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## **Exploring the Impact of Social Axioms on Firm Reputation: A Stakeholder Perspective**

In this study, we propose a model of how deeply held beliefs, known as social axioms (Leung *et al.*, 2002), moderate the interaction between reputation, its causes and consequences with stakeholders. We contribute to the stakeholder relational field of reputation theory by explaining why the same organizational stimuli lead to different individual stakeholder responses. Our study provides a shift in reputation research from organizational-level stimuli as the root causes of stakeholder responses to exploring the interaction between individual beliefs and organizational stimuli in determining reputational consequences. Building on a conceptual model that incorporates product/service quality and social responsibility as key reputational dimensions, we empirically test for moderating influences, in the form of social axioms, between reputation-related antecedents and consequences using component-based structural equation modelling (n=204). We find significant differences in several model paths between responses of individuals identified as either high or low on social cynicism, fate control and religiosity. Our results suggest that stakeholder responses to reputation-related stimuli can be systematically predicted as a function of the interactions between the deeply held beliefs of individuals and these stimuli. We offer recommendations on how strategic reputation management can be approached within and across stakeholder groups at a time when firms grapple with effectively managing diverse stakeholder expectations.

**Keywords:** reputation management, social axioms, beliefs, stakeholder relationships, moderator research, cognition

Recent advances in the study of reputation have explored the causes and consequences of reputation within the dynamics of stakeholder relationships (Lange, Lee and Dai, 2011; Rindova *et al.*, 2005; Walsh *et al.*, 2009). Scholars have focused on understanding causes in terms of which organizational stimuli contribute to the development of reputation, and consequences in terms of supportive or unsupportive stakeholder behaviours (Brammer and Pavelin, 2006; Hillenbrand, Money and Ghobadian, 2013; Doh, Lawton and Rajwani, 2012). While these studies offer insights into the nature and value of reputation (Carroll, 2012; Pelozo and Shang, 2011; Rindova, Petkova and Kotha, 2007; Sridhar, 2012), one observation remains puzzling: When assessing reputation, the same organizational stimuli frequently lead to varied outcomes from individual stakeholders, both within and across demographic, geographic and cultural profiles (Bhattacharya and Sen, 2004; Walker, 2010). Current reputation theory does not explain this phenomenon, perhaps because stakeholders are often viewed in terms of functional groups, such as customers, employees or suppliers, and expected to respond identically within these groupings (Adams, Highhouse and Zickar, 2010; Du, Bhattacharya and Sen, 2007; Jacobs, Singhal and Subramanian, 2010; Lange, Lee and Dai, 2011; Mitchell, Agle and Wood, 1997). What is missing from current reputation theory is an understanding of the mechanisms by which individuals respond differently to the same sets of organisational stimuli, irrespective of stakeholder group association (Newbury, Gardberg and Belkin 2006). We address this gap by proposing and testing a model that suggests stakeholder responses to reputation-related stimuli are more usefully predicted as a function of the interaction between individuals' deeply held beliefs and reputation-related organizational stimuli, rather than by organizational stimuli alone.

This study examines an intriguing question: Why do the same reputation-related stimuli lead to different individual outcomes? Insights from cognition studies suggest that socio-cognitive

processes offer a fruitful avenue for theoretical development in the reputation domain in terms of understanding how individual stakeholders define, evaluate, and respond to firm activities (Aguilera *et al.*, 2007; Bitektine, 2011; Mishina, Block and Mannor, 2012: p. 459; Money *et al.*, 2012). We theorize that belief-based variables known as social axioms (SA) likely moderate stakeholder responses to reputation-related stimuli. Leung *et al.* (2002) describe SA as deeply held, generalized beliefs about the world. Similar to mathematical axioms, they are basic premises used by individuals to make sense of and respond to events (Bond *et al.*, 2004b; Fraser and Gaskell, 1990). While not scientifically proven as truths, these beliefs become deeply engrained through personal life experiences and the socialization process (Singelis *et al.*, 2003). In contrast to specific beliefs that label a unique context, time or actor, SAs are more abstract and thus likely to influence a wider range of social responses. According to Hui and Hui (2009: p. 27), ‘different levels of SA may impose different subjective meanings upon the same situations, and hence, create different realities leading to diverse psychological outcomes.’

Recent global investigations testify to the robustness, distinctiveness and predictive relevance of the SA construct and have led to a growing consensus of their potential application across different contexts (Bond *et al.*, 2004a). In this study, we build on the work of Leung *et al.* (2002) to offer testable propositions regarding the impact of the five established SA dimensions (social cynicism, fate control, religiosity, reward for application and social complexity) on the mechanisms by which stakeholders respond to reputation-related stimuli.

In summary, our study advances the stakeholder relational field of reputation theory by exploring how SAs predict stakeholders’ varied responses to the same reputation-related stimuli. We provide new application of individual differences and cognition to the study of

reputation, answering calls for advances to reputation theory that increase predictive power and understanding of the mechanisms that lead to stakeholder support (Bitektine, 2011). We also contribute to reputation management practice by making unexpected consequences of a firm's strategic activities more predictable, thereby improving the effectiveness of strategic planning and stakeholder management (Hutschenreuter and Groene, 2009).

## **Theoretical background**

Extant literature identifies firm reputation as critical to firm success (Chun, 2005; Fombrun, Gardberg and Sever, 2013; Rindova *et al.*, 2005; Walsh *et al.*, 2009). However, as the seminal works by Chun (2005) and Brown *et al.* (2006) explain, no single theory of reputation exists, but multiple emerging streams of thought. Brown *et al.* (2006) differentiate among the related constructs of identity, intended image, construed image and reputation, outlining the central, enduring and distinctive elements of each. The authors describe reputation as 'mental associations about the organization actually held by others outside the organization' (Brown *et al.*, 2006: p. 102). Importantly, these mental associations serve as an individual stakeholder's 'reality' of the organization, thus signalling the individual-based characteristics and consequences of reputation.

Chun (2005) partitions existing reputation literature into three schools of thought: evaluative, impressional and relational. The evaluative school, rooted in strategy and economics, assesses reputation from a shareholder perspective, while the impressional and relational schools draw on wider organizational studies involving a range of internal and external stakeholders. Importantly, Chun (2005) suggests newer conceptualizations of reputation typically include multiple stakeholders' perceptions, representing a multidimensional construct, and identifies Fombrun's (1996) work as foundational within the relational school. Given our study's focus

on customers as an important and multidimensional stakeholder group, and our focus on the stakeholder relational field of reputation theory, we adopt Fombrun's (1996: p. 72) specification of reputation as 'a perceptual representation of a company's past actions and future prospects that describe the firm's overall appeal to all its key constituents when compared to other leading rivals.' This widely used definition alludes to the complexities inherent in reputation research, including the aggregate nature of multiple perceptions across diverse stakeholders (Bromley, 2000). Scholars suggest that certain reputational dimensions are more important for some stakeholder groups than others (Walker, 2010) and that individuals in different stakeholder roles have different expectations of a firm's behaviour (Brammer and Pavelin, 2006; Peloza and Shang, 2011). However, individual differences and socio-cognitive processes remain largely neglected in reputation research (Bhattacharya, Korschun and Sen, 2009).

Reputation scholars have advanced the field by unpacking how reputational perceptions link to antecedents and outcome variables in a cause-effect sequence. For example, Walsh *et al.* (2009) propose a conceptual model linking corporate reputation to antecedents and consequences in the context of customer stakeholders, Hillenbrand, Money and Ghobadian (2013) link antecedents, reputation and consequences in the context of customers and employees, and Fombrun, Ponzi and Newburry (2015) explore reputation causes across five stakeholder groups. Generally, scholars agree that reputation perceptions are preceded by stakeholders' experiences and observations, and ultimately lead to stakeholder-related outcomes such as attitudes, emotions or behaviours (Bitektine, 2011; Hillenbrand *et al.*, 2013; Walsh *et al.*, 2009). These studies tend to focus on perceptions of organizational stimuli and alignment/misalignment between functional stakeholder groups as drivers of stakeholder support and associated consequences for organizations, and presume stakeholder groups

respond uniformly, rather than considering how different individuals respond differently to reputational stimuli. To address this ‘individual differences’ gap, we incorporate a deeper understanding of individual stakeholders by viewing the causes and consequences of reputation as a function not only of organizational stimuli, but of the interaction between organizational stimuli and stakeholders’ deeply held beliefs. We now examine these interactions or moderating influences in the links between reputation, its antecedents and consequences.

#### *The importance of moderator research to the study of firm reputation*

To date, empirical research has not adequately assisted firms in understanding how to anticipate and respond to individual differences among stakeholders. Consequently, reputation-building strategies lack potentially valuable insights into how these differences may serve as reputational moderators. One recent study suggests that stakeholder type moderates the relationships between various non-market strategies, corporate reputation and loyalty (Eberl, 2010), but does not explain why the differences exist or what role individual differences play in explaining stakeholder response variations. In another study, Berger, Cunningham and Kozinets (1999) find that women generally respond more favourably than men to cause-related messages. However, Trimble and Rifon (2006) also examine gender differences as potential moderating variables with inconclusive results. More recently, Bartikowski, Walsh and Beatty (2011) examine length of customer relationship with a firm as a reputational moderator, but find this effect varies depending on cultural context. These inconsistencies suggest other underlying factors, such as cognitive elements in the form of SA, may provide more meaningful interpretations of individual differences. Insights from cognition theory have been applied to prior reputation studies, including stakeholder cognitive assessments of corporate misconducts (Barnett, 2014), stakeholder views on the



legitimacy and perceived risk of Chinese companies (Stevens, Xie and Peng, 2015) and firm responsiveness to stakeholder concerns (Bundy, Shropshire and Buchholtz, 2013). However, they are typically conducted at the level of stakeholder groups as homogenous entities, thereby neglecting to incorporate cognition theory to explain individual differences. The SA construct allows us to systematically integrate individually held beliefs with reputation research in a more nuanced manner, which we now discuss.

#### *The study of social axioms*

Grounded in expectancy theory (Vroom, 1964), SA stem from the broader category of beliefs. Beliefs are defined as cognitive associations between two concepts, ‘A is related to B,’ whereby the strength of the belief varies depending on how the association was formed (Fishbein and Ajzen, 2010). Leung *et al.* (2002) define SAs as ‘generalised beliefs about oneself, the social and physical environment, or the spiritual world, [stated] in the form of an assertion about the relationship between two entities or concepts’ (p. 289). These axioms are innermost to the human belief system and important to people’s functioning in their social and physical environments (Singelis *et al.*, 2003). However, the relative strength of SAs will vary, since individuals are exposed to diverse social situations and life experiences.

Leung *et al.*’s (2002) development of the SA construct offers a concrete, cognitive interpretation of how individuals relate to one another and to their environment (Leung and Bond, 2004). Incorporating reviews of over 300 belief scales, and studies involving multiple cultures and continents, they identify five SA dimensions: social cynicism (relating to mistrust in people and institutions), fate control (belief in whether outcomes are controllable), religiosity (degree to which religion impacts one’s life), reward for application (extent to which effort is rewarded) and social complexity (relating to tolerance for ambiguity). Each

dimension impacts a range of human perceptions, attitudes and behaviours. (Chen *et al.*, 2006a; Kuo *et al.*, 2006; Kurman and Ronen-Eilon, 2004; Lai, Bond and Hai, 2007; Liem, Hidayat and Soemarno, 2009).

Because SAs are rooted in an individual's upbringing and cultural context, they appear related to the concepts of personality, norms or values (e.g. Hofstede, 1984; Schwartz, 1992). However, they are distinguishable both empirically and conceptually. Empirical studies have examined SAs in relation to established psychometric measures, including Costa and McCrae's NEO Five-Factor Inventory (Chen, Bond and Cheung, 2006), Rotter's Interpersonal Trust Scale and Locus of Control Scale (Singelis *et al.*, 2003) and Schwartz's Values Survey (Leung *et al.*, 2007). While some correlations exist, SAs remain largely independent concepts with distinct characteristics.

These empirical findings are understandable when considering conceptual differences among the concepts. Personality-based measures assess characteristics of the self, while norms are interpreted at the aggregate societal level in terms of the shared expectations of reference groups (Stankov, 2007). Values are generally stated as individual endorsements reflecting what is good or bad, important or unimportant, desirable or undesirable. SAs differ from personality, norms and values because they represent an assertion about a causal or a correlational relationship between two entities (Bond *et al.*, 2004b). For example, a value may be stated as: 'It is important to work hard', while a SA would elaborate on this statement by claiming: 'Hard work leads to job promotion, financial success and ultimately a better life.' The latter statement offers a more concrete interpretation of how one object relates to another. SAs therefore provide a unique vantage point for understanding the varying responses to the social world through context-free beliefs, and offer promise in understanding

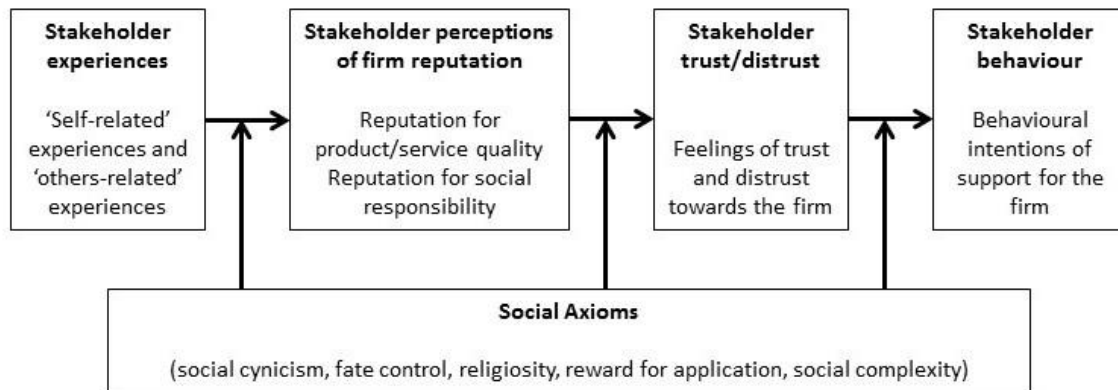
the moderating effects that lead to different perceptions and behaviours among stakeholders exposed to the same organizational stimuli.

## **Model development and hypotheses**

### *Conceptual framework to study reputation*

Building on the cause–effect logic advanced in reputation research, whereby stakeholders’ experiences and observations form reputation perceptions and ultimately lead to attitudinal, emotional or behavioural outcomes (e.g. Bitektine, 2011; Fombrun, Ponzi and Newburry, 2015; Lange, Lee and Dai, 2011; Money *et al.*, 2012;; Walsh *et al.*, 2009), Figure 1 presents a framework for our exploration of reputation, its causes and consequences. Reputational causes are conceptualized as stakeholder experiences of organizational stimuli, which theorists differentiate as either ‘self-related’ or ‘others-related’ (Matten and Moon, 2008; Pelozo and Shang, 2011). ‘Self-related’ experiences view stakeholders as the direct recipients of corporate stimuli, including their receipt of goods or services and other direct interactions with the firm (Hillenbrand, Money and Ghobadian, 2013; Wood and Jones, 1995). ‘Others-related’ experiences describe stakeholders as evaluators of how a firm relates to other individual and societal stakeholders (Gillespie and Dietz, 2009; Pomeroy and Dolnicar, 2009). The distinction between ‘self-related’ and ‘others-related’ experiences is useful for classifying antecedents into two meaningful clusters of stakeholder–firm encounters.

*Figure 1. The impact of social axioms on firm reputation*



These experiences lead stakeholders to form perceptions of firm reputation. We incorporate reputational perceptions related to product/service quality and social responsibility in our framework (Rindova *et al.*, 2005; Sen and Bhattacharya, 2001). The Reputation Institute (2015) identifies attributes related to products/services (weighted at 18.3%) and citizenship/social responsibility (weighted at 13.4%) as critical for creating a positive firm reputation. Reputation for product/service quality is the heart of a firm's value proposition and the foundation of its reputation with customer stakeholders (Kirmani and Rao, 2000; Parasuraman, Zeithaml and Berry, 1994). While reputation for product/service quality is a key predictor of customer satisfaction (Selnes, 1993), it can also be a liability in that highly reputable firms suffer more market penalty as a result of product recalls (Lange, Lee and Dai, 2011; Rhee and Haunschild, 2006). The study of social responsibility has received growing attention in management literature. Reputation for social responsibility includes an assessment of a firm's ethical conduct (MacMillan *et al.*, 2004; Surroca, Tribó and Waddock, 2010), philanthropic activities (Hine and Preuss, 2009; Lev, Petrovits and Radhakrishnan, 2010), environmental practices (Lankoski, 2009) and community involvement efforts (Pearce and Doh, 2005; Tracey, Phillips and Haugh, 2005). Firm reputation for social responsibility can elicit positive attitudes (Brown and Dacin, 1997; Ellen, Mohr and Webb, 2000; Maignan, Ferrell and Hult, 1999; McWilliams and Siegel, 2011), but has occasionally been found to

have little if any impact (Aqueveque and Encina, 2010; Eisingerich *et al.*, 2011). These inconsistencies highlight a need to explore underlying socio-cognitive mechanisms to provide additional clarity regarding how stakeholders perceive and respond to a firm's actions.

Having established stakeholders' experiences and observations as leading to reputation perceptions, our model then investigates reputational consequences through the distinct concepts of trust and distrust, which represent emotional responses to reputational stimuli, as well as a range of supportive behavioural intentions (Cho, 2006; Walsh *et al.*, 2009). Trust is widely understood as a key benefit of fostering a positive reputation (Waddock, 2004) and is often utilized in empirical studies as a mediator for bringing about supportive behaviours. Distrust can coexist alongside trust, and tends to be related to negative reputational outcomes (Aurier and N'Goala, 2010; MacMillan *et al.*, 2005; Sichtmann, 2007). In summary, we use the evidence provided through established reputation research and theory to create our model of reputation, which serves as the foundation for testing the moderating impacts of SA described in the next section.

#### *Development of hypotheses for the impact of social axioms on firm reputation*

When examining the application of SAs to the study of firm reputation, it is useful to acknowledge that individuals possess varying levels of these axioms and use them in the cognitive reasoning process to make sense of their experiences, revise conceptions about objects, formulate attitudes and ultimately respond to the world (Bond, 2009; Kwantes and Karam, 2009). However, empirical studies relating to SA are sparse in the management literature. Hence, there is limited existing work to inform specific hypotheses related to moderating influences for individual paths in our model.

Zhou, Leung and Bond, (2009) found certain SA dimensions influenced attitudes but not behavioural intentions, while others had a significant impact on behaviours but not on attitudes. Given these early outcomes, it is likely that SAs impact relationships in unique ways according to the particular dimension and context in which they are applied. The impact of SAs are thus hypothesized in our model by depicting the impact of each dimension on the overall model rather than focusing on specific path relationships.

***Social cynicism:*** Social cynicism refers to the tendency to be mistrustful of other people and of social institutions, particularly those in positions of power. Studies suggest cynical individuals are more likely to be distrustful of others (Singelis *et al.*, 2003), meaner and less helpful (Chen *et al.*, 2006b) and exhibit an external locus of control (Singelis *et al.*, 2003). A concept related to social cynicism is scepticism. Defined as the tendency to disbelieve claims or actions, scepticism is formed through an individual's cognitive associations with incoming information and often results in negative firm evaluations by stakeholders (Bhattacharya and Sen, 2004). Scepticism has been studied in management literature as a moderator of responses to a firm's social initiatives (Youn and Kim, 2008) and advertising campaigns (Obermiller and Spangenberg, 1998). Jahdi and Acikdilli (2009) suggest stakeholder scepticism towards firms is increasing, due to unsubstantiated firm claims relating to ethics and corporate responsibility. While scepticism and social cynicism appear similar, scepticism is viewed as a time-sensitive and context-specific belief, whereas social cynicism refers to a more enduring and generally held belief set. In line with findings in the context of cynicism/scepticism, reputation for products/services (Aschemann-Witzel and Hamm, 2010; Money *et al.*, 2012; Pelsmacker and Janssens, 2007) and corporate responsibility (Jahdi and Acikdilli, 2009), we theorize an individual's high (low) level of social cynicism would generally inhibit (support) the development of firm reputation. Hence, we propose:

*H1:* Individuals with low levels of social cynicism are likely to exhibit stronger links between their experiences, perceptions and outcomes in relation to positive firm reputation than individuals who exhibit high levels of social cynicism.

***Fate control:*** Fate control presumes events in life are predetermined and examines the extent to which individuals believe they can influence outcomes through their actions. Singelis *et al.*, (2003) liken the concept to that of locus of control, but Marsella *et al.* (2009) point to a less individualistic interpretation in fate control. People with an external locus of control are likely to believe that they personally cannot influence events, but that others can do so. High fate control individuals, on the other hand, believe everyone's actions and associated outcomes are equally beyond their own control. Hence, it is not surprising that researchers have produced contradictory results when using locus of control to explore differences in individual appraisals of the actions of others (e.g. Busseri, Lefcourt and Kerton, 1998; Leisen Pollack, 2013). Instead, fate control sets out to measure the extent to which people believe outcomes can be controlled. As such, fate control may provide a more reliable way to understand stakeholder responses to reputation-related stimuli. High fate control individuals are likely to attribute an organization's actions to external factors. The impact of social responsibility and product performance on reputation and subsequent supportive behaviours are thus likely to be lower for high fate control individuals. Conversely, reputational stimuli will likely have a greater impact on appraisals of an organization's reputation and on subsequent stakeholder outcomes for low fate control individuals. In their exploration of fate control in an organizational setting, Chan and Wan (2009) report low fate control customers to be more dissatisfied with their negative service experiences and more likely to engage in

complaining behaviours. This suggests that low fate control individuals are more likely to exhibit a strong response to direct firm experiences. We thus propose:

*H2:* Individuals with low levels of fate control are likely to exhibit stronger links between their experiences, perceptions and outcomes in relation to positive firm reputation than individuals who exhibit high levels of fate control.

**Religiosity:** Religiosity refers to a belief that religious institutions have a positive influence on one's life. According to Singelis *et al.* (2003), the construct is closely tied to Tobacyk and Milford's (1983) Traditional Beliefs (i.e., in God and afterlife) component of the Paranormal Beliefs Scale, but not to other paranormal interpretations. Bond *et al.* (2004a) find a significant relationship between religiosity and benevolence, suggesting individuals who adhere to religious beliefs tend also to be kinder and more giving. Results of Canada's Survey of Giving, Volunteering and Participation support this association, noting that the nation's top 25% of donors and volunteers tend also to participate in religious services (Hall *et al.*, 2007). Management literature also links religiosity to increased philanthropic behaviour (Brown and Ferris, 2007; Rajan, Pink and Dow, 2009; Showers *et al.*, 2011) and predicts support for companies involved in charitable causes (Youn and Kim, 2008). Other studies that examine the impact of religious tendencies on consumer views about firm practices, present a mixed picture (Khraim *et al.*, 2011; Patwardhan, Keith and Vitell, 2012; Schneider, Krieger and Bayraktar, 2011). However, on balance, they suggest religious individuals tend to respond positively to a firm's social activities and to value good quality products and services. Since religious individuals are more likely to engage in prosocial behaviours, suggesting that high religiosity is associated with positive reputational links, we propose:



*H3:* Individuals with high levels of religiosity are likely to exhibit stronger links between their experiences, perceptions and outcomes in relation to positive firm reputation than individuals who exhibit low levels of religiosity.

***Reward for application:*** Reward for application is the belief that hard work and effort pays off in the long run. Individuals who believe in reward for application tend also to exhibit an internal locus of control (Chen, Bond and Cheung, 2006) and strong levels of conscientiousness (Chen *et al.*, 2006b). Leung et al. (2007) found an inverse relationship between reward for application and hedonistic tendencies, suggesting individuals who exhibit strong reward for application believe personal success can be achieved through work rather than through pleasure-seeking activities. According to Hui and Hui (2009), reward for application is tied to prosocial values such as respect and equity. Consequently, strong reward for application oriented individuals generally respond positively to ‘good’ corporate activities. Studies also suggest that individuals who have positive firm associations are more likely to participate directly in a firm’s activities. For example, Kwantes, Kuo and Towson (2008) found employees with high levels of reward for application perceived their corporate volunteerism activities as in-role rather than extra-role, perhaps because they viewed these activities as contributing to long-run positive outcomes for themselves (Podsakoff *et al.*, 2000). They may also view these prosocial activities as a demonstration of significant effort and initiative on the part of the firm and thereby deem the firm worthy of their trust, commitment and supportive word-of-mouth behaviours (Bhattacharya, Sen and Korschun, 2008). Similarly, Remo and Kwantes (2009) found reward for application to be a positive predictor of organizational commitment among employees. This leads us to propose:

*H4:* Individuals with high levels of reward for application are likely to exhibit stronger links between their experiences, perceptions and outcomes in relation to positive firm reputation than individuals who exhibit low levels of reward for application.

***Social complexity:*** Belief in social complexity relates to acceptance of inconsistency and uncertainty in life, as well as willingness to explore different options to achieve a given outcome. The construct is similar to Martin and Rubin's (1995) conceptualization of cognitive flexibility, which assesses an individual's flexibility in thinking, decision-making and problem solving. They find that people possessing higher tolerances for ambiguity are more likely to try new things and to look for innovative solutions to problems. Management scholars have investigated how people search for logic and consistency when evaluating a firm's cause-related activities (Bhattacharya and Sen, 2004; Ellen, Mohr and Webb, 2000; Trimble and Rifon, 2006). Findings suggest that high social complexity individuals are more likely to rate diverse corporate social initiatives as modestly positive, regardless of firm-cause congruency, while those with low tolerance for social ambiguity are likely to invoke a simpler logic (i.e., more strongly positive or negative) when evaluating firm activities and motives. Given the inherent complexities of a firm's actions, high social complexity individuals are likely to attribute firms' actions in a less consistent fashion. The direction and level of impact between experiences, beliefs, attitudes and outcomes are therefore less predictable for high social complexity individuals, leading us to propose:

*H5:* Individuals with low levels of social complexity are likely to exhibit stronger links between their experiences, perceptions and outcomes in relation

to positive firm reputation than individuals who exhibit high levels of social complexity.

## **Methodology**

### *Study context and sampling*

Our empirical study is set in the context of an established, medium-sized Canadian retailer. The company demonstrates social responsibility through its employee volunteer programmes, environmental initiatives and community-serving projects. However, it does not aggressively promote these initiatives, relying instead on stakeholders to form impressions based on their individual experiences or by what they learn through word-of-mouth and the media. As such, the current empirical context represents a research environment that is typical for many medium size firms to operate in, with a focus on customer relationships and demonstrations of corporate social responsibility.

We use customers to represent a diverse set of stakeholders who are critical to the organization's success. We apply our model to a Canadian retail-customer context for several reasons. First, this sector represents a significant component of most developed economies, whether measured in terms of jobs, contribution to gross domestic product or capital investment (Simmons and Kamikihara, 2011). Second, customers represent one of the most important stakeholders of any organization (Peterson, 2004) and have a significant impact on reputation management (Aguilera *et al.*, 2007; Carvalho *et al.*, 2010). Finally, urban Canada is culturally diverse (Statistics Canada, 2013), thus lending itself well to examination of SA variation.

Customer data were collected during the retailer's annual exhibition, which draws over 5,000 attendees from urban centres where most of its stores and customers are situated. To avoid interviewer selection bias, we drew a systematic sample over the course of three days by approaching every fifth attendee as they prepared to exit the event (Hair *et al.*, 2006). A total of 216 customers consented to complete the 20-minute survey, representing a response rate of approximately 21%.

### *Measures*

To develop the survey instrument, we sourced measurement scales from literature and pre-tested them to ensure they effectively represented the context of the participating retailer and its customers (Summers, 2001). Pre-tests confirmed customer interpretation of dimensions of firm reputation for product/service quality and social responsibility in line with Fombrun, Gardberg and Sever's (2000) measure. The expressions of deeply held beliefs as identified by Leung *et al.* (2002) as SAs were well understood by participants and hence suitable for the research context. This process led to inclusion of 10 reflective and 2 formative scales in the final instrument, all utilizing a 7-point Likert scale. These scales are briefly outlined below, with the full list provided in Appendix 1, together with each scale's Cronbach's alpha value.

***Formative scales:*** Items used to measure antecedents of firm reputation were adapted from those developed by Hillenbrand, Money and Ghobadian (2013), and centred on 'self-related' experiences, focusing on direct interactions of stakeholders with a firm, and 'others-related' experiences, relating to what stakeholders interpret about the firm from other sources.

***Reflective scales:*** Items representing the constructs of 'reputation for product/service quality' and 'reputation for social responsibility' to represent stakeholder perceptions of firm

reputation are items developed by Fombrun, Gardberg and Sever (2000). Trust and distrust, representing the affective outcomes of firm reputation, were operationalized as independent constructs based on Cho's (2006) measures. Stakeholder behavioural intentions, such as commitment, advocacy and extension, were adapted from measures developed by MacMillan *et al.* (2004) and Cho (2006) to ensure their suitability and relevance to the current research context. From the pool of stakeholder behavioural intention questions proposed by MacMillan *et al.* (2004) and Cho (2006), qualitative pre-work and pretesting with customers allowed us to select and adapt a succinct number of behavioural intention items that best represented the conceptual dimensions of commitment, advocacy and extension as useful outcome measures in the current context. Finally, the SA construct was comprised of Leung *et al.*'s (2002) five identified sub-dimensions, namely social cynicism, fate control, religiosity, reward for application and social complexity.

### *Analysis*

Data were entered in SPSS and underwent standard checks for normality, missing values and outliers (Hair *et al.*, 2006). This process led to the exclusion of 12 entries, resulting in a final data set containing 204 respondents. As a *post-hoc* analysis of common method bias, Harman's single factor test (Podsakoff, MacKenzie and Lee, 2003) revealed the presence of distinct factors in the un-rotated factor solution. While these results do not preclude the possibility of common method variance, they suggest it is not a likely explanation for the reported findings (Andersson and Bateman, 1997). Due to a few occurrences of non-normal properties identified through initial data examination, as well as the inclusion of both formative and reflective indicators, we adopted a partial least squares structural equation modelling approach (PLS-SEM) using SmartPLS (Chin, 1998; Ringle, Wende and Will, 2005). Following the procedure outlined by Hair, Ringle and Sarstedt (2011), a two-stage

assessment of the proposed model was undertaken before testing for moderating impacts of SA dimensions.

Stage one assessed validity and reliability of the outer model. For reflective indicators, we evaluated composite reliabilities against the expected score of 0.7 (Nunnally, 1978). We also assessed convergent validity through average variance extracted (AVE), and evaluation of discriminant validity through indicator cross-loadings and the Fornell–Larcker criterion (Fornell and Larcker, 1981). For formative indicators, we performed bootstrapping to test for significance of the indicators' outer weight coefficients as well as for significance of the indicators' loadings. Together, these tests provide a measure of each indicator's relative usefulness in explaining the latent construct (Cenfetelli and Bassellier, 2009). In addition, the variance inflation factor (VIF) provides information about possible redundant variables demonstrated by high levels of multicollinearity (Henseler, Ringle and Sinkovics, 2009).

Stage two assessed the inner or structural model by examining the  $R^2$  values for each latent variable in the model (Chin, 1998); sign, magnitude and significance of path coefficients (Henseler, Ringle and Sinkovics, 2009); effect size ( $f^2$ ) of predictor variables (Cohen, 1988); and predictive relevance of the model ( $Q^2$ ), using blindfolding to obtain cross-validated redundancy measures (Geisser, 1974; Stone, 1974).

To test for moderating effects, we divided the summated scale for each of the five SA dimensions at its mean value to create a high and low group. We then conducted group comparisons with the dichotomized moderators (Henseler and Fassot, 2009). The path coefficients for high and low sub-samples were compared using bootstrap analysis and significant differences measured by pair-wise t-tests identified moderating effects. This

approach is appropriate when exploring moderating effects as it allows for testing of overall model effects rather than only isolated effects of specific paths. The alternate approach of creating interaction terms is problematic when investigating the impact of multiple exogenous and endogenous variables within a model, as is the case in our study (Baron and Kenny, 1986; Eberl, 2010).

## **Results**

Our assessment of the research model in terms of its outer measurement reveals significant ( $p < 0.01$ ) loadings for all reflective indicators, ranging from 0.700 to 0.891, and satisfactory composite reliability scores from 0.863 to 0.950 (Nunnally and Bernstein, 1994). The AVEs of reflective scales range between 0.612 and 0.739, exceeding minimum requirements of 0.5 (Hair, Ringle and Sarstedt, 2011). Discriminant validity is satisfactory as the square root of each endogenous construct's AVE emerges greater than the variance shared by each construct and its opposing construct, shown in Table 1. The cross-loadings analysis reveals higher loadings for a given indicator on its associated latent construct than for any other constructs in the model. All formative indicators are retained in the model as all weights and loadings are significant on at least one if not both criteria. The VIF values are within the acceptable range of five or less (Hair, Ringle and Sarstedt, 2011).

Table 1. Descriptive information and latent variable correlation matrix

Latent variables	Mean*	Std dev	Composite reliability	'Others-related' experiences	'Self-related' experiences	Reputation for product/service quality	Reputation for social responsibility	Trust	Distrust	Behaviour intentions
'Others-related' experiences	5.28	0.83	(formative)	(formative)						
'Self-related' experiences	5.99	0.71	(formative)	0.620	(formative)					
Reputation for product/service quality	6.03	0.72	0.881	0.630	0.657	<b>0.806**</b>				
Reputation for social responsibility	4.98	0.89	0.873	0.779	0.498	0.498	<b>0.835**</b>			
Trust	5.54	0.88	0.863	0.597	0.541	0.667	0.555	<b>0.782**</b>		
Distrust	2.36	1.13	0.919	-0.472	-0.472	-0.601	-0.419	-0.655	<b>0.859**</b>	
Behaviour intentions	5.18	1.02	0.950	0.551	0.618	0.596	0.517	0.625	-0.482	<b>0.795**</b>

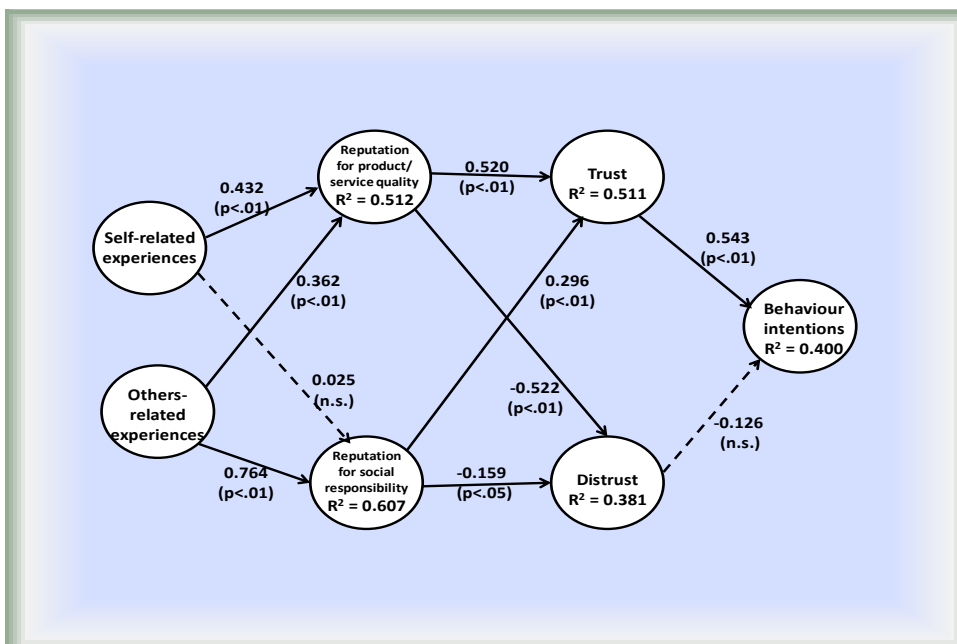
\* Mean scores for each summated scale are based on a Likert scale ranging from 1 to 7.

\*\* Values represent square-root of AVE.



Figure 2 presents results of the structural model, which indicate moderate (0.38 and 0.40) to substantial (0.51, 0.51 and 0.61) effect sizes for endogenous latent variables (Chin, 1998). Analysis of path coefficients reveals seven relationships supported at  $p < 0.01$ , one supported at  $p < 0.05$  and two non-significant relationships. Explanatory power of the model utilizing  $f^2$ -tests suggests moderate to large effect sizes of predictor variables (Chin, 1998). Application of the sample reuse measure  $Q^2$  confirms predictive relevance of all exogenous constructs on their related endogenous constructs.

Figure 2.  $R^2$  values and path coefficients for the overall model



In testing the moderating impact of SA dimensions, an exploratory factor analysis confirms five dimensions analogous to the conceptual development of the original SA construct (Leung *et al.*, 2002). Subsequent reliability tests led to exclusion of seven items, resulting in a four-item scale of social cynicism, a three-item scale of fate control, a four-item scale of religiosity, a four-item scale of reward for application and a three-item scale of social

complexity. Group comparisons using PLS-SEM reveal significant differences for social cynicism, fate control and religiosity. Reward for application and social complexity display no significant differences. Table 2 summarizes these results.

Table 2. Group differences in path coefficients

Model paths	Social cynicism			Fate control			Religiosity			Reward for application			Social complexity		
	$\beta$ high	$\beta$ low	p	$\beta$ high	$\beta$ low	p	$\beta$ high	$\beta$ low	p	$\beta$ high	$\beta$ low	p	$\beta$ high	$\beta$ low	p
'Others-related' experiences → Reputation for product/service quality	<b>0.496</b>	<b>0.173</b>	**	0.430	0.262		0.312	0.422		0.312	0.415		0.435	0.340	
'Others-related' experiences → Reputation for social responsibility	0.729	0.767		<b>0.832</b>	<b>0.690</b>	**	<b>0.699</b>	<b>0.851</b>	**	0.776	0.729		0.742	0.732	
'Self-related' experiences → Reputation for product/service quality	<b>0.285</b>	<b>0.650</b>	**	<b>0.371</b>	<b>0.585</b>	*	0.501	0.350		0.419	0.435		0.317	0.512	
'Self-related' experiences → Reputation for social responsibility	-0.005	0.100		-0.015	0.117		0.039	-0.009		0.077	0.000		0.095	0.037	
Reputation for product/service quality → Trust	0.510	0.545		<b>0.421</b>	<b>0.619</b>	**	<b>0.425</b>	<b>0.616</b>	**	0.490	0.521		0.536	0.489	
Reputation for product/service quality → Distrust	-0.579	-0.436		-0.510	-0.492		-0.508	-0.509		-0.518	-0.479		-0.506	-0.527	
Reputation for social responsibility → Trust	0.263	0.318		0.332	0.257		0.347	0.243		0.309	0.279		0.309	0.305	
Reputation for social responsibility → Distrust	<b>-0.065</b>	<b>-0.315</b>	**	-0.144	-0.245		-0.145	-0.245		-0.124	-0.192		-0.235	-0.081	
Trust → Behaviour intentions	0.513	0.583		0.475	0.591		0.455	0.576		0.527	0.581		0.581	0.599	
Distrust → Behaviour intentions	-0.170	-0.077		-0.136	-0.139		-0.155	-0.168		-0.163	-0.007		-0.095	-0.109	

\*p<0.1; \*\*p<0.05; \*\*\*p<0.01

Significant differences exist in three path linkages between individuals identified as high and low in social cynicism: from ‘self-related’ experiences to reputation for product/service quality ( $\beta_{\text{low}} = 0.65$ ,  $\beta_{\text{high}} = 0.28$ ,  $p < 0.05$ ), from ‘others-related’ experiences to reputation for product/service quality ( $\beta_{\text{low}} = 0.17$ ,  $\beta_{\text{high}} = 0.50$ ,  $p < 0.05$ ), and from reputation for social responsibility to distrust ( $\beta_{\text{low}} = -0.32$ ,  $\beta_{\text{high}} = -0.06$ ,  $p < 0.05$ ). Moreover, significant differences emerge in three path linkages between customers identified as high and low in beliefs about fate control: from ‘self-related’ experiences to reputation for product/service quality ( $\beta_{\text{low}} = 0.58$ ,  $\beta_{\text{high}} = 0.37$ ,  $p < 0.1$ ), from ‘others-related’ experiences to reputation for social responsibility ( $\beta_{\text{low}} = 0.69$ ,  $\beta_{\text{high}} = 0.83$ ,  $p < 0.05$ ), and from reputation for product/service quality to trust ( $\beta_{\text{low}} = 0.62$ ,  $\beta_{\text{high}} = 0.42$ ,  $p < 0.05$ ). Finally, significant differences are found in two path linkages between individuals identified as high and low in religiosity: from ‘others-related’ experiences to reputation for social responsibility ( $\beta_{\text{low}} = 0.85$ ,  $\beta_{\text{high}} = 0.70$ ,  $p < 0.05$ ), and from reputation for product/service quality to trust ( $\beta_{\text{low}} = 0.62$ ,  $\beta_{\text{high}} = 0.42$ ,  $p < 0.05$ ). These results are now discussed.

## **Discussion**

Our study reveals that individuals respond predictably and differently to a firm’s reputation-building activities based on their individually held beliefs, thus suggesting stakeholder interpretations of firm reputation are contingent on socio-cognitive processes at the individual level.

The empirical data support the validity and predictive relevance of the investigated reputation model. Trust, distrust and behaviour intentions towards a firm are influenced by perceptions of the firm’s reputation for its core business activities and its commitment to societal priorities. These perceptions are formed through multiple direct (‘self-related’) and

indirect ('others-related') signals. Interestingly, in this study, the path between 'self-related' experiences and reputation for social responsibility was insignificant, suggesting customers have little direct experience with the company's social responsibility, instead basing their judgements on what they learn through other sources. This 'missing link' suggests an opportunity to develop visible strategies to actively engage customers in the firm's social initiatives.

Our reputation model lays the foundation to explore the SA construct on the model's path coefficients. The findings suggest moderating effects exist for three SA dimensions on firm reputation, namely social cynicism (H1), fate control (H2) and religiosity (H3), but not reward for application (H4) and social complexity (H5). These moderating effects are further discussed below.

***Social cynicism (H1):*** As predicted, positive firm reputation for social responsibility reduces distrust among customers exhibiting low social cynicism. While these individuals demonstrate noticeable reductions of distrust, no significant relationship of this nature exists among highly cynical individuals. The former group is less likely to attribute the firm's motivation to behave in a socially responsible manner as self-serving and is willing to give the firm credit for its efforts (Godfrey, 2005). Interestingly, the participating retailer is generally viewed favourably in terms of its social responsibility, and linkages between reputation for social responsibility and customer trust emerge as significant and positive for both low and high cynics. Bond *et al.* (2004a) indicate the effects of cynicism are stronger for negative events than for positive ones. This reinforces our findings, since significant differences are found in relation to distrust reduction but not on trust development. Hence,

firms must not only manage their social responsibility programmes, but also anticipate potentially damaging implications of negative occurrences.

Our findings reveal differences between high and low cynics in how ‘self-related’ and ‘others-related’ experiences impact firm reputation for product/service quality. ‘Self-related’ experiences help to form stronger product/service quality reputation among low cynics, while ‘others-related’ experiences are significantly stronger drivers for high cynics. Customers with high social cynicism seem to rely more on external signals (e.g., friends, media) than on their own experiences when forming product/service quality perceptions. This aligns with prior study findings that cynical individuals exhibit an external locus of control and are less likely to engage with others (Hui and Hui, 2009; Singelis *et al.*, 2003). In a retail context, these individuals may have fewer positive store experiences and instead rely on indirect observations to form perceptions of a store’s reputation for product/service quality. Leung, Ip and Leung (2009) find that low cynicism individuals report fewer negative life experiences and a stronger sense of well-being. Our results support stronger positive associations from ‘self-related’ experiences among low cynics.

Recent developments in literature explore people’s tendency to judge both *observable actions* of firms and firm *motivation* to engage in these actions (Godfrey, 2005, Hillenbrand, Money and Pavelin, 2011). Stakeholders must judge a firm’s actions *and* its underlying motivations positively in order for firms to receive reputational benefits. Highly cynical individuals may doubt a firms’ underlying motives when demonstrating product/service quality towards them. Consequently, positive experiences have less impact. However, less cynical customers are more likely to trust their ‘self-related’ experiences and attribute positive experiences to the firm’s character, thus building its reputation.

While these results highlight differences, reputation for product/service quality remains relevant for both high and low cynics in the development of trust and reduction of distrust. ‘Others-related’ experiences also play a significant role in driving reputation for social responsibility in both groups. However, highly cynical stakeholders will elevate their distrust more sharply when interpreting negative corporate events, which could have repercussions for firms experiencing stakeholder relationship issues.

***Fate control (H2):*** Low fate control individuals believe actions can shape outcomes (Leung and Bond, 2004), while high fate control people believe events and outcomes are beyond their direct control. Our findings support this description, as low fate control customers tend to form more positive perceptions for product/service quality reputation based on ‘self-related’ experiences. They are more likely to draw upon their own experiences when judging a firm for its product/service offering.

Reputation has been described as the perception of character (Fombrun, Ponzi and Newbury, 2015). Less fatalistic people may attribute their firm experiences to the firm’s character such that a positive experience means it is a good firm with a good character or reputation. For highly fatalistic individuals, things are less straightforward: They may have a good or bad experience with the firm, but this may have less to do with the firm’s character and more with predetermined circumstances. Hence, the impact of ‘self-related’ experiences on reputation for product/service quality is lower among highly fatalistic individuals. Similarly, low fate control individuals form stronger links from product/service quality reputation to trust, presumably because they attribute their trust to the firm’s positive character. These results support the work of Walczuch and Lundgren (2004), who

propose that individuals who feel they can influence outcomes are more likely to demonstrate higher trust in response to positive retail experiences.

Our results suggest ‘others-related’ experiences impact reputation for social responsibility more strongly for highly fatalistic individuals. This finding suggests an important difference between ‘self-related’ and ‘others-related’ experiences. Highly fatalistic individuals may interpret ‘others-related’ experiences in relation to a broader world that is beyond their immediate control and seek meaning in events outside their own experiences. If they perceive a firm as relating positively to a wide group of stakeholders, highly fatalistic individuals may interpret this as evidence of the firm’s social responsibility and attribute a more positive reputation to that firm.

The implications of these findings for firms are twofold. First, individuals who believe they control their destiny respond more positively to reputation for product/service quality when they are actively engaged with the company. They are more likely to take charge of their firm interactions with the firm, including resolving negative experiences. Firms that provide opportunities to engage stakeholders will likely derive reputational gains. Conversely, high fate control individuals are more likely to become the ‘lost’ customer. They are less inclined to directly influence their experiences, whether positive or negative. However, this does not rule out opportunities for reputation building among fatalistic stakeholders. Because these individuals prefer others to take charge, an indirect means of communicating the firm’s social initiatives, rather than active engagement may be a more effective strategy.



**Religiosity (H3):** High religiosity individuals believe religion is a positive force in society and credit a higher being for the reasons behind many actions. There are similarities between highly fatalistic individuals and those who are religious. However, while fatalistic people seek meaning outside themselves, these interpretations are often loosely defined and reside in supernatural and earthly forces. Religious people tend to attribute events to a clear external force, their deity. They also rely on strong guidelines when forming their attributions, often set out in the principles of a particular religion.

Our findings suggest that highly religious people are less inclined to trust a firm based on its product/service quality reputation. A similar explanation to that discussed under fate control applies: For individuals with strong religious beliefs, attitudes towards a firm are not only driven by the firm's perceived character, but by this group's willingness or reluctance to trust earthly entities in relation to the will of a deity. A religious person's trust in a firm may be driven by both a faith in the firm's character and a more general faith in a deity.

Unlike the results related to fate control, highly religious individuals are impacted less by 'others-related' experiences in the development of reputation for social responsibility. While some studies report a positive relationship between religiosity and support for corporate social responsibility (e.g., Angelidis and Ibrahim, 2004), others call for further research to understand the underlying nuances of this relationship (e.g., Showers *et al.*, 2011). Our findings suggest that non-religious stakeholders form stronger perceptions of a firm's reputation for social responsibility due to their lack of religious conviction. Rather than putting faith in a spiritual being, they view the actor responsible for social causes as the firm itself. Religious individuals seem to have a clear sense of to whom they attribute

the existence of positive and negative experiences. They are less concerned with specific actors responsible for events and, instead, attribute events to a higher power. ‘Others-related’ and ‘self-related’ experiences provoke significantly weaker responses to reputation for social responsibility and trust. Religious individuals are less receptive to ‘self-related’ and ‘others-related’ firm experiences when developing notions of trust or reputation. This has implications for the level of effort a firm places on creating positive experiences in highly religious countries or communities.

**Reward for application (H4) and social complexity (H5):** While our findings did not provide supportive evidence for the final two hypotheses, this is likely a reflection of the study sample rather than an indication of their irrelevance. Most respondents scored at the high end of the 7-point scales for reward for application and social complexity ( $\bar{x}_{RA} = 5.83$ , s.d. = 0.77;  $\bar{x}_{SC} = 5.80$ , s.d. = 0.76). Leung and Bond (2004) also found moderate to high levels of these dimensions among Canadian study participants, as shown in Table 3. Future study involving culture or country comparisons may shed additional light on whether and how reward for application and social complexity moderate reputational relationships.

*Table 3. Social axiom measures at the cultural level of analysis*

<b>Location</b>	<b>Social cynicism</b>	<b>Social complexity</b>	<b>Reward for application</b>	<b>Religiosity</b>	<b>Fate control</b>
Brazil	Med–low	Med–high	Med–low	Med	Low
Britain	Low	Med–high	Med–low	Low	Low
Canada	Low	High	Med–high	Med–low	Low
Germany	Med–high	High	Med–high	Low	Med–low
Hong Kong	Med	Med–high	Med	Med	Med–low
India	Med	Med	High	Med	Med
Indonesia	Low	Med	High	High	Med
Iran	Med–low	Med–low	High	High	Med
Italy	Low	Med–high	Low	Low	Low
Nigeria	Med	Med	High	Med–high	Med–high
Peru	Med–high	Med–low	Med–high	Med–low	Low

Spain	Med–low	High	Med–low	Low	Low
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(Adapted from Bond, 2005; Bond *et al.*, 2004b; Leung and Bond, 2004; Liem, Hidayat and Soemarno, 2009; Zhou, Leung and Bond, 2009.)

## **Limitations and areas for future research**

While our conceptual framework lends itself for testing in different contexts, our empirical study was conducted with a Canadian retailer. Studies involving the SA construct reveal distinct cultural patterns. For example, the British and Canadians are low on social cynicism relative to Germans. Yet, both Germans and Canadians are stronger on the reward for application dimension than their British counterparts (Bond, 2005; Bond *et al.*, 2004b; Leung and Bond, 2004). As knowledge of SAs increases, future reputational research extending this study into different countries, where individual belief systems also differ, will allow managers to more reliably predict response patterns related to their actions across cultures and countries.

We focus on an established retailer with a positive reputation for product/service quality and social responsibility. Testing the model on firms with varying reputations for product/service quality and social responsibility may provide greater insight into reputational perceptions and outcomes. Negative corporate examples may shed further light on the impact of distrust within the model, and the role of SAs in predicting negative outcomes. Our data was collected during the retailer’s annual exhibition, which may attract more loyal and engaged customers. To better understand the robustness and generalizability of our conceptual framework, it would be useful to test our model with other stakeholders who are less familiar, loyal or dependent on the retailer in their interactions.

Given the newness in applying the SA construct within a reputation context, our study was largely exploratory, thereby preventing us from hypothesizing the impact of individual SAs on specific path linkages in our model. We encourage further investigation into the nuances of how SA dimensions impact stakeholder responses in the model's path linkages under varying circumstances.

A final area for future research relates to the interaction between SA and social learning theory. Our findings suggest that cynicism, fate control and religiosity elicit different responses along conventional and social learning axes. This has implications, particularly in the growing field of reputation and social media, which by its nature refers to learning in a social space. It would be interesting to explore how SA have different categories of inputs in terms of functional and symbolic benefits, and how stakeholder experiences of organizational stimuli (whether functional or symbolic) interact with issues of conventional and social learning. Exploration of these interdependent processes may extend to other reputation-related categories such as communication and listening, power usage (legitimate, coercive) within and outside organizations, and stakeholder–organization values alignment.

## **Conclusion**

Our study develops and tests a model of how and why stakeholder responses to reputation-related stimuli can be predicted as a function of the interaction between individuals' deeply held beliefs and reputation-related organizational stimuli. We build a conceptual model that incorporates theory from the reputational field and find significant differences between individuals with low and high expression in three SA dimensions. Our findings uncover underlying reasons why individuals respond differently to reputation-building efforts by

firms. We thus propose the inclusion of SAs as an important factor when theorizing reputation development from a stakeholder perspective.

We provide a socio-cognitive approach to the study of firm reputation that contributes to the advancement of reputation theory by exploring, for the first time, whether and how SAs predict stakeholders' varied responses to the same reputation-related stimuli. While previous reputation models examine stakeholders in demographic and functional terms, categorizing stakeholders based on socio-cognitive processes adds to existing theory by looking not only at *which* stakeholders respond differently – but also *why* they respond differently. Building on an increasing awareness of the role of SAs in guiding human decision-making and behaviour, we offer fertile ground for future research and practice in reputation management.

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