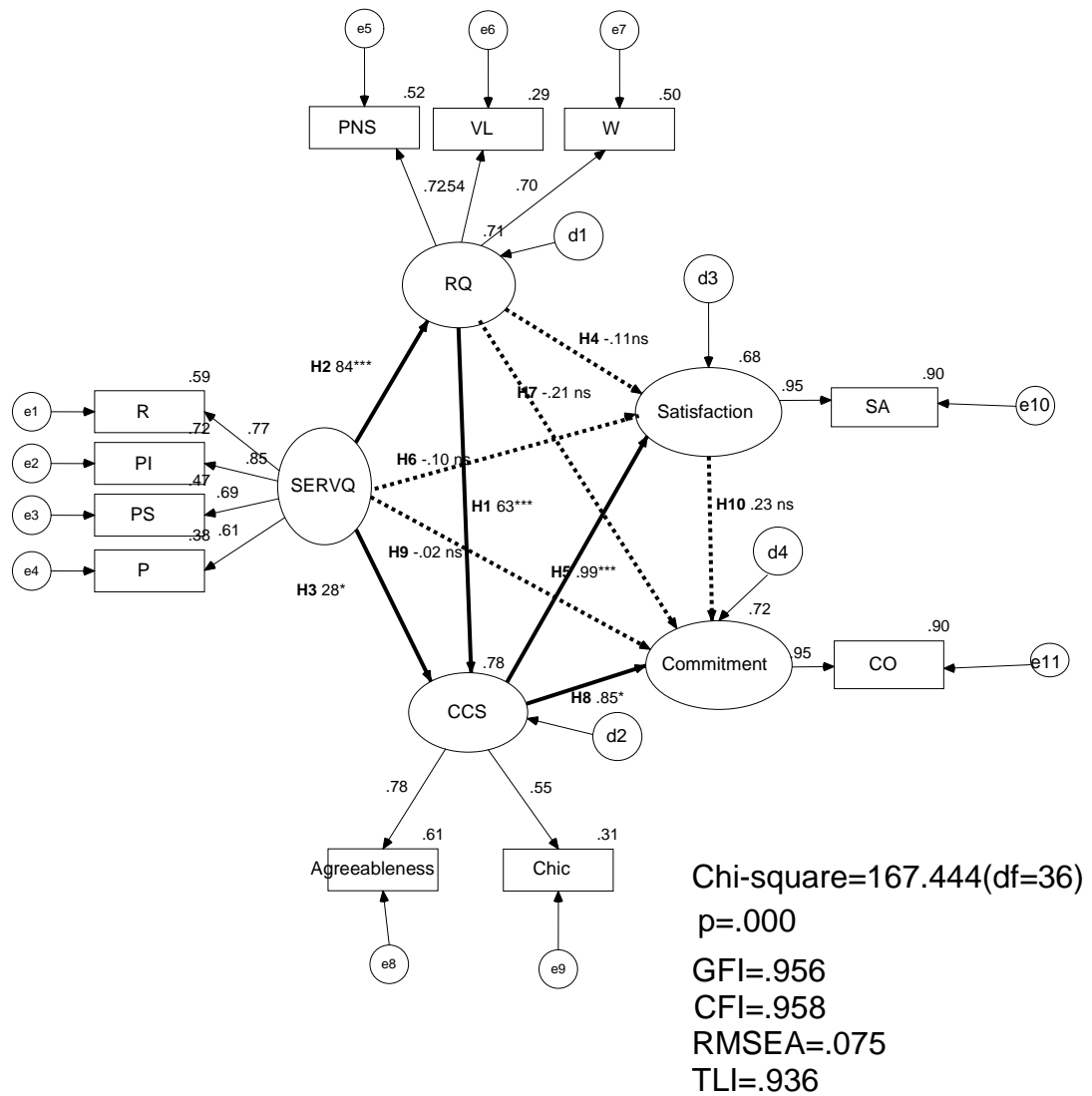
***p<.001
* P<.05
ns: not significant:

6.2. Test of alternative models

Hair et al. (2006) claim that the strongest test of a proposed model is to test any competing models, because this is in fact testing competing theories, a much stronger test than just of a slight modification to a single theory. Alternative models can be tested by changing, adding or deleting arrows among latent variables as suggested by relevant theory. Alternative model testing is also helpful in identifying a statistically and theoretically well-fitting final model. According to Joreskog (1993, p.295), competing models (or alternative models) can be tested using two steps. First, the researcher specifies several alternative or competing models derived from relevant theories. Second, on the basis of an analysis of a single set of empirical data, the researcher selects the most parsimonious model fit represented by the sample data. However, it should be noted that when a model has acceptable fit it does not always guarantee that another model will not fit better or equally well, and a competing model strategy should always be based on and justified by theoretical concerns (Hair et al. 2006).

Based on the discussions in the literature review (Ch2) and the conceptual framework (Ch3), five alternative models are now suggested for comparison with the baseline model. Alternative model 1 is to test the reversed direction of H1 compared to the baseline model, in other words that affective aspects of reputation cause cognitive aspects rather than vice versa. Alternative model 2 is to test the relationship between satisfaction and role-based reputation and character-based reputation compared to the baseline model and which placed satisfaction as the antecedent of the two reputation constructs rather than a consequence. Alternative model 3 is to test the relationship between satisfaction and commitment in addition to the conditions of alternative model 2. Alternative model 4 is to test the relationship between service quality and commitment in addition to the conditions of alternative model 4 compared to the baseline model. Alternative model 5 is to test the reversal in the direction from the two reputation latent constructs to

commitment with an additional link from satisfaction to commitment to the baseline model. Alternative model 6 is to test the service quality as the consequent of the two reputation latent construct against the baseline model. Finally, alternative model 7 is to identify further the relationship between role-based reputation (RQ) and character-based reputation (CCS) compared to the baseline model and alternative model 1 by assuming they covary rather than influence each other.

The baseline model which is used for this analysis is the full or originally proposed model but where all insignificant paths (H4, H5, H6, H7 and H10) between the constructs in the full model have been deleted. (Put more precisely, this is a nested model of the full model). The SEM result of the baseline model shows an adequately fitting model with $\chi^2(41) = 190.895$, p=.000, GFI=.950, CFI=.952, RMSEA=.076 and TLI=.936. All alternative models will be compared against this fit (see Figure 6.2) and particularly against the Chi square measure.

An alternative model test can be conducted by assessing the differences in increases or decreases of fit indices along with the Chi square difference statistic ($\Delta\chi^2$) (Hair et al. 2006). Comparison of the two competing models (baseline model x and alternative mode y) is best done by comparing the χ^2 value from the baseline model(x) with the χ^2 value of an alternative model(y). The difference of degree of freedom is also calculated similarly. The equations are as follows:

$$\Delta\chi^2{}_{\Delta df} = \chi^2{}_{df(x)} - \chi^2{}_{df(y)}$$
$$\Delta df = df(X) - df(Y)$$

When testing competing models they can be considered different if $\Delta\chi^2{}_{\Delta df}$ is significant at Δdf, i.e. if the difference in Chi squared is significant given the differences in degrees of freedom between the models. The possible alternative

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models were first suggested based on the discussions during hypotheses generation in the conceptual framework in Chapter 3. Table 6.1 summarises the details of the alternative models.

Table 6. 1 Alternative models

Models	Paths in the model
Baseline model	RQ→CCS(H1), SQ→RQ/CCS(H2&3), CCS→ Satisfaction/Commitment/(H5/H9)
Alternative 1	**CCS→RQ(H1),** SQ→CCS/RQ(H2&H3), CCS→Satisfaction/Commitment(H5&H9)
Alternative 2	SQ→RQ/CCS (H2 &3), RQ→CCS(H1), **Sat→RQ/CCS (H4 &H5)**, CCS→Commitment(H10)
Alternative 3	RQ→CCS(H1), SQ→RQ/CCS(H2&H3), **Sat→RQ/CCS(H4&H5),** CCS→satisfaction (H5), **Satisfaction→Commitment (H10)**
Alternative 4	SQ→RQ/CCS(H2&3), RQ→CCS(H1), **Satisfaction→RQ/CCS(H4&5)**, **SQ→Commitment(H9), Satisfaction→Commitment(H10)**
Alternative 5	SQ→RQ/CCS(H2&3), RQ→CCS(H1), CCS→Satisfaction(H5) **Commitment→RQ/CCS(H7&H8), Sat→Commitment(H10)**
Alternative 6	**RQ→CCS(H1), RQ/CCS→SQ (H2&3)**, CCS→ Satisfaction(H5), **SQ→satisfaction(H6),** CCS→Commitment(H9)
Alternative 7	**RQ↔CCS(H1),** SQ→RQ/CCS(H2&3), CCS→ Satisfaction(H5), CCS→Commitment(9)

*Bold characters refer to changed or added paths between constructs against the baseline model.

Alternative model 1

Hypothesis 1 proposes that "***Corporate role-based reputation (RQ) has a positive influence on corporate character-based reputation*** (CCS)". Although H1 in the baseline model was supported statistically, the possibility of an influence from character-based reputation (CCS) to role based-reputation (RQ) that can be justified theoretically has not been investigated. Alternative model 1 assumes a reversed causal direction between role-based reputation (RQ) and character-based

reputation (CCS) and no added or deleted paths between relevant constructs compared with the baseline model. The fit for alternative model 1 was the same as that of the baseline model: $\chi^2(41)$ =190.895, p=.000, GFI=.950; CFI=.952, RMSEA=.076 and TLI=.936. All the paths between constructs in alternative model 1 were significant at p<.001. However, the values of the standardised regression weights between character-based reputation (CCS) and role-based reputation (RQ) were different. In the baseline model, the path coefficient from role-based reputation (RQ) to character-based reputation (CCS) was .59, whereas character-based reputation (CCS) to role-based reputation (RQ) in Alternative Model 1 was lower at .40. However, in baseline model 1, role-based reputation (RQ) and service quality explain 68% of the variance of character-based reputation (CCS) whereas in alternative model 1, service quality and character-based reputation (CCS) explain 78% of the variance of RQ (see figures 6.2 and 6.3). In summary there is little to choose between the two models in terms of the insights they provide and their fit to the data.

Figure 6.2 Baseline model

chi-square=190.895(df=41)
p=.000
GFI=.950
CFI=.952
RMSEA=.076
TLI=.936

***p<.001
* P<.05

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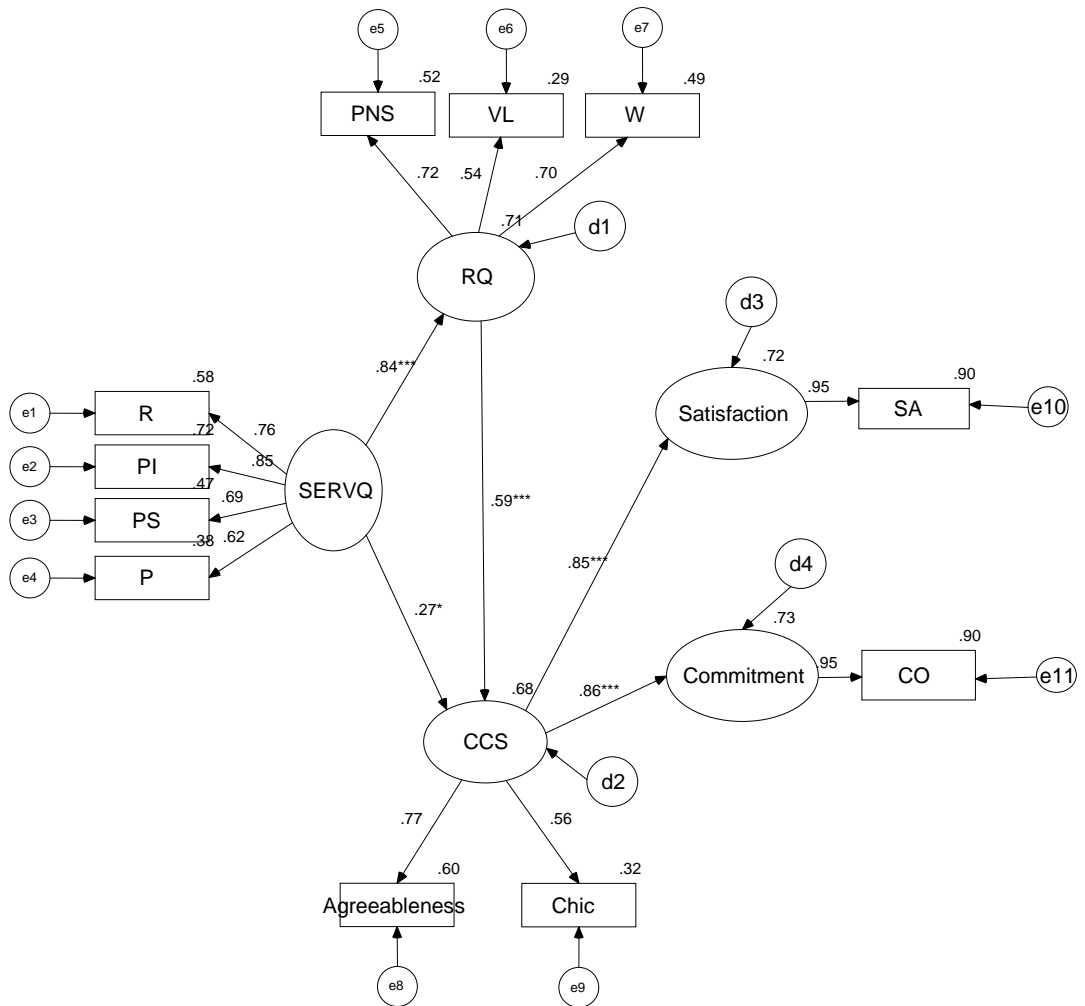
Figure 6.3 Alternative model 1
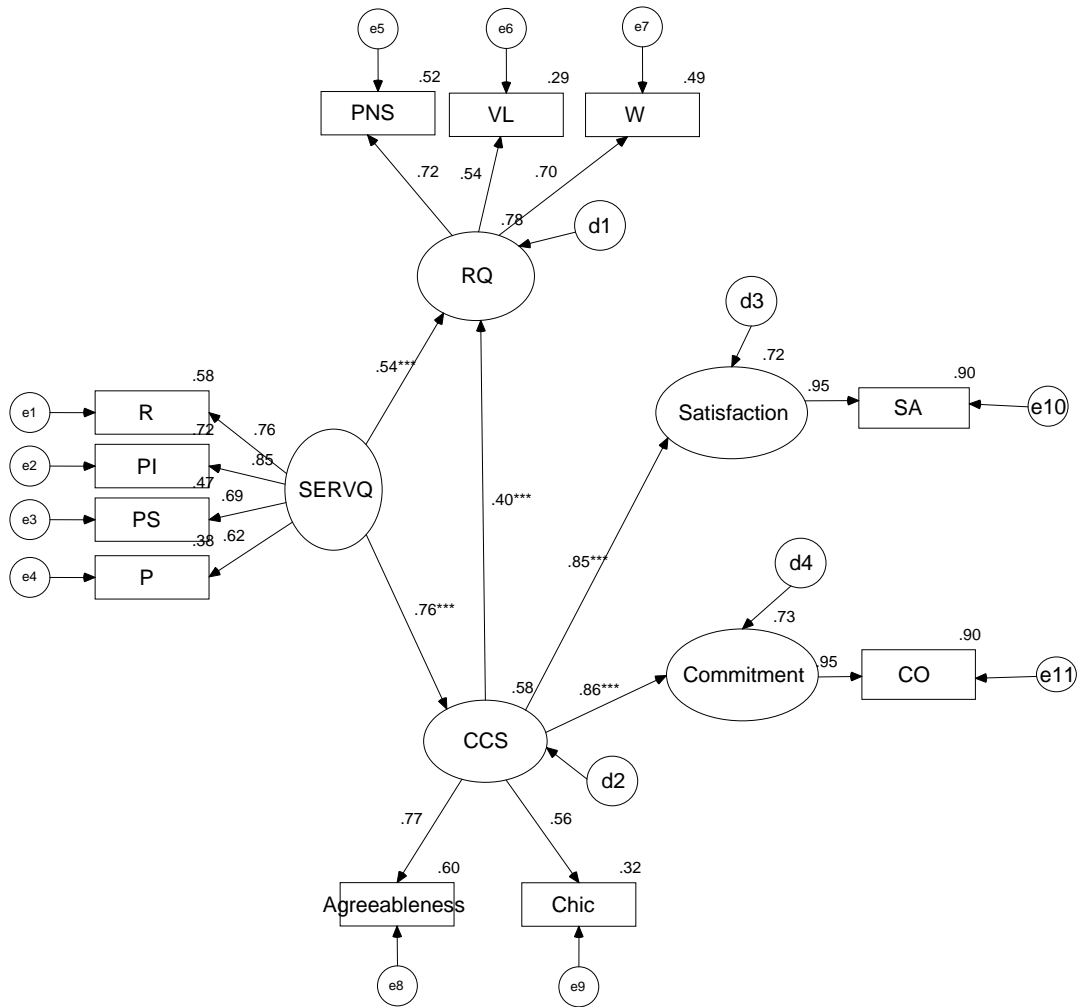
chi-square=190.895 (df=41)
p=.000
GFI=.950
CFI=.952
RMSEA=.076
TLI=.936

***p<.001

Thus it is still not clear which is the most appropriate relationship between these two constructs and the researcher conducted an additional investigation by using all the original dimensions of RQ and CCS as used in relation to the discriminant validity issues between the two constructs in the previous Chapter (see Section 5.4.2, Figure 5.2).

Figures 6.4 and 6.5 show the test results of two models: RQ$\rightarrow$ CCS and CCS$\rightarrow$ RQ but with all dimensions of both measures retained. As can be seen, the results were identical and show that it is still difficult to judge which aspect of corporate reputation can be said to predict the other. One final approach is explored in Alternative Model 7.

Figure 6.4 Relationship between RQ and CCS: the influence from RQ to CCS
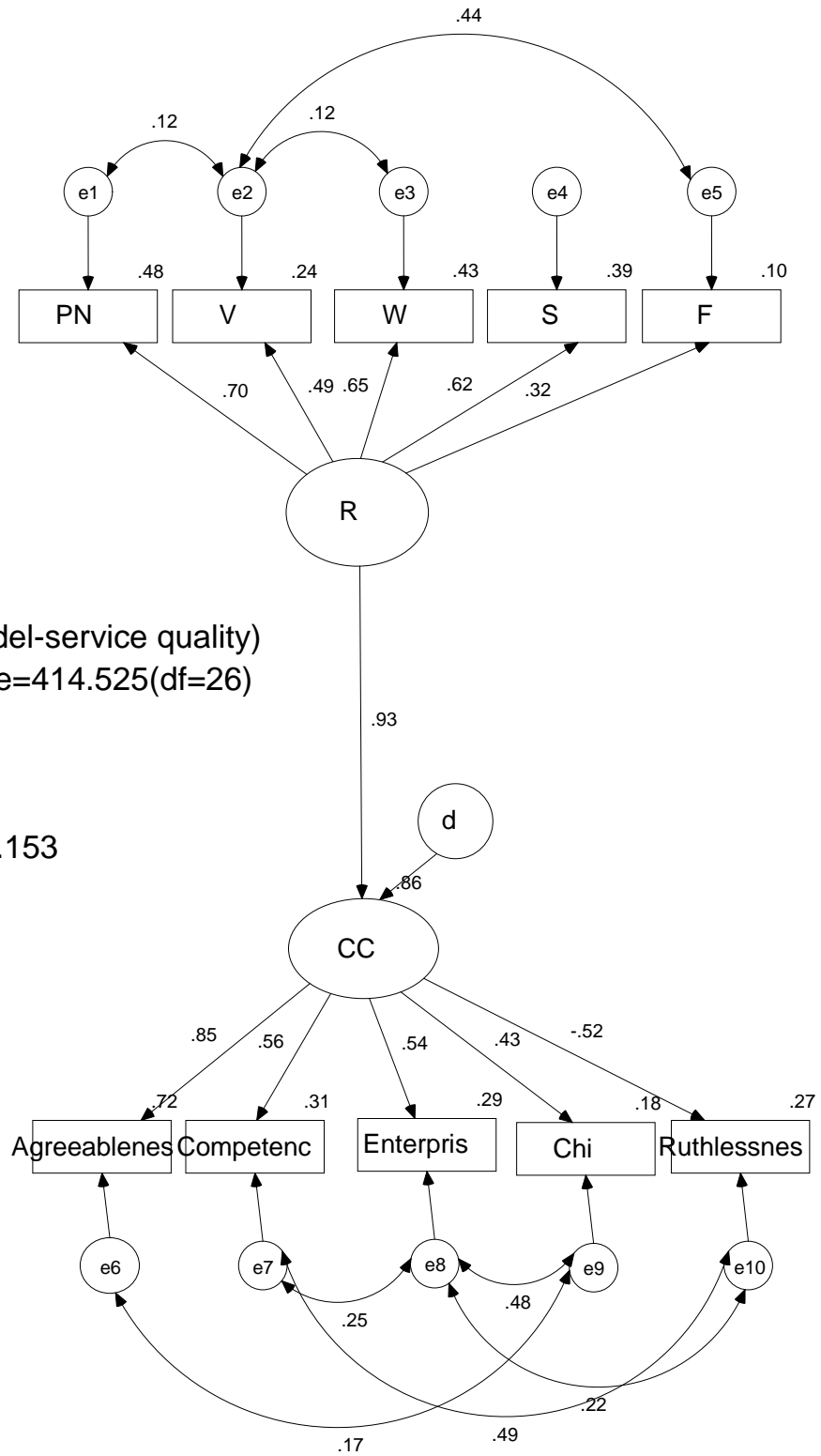
(CFA model-service quality)
chi-square=414.525(df=26)
p=.000
GFI=.901
CFI=.843
RMSEA=.153
TLI=.729

Figure 6.5 Relationship between RQ and CCS: the influence from CCS to RQ
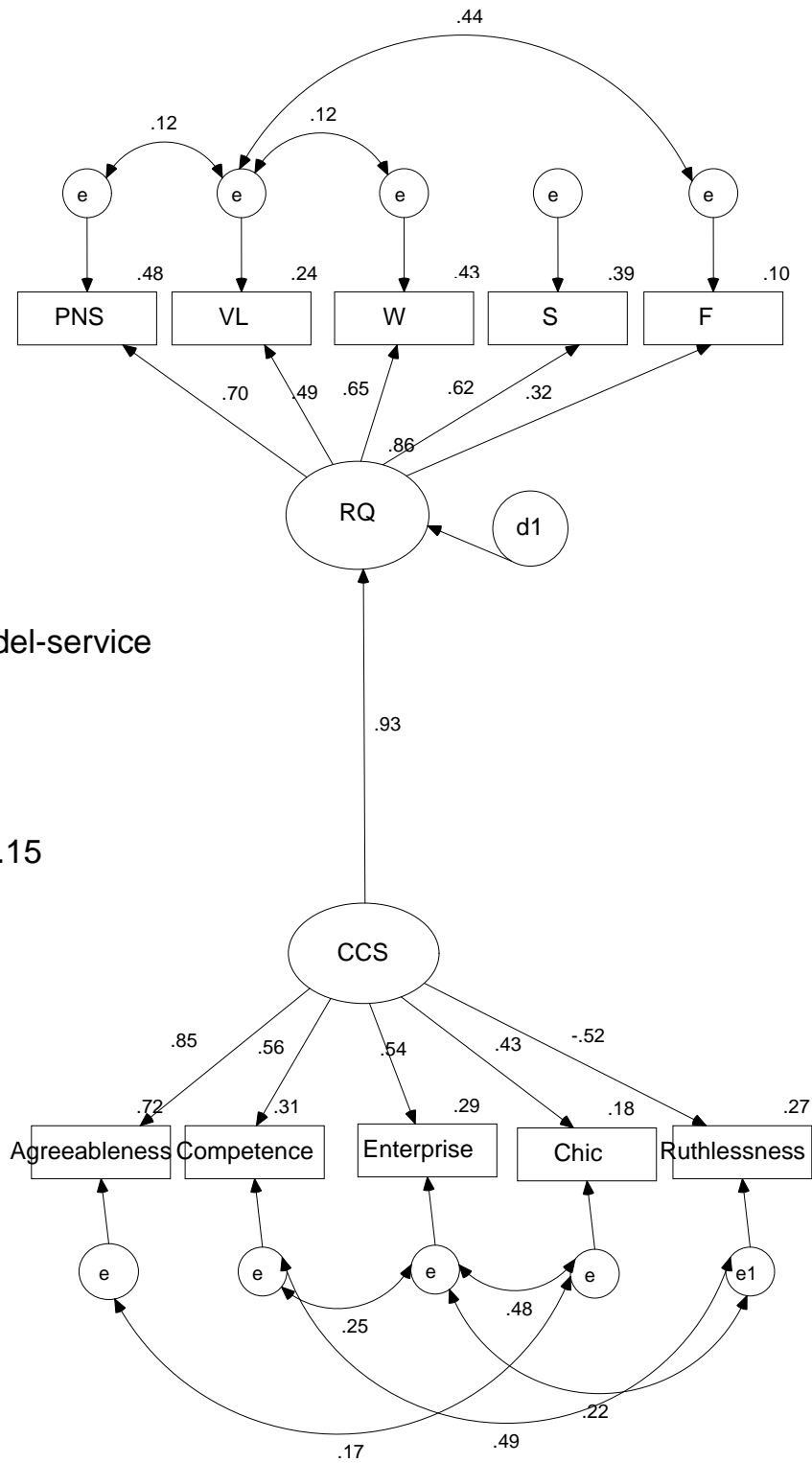
(CFA model-service
chi-
p=.000
GFI=.90
CFI=.84
RMSEA=.15
TLI=.72

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Alternative model 2

Alternative model 2 is proposed to test hypotheses H4 and H5 (H4: ***Corporate role-based reputation (RQ) has a positive influence on customer satisfaction*** and H5: ***Corporate character-reputation (CCS) has a positive influence on customer satisfaction***) both supported in the baseline model. In alternative model 2, satisfaction was considered as an antecedent of role-based reputation and character- based reputation.

The fit for alternative model 2 was not satisfactory with χ^2 (40) =405.896 p=.000, GFI=.913; CFI=.883, RMSEA=.119 and TLI=.839. Although GFI is above the cut off point of .9, CFI and TLI are both lower than the recommended level of .9 and RMSEA was also outside the acceptable range of between 0.5 and 0.8. While the model has a fit problem it can still be interpreted. All other paths among constructs suggested in the model were significant. However, the result of the chi-square difference statistics between the baseline model and alternative model 2 showed significant a difference of 215.001 in chi squared and one degree of freedom (significant at p<.001). Thus Alternative model 2 cannot be accepted as a better fit than the baseline model and fits the data significantly less well. Thus the result suggests that satisfaction cannot be an antecedent of the two reputations.

Figure 6.6 Alternative model 2
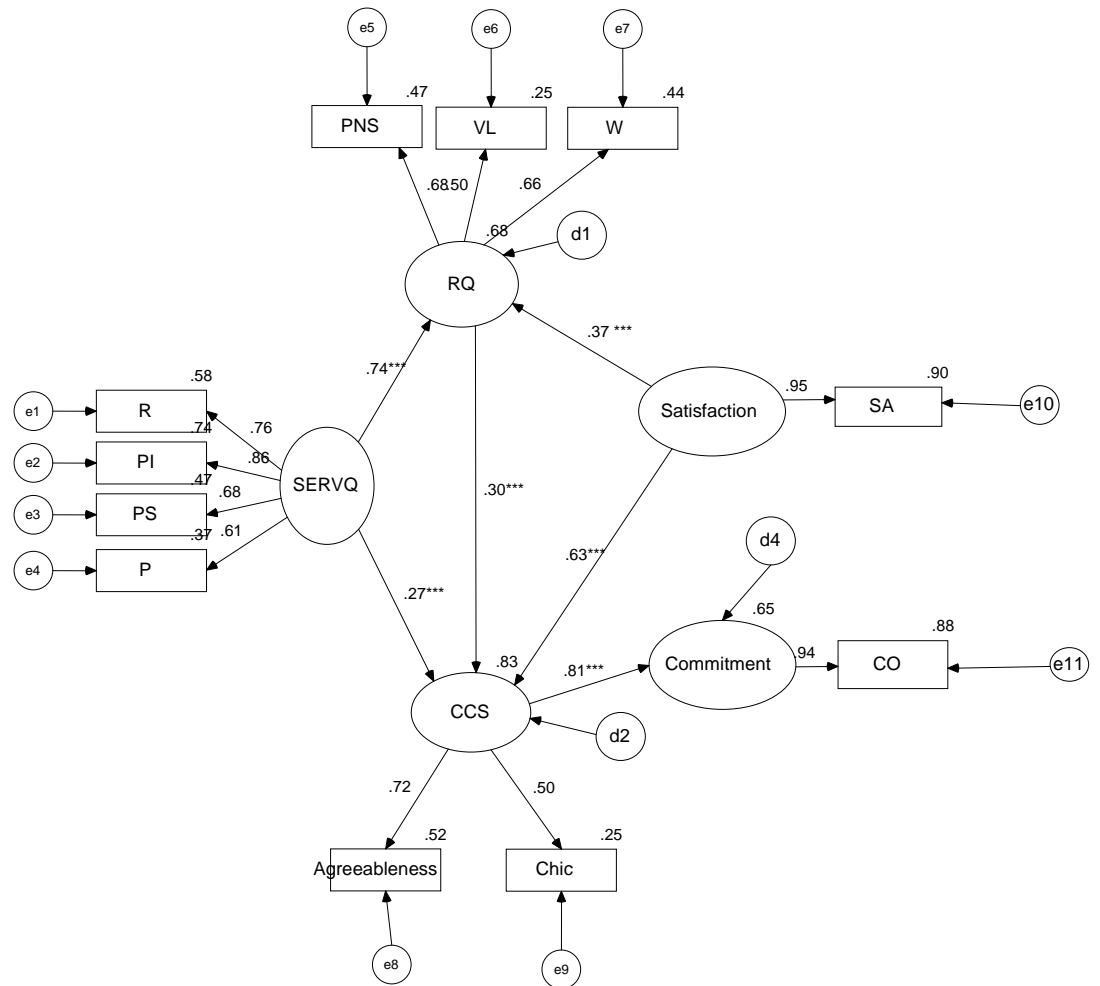
chi-square=405.896(df=40)

p=.000
GFI=.911
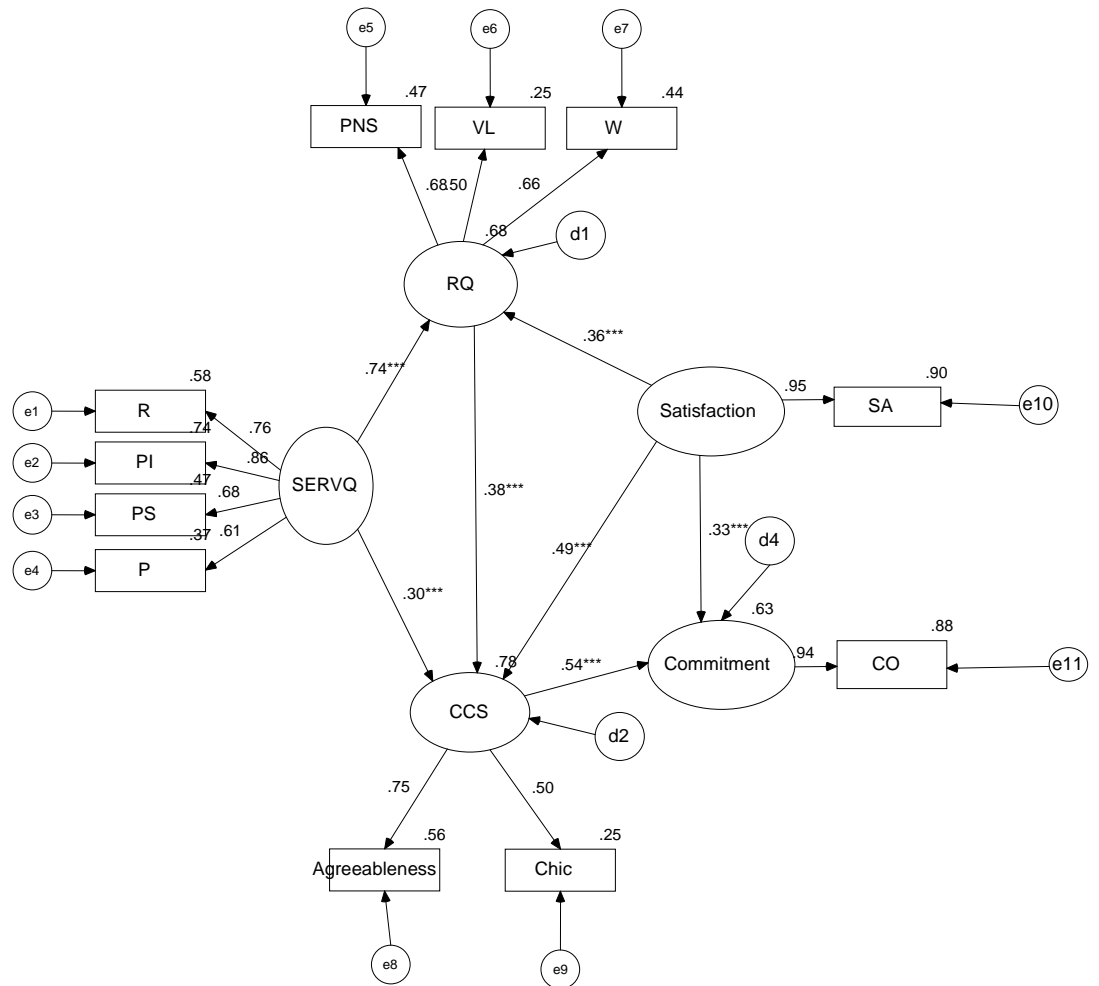CFI=.883
RMSEA=.119
TLI=.839

***P<.001

Alternative model 3

Alternative model 3 tests H4 (*Corporate role-based reputation (RQ) has a positive influence on customer satisfaction*), H5 (*Corporate character reputation (CCS) has a positive influence on customer satisfaction*) and H10 (*Customer satisfaction has a positive influence on customer commitment)* all supported in the baseline model. In alternative model 3, satisfaction is considered as the antecedent of two reputations, the same as in alternative model 2. In addition to this, a path between satisfaction and commitment was also added against the baseline model to investigate whether satisfaction has an influence on commitment if satisfaction is an antecedent of the two measures of reputation.

The model fit was not satisfactory with $\chi^2(39)$ =389.039 p=.000, GFI=.913; CFI=.888, RMSEA=.118 and TLI=.842. Although GFI is well above the cut-off point of .9, other model fit indices such as CFI, RMSEA and TLI did not meet the recommended level of .9 and the acceptable range between 0.5 and 0.8 respectively. All the paths were significant (as was also the case in alternative model 2). However, the result of the chi-square difference statistics showed that the baseline model is a better fit with $\Delta\chi^2$ = -198.144 and Δdf =2, p<.001. Similar to the case of alternative model 2, alternative model 3 is also a more complex model than the baseline model with a higher value of chi-squared than the baseline mode compared to only 2 increases in the degree of freedom. Thus, alternative model 3 also cannot be a better fit than the baseline model. To sum up, the test of alternative model 3 confirmed that satisfaction is not the antecedent of corporate role-based and character-based reputation and satisfaction does not link significantly to customer commitment.

Figure 6.7 Alternative model 3

chi-square=389.039(df=39)
p=.000
GFI=.913
CFI=.888
RMSEA=.118
TLI=.842

***P<.001

Alternative model 4

Alternative model 4 is tests the reversal of H4 (*Corporate role-based reputation (RQ) has a positive influence on customer satisfaction*) and H5 (*Corporate character reputation (CCS) has a positive influence on customer satisfaction*) and by adding the paths of H9 (*Service quality has a positive influence on customer commitment*) and H10 (*Customer satisfaction has a positive influence on customer commitment*) compared to the baseline model.

Similar to the previous alternative model tests, the fit of alternative model 4 was not adequate with $\chi^2(39) = 412.189$ p=.000, GFI=.907; CFI=.881, RMSEA=.122 and TLI=.832. Although GFI is well above the cut-off point of .9, CFI, RMSEA and TLI did not meet the recommended levels. All the paths were significant but the result of the chi-square difference statistics showed that the baseline model is a better fit with $\Delta\chi^2 = -221.294$ and $\Delta df = 2$, p<.001. To conclude the test of alternative model 4, in addition to the result confirmed by alternative models 2 and 3, satisfaction cannot be shown to be an antecedent of corporate reputation and service quality does not influence customer commitment.

Figure 6.8 Alternative model 4

chi-square=412.189(df=39)
p=.000
GFI=.907
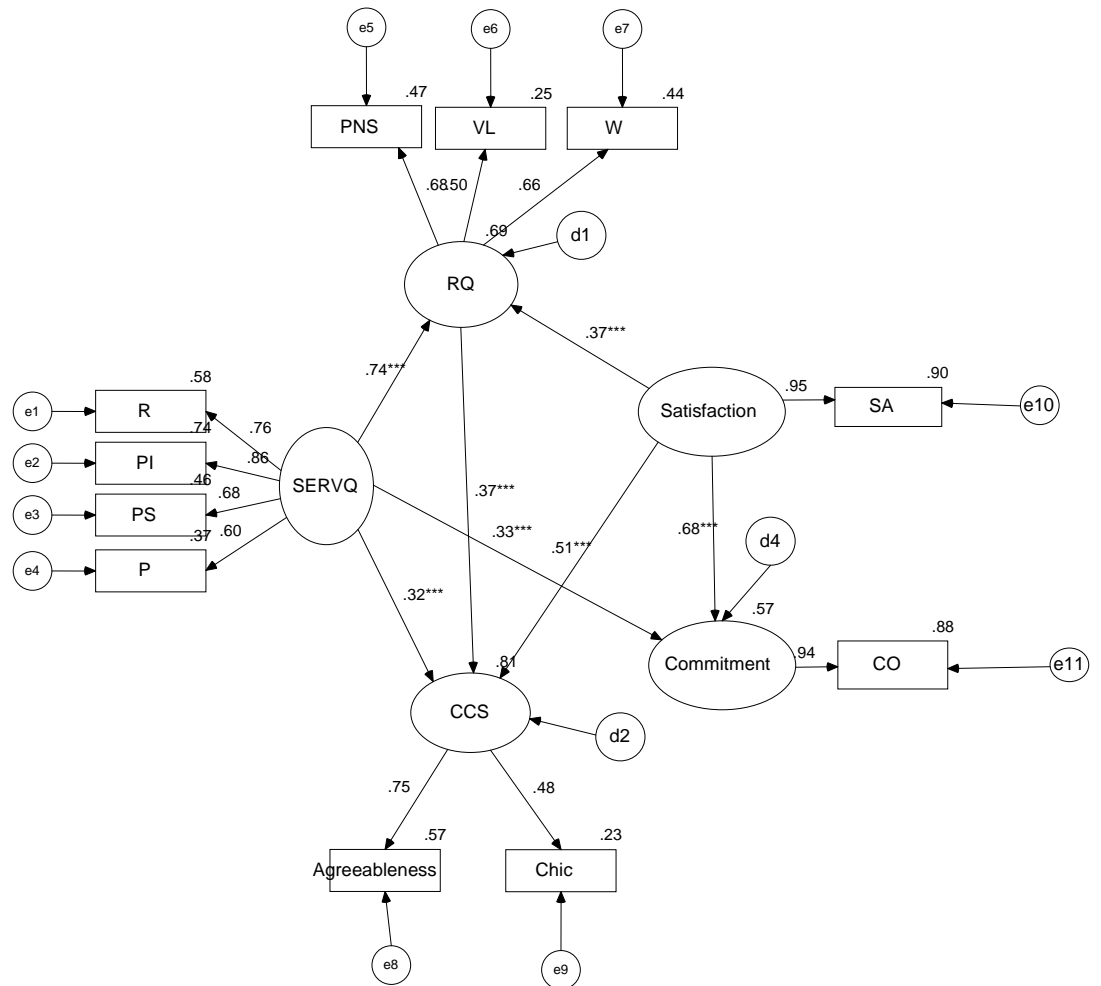CFI=.881
RMSEA=.122
TLI=.832

***P<.001

Alternative model 5

Alternative model 5 is to test the reversal in direction of H7 (*Corporate role-based reputation (RQ) has a positive influence on customer commitment*) and H8 (*Corporate character based- reputation (CCS) has a positive influence on customer commitment*) and the addition of the paths of H10 (*Customer satisfaction has a positive influence on customer commitment*) compared with the baseline model.

The fit of alternative model 5 was adequate with $\chi^2(39) = 232.495$ p=.000, GFI=.940; CFI=.938, RMSEA=.088 and TLI=.913. The path from commitment to RQ and CCS was not significant as seen in Figure 6.8. In addition, the result of the chi-square difference statistics also showed that the baseline model is a better fit with $\Delta\chi^2 = -41.6$ and $\Delta df = 2$ p<.001. Thus the test of alternative model 5 confirmed customer commitment cannot be shown to be an antecedent of corporate reputation and customer satisfaction does not lead to customer commitment.

Figure 6.9 Alternative model 5

PNS .52
VL .29
F .49

RQ

.72 .54 .70 .72 d

.80*

.58
R .76
.72
PI .85
.47
PS .69
.62
P .38

SERVQ

.33**

.55**

.81**

.07 ns

Satisfaction d .67 .95 SA .90 e1

.78***

Commitment d .62 .95 CO .90 e1

CCS .72 01 ns d

.81 .54

.66 .29
Agreeableness Chic
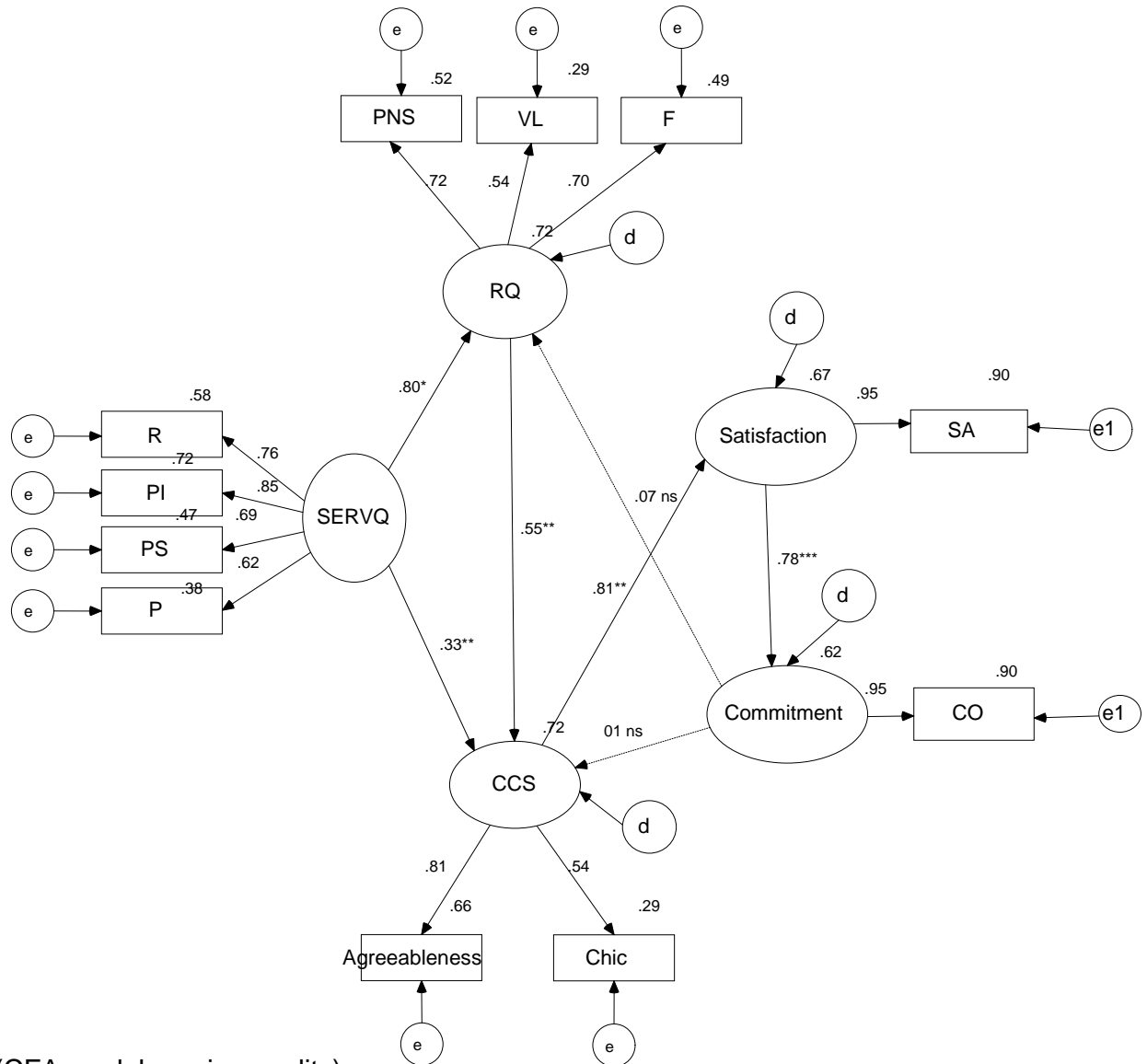
(CFA model-service quality)
chi-square=232.495(df=39)

p=.000
GFI=.940
CFI=.938
RMSEA=.088
TLI=.913

***P<.001

ns: not significant

Alternative model 6

Alternative model 6 tests of H2 (*Service quality has a positive influence on customer satisfaction*), H3 (*Service quality has a positive influence on customer satisfaction*), and H6 (*Service quality has a positive influence on customer satisfaction*) all supported the baseline model. In alternative model 3, service quality is considered the consequence of two reputations. In addition to this, a path between service quality and satisfaction was added against the baseline model to investigate whether service quality has an influence on satisfaction or if it is a consequence of the two measures of reputation.

The model fit was satisfactory with $\chi^2(40)$ =186.399 p=.000, GFI=.951, CFI=.953, RMSEA=.076 and TLI=.936. Furthermore, the result of the chi-square difference statistics also showed that the alternative model is a better fit with $\Delta\chi^2$ =4.496 and Δdf =1, p<.05. However, the relationship between service quality and satisfaction in this model does not, being negative, make sense, although it is statistically significant with β=-.15 at p<.05. It is unlikely that high-quality service leads to low satisfaction, or that low-quality service leads to high satisfaction logically. Hair et al (2006) stated that the most important thing in testing alternative models is theoretical reasoning rather than statistical results. Thus, to sum up, the test of alternative model 6 confirmed that the baseline model is still a better fit than alternative model 6 and service quality cannot be seen as a consequence of RQ and CCS, nor does it influence satisfaction directly.

Figure 6.10 Alternative model 6
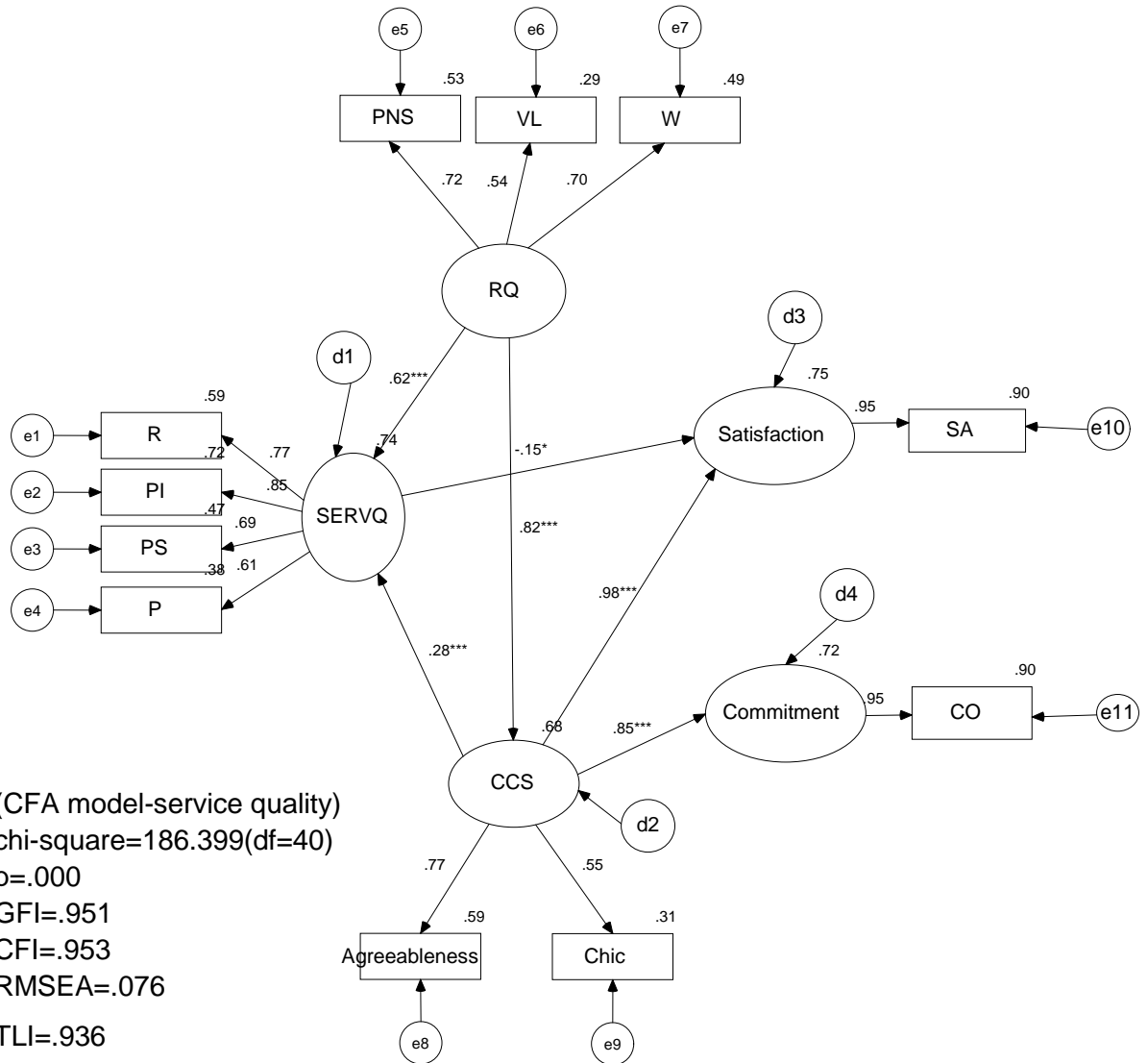
(CFA model-service quality)
chi-square=186.399(df=40)
p=.000
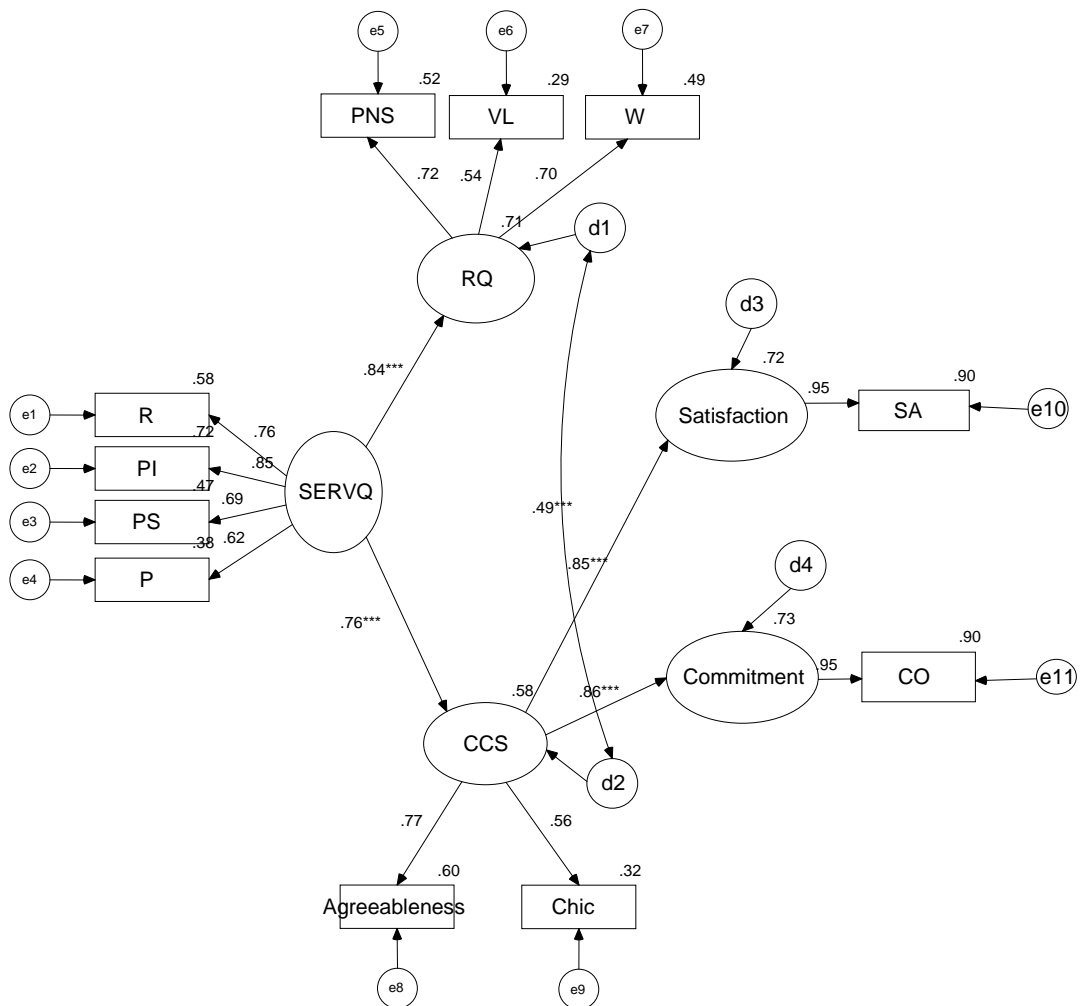GFI=.951
CFI=.953
RMSEA=.076

TLI=.936

***P<.001
*P<.05

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Alternative model 7

So far, the alternative model tests have shown that the baseline model is the best fit to the data , except for Alternative model 1. However, as we may understand from the alternative model 1 test, the direction of the link between role-based reputation and character-based reputation is still unclear. Alternative model 7 has the same path structure as the baseline model except for the inclusion of a covariance between role-based and character-based reputation instead of any causal link.

In AMOS, endogenous latent variables cannot be correlated with each other and so the role-based reputation (RQ) and character-based reputation (CCS) latent variables were correlated via their disturbance variables (d1 and d2 in Figure 6.10) in alternative model 7. Disturbance variables are covaried with endogenous latent variables because they are residuals (or residual errors) of unobserved variables (i.e. latent variables) (Bryne 2000, p 10). Thus correlating the disturbance variables of role-based reputation and character-based reputation has the same effect as correlating two latent reputation variables.

The test result of alternative model 6 showed exactly same result as the baseline and alternative model 1 with $\chi^2(41)$ =190.895, p=.000, GFI=.959; CFI=.952, RMSEA=.076 and TLI=.936. Thus, considering the theory and statistical results on this so far, the researcher concluded finally that the influence between RQ and CCS is interactive or bidirectional and as RQ and CCS are so correlated with each other they should be considered to co-vary. Alternative model 7 should be seen as the final model for the study. The competing model test results are summarised in Table 6.3.

Figure 6.11 Alternative model 7; final model for the study

(CFA model-service quality)
chi-square=190.895(df=41)
p=.000
GFI=.950
CFI=.952
RMSEA=.076
TLI=.936

***p<.001

Table 6.2 Result of the AMOS analyses of the competing models for service quality, reputations, satisfaction and commitment

Model	χ^2	df	p	χ^2/df	GFI	CFI	RMSEA	TLI
Baseline model	190.895	41	.000	4.66	.950	.952	.076	.936
A 1	190.895	41	.000	4.66	.950	.952	.076	.936
A 2	405.896	40	.000	10.15	.911	.883	.119	.839
A 3	389.039	39	.000	9.98	.913	.888	.118	.842
A 4	412.189	39	.000	10.57	.907	.881	.122	.832
A 5	232.495	39	.000	5.96	.940	.938	.088	.913
A 6	186.399	40	.000	4.66	.951	.953	.076	.936
A 7	**190.895**	**41**	**.000**	**4.66**	**.959**	**.952**	**.076**	**.936**

*A refers to 'alternative model'

6.3. Test of the validated model with a sub-data set

To test the rigour of the final model chosen by comparing competing models in the previous section it was also estimated with a sub-data set. The data from the study consisted of that from four different retailers as stated previously: Tesco (N=392), Debenhams (N=90), Boots (N=87) and M&S (N= 73). Of the four different retailers, the Tesco sample is the only one large enough to be used in an SEM the other three retailers' sample sizes being less than 100 cases.

6.3.1. The characteristics of the Tesco sample

As seen in Table 6.4, compared to the whole sample, the Tesco sample represented a relatively well-balanced customer group by gender, with a slightly higher number of female shoppers (56%) than male shoppers (44%), which can be expected for a food retailer. The majority (75.8%) were in the age group of 25 years to 55 years with fairly even percentages within the sample, with 26.3% for the 25-34 age group, 25.0% for the 35-44 age group, and 24.5% for the 45-55 age group. The 16-24 age group (14.5 %) was smaller than that from the whole sample (20.7%). The vast majority of respondents (89.6%) were employed, either full-time (65.8%) or part-time (13.8%). 95.7% of the sample spoke English as their first language, similar to the whole sample.

Table 6.3 Characteristics of the Customer Sample: Tesco

Variable	Value Label	Freq (valid %)	Total
Gender	Male Female	173 (44.1) 219 (55.9)	392 (100%)
Age	16-24 years 25-34 years 35-44 years 45-55 years Over 55 years	57 (14.5) 103 (26.3) 98 (25.0) 96 (24.5) 38 (9.7)	392 (100%)
Language	English Not English	375(95.7) 17(4.3)	392 (100%)
Occupation	Full-time employee Part-time employee No paid employment Other *(student, unemployed, retired, etc)*	258(65.8) 54(13.8) 16(4.1) 64(16.3)	392 (100%)

Regarding their shopping frequency, as seen in Table 6.5, 78% of the respondents shop there more than once a week or twice a month at least. Thus the majority of the respondents are regular shoppers at Tesco stores. In general, there were no serious differences between Tesco and the whole sample in terms of the background of the respondents.

Table 6.4 Shopping frequency (Tesco sample)

Variable	Value Label	Freq (valid %)	Total
Shopping Frequency	Very frequently (Once a day more) Frequently (More than once a week) Average (Once a week) Rarely (Less than 2 time a month) Very rarely (Less than once a month)	38(9.7) 167(42.6) 139(35.5) 35(8.90) 13(3.3)	392(100%)

6.3.2 The evaluation of the final model in Tesco data

The final model was tested with data from 392 Tesco shoppers. The result provided an adequate fit with $\chi^2(41) = 190.895$, p=.000, GFI=.950, CFI=.952,

RMSEA=.076 and TLI=.936 (see Figure 6.10). χ² statistic was not significant at p=.000 but all the other fit indices were above recommended levels. The factor loading of the Vision and leadership dimension of role-based reputation of RQ, showed a loading of .49, but it was retained because it is so close to the cut off point of .5. There were no high MI's and problematic standardised residuals beyond 4.00 which would cause misspecification potentially. All the paths suggested in the model were also significant at p<.001, the same as in the final model with the whole sample. Thus, it can be said the final model selected in the previous section is confirmed at the level of the individual firm.

Figure 6.12 The result of the final model with the Tesco sample
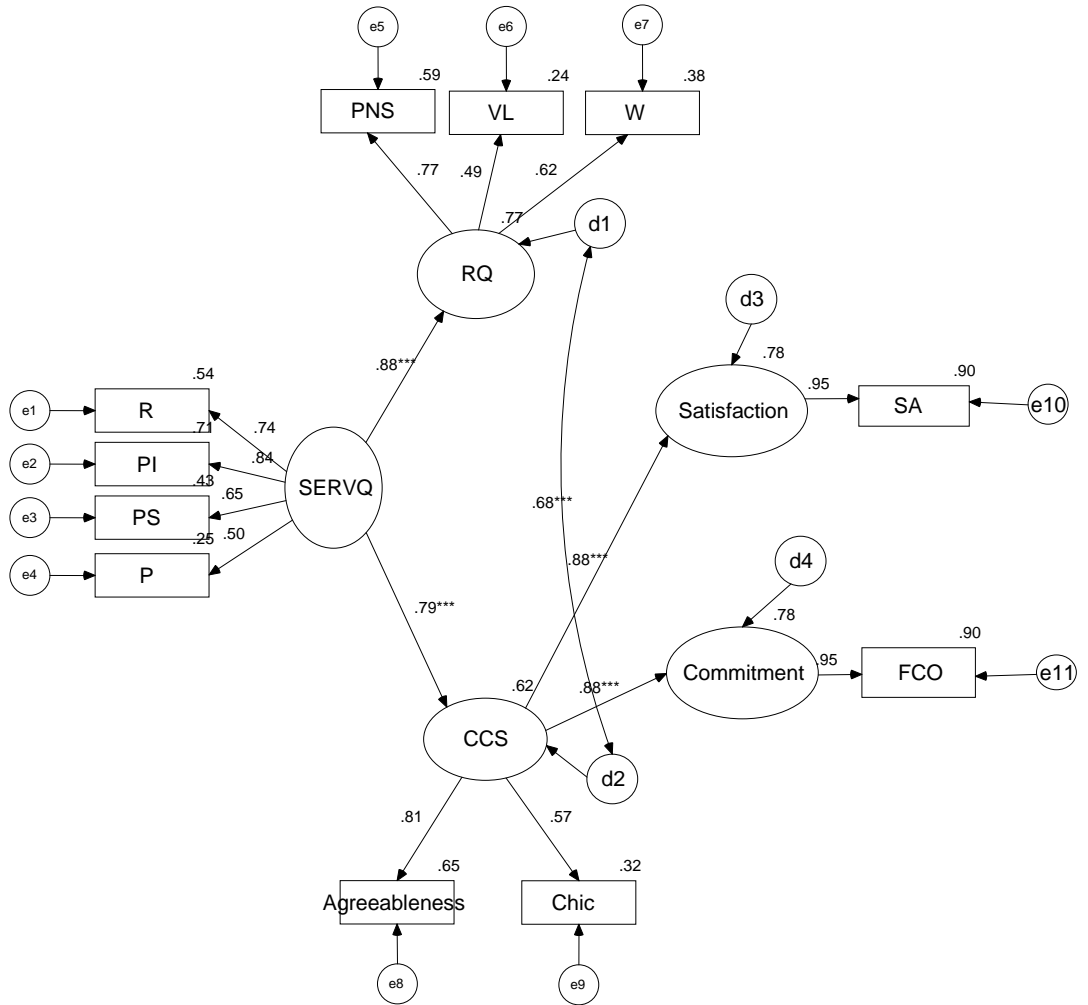
(CFA model-service quality)
chi-square=164.475(df=41)
 p=.000
 GFI=.931
 CFI=.937
 RMSEA=.088
 TLI=.916

***P<.001

6.4 Conclusion

According to the results of the data analysis, corporate role-based reputation and corporate character-based reputation, which are based on two different types of attribute (cognitive and affective) appear to be highly correlated with each other. Their relationship is best considered as bi-directional rather than any influence from one to another. In terms of methodological perspective, RQ and CCS seem to measure the same underlying construct of corporate reputation. The two measures lack discriminant validity but their relationship to other constructs differed. While the two measures of reputation were influenced by service quality, on the other hand, regarding customer attitudinal responses, customers' satisfaction and commitment were influenced more clearly by the affective attributes of corporate reputation (corporate character-based reputation). In terms of comparison of the two scales, CCS appears to predict customer satisfaction and commitment better than RQ. In the next chapter, the main findings of the study will be discussed in depth with regard to the hypotheses for the study and the existing literature.

CHAPTER 7 DISCUSSION

7.1 Introduction

Chapter 6 has presented the results of the data analysis. In this chapter, the research scenario is revisited first in order to assist the reader in contextualising the discussion. Then, an in-depth discussion of the main findings of the study is conducted in accordance with the proposed hypotheses and existing studies in the area.

7.2 Research Context

The existing studies in the area of corporate reputation most relevant to this thesis can be categorised into two main streams of thought in terms of the reputation construct and its measurement. These are socially-expected role-based corporate reputation and corporate character-based reputation. These reputation perspectives are based on two different attributes of corporate reputation, which are the cognitive and affective aspects of reputation as perceived by stakeholders. In the reputation study area, the two dominant measures for corporate reputation are the RQ (Fombrun et al. 2000b) and CCS (Davies et al. 2003) each representing a different perspective, or at least that is what is claimed in the literature (Berens and van Riel 2004; Chettahamrongchai 2010). Certainly the two measures appear to differ substantially, one (RQ) asking respondents about their perceptions about the role of the company and how well it performs in that role (e.g. is company X a good employer?) and the other (CCS) asking about respondents' feelings about the company (e.g. is company X supportive?). To complicate matters RQ contains a measure of affect similar to items within the CCS and the CCS adopts a projective approach, asking respondents to 'imagine that company X has come to life as a person' adopting the metaphor of company as person. The RQ is predominantly a cognitive measure and the CCS an affective measure of

'reputation' but as the authors of the second scale cite the main author of the first in their definition of reputation, it would appear that they are both attempting to assess the same underlying construct. The issue for researchers in the field and for this interpreting their findings in both academia and commerce is whether one measure is more useful than the other and whether their obvious differences matter. This study then aims to provide a timely comparison between the two measures and to examine empirically the relationships between these two competing measures of reputation and also their relationship with the relevant constructs which are service quality, satisfaction and commitment in the context of the service sector. In particular, the research investigates the following:

1) The relationship between corporate role-based reputation and corporate character-based reputation (Hypothesis 1).

2) The relationships between service quality and the two corporate reputations (Hypotheses 2 and 3).

3) The relationship between two corporate reputations, customer satisfaction and commitment (Hypotheses 4 to 10).

These ten hypotheses, which were drawn from the literature review in order to construct the model for the study, were tested with data from customers in the retail sector. In the next section, the main findings of the study are interpreted and discussed in detail according to each hypothesis and are compared with existing research on the topic.

7.3 Discussion of the Findings

7.3.1 The causal relationship between the two aspects of corporate reputation and the relationship between the two competing scales

Hypothesis 1 Corporate role-based reputation (RQ) has a positive influence on corporate character-based reputation (CCS).

There has been no previous research on the causal relationship between the two reputation measures, although some conceptual suggestions have been advanced. Regarding this, the sequence between cognition and emotion, which forms the basis for the difference between the two measures, was discussed first in the literature review. Although there is no clear recognition of any sequence between them, some authors and exploratory research in the wider marketing area suggests that cognition leads to emotion (Oliver 1997; Franzen and Bouwman 2001; da Silva and Alwi 2006) rather than vice versa.

Within the reputation literature, some authors suggest that perceptions on corporate roles such as Product and service quality, Vision and leadership, social responsibility and environment (RQ) influence perception on corporate personality such as Agreeableness (honest, trustworthy), Enterprise (innovative) and Competence (Fombun 1996; Groonros 1988; Seitel 2001; Casa et al. 2004; Grunhan-canli and Batra 2004; Schimann 2007; Daneels 2002). Others feel that Agreeableness (honest, trustworthy), Enterprise (innovative, modern, up-to-date) and Competence (reliable, achievement-oriented) of CCS influence Product and service quality and Vision and leadership (Brown and Dacin 1997; Gruhan-Canli and Batra 2004; Fairnholm 1994) of RQ. As highlighted earlier, more literature seems to support the influence of cognition over affect (see tables 3.2 and 3.3 in Chapter 3).

To understand the causal relationship between the two aspects of reputation, first, the distinctiveness of two reputation measures (role-based and character-based

reputation) in terms of measurement was investigated by comparing the original dimensions of two scales in a model. The result revealed that two constructs which are conceptually different are not distinct. This is contrary to the conclusion of the study on two reputations at product level conducted by Baht and Reddy (1998), which suggested that the two different brand reputations (here, they used the terms 'functional' and 'symbolic' instead of 'cognitive' and 'affective' for their two-reputation construct) are distinct. Instead, the current study's result suggests that the two different aspects of corporate reputation are more like 'two ends of a continuum (Baht and Reddy 1998)' just as Baht and Reddy (1998) had first assumed but discarded in their empirical study.

To try to provide clear evidence as to the causal ordering of the two aspects the author's work examined competing models both within the context of antecedents and consequences of reputation (alternative model 1 and alternative model 7), and in a context where both measures were considered alone in a single model (section 6.2). In the former sub- measures of both RQ and CCS had to be dropped to achieve a good fit in SEM and in the latter a good fit was not obtained. Nevertheless, while there is more support for a causal ordering from RQ to CCS, the evidence is not conclusive. Furthermore Alternative model 6 showed that the relationship between the two corporate reputation latent constructs can be considered to be bi-directional. .

Although RQ and CCS were apparently developed to measure different aspects of corporate reputation (Berens and van Riel 2004), in fact they appear to measure the same underlying construct. Thus, it can be seen in the result that the two scales represent two different faces of corporate reputation, and hence they can be regarded as complementary measures and not different measures.

7.3.2 The Relationship between Service Quality and the Two Corporate Reputations (Hypotheses 2 and 3)

Hypothesis 2: Service quality has a positive influence on corporate role-based reputation (RQ). Hypothesis 3: Service quality has a positive influence on corporate character-based reputation.

Hypotheses 2 and 3 were tested to understand how the two different corporate reputation latent constructs are linked to service quality, particularly in terms of the multi- dimensional levels of corporate reputation. Both hypotheses are supported.

The results indicate that service quality influences both cognitive and affective aspects of corporate reputation. In other words, service quality influences both corporate role-based reputation and corporate character-based reputation with similar weights (β= .84 and β=.76 respectively at p<.001) (see figure 6.11 in Chapter 6). The close relationship between service quality and reputation result was expected to a large extent. From the measurement standpoint, the corporate role-based reputation (RQ) has a dimension relating to service and product quality which is similar to the service quality construct. (Thus a concern was raised about the high correlation between the dimension of RQ and the service quality construct when hypotheses 2 and 3 were proposed in Chapter 3). However, it can be said that the retail service quality scale covers a more comprehensive list of perceptions of service quality than corporate role-based reputation (RQ) because RQ assesses reputation as a product and service provider in terms of the normative 'value' of a company. Here, quality in RQ is regarded as rather a socially-expected obligation of a company. Thus, service and product quality still seems to be one of the most important factors in determining role-based corporate reputation.

In addition, the possibility of service quality as the consequent of the two reputations was tested using the test of alternative model 6. The result confirmed

that service quality is not a consequent. This is against the result of some studies (Andreassen and Lindestad 1998) but is consistent with the findings of other previous studies (Wang et al 2003; Hu et al 2009). However, the latter studies have difference from the current study in that they used single corporate reputation measure in the study.

To summarise, in a practical sense, a high quality of service – often helped by modern and convenient store facilities, and a high standard of staff attitude and behaviour towards customers during service delivery – can lead to a favourable corporate reputation being perceived by customers. In such situations, the customers' perception is that the store is a good product and service provider, has strong leadership in management, and is highly socially responsible, trustworthy, honest, innovative and reliable in character.

7.3.3 The Relationship between Service Quality, Corporate Reputation, Customer Satisfaction and Commitment

This section discusses the relationship between service quality and customers' affective attitudes, such as satisfaction and commitment, according to the results from the testing of hypotheses 4 to 10.

7.3.3.1 Relationship between Service Quality, the Two Corporate Reputations and Satisfaction (Hypothesis 4, 5 and 6)

Hypothesis 4: Corporate role-based reputation (RQ) has a positive influence on customer satisfaction. Hypothesis 5: Corporate character-based reputation (CCS) has a positive influence on customer satisfaction. Hypothesis 6: Service quality has a positive influence on customer satisfaction.

Hypotheses 4, 5 and 6 were tested to investigate how service quality, the two corporate reputations and satisfaction interact. The test results support the influence of CCS on satisfaction (H5) but not that of RQ on satisfaction (H4) or

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service quality on satisfaction (H6) directly. The results of H4 and H5 are somewhat unexpected from the literature review and contrast with the previous studies which used a single reputation construct (either role-based or character-based reputation) to investigate those relationships among three constructs (service quality, reputation and satisfaction) in a model (for example, Andreassen and Lindestad 1998; Zins 2001).

The rejection of H4 by the model testing can be compared to the result of the study conducted by Andreassen and Lindestad (1998), which showed that corporate role-based reputation (they used the single-dimension measure for corporate reputation) influences the perceived service quality and customer satisfaction for the airline industry. This is probably because of the inclusion of corporate character-based reputation in the model, which predicts affective satisfaction stronger than role-based reputation. The result of H5 is consistent with work by Zins (2001) which showed that corporate character-based reputation influences satisfaction in the airline industry. Such a result is also in line with the results by Davies and Chun (2002) and da Silva and Alwi (2006) which confirmed that corporate character-based reputation influences customer satisfaction in a retail context. As for H6, the result is not consistent with some previous studies which confirmed the direct influence from service quality to satisfaction (e.g. Bloemer et al 1998) but is similar to one of the research by da Silva and Alwi (2006) which showed that service quality influences satisfaction via corporate character-based reputation. Put another way, reputation mediates the influence of service quality on satisfaction. For practitioners, this is an interesting finding for they might decide that improving reputation can be achieved by other ways than improving service quality. For example, discount food retailers do not set out to offer the same service quality as a superstore, yet both can succeed – the former with a reputation for price and the latter for service quality.

As for the investigation of the three hypotheses, another important issue was the possibility of satisfaction as the antecedent of the two reputations, as suggested in

the literature review. The study tested the three hypotheses using alternative models 3 and 4 again. The results confirmed that satisfaction is better seen as the outcome of the two reputations, as well as of service quality, not as the antecedent of them.

To sum up, the finding on this relationship is that service quality and corporate role-based reputation do not influence satisfaction directly but do influence satisfaction via corporate character-based reputation. In a practical sense, the provision of high-quality service and strong performance in terms of the company's socially expected corporate role influence the perception of favourable traits of the company and then such favourable corporate traits enhance customers' satisfaction of the company ultimately. The affective measure of reputation (CCS) appears more useful in predicting and therefore explaining satisfaction than the cognitive measure (RQ).

7.3.3.2 Relationship between Service Quality, Corporate Reputations and Commitment

Hypothesis 7: Corporate role-based reputation (RQ) has a positive influence on customer commitment. Hypothesis 8: Corporate character-based reputation (CCS) has a positive influence on customer commitment. Hypothesis 9: Service quality has a positive influence on customer commitment.

The findings of the study on the relationships between service quality, the two corporate reputations and commitment is similar to the ones between service quality, the two reputations and satisfaction. While corporate character-based reputation (CCS) directly influenced commitment (H8), service quality and corporate role-based reputation (RQ) did not (H7 and H9). The result of H8 is consistent with the existing research findings of Zins (2001). According to the result of Zins (2001), corporate character-based reputation is the main driver of customer commitment.

Regarding H7, as mentioned earlier, the study sample did not support it but the result is unexpected. According to the research by Bennett and Gabriel (2001) in the B2B context and by Keh and Xie (2009), corporate role-based reputation does not influence customer commitment directly but does so rather via customer trust. Trust is related to 'confidence' and 'reliability' between two parties in the relationship (Wong and Sohal 2002). Thus trustworthiness, reliability and confidence are important components for customers to commit to the company. However, corporate role-based reputation emphasises cognitive rather than emotional attributes and whose influence may need to be mediated by these emotional attributes – 'trust' in particular – to achieve customer commitment. This perhaps explains why corporate role-based reputation (RQ) did not show any influence on customer commitment directly. In this case, emotional trust seems to intervene and lead to customer commitment. For example, if customers believe a company is a good employer and provides good quality of products and service, and has clear vision and good management, they may feel the company is reliable and trustworthy, thereby leading them to want to commit to the company as loyal customers.

With regard to H7 and H8, the possibility of commitment being an antecedent of the two corporate reputations suggested by the literature was additionally tested using alternative model 5 but the result showed that the two corporate reputations precede the customer commitment. This confirmed again that the customers' emotional concerns for and attachment to the company is led by the favourable reputation of the company.

As for H9, the finding is not consistent with previous studies, as was the case with H7. In reality, it seems that customers commit to companies because of favourable corporate reputation, rather than quality of service. Yet, as stated briefly in Chapter 6, although service quality and role-based reputation did not influence customer commitment directly, they did have an indirect influence on commitment via corporate character-based reputation.

To summarise on the relationship between service quality and the two corporate reputations and commitment, the results indicate that corporate character-based reputation is the main driver of commitment, as was the case with satisfaction. The emotional commitment of customers was driven by the emotional attributes of the company (Zins 2001). Thus, it is not surprising that character-based reputation (CCS), which emphasises affective characteristics, is more influential than service quality and role-based reputation, which are basically cognitive constructs.

7.3.3. 3 Satisfaction and commitment

Hypothesis 10: Customer satisfaction has a positive influence on customer commitment

As for H10, the relationship between commitment and satisfaction has been extensively studied in many service contexts (Bettencourt 1997; Zins 2001). However, most unexpectedly, the relationship was not confirmed by the current study. This unexpected result was confirmed when the final model was re-tested using data from just the one company. This implies that a satisfied customer is not necessarily one who becomes committed to the service provider. One possible explanation is the level of competition in the sector under study, British retailing, where shoppers tend not to patronise a single retailer within a sector. But this issue needs further study.

7.4. Conclusion

To summarise the discussions on the study findings, first, corporate role-based reputation and corporate character-based reputation can be understood as two faces of the same coin, as cognitive attributes and emotional attributes of corporate reputation. Second, the formation of corporate reputation (howevermeasured) depends on the quality of service of the company. Third,

considering the influence of service quality and corporate reputation on the two outcome variables of satisfaction and commitment – on which this study focuses – corporate character-based reputation is understood as the best predictor. The influence from service quality and corporate role-based reputation to these variables was not direct and only occurred via corporate character-based reputation. Hence, it can be said that the emotional attributes of corporate reputation play a more determinant role in influencing both customer satisfaction and customer commitment in a service setting. The results support the idea that in the eyes of the customer, the affective attributes of corporate reputation distinguish the company better than their perception of cognitive attributes. This in turn leads to customers having a better affective response to the company (see also Lievens and Highhouse 2003). It may be because the affective attributes of corporate reputation are easier to evaluate than the cognitive attributes of corporate reputation, which can be more easily changeable according to customers' knowledge. Thus the emotional attributes of corporate reputation ultimately provides a platform which leads to customer satisfaction and then commitment.

In terms of measurement, the findings confirmed that in the service sector, CCS predicts both customer satisfaction and commitment whereas RQ does not do this directly but only via CCS. This may arise from the differentiation capability of CCS. As noted by Harris and de Chernatony (2001), customers perceive differentiation better on emotional rather than functional characteristics. The performance levels of the service and products of companies in the same industry are often not very differentiated. Thus, CCS can be better than the RQ scale at finding out how companies are differently perceived, i.e. when corporate functions or roles are similarly operated in the same industry. Another possible explanation for this finding may be found in its generality in measuring corporate reputation. Fiedler and Kirchgeorg (2007) established from their research that affective or emotional corporate reputation is less group-specific than cognitive corporate reputation among stakeholders. Thus, CCS may be used to better effect

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than RQ for measuring generic corporate reputation that is not limited to reflecting certain stakeholders' perceptions.

In conclusion the results of all the hypotheses are summarised in Table 7.1.

Table 7.1   Hypotheses Test Results

Hypotheses	Supported or rejected
H1 Corporate role-based reputation (RQ) has a positive influence on corporate character-based reputation (CCS).	Supported
H2 Service quality has a positive influence on corporate role-based reputation (RQ).	Supported
H3 Service quality has a positive influence on corporate character-based reputation (CCS).	Supported
H4 Corporate reputation (RQ) has a positive influence on customer satisfaction.	Rejected
H5 Corporate reputation (CCS) has a positive influence on customer satisfaction.	Rejected
H6 Service quality has a positive influence on customer satisfaction.	Rejected
H7 Corporate reputation (RQ) has a positive influence on customer commitment.	Rejected
H8 Corporate reputation (CCS) has a positive influence on customer commitment.	Supported
H9 Service quality has a positive influence on customer commitment.	Supported
H10 Customer satisfaction has a positive influence on customer commitment.	Rejected

CHAPTER 8 CONCLUSION

This chapter highlights the contributions of the study to theory and management practice. Furthermore, the limitations of the study are discussed, and some suggestions for further research are provided. Lastly, the final conclusion of the study is addressed.

8.1. Academic Contributions

8.1.1 The relationship between two perspectives of corporate reputation and their measures (RQ and CCS)

Although in the literature there is a discussion about the two attributes (cognitive and affective) of reputation (Berens and van Riel 2004; Bhat and Reddy 1998; Keller 2003; Lievens and Highhouse 2003), there has been limited literature on the links between them. The two attributes of reputation are represented by the two main measures of the reputation construct, RQ and CCS, which focus respectively on socially expected corporate roles (cognitive attributes) and corporate personality (affective attributes). The first asks respondents about their perceptions of the company's behaviour in its role, for example, as an employer, and is then a measure of cognition or beliefs held about that organisation. The second asks respondents to assess how well certain traits describe the company and is then a measure of affect or the more emotional associations being made. There is a debate amongst those who research reputation as to the relative merits of each approach (e.g Berens and van Riel 2004; Chettamrongchai 2010) which reflects a longer standing debate in the same field as to how to measure this important intangible asset (Fombrun et al 2000b; Davies et al. 2001; Walsh and Weidemann, 2004; Chun 2005). The origins of this thesis come from that debate and the need to shine some objective light on the issues involved.

One contribution from this work has been to examine the relationship between the two measures, RQ and CCS. The literature review found two theoretical possibilities on the link between the two measures: cognition to emotion, emotion to cognition

The study tested the causal direction of the link between the two measures with structural equation modelling on data from the retail sector. However, according to the study result, the sequence of influence from one to another is not clear, suggesting a 'chicken and egg' situation where seeing the two attributes as co-varying is as valid mathematically as the only slightly better fitting explanation of cognitive to affective, rather than vice versa. This implies that the process of corporate reputation formation is not unidirectional but a result of an interactive process which involves continuous judgment of customers on each attribute of corporate reputation. Furthermore, this also means the two forms of corporate reputation are not totally separate concepts but are two ends of a reputation spectrum of the associations made about a company. Thus, corporate reputation should, the author would argue, be considered as the result of the interaction between cognitive and affective judgments and that RQ and CCS are not different but complementary in measuring corporate reputation. Researchers should then consider using both types of measure in exploring reputation issues.

8.1.2. The importance of affective attributes of corporate reputation (CCS)

Although the finding about the relationship between cognitive attributes of reputation and affective attributes of reputation suggests that they interact with each other in a reputation formation process, another finding regarding the relationship between affective attributes of reputation and other key constructs (service quality, satisfaction and commitment) revealed that affective attributes of reputation are more responsible in leading customers to form favourable higher level attitudes such as satisfaction and commitment. When looking at the whole sequence of paths between service quality, the two reputations, satisfaction and

commitment in the SEM models of the study, role-based reputation seems to have a more limited role in influencing satisfaction and commitment and does so via character-based reputation and thus indirectly. Corporate character-based reputation appears to be the terminal of the reputation formation process and that aspect which influences both satisfaction and commitment directly. Further corporate character-based reputation also plays a more significant role because service quality impacts satisfaction and commitment only via corporate character-based reputation. This suggests that the affective aspects of corporate reputation play a dominant role in the minds of customers. .

Such findings have contributed to the existing literature on consumer behaviour which implies that customers' affective attitudes are more influenced by affective factors rather than cognitive factors (Edwards and von Hippel 1995; Zins 2001; Heath 2007). This is because affective attributes are more easily perceived than cognitive attributes which need more knowledge and calculation. In addition, affective attributes (ie, personality traits) are more endurable once they are established (O'Shaughnessy and O'Shaughnessy 2003; Plessis 2005). So while researchers should consider both cognitive and affective attributes when measuring reputation, they should focus their attention on the latter as this appears to be more useful in understanding customer attitudes. Practitioners in turn should put more emphasis on their management of affective attributes of corporate reputation by understanding what they can do to influence individual traits within such measures as the CCS.

The findings showed that the two corporate reputation scales using different measurement attributes are actually measuring the same construct that of corporate reputation, just with a different approach. However the CCS is more useful than RQ with its better predictive capability. One explanation is that personality traits can be more easily and distinctively recognised by customers than certain functions of the company (McEnally and de Chernatony 1997).

8.1.3 Service quality and corporate reputation

Prior studies examining the links between service quality and reputation have used a single dimension of corporate reputation (e.g., Andreassen and Lindestand 1998; Wang et al. 2003). This study investigated the relationship between service quality and both attributes of corporate reputation and shows that service quality influences both, although the links from service quality to RQ were stronger than those to the CCS. More importantly the causal ordering of reputation and service quality has been examined using competing models in Chapter 6. The finding, that service quality is better seen as creating reputation goes against some of the existing studies which suggest that corporate reputation leads to service quality (e.g. Andreassen and Lindestand 1998) but is consistent with many others (Hu et al. 2004; Semejin et al. 2004; Wang et al 2003; da Silva and Alwi 2006) that find the opposite. If reputation is the result of all the influences on the stakeholder (Fombrun 1998) then the results here are arguably more to be expected. As the competing models demonstrate, mathematically there is a case for the reverse, but not as convincing as that which argues that service quality creates reputation, a significant finding for practitioners.

8.2. Practical Implications

It is necessary to consider various components of corporate reputation in a comprehensive way for effective corporate reputation management since the reputation formation process involves not only cognitive and but also affective perspectives. The goal and usage of appropriate attributes of reputation in corporate reputation management should be carefully distinguished according to the characteristics of their relationship to the customers and companies.

According to the study finding, character-based reputation mediates role-based reputation, service quality and two attitudinal responses: satisfaction and commitment. This role of corporate character-based reputation gives practical

implications to managers about how to manage service quality and two aspects of corporate reputation to gain favourable customer responses.

First, in order to achieve a good reputation, managers should decide which resources of a company – service quality, role-based reputation, or character-based reputation – should be managed. As mentioned earlier, a company that provides limited quality of service may pay more attention to enhancing its character-based corporate reputation which leads to customers promoting the desired personality of the company. Similarly, a company that has gone though a crisis by failing to provide high-quality products and service or to be a good employer can also avoid customer dissatisfaction and lack of commitment by improving or escaping from the negative situation by standing out with a more positive corporate personality.

Clearly, the control of character-based reputation, i.e. corporate personalities, is not a panacea to elicit favourable customers' attitudes. As understood by the study findings, the attention and audit on service quality and corporate role should be given at a certain level because corporate character-based reputation is not separated from them.

With regard to corporate character-based reputation management, one of the most important considerations in managing corporate reputation is the fact that consistency and credibility are two crucial factors that transform cognitive corporate reputation into affective attributes of corporate reputation. This can be seen from the literature review in Chapter 2, as well as from the empirical results showing the powerful effect of the 'Agreeableness' trait embedding the credibility and consistency of CCS, which in turn determines customer commitment.

8.3 Limitations of the Study and Suggestions for Further Research

The study has shown high correlations between role-based reputation (RQ) and character-based reputation (CCS). In a behavioural study, it is considered that such high correlation may be evoked due to the effect of common method variance (CMV) which is a methodological error that occurs via usage of the same method in measuring relevant variables (Podsakoff et al 2003). Thus such high correlation between two latent constructs may be interpreted since the study used a 5-point Likert scale questionnaire to measure both variables. However, CMV does not necessarily imply a bias in correlations among variables (Doty and Glick 1998). In addition, if a common method variance may exist, the application of confirmatory factor analysis is useful to resolve the CMV problem statistically. It helps to model explicitly the variance in a measure as a function of three components – true score variance, the variance due to method effect, and random error – so the estimation of the true relationship is possible, although the identification problem of models may sometimes happen (Malhorta et al, 2006). Regarding the identification problems, it is believed that the study resolved this using alternative model tests. Thus the study tested the measurement model using CFA and the proposed model with alternative models. According to Doty and Glick (1998, p. 400), common methods bias of 20% to 40% may raise a concern but such an effect is not sufficiently large enough to invalidate any of the theoretical interpretations and research conclusions which depend upon quite strong correlations between variables. Thus, any common methods variance issues would not invalidate the study findings.

This study considered the customers of British retailers. The final model held for both the full sample and for the customers of a single business but validity could be improved further by re-testing the same model in non-retail contexts.

In respect of other future research studies, the researcher suggests the following. Firstly, since this study focused on the Business-to-Consumer context, the same

model could be applicable in the Business-to-Business context. Customers in the B2C sector may be more likely to be influenced by the affective attributes of reputation than those in the B2B sector who might rely more on rational judgement for decision-making than on emotional judgement. However, as the existing literature suggests, the reputation of business partners is also important to the B2Bsector (Hansen et al. 2008; Blythe and Zimmerman 2005). Thus, it would be interesting to see how important a role is played by the affective attributes of a B2B firm's corporate reputation in increasing customer satisfaction and commitment.

Secondly, it would be interesting to test the model in countries other than Britain, as the corporate role expected by society may differ depending upon the local culture. For example, economic responsibility is more appreciated in North America and social and philanthropic responsibility is much more emphasised in Europe than in Asia (Maigan 2001). Notions of social responsibility vary with time, place and circumstance (Epstein 1987).

Finally it would be interesting to repeat the study for a different stakeholder group, in particular employees, where commitment and satisfaction are both useful outcomes to understand in terms of their antecedents (Bergstrom and Anderson 2001; Davies 2008).

8.4 Final Conclusion

This study examined the relationship between corporate role-based reputation (RQ) and corporate character-based reputation (CCS) which represents the two main attributes of corporate reputation, and the relationship of these two aspects with other relevant constructs such as service quality, satisfaction and commitment, in the context of customers of British retail service companies. The main findings are as follows: the cognitive attributes of corporate reputation (role-based reputation) and affective attributes of corporate reputation (character-based

reputation) are two different but highly related expressions of a corporate reputation; and the affective attributes of corporate reputation are most important in determining corporate reputation and customer attitudes such as satisfaction and commitment. From a methodological perspective, RQ and CCS measure the same construct, that of corporate reputation, even though they are very different as measures. However, CCS can be seen as more useful than RQ because of its better prediction of customer satisfaction and commitment. This indicates that in a service setting, the management of corporate-character reputation should be considered as crucial, since a good reputation leads to favourable customer attitudes, such as customer satisfaction and commitment. In addition, it also indicates that in terms of diagnosing corporate reputation independently and predicting customer attitude, the CCS using corporate personality traits is more effective in service settings.

This study contributes to the understanding of the two attributes of corporate reputation and the two main measurements for corporate reputation, as well as their associations with service quality, customer satisfaction and commitment in the service setting. Additionally, it contributes to the literature regarding the management of corporate reputation by confirming the importance of affective attributes of corporate reputation and usefulness of CCS as corporate reputation measures.

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Appendix

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Manchester Business School
University of Manchester

Research into Reputation of Tesco

Researcher: Jeong Kim
Doctoral student

Supervisor: Prof. Rosa Chun
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</div>

* Your answers will be treated confidentially, as we will only be using the results of the surveys as a whole, not individually

Section I. Background

Instruction) Please circle the appropriate number

1. Sex
　　　　1. Male　　　　2.　Female

2. Age
　　　1. 16-24　　　2. 25-34　　　3. 35-44　　　4. 45-55　　　5. Over 55

3. What is your first language:
　　　　　　1. English　　　　2. Not English

4. What is your occupation?

　　　1. Full time employee
　　　2. Part time employee
　　　3. No paid employment
　　　4. Other please specify

Please go to next page ‣ ‣ ‣

Section II (A) Reputation of Tesco: Personality Test

"If Tesco came to a life as a person, would he/she be cheerful?"

Instruction)Please circle the appropriate number

*:*Strongly Disagree(1) to Strongly Agree(5), Don't know the meaning of word(9).

	Strongly Disagree	*Disagree*	*Neutral*	*Agree*	*Strongly Agree*	*I don't know*
1.Cheerful	1	2	3	4	5	9
2. Reliable	1	2	3	4	5	9
3.Cool	1	2	3	4	5	9
4.Charming	1	2	3	4	5	9
5. Arrogant	1	2	3	4	5	9
6. Pleasant	1	2	3	4	5	9
7. Secure	1	2	3	4	5	9
8. Trendy	1	2	3	4	5	9
9. Stylish	1	2	3	4	5	9
10. Aggressive	1	2	3	4	5	9
11. Open	1	2	3	4	5	9
12. Hardworking	1	2	3	4	5	9
13. Young	1	2	3	4	5	9

	Strongly Disagree	*Disagree*	*Neutral*	*Agree*	*Strongly Agree*	*I don't know*
14. Elegant	1	2	3	4	5	9
15. Selfish	1	2	3	4	5	9
16. Straightforward	1	2	3	4	5	9
17. Ambitious	1	2	3	4	5	9
18. Imaginative	1	2	3	4	5	9
19. Prestigious	1	2	3	4	5	9
20. Inward-looking	1	2	3	4	5	9
21. Concerned	1	2	3	4	5	9
22. Achievement-oriented	1	2	3	4	5	9
23. Up to date	1	2	3	4	5	9
24. Exclusive	1	2	3	4	5	9
25. Authoritarian	1	2	3	4	5	9
26. Reassuring	1	2	3	4	5	9
27. Leading	1	2	3	4	5	9

	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree	I don't know
28. Exciting	1	2	3	4	5	9
29. Refined	1	2	3	4	5	9
30. Controlling	1	2	3	4	5	9
31. Supportive	1	2	3	4	5	9
32. Technical	1	2	3	4	5	9
33. Innovative	1	2	3	4	5	9
34. Agreeable	1	2	3	4	5	9
35. Snobby	1	2	3	4	5	9
36. Honest	1	2	3	4	5	9
37. Corporate	1	2	3	4	5	9
38. Sincere	1	2	3	4	5	9
39. Extravert	1	2	3	4	5	9
40. Socially responsible	1	2	3	4	5	9
41. Elitist	1	2	3	4	5	9
42. Daring	1	2	3	4	5	9
43. Trustworthy	1	2	3	4	5	9

Section II (B) Reputation of Tesco

*Instruction) Please circle the appropriate number which represents **your opinion about Tesco** as follows:* Strongly Disagree(1) to Strongly Agree(5)

Tesco….	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree
1. Stands behind its products and services	1	2	3	4	5
2. Develops innovative products and services	1	2	3	4	5
3. Offers high quality products and services	1	2	3	4	5
4. Offers products/ services that are good value for money	1	2	3	4	5
5. Has excellent leadership	1	2	3	4	5
6. Has a clear vision for its future	1	2	3	4	5
7. Recognizes and takes advantage of market opportunities	1	2	3	4	5
8. Is well managed	1	2	3	4	5
9. Is a good company to work for	1	2	3	4	5
10. Is a company that would have good employees	1	2	3	4	5
11. Has ability to attract and retain talented people	1	2	3	4	5
12. Supports good causes	1	2	3	4	5
13. Has social responsibility to the community/ environment	1	2	3	4	5
14. Maintains a high standard in the way it treats people	1	2	3	4	5
15. Has strong record of profitability	1	2	3	4	5
16. Looks like a low risk investment	1	2	3	4	5
17. Tends to outperform its competitors	1	2	3	4	5
18. Is a company with strong prospects for growth	1	2	3	4	5
19. Uses corporate assets wisely	1	2	3	4	5
20. Has good reputation in the media	1	2	3	4	5

Section III Service Quality

*Instruction) Please circle the appropriate number which represents **your opinion about Tesco** as follows:* Strongly Disagree (1) to Strongly Agree (5)

	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree
1.Tesco has modern-looking equipment and fixtures	1	2	3	4	5
2.The physical facilities at Tesco are visually appealing	1	2	3	4	5
3.Materials associated with Tesco's service (such as shopping bags, catalogues, or receipts) are visually appealing	1	2	3	4	5
4.Tesco has clean, attractive and convenient public areas (ie toilets)	1	2	3	4	5
5.The store layout of Tesco makes it easy to find what customers need	1	2	3	4	5
6.The store layout of Tesco makes it easy for customers to move around in the store	1	2	3	4	5
7. When Tesco promises to do something by a certain time, it will do so.	1	2	3	4	5
8.Tesco provides its services at the time it promises to do so	1	2	3	4	5
9.Tesco performs the service right the first time	1	2	3	4	5
10.Tesco has merchandise available when the customers want it	1	2	3	4	5
11.Tesco insists on error-free sales transactions and records	1	2	3	4	5
12.Tesco employees have the knowledge to answer customers' questions	1	2	3	4	5
13.The behaviour of Tesco employees instill confidence in customers	1	2	3	4	5
14.Tesco makes customers feel secure in their transaction with it	1	2	3	4	5

Please keep going ‣ ‣ ‣

	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree
15.Tesco employees give prompt service to customers	1	2	3	4	5
16.Tesco employees tell customers exactly when services will be performed	1	2	3	4	5
17.Tesco employees are never too busy to respond to customer's requests	1	2	3	4	5
18.Tesco gives customers individual attention	1	2	3	4	5
19.Tesco employees are consistently courteous	1	2	3	4	5
20.Tesco employees treat customers courteously on the telephone	1	2	3	4	5
21.Tesco willingly handles returns and exchange	1	2	3	4	5
22.When a customer has a problem, Tesco shows a sincere interest in solving it	1	2	3	4	5
23.Tesco employees are able to handle customer complaints directly and immediately	1	2	3	4	5
24.Tesco offers high quality merchandise	1	2	3	4	5
25.Tesco provides plenty of convenient parking for customers	1	2	3	4	5
26.Tesco has operating hours convenient to all their customers	1	2	3	4	5
27.Tesco accepts most major credit cards	1	2	3	4	5
28. Tesco offers its own credit card	1	2	3	4	5

Please go to next page ▸ ▸ ▸

Section IV Satisfaction and Commitment

*Instruction) Please circle the appropriate number which represents **your opinion about Tesco** as follows.* Strongly Disagree (1) to Strongly Agree (5)

	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree
1. I would recommend Tesco to a friend or colleague	1	2	3	4	5
2. I am pleased to be associated with Tesco	1	2	3	4	5
3. I feel an affinity with Tesco	1	2	3	4	5
4. I am overall satisfied with Tesco.	1	2	3	4	5

Please keep going ‣ ‣ ‣

	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree
5. I feel emotionally attached to Tesco	1	2	3	4	5
6. I find that Tesco's values are similar to mine	1	2	3	4	5
7. I care about the fate of Tesco	1	2	3	4	5
8. I am committed to Tesco	1	2	3	4	5

--Thank you very much---