



**MBA 2010/11**

**Dimensions underlying corporate reputation:**

**A B-2-B buyer's perspective**

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## **Abstract**

Corporate reputation has become a source of competitive advantage whose underlying dimensions serve to influence companies' strategic direction, in order to maintain sustainable competitiveness. The purpose of this research is to determine the underlying dimensions of corporate reputation as perceived by buyers in the business-to-business environment.

Through critical review of literature on corporate reputation, the importance of building and maintaining a good reputation was highlighted by a myriad of resulting favourable consequences. Literature also revealed underlying dimensions of reputation which were complemented by the findings of the preliminary interviews with a selection of members of the sample to formulate a research instrument.

Using stratified sampling of buyers in selected segments served by the steel industry, 169 questionnaire responses were gathered electronically via email and self administered. A factor analysis revealed five factors namely vision and quality of management, employment equity and social responsibility, superior quality of products and committed service, corporate appeal and safety and environment. These collaborated with the literature with the exception of two contributing elements omitted by literature, namely BEE and safety.

This research has revealed gaps for further studies to delve deeper into the field of dimensions of corporate reputation and their impact on companies financial and non financial measurements.

## Keywords

- Dimensions of Corporate reputation
- Business-to-Business buyers
- Competitive advantage

## Declaration

I declare that this research project is my own. It is submitted in partial fulfillment of the requirements for the degree of Master of Business Administration at the Gordon Institute of Business Science, University of Pretoria. It has not been submitted before for any degree or examination in any other University. I further declare that I have obtained the necessary authorization to carry out this research.

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Ntsoaki Diana Tshivhase

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Date

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## **Chapter 1: Introduction to the research problem**

Corporate reputation is a strategic intangible asset companies need to leverage to either gain or maintain a competitive edge over competitors. The formation of a good reputation is a long-term process in which organisations engage in, in an effort to produce an intangible asset that is difficult to imitate and quantify (Keh & Xie, 2009). In an increasingly globalised and highly competitive world where businesses are forever seeking means of staying ahead of the competition, corporate reputation has evolved into a powerful source of sustainable competitive advantage.

Reputation has further evolved into the realm of law. In the South African business context, the subject of corporate reputation is encapsulated in the King III Report on corporate governance. The report seeks, among other things, to ensure that acting in the best interest of the company is subject to the consideration of the legitimate interests and expectations of all stakeholders and remains the overriding factor for a company's Board of Directors (IODSA, 2009).

The principle addressing reputation in the King III Report alludes to the Board's responsibility of managing and measuring gaps between stakeholder perceptions and the performance of the company in order to enhance or protect the company's reputation (IODSA, 2009).

Since, according to Hansen, Samuelsen and Silseth (2008), a good reputation is a representation of an asset to the company and the overall firm's appeal when compared with other rivals, organisations therefore need to constantly manage the process of maintaining a good reputation. Companies, who actively manage their corporate reputations, do so in order to derive maximum competitive advantage over less reputable peers to ensure that maximum value is created for them (Fombrun & Riel, 2004).

Studies of business markets have concluded that intangible attributes such as brand, corporate reputation and image can be of equal or even greater importance than tangible and physical product attributes in business purchase decisions (Mudambi, 2002). A strong reputation enables companies to command premium pricing, lower marketing costs, help attract the best employee talent, generate word of mouth endorsement, and to act as a barrier against imitation thus strengthening the company's strategic position in relation to the competition (Fombrun & Gardberg, 2000; Schwaiger, 2004). Ang and Wight (2009) supported this by ascertaining that because reputation is intangible and ambiguous in nature, the firm that is reputable is at an advantage as competitors can seldom imitate this type of advantage. Additionally, building corporate reputation, a process whose payoffs require longer periods to become visible, can prove to be a vital asset for the sustainability of a firm, if managed well.

However, while academics and practitioners propose that positive corporate reputation results in the survival of the business and adds meaningfully to profitability, Porrit (2005), on the contrary, argued that if an organisation is observed as making excess profits at the expense of stakeholders who are seen to have no choice but remain loyal and supportive of the organisation, then hostility towards the company may arise. Rhee and Haunschild (2006) in Keh and Xie (2009) illustrated the liability of good reputation through a study of product recalls in the U.S automobile industry. Their findings revealed that firms with good reputation suffered more than those with poor reputations when they made mistakes.

Ou and Abratt (2006) stipulated that corporations with positive reputations may not necessarily be associated with stronger market share positions, social responsibility or superior financial performance. This follows from an assertion that although customers might be comfortable with a supplier's reputation in terms of service and product delivery, strong reputation alone does not guarantee the development of ongoing relationships with suppliers.

It is generally accepted that building and maintaining a good reputation yields positive results for firms, however the converse also holds true. Large corporations holding leadership positions in their industry or areas of their operations, by their very nature, are highly visible and raise societal expectations.



Therefore, Sethi (2009) argued that an inadequate response to societal concerns could potentially erode corporate reputation of such companies.

The recent magnitude and frequency of corporate failures, hubris and governance infringements have all had a negative impact on the corporate reputations of the firms involved. The fall of Enron is an example of the destruction of corporate reputation that ultimately eroded the firm's existence. The proliferation of deeds from firms in the United States of America that resulted in the recent global economic recession bears evidence to the reputational damage of global corporates.

It is however interesting to note that corporates with very strong reputations have the potential to receive the benefit of doubt from stakeholders following a disruptive event and therefore continue to prosper. Reuber and Fisher (2009) found that many firms have survived through startling revelations of misdoing, without any material damage to their reputations. In his findings on the Cadbury's Salmonella scare in 2006, Carroll (2009) found that Cadbury's enviable reputation helped it insulate it from the full blown onslaught of the crisis.

The value of corporate reputation extends beyond the economic imperative as Pruzan (2001) articulates the value of protecting and improving reputation on a social context as means of maintaining the license to operate in society as a responsible citizen. However, because building successful business-to-business

(B2B) associations such as image, reputation and corporate brand requires a lot of nurturing and time (Brown, Dacin & Pitt, 2010), corporates remain at risk of defaulting while in the process of building and maintaining good reputation due to business pressures requiring swift and uncalculated actions.

Building a good reputation is not only an economic imperative for economic gains to businesses, it has become a social and somewhat legal mechanism that allows for harmonious relationships with stakeholders. If managed well over time, organisations can transform their reputations into a primary source of competitive advantage.

## **1.1 Research Objectives**

When building corporate reputation, the firm has to consider its reputation across all stakeholder groups including customers. Stakeholders view reputation differently depending on their interests. For example, investors will attribute a large portion of their perception to the financial aspects, while communities will react to the firm's social responsiveness. A buying organisation's perception of the supplier's corporate reputation and credibility has an influence on customer perceived value, as fewer resources are allocated towards relational safeguarding when trading with a supplier whose reputation is superior to its competitors (Hansen et al., 2008).

The overarching goal of this research was to build an understanding of the dimensions that underlie corporate reputation as perceived by organisational buyers. Accordingly, the objectives of the report were to:

- 1) Review the available relevant literature in order to define the concept of corporate reputation and to explore its relevance to buyers in the b2b environment.
- 2) Empirically determine the dimensions that underlie corporate reputation as perceived by buyers in the business to business environment

The research findings sought to assist organisations in the B2B space to determine where to focus and appropriately allocate resources in a manner that enhances their reputation as perceived by one of their most important stakeholders – customers.

## 1.2 Research Problem and Motivation

While it is widely acknowledged that tangible attributes of products have proven to be order qualifiers, companies in highly competitive industries have to strive to differentiate themselves by offering additional intangible aspects that could render their services/products superior to that of competitors. Building a good reputation is one such aspect. However, reputational image is highly subjective to those people or businesses wanting to engage with the focal company and as a result their interpretations of a good reputation will differ in their definitions and perceptions of what constitutes a good corporate reputation.

Exploring different dimensions underlying corporate reputation and their importance to industrial buyers enhances our understanding on how buyers in the business-to-business space make decisions to purchase. From an academic perspective, Fombrun and Gardberg (2000) stated that strategists, organisation theorists and economists hypothesise that there are competitive benefits to having strong corporate reputations. However, to this end, research has paid little attention to how corporate reputation drives buyer decision making.

Jeng (2008) conducted a study to investigate the contribution of corporate reputations, interpersonal relationships and competing suppliers' marketing programmes to customer's cross-buying intentions. Subsequently, Keh and Xie (2009) postulated in their study that customer trust, identification and

commitment were the key intervening factors between corporate reputation and customer purchase intention and willingness to pay a price premium. In a recent study by Ewing, Windisch and Newton (2010), corporate reputation was limited to identifying the difference in approach to the construct between B2B firms in China and the Western-centric. These studies however did not determine the constituents of corporate reputation; the gap which this research aimed to bridge.

This research furthermore attempted to provide corporations with a tool to identify those aspects making up reputation; that can be leveraged on to deliver intangible outcomes, particularly loyalty and continued life-long support from customers. As a reaction to the recent global corporate and organisational scandals such as the previously mentioned Enron case, it has become critical for business leaders to adopt tighter reporting measures to restore the reputation of the corporate world.

The custodianship of reputation has widely been acknowledged to rest in the upper echelons of organisations. The King III report encourages leaders to rise to the challenge of modern governance and acknowledges the role of leaders in organisations as pivotal in shaping the vision and creating a reputable and enabling environment for encompassing sustainable strategies. The principle addressing reputation in the King III Report alludes to the Board's responsibility of managing and measuring gaps between stakeholder perceptions and the

performance of the company in order to enhance or protect the company's reputation (IODSA, 2009).

In the context of this research, a company's reputation needs to be managed in such a manner that it enhances industrial customer's perceptions of the company. How such could be maintained is discussed in the next chapter, looking at, among other subjects, literature concerning the development of corporate reputation.

### **1.3 Conclusion**

The literature reviewed in the next Chapter demonstrates a host of academic understandings of the concept of corporate reputation, its consequences, importance to business in current times as well as activities companies need to engage in, to build reputation. The main thrust of this Chapter is on the drivers of corporate reputation in order to gain insights into what business buyers perceive relevant in influencing decisions to purchase.

Chapter 3 uses the literature reviewed to frame the research question that the empirical study addresses. The basis of this will be on those constructs revealed by both literature and primary research, to be underlying to reputation.

Chapter 4 highlights the choice of methodology used to conduct the research, scope and unit of analysis, sample method and size, data gathering and research

instrument as well method of analysis used. Presentation of the findings is outlined in Chapter 5.

Chapter 6 discusses the results of the data analysis against the literature as well as providing answers to the research question. This is followed by Chapter 7 which concludes the entire research. In this last Chapter, recommendations are provided for further research as well as for organisations in the business to business environment in terms of the aspects to invest in, in order to build and maintain strong reputation.

## Chapter 2: Literature Review

### 2.1 Introduction

Having elaborated on the research objectives and the need for the current research both for business and academic purposes, it is vital to therefore, bring clarity to the meaning of corporate reputation as defined by various authors and schools of thought. The literature review subsequently explains the importance of the concept of corporate reputation to business, identifies the activities that build corporate reputation, explores its consequences to the business as well as establishing the impact of reputation on customer evaluations, intent and behaviour.

Since the research aimed broadly to explore the underlying dimensions of corporate reputation in an industrial buying context, the review identifies and discusses the drivers of corporate reputation, on the premise that once these are identified, companies will have an understanding of the areas that they need to focus on in order to build and maintain a reputation conducive for attracting and retaining customers.

Figure 2.1 below illustrates the flow of the literature reviewed in this section from a myriad of definitions of corporate reputation through to the factors that influence B2B buying.



**Figure 2.1: The literature review framework**



## **2.2 Defining corporate reputation**

In an attempt to define corporate reputation, the literature reviewed bears a myriad of definitions emerging from different scholars who each defined the concept in accordance with the perceptionary view derived from their differing disciplines.

Gotsi and Wilson (2001) defined corporate reputation as a stakeholders' overall evaluation of a company over time based on the stakeholder's experience with the company. Taking on a similar angle, Fombrun (1996) stated that the corporate reputation concept is based on a set of collectively held beliefs about a company's ability and willingness to satisfy the interests of various stakeholders.

Researchers who conceptualise reputation from an economic perspective regard corporate reputation as either an insider's and/ or outsider's expectations and estimations of specific organisational attributes (Keh & Xie, 2009) or an economic perspective that analyses reputation directly in relation to product quality and price (Wang, Kandampully, Lo & Shi, 2006). In these terms, Fombrun and Van Riel (1997) defined corporate reputation in the realm of both the game theorists who ascertained the concept as character traits that distinguish among types of firms and can explain their strategic behaviour and signaling theorists who put emphasis on the informational content of reputations that increases observers' confidence in the firm's products and services.

Organisational scholars have examined corporate reputation in terms of social identity, portraying it as an important intangible resource contributing significantly to a firm's performance (Wang et al., 2006). This view also asserts that a company's culture and identity shapes the company's business practices as well as the kinds of relationships managers forge with key stakeholders (Fombrun & Van Riel, 1997).

Other perspectives emanate from strategists who build from an institutional theory that characterises reputation as a global impression reflecting the perceptions of a collective stakeholder group (Keh & Xie, 2009). Furthermore it is noted that reputations are both assets and mobility barriers that impede mobility and produce returns to firms because they are difficult to imitate (Fombrun & Van Riel, 1997).

To summarise the six views of corporate reputation namely economic, organisational, strategic, marketing, sociological and accounting views in order to form an integrative definition, Fombrun and Van Riel (1997, p. 10) proposed the following definition:

*“A corporate reputation is a collective representation of a firm's past actions and results that describes the firm's ability to deliver valued outcomes to multiple stakeholders. It gauges a firm's relative standing both internally with employees and externally with its stakeholders, in both its competitive and institutional environments”*

Subsequently, through a midst of other definitions of corporate reputation, Barnett, Jermier and Lafferty (2006) argued that although Fombrun and Van Riel's (1997) integrative perspective of corporate reputation is widely accepted, it remains far from universal. Barnett et al. (2006) extended their search for definitions by four years from 2000 through to 2003 and after having reviewed 49

unique sources with definitions of corporate reputation identified three distinct clusters of meaning in the definitional statements. These three were classified as awareness, assessment and asset clusters

The awareness cluster encompassed a myriad of definitions that indicated collective perceptions of a firm's past actions and results. The assessment cluster is judgmental in nature as it involves a process of evaluating the status of a firm in terms of, among other things, its attractiveness within the industry it operates in. The asset cluster is a resource based view that captures the firm's real economic value (Barnett et al., 2006).

Walker (2010) reviewed Fombrun's 1996 book and 54 papers published over a 27 year period in multiple management principles in an attempt to provide an encompassing definition of corporate reputation. Interestingly, Walker's (2010) research sought to differentiate corporate reputation from related terms namely organisational identity and organisational image – terms commonly used interchangeably.

Appendix 1 illustrates comparative definitions of corporate reputation, organisational identity and image, as well as the stakeholder group each most relates to, as examined by different scholars. It provides a critical point of differentiation between the three terms and a clarification of whether the derived definitions refer to desired or actual perceptions of the stakeholders' groups.

Walker (2010) further asserted that there is a tendency for organisational identity to refer to internal stakeholders alone, for organisational image to refer to external stakeholders alone and for corporate reputation to refer to both internal and external stakeholders. In support of this, Whetten and Mackey (2002) formulated questions for each concept in an effort to further distinguish between the three as follows:

- Organisational identity: Who / what do we believe we are?
- Organisational image: What / who do we want others to think we are
- Corporate reputation: What are we seen to be?

The unifying definition, therefore, provided by Walker (2010, p 370) describes corporate reputation as *“a relatively stable, issue specific aggregate perceptual representation of a company’s past actions and future prospects compared against some standard”*.

The observed definitions of corporate reputation provide different perspectives to the concept as viewed by different stakeholders and scholars, however, the common thread in the definitions borders around a subjective and collective evaluation by outsiders of an organisation’s actions and achievements, over time.

This research focused on the customer in the B2B space. Therefore it was considered imperative to conclude this section with an attempt to define reputation from a customer-based view. Walsh and Beatty (2007, p. 134) define customer-based reputation as:

*“ The customer’s overall evaluation of a firm based on his or her reactions to the firm’s goods, services, communication activities, interactions with the firm and/or its representatives or constituencies (such as employees, management, or other customers) and/or known corporate activities”.*

### **2.3 Importance of corporate reputation to business**

The main task for firms in today’s competitive marketplace is to deliver superior and compelling value to customers as compared to rivals. Hansen et al. (2008) argued that companies with a superior ability to provide a service or product that customers perceive as valuable will incur an important competitive advantage. As governments and companies respond to the financial crisis and its reverberations in the real economy, reputation has begun to matter more now than it has in decades (Bonini, Court & Marchi, 2009).

Enron, during the late part of 1990’s was about to be considered as one of the most innovative companies in the US, however in 2002, the company was declared bankrupt due to internal business practices adopted that have since

tarnished the company's reputation. This rise and fall of Enron is a prominent example of the creation, use of and destruction of corporate reputation (Keh & Xie, 2009).

Literature points out that the reputation of the company must be purposefully managed so that it becomes the best possible source of sustainable competitive advantage and can fully develop its potential for increasing corporate value (Wiedmann & Buxel, 2005). Bonini et al. (2009) argued that the breadth and depth of the modern reputational challenge is a consequence not just of the speed, severity and unexpectedness of the recent economic events but also of underlying shifts in the reputation environment that have been underway for some time and they allude to action not spin, as building strong reputations.

### **2.3.1 Importance of building customer-based reputation**

A company would not have a good reputation unless the market thought so. This market-based assessment of companies becomes important when the performance of the focal company is hard to evaluate (Hansen et al., 2008). Service industries characterised by the absence of intrinsic cues for value assessment such as banks, consulting firms and educational institutions rely heavily on their reputation to attract and retain customers (Ou & Abratt, 2006).

Safon (2009) found that for business schools, the perception of a good reputation comes with benefits such as, inter alia, attracting large numbers of better quality

recruiters, students and faculty and that it also supports and justifies a price premium for students and a salary discount for faculty. Hansen et al. (2008) cited Newman's (1988) formula for customer perceived value (CPV) suggesting that the customer perceived value is a function of the total sum of benefits received divided by the total sum of sacrifices made by customers to receive the benefit. In support of this, Ou and Abratt (2006) also recognised that as the supplier attractiveness improves, buyers may be more willing to spend more time travelling, sacrificing time and money, to destinations with favourable reputation.

A good reputation can be inferred from the company's past actions that have been consistent with the market expectation. Because of this, a good reputation is like a reservoir of goodwill to help companies weather bear markets, scandals or natural crises (Alsop, 2004). This is supported and evidenced in a study by Carroll (2009) on the Cadbury's 2002 Salmonella scare, that a favourable reputation, built over time, insulates the firm from the full impact of a crisis.

Based on the discussions in this section, we can conclude therefore that corporate reputation plays an important role in affirming customer perceived value as well as protecting firms from event-based scandals. The challenge for companies is then to grasp the means of building and managing corporate reputation.



## 2.4 Determining activities that build corporate reputation

Reputation, similar to trust, takes years to build and only seconds to destroy. The previous section articulated the importance of reputation to business. It is of equal importance for companies to strive to build, manage and maintain corporate reputation.

Although all the members of the company are expected to maintain a company's reputation, it is the ultimate responsibility of senior leadership to develop and build corporate reputation. CEOs with the assistance from the Board have the opportunity to differentiate their companies by demonstrating real statesmanship (Bonini et al., 2009). In South Africa, as part of corporate governance, King III Code of governance recommends that the company's reputation and its linkage with stakeholder relationships should be a regular board agenda item (IODSA, 2009).

To build reputation as perceived by the market and other stakeholders, Bonini et al. (2009) suggested that companies need to enhance their listening skills so that they are in touch with emerging issues, reinvigorate their understanding of relationships with relevant stakeholders as to activate a network of influential supporters.

Petkova, Rindova and Gupta (2008) designed a reputation-building activity model for new ventures as illustrated in Figure 2.2 below. Although this model was primarily designed for new ventures, it is found relevant in the context of companies that have been in existence for extended periods as the process of building reputation is an on-going process that has no end. This model will be used in this section to indicate those elements crucial in building reputation.

**Figure 2.2: Reputation-building activities**



**Source: Petkova et al., 2008**

Symbolic activities build on the company's reputation by mainly attracting attention and increasing public awareness of the company by active and continuous interactions with potential stakeholders (Petkova et al., 2008). Engaging in symbolic activities, companies assume that a positive valence of media content is the most effective way to manage and build reputation (Kim, Bach & Clelland, 2007).

In Carroll (2009), although the favourable reputation of Cadbury's insulated the firm from the market onslaught, this provided the firm an opportunity to further build on their reputation via symbolic activities educating stakeholders about the improvement in the fundamental quality processes.

Investments in human and social capital both have a positive influence on the firm's reputation. Such investments serve to convince stakeholders, especially investors, in the case of human capital, that the company is capable of delivering value given the strong and skilled management team and staff. Investing in social capital is supported by Kim et al. (2007)'s behavioural management approach to building corporate reputation in terms of the firms' ability to respond to stakeholder interest and concerns.

This construct advocates for strategic alliances and partnerships with relevant stakeholders. Ang and Wight (2009) supported this by suggesting that

reputations can be built through associations with other organisations and institutions that help signal the quality of a firm.

Because a favourable reputation implies that a company is able to provide a signal of product and service quality and value customers are likely to obtain, companies strive for means to continually improve on offerings to demonstrate credibility and therefore earn the trust of their stakeholders. New product development activities such as refining the quality of products and introducing radical innovations such as acquiring new technology all contribute to the companies' overall reputation (Petkova et al., 2008).

Following from the above, a combination of symbolic and behavioural management approaches is an effective way of building corporate reputation; as both the image of the company and its response to factors relevant to important stakeholders are enhanced. Having identified these activities that firms can engage in to build and manage reputation, it is necessary to understand the consequences of corporate reputation in order to further highlight reputation's importance to business.

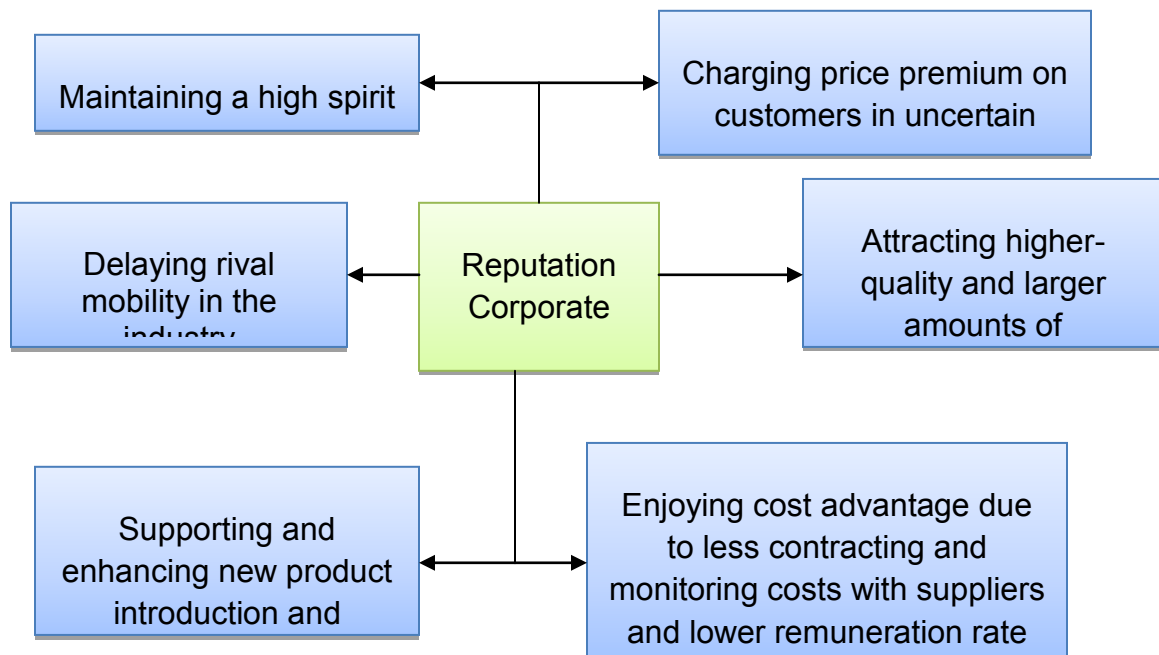
## **2.5 Consequences of good reputation**

It has been established in the previous sections that reputation, if managed and exploited appropriately can become firm's source of sustainable competitive

advantage. Ang and Wight (2009) asserted that firms have paid increasing attention to their reputations in realisation that good corporate reputation endows them with many advantages over their less reputable rivals. Positive corporate reputation results in the survival of the business and adds meaningfully to the bottom line.

Keh and Xie (2009) constructed the consequences of a favourable corporate reputation and these have been clustered together in Figure 2.3 below.

**Figure 2.3: Consequences of corporate reputation**



**Source: Adopted from Keh and Xie (2009)**

Ou and Abratt (2006) and Ang and Wight (2009), in support of the model above also noted that a good reputation in the brand can help consumers make decisions when quality cannot be observed prior to purchase. This being more prevalent in the service sectors like banking and educational institutions.

Also of great importance is the protective buffer that reputation provides to firms in periods of crises and scandals. Cadbury's Salmonella scare in Carroll (2009) bears an example of a positive reputation insulating a firm against the full blown onslaught of the crisis.

On the other hand however, Herr (1989) in Keh and Xie (2009) recognised that having strong reputation has a downside particularly when firms get into trouble, as these firms suffer more than those less reputable when they make mistakes, which may be due to the contrast effect from disconfirmation of high expectation. Porrit (2005) also argued that if an organisation is observed as making excess profits at the expense of stakeholders who are seen to have no choice but remain loyal and supportive to the organisation, then hostility towards the company might arise. This is essentially more evident if alternative suppliers can be reached with ease.

Fombrun and Pan (2006), Jeng (2008) and Wiedmann and Buxel (2005) noted other emotionally-based consequences of corporate reputation as being good

feeling, admiration and respect, trust and positive regard of a firm from a stakeholder's perspective.

The above literature draws conclusion that the advantages of positive corporate reputation by far outweigh the negative connotations that might arise from it. Most importantly, because customers are more comfortable dealing with a reputable firm than otherwise, this also enhances the focal firm's credibility for high quality products and services. Having identified the consequences of corporate behaviour, the literature on how corporate reputations are measured is an important consideration in determining areas that firms need to direct resources towards in order to attract and retain customers.

## **2.6 Determining drivers of corporate reputation**

The preceding sections have dealt with corporate reputation on the surface, addressing inter alia its importance to business and the consequences of having a good reputation to business - thereby creating a platform that permits exploring the roots of corporate reputation. This section delves into those dimensions that measure corporate reputation.

The common thread in the definitions of corporate reputation (provided previously) bordered around a collective evaluation by outsiders. Outsiders predominantly consist of stakeholders with different expectations, different

standards and hence different ways of measuring corporate reputation. Investors pay more attention to a company's financial performance than consumers and social activists do, similarly consumers and social activists are more likely to be influenced by their perceptions of a company's social responsibility than its financials (Fombrun & Gardberg, 2000). Caruana and Chircop (2000) summarised corporate reputation measures by different proponents as shown in Table 2.1 below.

**Table 2.1: Summary of corporate reputation measures**

Reference	Public	Items	Dimensions
<i>Fortune</i>	Senior execs, directors and financial analysts of main industries in USA	8	Eight dimensions: quality of management; quality of products and services; innovativeness; long-term investment value; financial soundness; ability to attract, develop and keep talented people; responsibility to the community and the environment and wise use of corporate assets.
Fombrun and Shanley (1990)		-	Cronbach alpha of 0.97 with a single factor resulting from factor analysis of <i>Fortune</i> data between 1982 to 1986



Fryxell and Wang (1994)		-	CFA indicates only a single Performance factor plus community and Environment Responsibility
Brown (1995)	Industrial buyers	6	Cronbach alpha 0.92 and support for convergent and discriminant validity from CFA
Yoon, Guffey and Kijewski (1993)	Corporate customers of service firms	10	Factor analysis of the results from the 11 companies leans towards a unidimensional construct

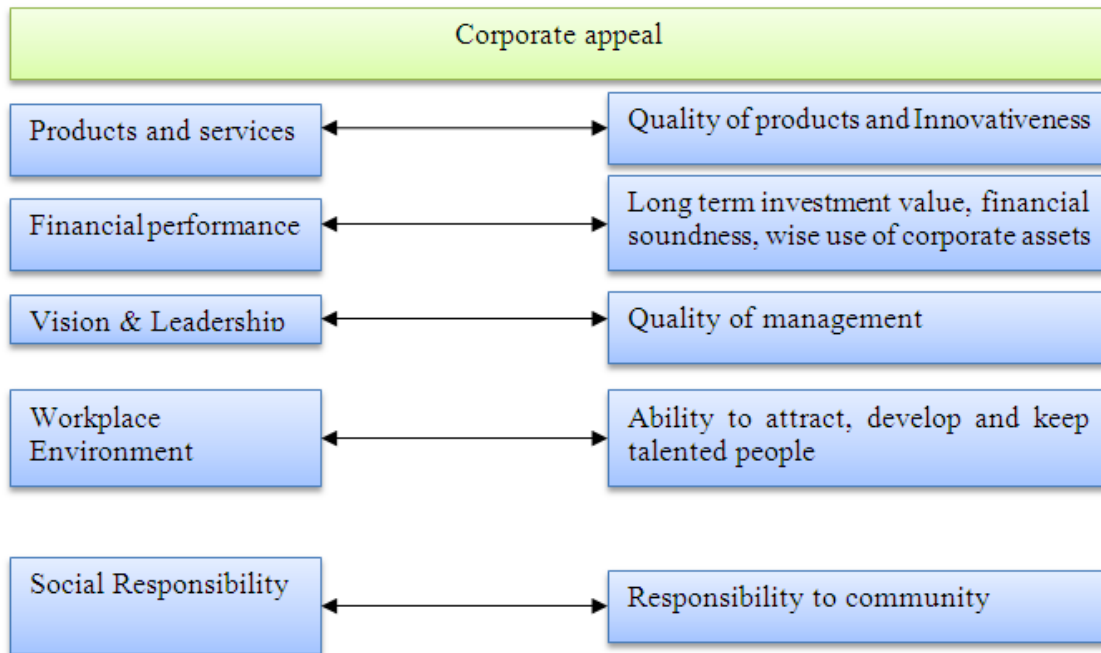
**Source: Caruana and Chircop (2000)**

In measuring corporate reputation, Caruana and Chircop (2000) cited amongst other measurements *Fortune*, which uses eight attributes as seen in Table 2.1 above. Caruana and Chircop (2000) contrasted this with others such as Fombrun and Shanley (1990), Fryxell and Wang (1994), Brown (1995) and Yoon, Guffey and Kijewski (1993) – all who viewed *Fortune's* index as limited to economic performance only. Subsequently, Fombrun and Gardberg (2000) designed a six key dimension tool useful in measuring corporate reputation. These being:

- **Corporate appeal:** How much the company is liked, admired and respected.
- **Products and services:** Perceptions of the quality, innovation, value, and reliability of its products and services.
- **Financial performance:** Perceptions of its profitability, prospects and risks.
- **Vision and leadership:** How much the company demonstrates a clear vision and strong leadership.
- **Workplace environment:** Perceptions of how well the company is managed, what it is like to work for, and the quality of its employees.
- **Social responsibility:** Perceptions of the company as a good citizen in its dealings with communities, employees and the environment.

Figure 2.4 below compares Fombrun and Gardberg (2000)'s dimensions with the *Fortune's* eight dimensions and a great level of similarity is observed between the two.

**Figure 2.4: Comparison between Fombrun and Gardberg (2000)'s dimensions and Fortune**



Lewis (1999) also supported the model created above with seven criteria for judging companies as being quality of products, quality of services, customer service, treatment of staff, quality of management, environmental responsibility and social responsibility.

Measuring corporate reputation depends on the intentions and expectations of the assessor; furthermore the weight of each dimension is also dependent on its relative level of importance. However, all the elements in the above model, although not exhaustive give a fair representation of measurement tools for

corporate reputation to all stakeholders. It is important to note though that although the dimensions may be similar, the importance attributed to each one, vary by stakeholder group.

The following section articulates the impact of reputation on customer evaluation and behaviour; in an effort to bridge the gap between corporate reputation and the customer's intention and willingness to purchase through the use of theoretical literature.

## **2.7 The impact of reputation on customer evaluations, intent and behaviour**

To have an in-depth understanding of how corporate reputation significantly contributes to interorganisational relationship marketing and hence customer behavioural intentions, Keh and Xie (2009) identified three relational factors, as discusses below.

### **2.7.1 Customer commitment and trust**

The literature recognises that commitment and trust are central factors contributing to successful relationship marketing because of their ability to lead indirectly to cooperative behaviour and produce outcomes that promote efficiency (Ken & Xie, 2009). An organisational customer does not only buy branded

products, they primarily buy from a reliable supplier, whose firm they know, trust and admire by corporate name (Brown et al. 2010).

### **2.7.2 Customer identification**

Brand researchers suggested that customer identification with a brand community will exert influence on brand-related purchase behaviours and community duration (Keh & Xie, 2009). Organisational customers have the need for self-definition and may express themselves through developing social relationships. Corporate reputation is hence said to have a positive influence on the development of customer identification because of its ability to underscore the identity attractiveness of the supplier (Keh & Xie, 2009).

A buying organisation's perception of the supplier's corporate reputation and credibility has an influence on customer perceived value, as fewer resources are allocated towards relational safeguarding when trading with suppliers whose reputation is superior to its competitors (Hansen et al., 2008).

The above factors are central in connecting corporate reputation to customers' intentions to purchase. The more prevalent the factors, the higher the chances are that customers will engage in a purchase. However, there are a myriad of factors other than reputation related factors that play a role in the customers' intention to buy, which are articulated in the next section.

## 2.8 Other factors influencing buying behaviour

The buying process as particularly carried out by buying centers is a complex process as it involves potentially conflicting decision criteria, given the number of people involved. Webster and Wind (1996) classified four variables determining organisational buying behaviour as individual, social, organisational and environmental. Sashi (2009) asserted that individual members have different expectations based on their background, information sources, active search and satisfaction with past purchases which could influence their buying behaviour.

The behavioural and social influences relate to understanding the interpersonal interaction of people involved in the buying process. Webster and Wind (1996) supported this by further articulating that it is especially important for the supplier to have an understanding of behavioural expectations from each member of the buying centre.

Organisational buying is carried out within the context of a formal organisation. This formal organisation exerts influence on the buying centre through subsystems of tasks, structure, technology and people (Webster & Wind, 1996). Garrido-Samaniego and Gutierrez-Cillian (2004) found that higher levels of decentralisation translated into active participation by a greater number of departments and a greater influence in purchase decisions. In such cases, it is

vital for the buying centers to identify the common level of importance of the potential supplier in order to drive the buying decision quicker.

The environmental influence is a broader aspect of the four variables that captures issues ranging from physical, technological, economical, political, legal and cultural factors. Physical factors include geographic location as it is argued that the proximity of the supplier to the organisation will to an extent have an influence on the purchase decisions (Webster & Wind, 1996). Organisational culture also bears significant impact on the purchasing decision, especially when the buying and selling practices and value systems vary across organisations. Sheth (1996) argued that in some cultures/organisations, reciprocity is declared illegal and unethical whereas in others it is the preferred way of doing business. These diverse cultural practices play a pivotal role in the buying behaviour of an organisation. In cultures where it is the preferred way of doing business, buying behaviour would tend in favour of suppliers who share same values and cultural beliefs.

## **2.9 Conclusion**

As set out in the literature above, corporate reputation, if built and managed appropriately, provides a firm with a sustainable competitive advantage. Owing to its intangible nature, it is difficult for rivals to imitate. There are furthermore a myriad of factors influencing organisational buying behaviour such as individual,

organisational, environmental, social and behavioural influences. However, most of these can easily be copied, therefore stripping the focal company of customer base. While the levels of importance of the dimensions that drive reputation differ from stakeholder to stakeholder, investors are more concerned with financial standing of a company, whereas customers are more likely to place attention to the quality of products. These measurements of reputation form the basis for this research as they are perceived in a business-to-business environment.



## Chapter 3: Research Question

The overarching goal of this research as set out in Chapter 1 centered on building an understanding of the dimensions that underlie corporate reputation as perceived by organisational buyers. Accordingly, the following research question was posed:

***What are the dimensions that underpin organisational buyer's perceptions of a company's reputation?***

## Chapter 4: Research Methodology

### 4.1 Introduction

The purpose of a study and the nature of the problem to be solved, according to Zikmund (2003) determines whether the study needs to be exploratory, causal or descriptive. When the research problem is poorly understood, Ghauri and Gronhaug (2002) argue that an exploratory research approach is required to gain a better understanding of the phenomenon. In causal research, the problems under scrutiny are structured, however the researcher is also confronted with cause-and-effect problems and the typical aim of this approach being to find out how one variable produces changes in another (Blumberg, Cooper & Schindler, 2008; Ghauri & Gronhaug, 2002). In descriptive research, the problem is structured and well understood and therefore the aim would typically be to find out who, what, where, when or how much (Blumberg et al., 2008). The key characteristics of descriptive research are therefore structure, precise rules and procedures (Ghauri & Gronhaug, 2002).

This Chapter discusses the methodology adopted to answer the research question. This was achieved firstly by describing and justifying the chosen research methodology, followed by identifying the target population. The unit of analysis that was believed to be relevant to the subject matter is also provided. The sampling technique adopted and the sample size and associated

justifications are also discussed. The data collection methodologies found relevant to extract pertinent information and the instruments used are explained. A section is dedicated to the method of analysis. The Chapter is concluded by elucidating limitations encountered in the process of collecting and analysing data.

## **4.2 Research Methodology**

The research objective as enunciated in the previous Chapter was to build an understanding of the dimensions that underlie corporate reputation as perceived by organisational buyers. Although exploratory design is often conducted primarily when the researcher has a limited amount of experience with or knowledge about a research issue therefore relying heavily on qualitative technique (Zikmund, 2000), it is also argued by Blumberg et al (2008) that both qualitative and quantitative techniques are applicable in the objectives of an exploratory design.

It is generally accepted that both qualitative and quantitative methods are suitable at different stages or levels of research. Blumberg et al. (2008) stated that a new investigation often starts with qualitative studies exploring new phenomena and, later on, quantitative studies follow to test the validity of propositions formulated in previous qualitative studies. In support of this, Ghauri and Gronhaug (2002) also postulate that at the first level, the problem is

unknown and of an unstructured nature and qualitative methods are suitable and that at the second level quantitative methods are most useful to answer the research question in a logical and consistent manner.

In this research, a small qualitative study was carried out as a precursor to the quantitative study. The objective of doing so was to explore other aspects that are potentially not covered by the literature reviewed, to build on the wealth of knowledge already established. Blumberg et al, (2008) suggested that a qualitative study is more likely to obtain unexpected information through exploring the subject matter.

Face to face interviews were conducted with a sample of the target population to explore organisational buyers' understanding of corporate reputation as a potential element of consideration when effecting a purchase transaction and how they evaluate reputation. Zikmund (2003) describes an in-depth interview as a relatively unstructured, extensive interview used in the primary stages of the research process. However, because the main design intent of the research was not exploratory, the interviews conducted were not as intensive as they would have been had the entire research been exclusively exploratory.

The main driver of this research was quantitative and descriptive in nature. This method focused on the known variables as well as complementary variables derived from a qualitative search. Zikmund (2003) described descriptive research

as that which is designed to describe characteristics of a population or a phenomenon, in this case – dimensions of corporate reputation as perceived by organisational buyers. Zikmund (2003) furthermore noted that descriptive research is conducted when there is some previous understanding of the nature of the research problem and in this case the literature reviewed on corporate reputation formed the basis of the understanding.

Descriptive research is concerned with finding out who, what, where, when or how much (Blumberg et al., 2008; Zikmund, 2003). In this case, what are the dimensions of corporate reputation to organisational buyers, was the overarching question that needed clarity.

The research was cross-sectional in nature as it was carried out once and represented a snapshot of one point in time (Blumberg et al., 2008)

### **4.3 Target Population**

The population for a study is the group (usually people) about whom the researcher wants to draw conclusions. Furthermore it is typically impossible to study all the members of the population that are of interest to any study mainly due to constraints such as budgetary and time, hence it is crucial to identify a target population (Babbie & Mouton, 2001). The relevant target population for this study included buyers operating in a business to business space in South Africa.

A target population is described as a selection of the general population based on a group of common characteristic (Zikmund, 2003). Due to the mentioned constraints, the sample within the target population used in this research was limited to buyers in the steel industry. The choice of the sample population was based on the researcher's ability to gain access to gate keepers, being in the steel industry herself.

#### **4.4 Unit of Analysis**

The unit of analysis describes the level at which the research is performed and most importantly, the objects to be researched (Blumberg et al., 2008). The unit of analysis for the purpose of this research study was buyers in steel companies who procured products from other similar organisations.

#### **4.5 Sampling Technique**

For some research questions, propositions or hypotheses, it is possible to survey an entire population, due to the size of the populations. However, well-planned sample surveys are able to provide useful results. Sampling provides a valid alternative to a census under the following circumstances, as highlighted by Saunders, Lewis and Thornhill (2008):

- it would be impractical to survey the entire population

- the budget constraints prevent the researcher from surveying the entire population
- the time constraints prevent the researcher from surveying the entire population
- the data has all been collected but the results are needed quickly

The first three reasons were applicable to this study and as a result, a sampling technique was relevant. Since the methodology adopted a two-phased approach, the sampling techniques were also two-fold.

For the qualitative part of the research, the appropriate technique was convenience sampling. Blumberg et al. (2008) asserted that in the early stage of exploratory research when the aim is to seek guidance, test ideas or even to gain ideas about a subject of interest, this approach is appropriate. This approach was adopted to discover other dimensions, not currently covered by available literature, underlying corporate reputation.

For the entire sample, the appropriate technique used was stratified random sampling. Blumberg et al. (2008) stipulated the three reasons why a researcher chooses stratified sampling as follows:

- To increase a sample's statistical efficiency

- To provide adequate data for analysing the various sub-populations
- To enable different research methods and procedures to be used in different strata

One of the advantages of stratified sampling is that it ensures the proper representation of the stratification variables to enhance representation of other variables related to them (Babbie & Mouton, 2001). The sample was stratified into selected segments served by the steel industry. The segments covered in this research were mining, building and construction, automotive, water and energy.

#### **4.6 Sample Size**

Blumberg et al. (2008) stated that the size of a sample should be a function of the variation in the population parameters under study, and the estimating precision needed by the researcher. For a qualitative study, Leedy and Ormord (2001) suggested that an appropriate sample size ranges between 5 and 20 interviewees. However, as the idea was not to base the entire research on this technique, the sample size was limited to five buyers in the steel industry. The purpose of choosing five buyers in the exploratory phase of the research was to ensure a fair representation of each segment during the initial phase.



With ideal stratification, each stratum is homogeneous internally and heterogeneous with other strata (Blumberg et al., 2008). This approach allows for better control of the sample size. The chosen method of analysis for this research was factor analysis and therefore the sample size had to allow for proper analysis. Hair, Anderson, Tatham and Black (1998) stated that as a general rule, the minimum sample size should be at least five times as many observations as there are variables to be analysed. Therefore, from a sample size perspective, a total of 140 responses were required to run a factor analysis for the research question [28 items x 5 (the proportionally required number of responses per item)]. Of the 650 respondents targeted, 186 responded to the questionnaire – a 28% response rate.

## **4.7 Data Collection**

### **Phase 1: Investigative Research**

The purpose of this phase as mentioned in earlier sections was primarily to collect qualitative inputs in an effort to derive additional information on the dimensions underlying corporate reputation. Information was collected by means of face to face interviews with three of the respondents and the remaining interviews were conducted by telephone.

Blumberg et al. (2008) stated that the personal interview process has many advantages, the most important being the depth of information and detail that can be secured. It is worth mentioning that the primary aim was to conduct personal interviews with all the five identified respondents, however at the time of the interviews, the two were out of the province (Gauteng), hence telephonic interviews were carried out with them.

Zikmund (2003) asserted that the quality of data obtained by telephone may be comparable to that collected in personal interviews. The researcher had prior business relationships with all of the respondents, which made the process of collecting information in both cases easier and less time consuming.

The questions posed were predetermined and limited to the respondents' understanding of corporate reputation as a potential element of consideration when effecting a purchase transaction as well as how they would evaluate reputation.

In these type of questions, there are no predetermined answers and respondents have the latitude to reply in their own words, adding to the richness of the intent. The unstructured nature of these questions aided in the context of discovering new ideas and factors unanticipated by the researcher. The information collected in this phase was subjected to content analysis and used as further input into the questionnaire development phase.

## Phase II: Survey

Subsequent to the above, the survey method was utilised to collect primary data. When the survey method is adopted, some form of direct participation by the respondent is necessary during the process (Zikmund, 2000). The survey questionnaire was constructed using input from the literature reviewed as well as inputs from the face to face interviews and telephone discussions from the preliminary investigation.

To reach respondents, the questionnaires were distributed to respondents in two ways. A total of 450 questionnaires were distributed via e-mail as attachments. Zikmund (2003) lists the benefits of incorporating a questionnaire in an e-mail to include the speed of distribution, lower distribution and processing costs, faster turnaround time, more flexibility, and less handling of paper questionnaires. To induce respondents to complete and return the questionnaires, an e-mail message served as an introduction of the researcher's name, the purpose of the study and also explained that answering the questionnaire was optional and confidential. The latter was important to mention as, a reply to an e-mail message typically includes sender's address. Of these 450 questionnaires, 109 were sent back to the researcher via mail.

The remaining 200 questionnaires were printed and dropped off at target respondents' offices. Although Zikmund (2003) argued that this method sacrifices

some cost savings because it requires travelling to each respondent's location, this was mitigated by utilising personal contacts as vehicles of dropping the questionnaires at their respective customers during their customer visits. Of these 200 questionnaires, 77 were completed and returned to the researcher.

The list of respondents was drawn from the customer database of researcher's employer as well as former employer in the steel industry. As customers purchase from different suppliers, this already eliminated the potential of customers being biased as the survey was not company specific in nature.

#### **4.8 Research Instrument and Design**

Constructs taken from the literature were modified to reflect the context of this study. The findings of the qualitative study were aggregated and further constructs were derived. Although similar constructs to the literature were mentioned, the following elements that were not evident as specific dimensions in the academic literature reviewed were referenced:

- Diversity and transformation
- BBBEE pillars: the seven pillars of BBBEE were individually mentioned hence the aggregation.
- Transparency
- Fairness

- Adherence to safety standards
- Quality of employees in terms of skills
- Availability of technical assistance

Wherever necessary, items were adjusted to align with the focus of this study. The questionnaire adopted a closed question style to which respondents were required to answer from a set of alternative responses provided by the researcher. Questions were also made easier to understand, for example - language was made simpler; double negative statements were inverted to the positive; and double barreled questions were unpacked, ensuring improved comprehension. To avoid consistency error, the order in which questions were posed was rearranged to produce three sets of questionnaires, however all having same questions but in different order.

A rating scale with anchored endpoints was used to rate the respondents' views. According to Blumberg et al (2008), likert-type scales are relatively easy to construct as long as the statements inherent meet the two criteria, namely:

- Each statement is believed to be relevant to the attitude being studied
- Each is believed to reflect a favourable or unfavourable position on that attitude

This research used a seven point likert scale with the following: irrelevant, of little importance, somewhat important, important, relatively important, very important and critical as measurement scales. Each response on a likert-scale type of measurement is given a numerical score to reflect its degree of attitudinal favourableness, and the scores may be totaled to measure the participant's attitude (Blumberg et al., 2008).

For a reliable likert scale, the requirement is between 20 and 25 properly constructed questions about the subject matter. The statements gathered from the literature and from the qualitative method formed the 28 items that respondents were asked to rate using the seven-point likert scale. A sample of this questionnaire is attached in Appendix 2.

The questionnaire was comprised of three parts. The first part included a positioning introduction of the researcher, sharing the objectives of the research combined with a voluntary consent explanation. The second part of the questionnaire comprised of questions referring to the demographic profile of the respondents such as race, gender, academic achievement, the segment appropriate for their business and the number of years as a buyer. The purpose of including demographic profile in research is to see how closely the sample replicates the known population and to allow analysis of sub-groups of those responding to the survey (Ghauri & Gronhaug, 2002). In this research for

instance, segment type was included to determine the variation in responses, among different segments.

#### **4.9 Pre-testing of Questionnaire**

Zikmund (2003) stated that the pretesting process allows the researchers to determine if the respondents have any difficulty understanding the questionnaire and whether there are any ambiguous or biased questions. Brace (2008) further insisted that a questionnaire be tested for three things, namely reliability, validity and testing for errors.

The questionnaire was therefore pre tested on six members of the population for structure, ambiguity, flow, presentation and administration. The six members were also organisational buyers within the company that the researcher worked for. Zikmund (2003) recommended that the questionnaire be tried out on a group that is selected on a convenience basis and that is similar in make up to the one that ultimately will be sampled. The questionnaire was revisited to integrate pilot feedback which drew attention to the following:

- Changing from a word document questionnaire to designing it in excel for neatness
- Reducing the number of pages by reducing the font size

- Reducing the time communicated to complete the questionnaire - from fifteen to ten minutes
- Splitting double barreled questions into two
- Ensuring uniformity on the dimensions of the rows and columns

This process proved to be beneficial as it alerted the researcher to potential problems that were caused by the initial questionnaire design.

#### **4.10 Data Analysis**

Factor analysis was found to be appropriate for this study. It addresses the problem of analysing the structure of interrelationships among a large number of variables by defining a set of common underlying dimensions (Ghuri & Gronhaug, 2002; Hair et al., 1998). This multivariate statistical technique's appropriate use involves the study of interrelationships among variables in an effort to find a new set of variables (Stewart, 1981). The current study had a set of known variables from the literature and unknown variables derived from the qualitative study that were tested against the arching subject of corporate reputation as well as amongst themselves to extract their level of importance to an organisational buyer.



Ghuri and Gronhaug (2002) argued that one can identify the separate dimensions of the structure by employing factor analysis and determine the extent to which each variable is explained by their various dimensions. Application of this multivariable technique was useful in reducing the number of variables (28) used in the survey to 5 factors that captured the essence on the individual variables.

#### **4.11 Limitations**

Limitations of this Chapter include the researcher's lack of experience in conducting research – no formal training convened prior. Secondly, the sample size was limited to the steel industry and therefore made it impossible to generalise to other customers in other industries operating in the B2B environment. Furthermore the convenience sampling technique was recognised as being the most unreliable technique but due to time and budgetary constraints, it was considered the most appropriate approach for the preliminary investigation part of the research.

#### **4.12 Conclusion**

The research objective was supported by the research methodology and the preliminary qualitative study assisted in building on the richness of the literature reviewed pertaining to dimensions of corporate reputation as perceived by

organisational buyers. The results of which were combined with literature to then undertake quantitative study to answer the research question.

Ghuri and Gronhaug (2002) as noted previously were in support of both methodologies as they argued that at the first level, the problem is unknown and of an unstructured nature and qualitative methods are suitable and that at the second level quantitative methods are most useful to answer the research question in a logical and consistent manner. Mintzberg (1979) further asserted that while the use of qualitative data aids in explaining various types of relationships, it is only through the use of quantitative data that those types of relationships are determined.

As the broad aim of the research was to determine and describe dimensions of corporate reputation as perceived by organisational buyers, the quantitative methodology was indeed the most suited to the task at hand and the adoption of factor analysis brought an even deeper understanding into the reputation construct. The next Chapter presents the results of study.

## Chapter 5: Results

### 5.1 Introduction

This Chapter provides results from the statistical analysis performed on the data from the completed questionnaires. The results are presented in accordance with the findings that emanated from the survey and are structured in a manner that is representative of the research question as posed in Chapter 3 - ***What are the dimensions that underpin organisational buyer's perceptions of a company's reputation?***. A comprehensive discussion of the results as compared to the findings revealed by literature reviewed is presented subsequently in Chapter 6. The following table indicates the structure of this Chapter.

**Table 5.1: Structure of Chapter 5**

Section	Rationale	Tables and figures
Description of the responses	To give a clear indication of the response rate, the number of incomplete but workable responses and the number of responses eliminated due to lack of eligible completion of the questionnaire	
Description of respondents	A look at the distribution of respondents against demographic variables such as education level, segment in which respondents operate, geographic location of respondents' businesses and tenure as organisational buyers.	<p>Figure 5.1: Summary of respondents by education level</p> <p>Figure 5.2: Summary of respondents by segment</p> <p>Figure 5.3: Summary of respondents by geographic location</p> <p>Figure 5.4: Summary of respondents by years of service</p>
Descriptive statistics per element	The mean, variance and standard deviation of the elements used to measure reputation dimensions	Table 5.2: Descriptive statistics per element
Internal Consistency	To assess internal consistency via Cronbach alpha value	Table 5.3: Internal Consistency



<b>Addressing the research question</b>		
Overview of Procedure	To measure sampling adequacy and factor selection criteria	Table 5.4: KMO and Bartlett's Test  Table 5.5 Summary of eigenvalues and factor decisions  Table 5.6: Component Correlation Matrix
Findings	To report on loadings and labeling of factors	Table 5.7: Loadings on Factor 1  Table 5.8: Loadings on Factor 2  Table 5.9: Loadings on Factor 3  Table 5.10: Loadings on Factor 4  Table 5.11: Loadings on Factor 5

## 5.2 Descriptive Statistics

The data was loaded and coded on an excel spreadsheet to be ready for analysis. Respondents who failed to answer most questions in the survey were removed and those respondents who missed either one or two questions were included. Pairwise deletion was used for missing values. Pairwise deletion was considered the appropriate method as it allowed for the use of cases that had missing values, whereas the listwise procedure removes the entire case and does not provide provision for missing values. The cleaned data consisted of a matrix with respondents' answers to 28 main questions on a 1 to 7 Likert-type scale. Included in the matrix were demographic responses which were contained in section 1 of the questionnaire and considered variables such as race, gender, age, education level, segment, geographic location and years of service. The statistical analysis was then performed on raw data using the Statistical Package for Social Sciences (SPSS) software.

## 5.3 Sample Description - Responses

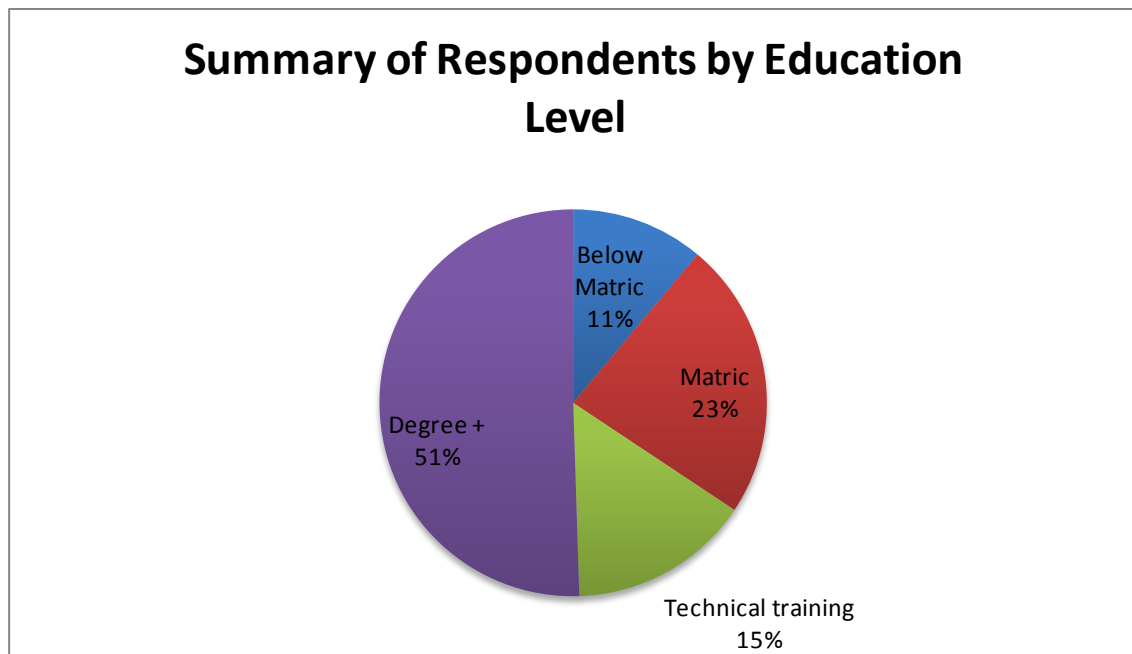
Of the total 650 respondents targeted both via mail and hand delivery methods, 186 responded to the questionnaire (109 via mail and 77 via manual completion). Total response rate achieved was 28.6%. Of these 186 respondents, 17 were excluded as a result of incomplete data. This left a total of 169 usable responses for the purpose of analysis.

## 5.4 Sample Description (Demographics)

### 5.4.1 Education Level

In terms of the education level of the respondents, the majority of the respondents (51%) had tertiary level degrees or higher, while 23% of the respondents had achieved Matric education. Respondents who reported having „technical’ training accounted for 15% of the sample while those that reported having attained education below metric were in the minority with and accounted for 11% of the sample. The sample was thus biased towards respondents that had tertiary level degrees or higher.

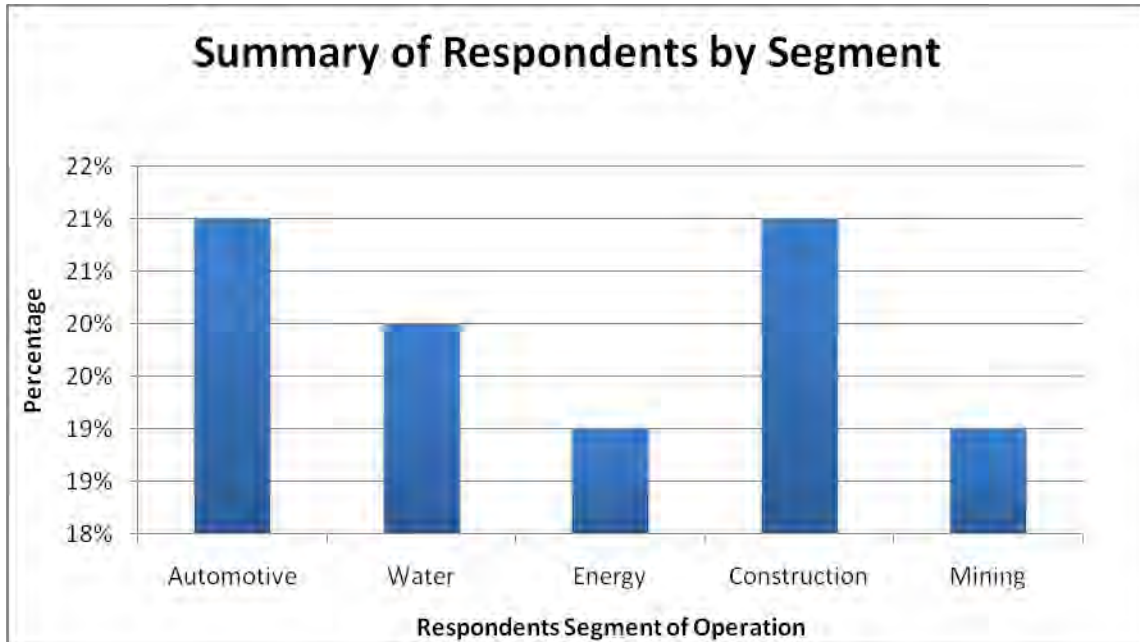
**Figure 5.1: Summary of respondents by education level**



### 5.4.2 Segment of Operation

Figure 5.2 depicts a breakdown of the sample by the segment in which they operate. Respondents working in the „automotive’ sector and the „construction’ sector make up the majority of the sample, accounting for 21% of the sample each. Respondents operating in the „energy’ and „mining’ sector accounted for 19% of the sample each, with respondents operating in the „water’ sector accounting for 20% of the sample. While variations were observed in the sample, the sectors were considered relatively represented and possessed no notable distinctions.

**Figure 5.2: Summary of respondents by segment of operation**

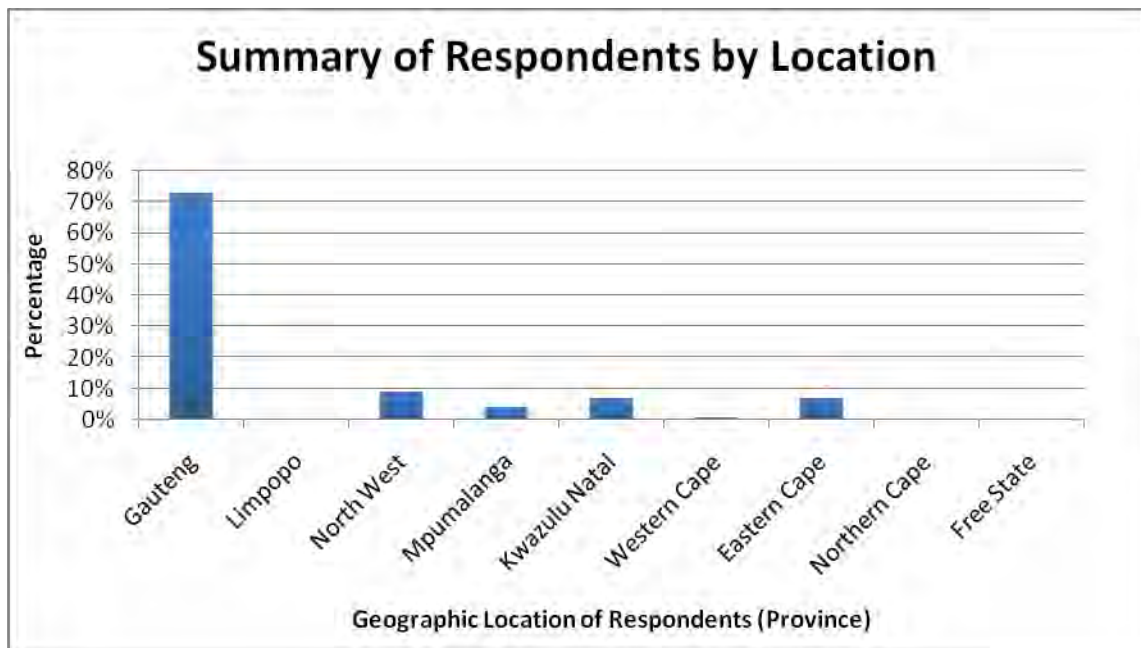




### 5.4.3 Geographic Location

With regard to the geographic location of respondents, the majority of respondents (73%) were located in Gauteng, 9% were located in the North West, 7% in both Kwazulu Natal and the Eastern Cape, 4% in the Mpumalanga region and 1% were located in the Western Cape. The sample was thus dominated by respondents who were located in the Gauteng province of South Africa. Respondents from the Limpopo, Northern Cape and Free State provinces were not represented in the sample. This clustering is to be expected as the majority of business activity in South Africa is located in the Gauteng province, furthermore the researcher was located in Gauteng.

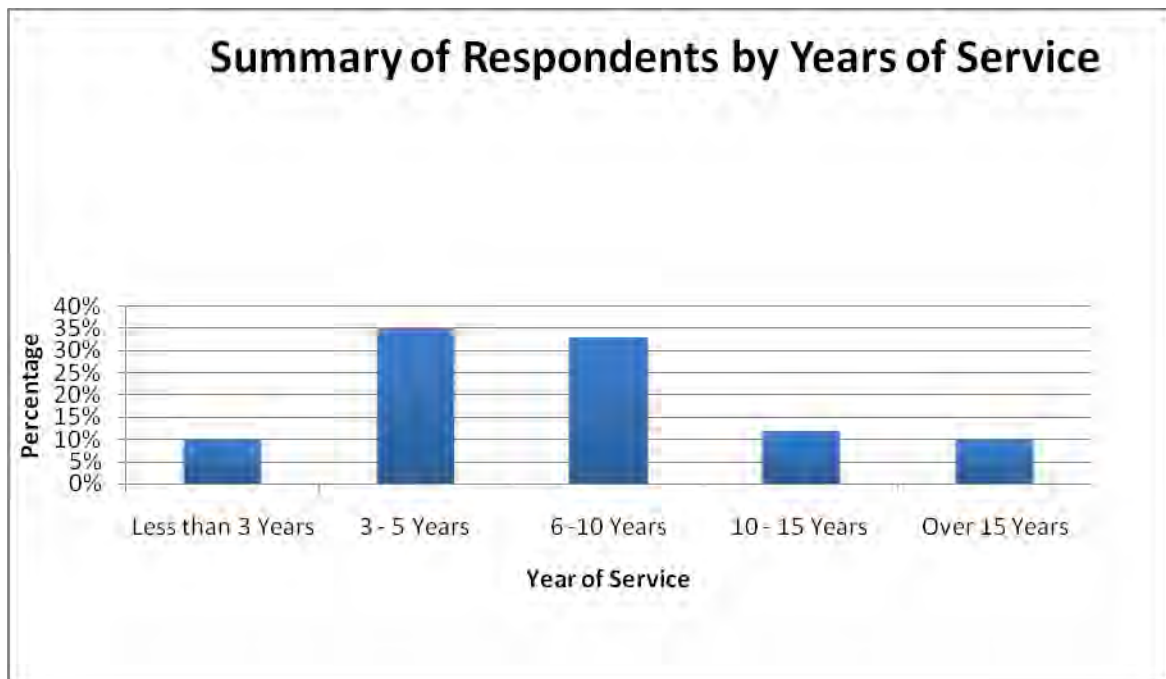
**Figure 5.3: Summary of respondents by geographic location**



#### 5.4.4 Years of Service as Organisational Buyers

Figure 5.4 shows a breakdown of the respondents by the number of years that they had worked as organisational buyers at the time of the study. The majority of the sample (35%) had between 3 and 5 years of service, while 33% of the sample had between 6 and 10 year of service. Respondents having between 3 and 10 years of service made up 68% of the sample; while the remaining categories were relatively unrepresented. The sample was thus biased towards respondent who had between 3 and 10 years of service as organisational buyers.

**Figure 5.4: Summary of respondents by years of service**



## 5.5 Descriptive Statistics for Each Scale

Table 5.2 below illustrates descriptive statistics mainly the means and the standard deviations of all the items. As can be seen from the skewness column, 68% of the responses were negatively skewed, particularly so in the case of responses to the availability of a wide range of products to select from (-2.234) and the transparency in doing business (-2.577) questions. This suggests that these were the most highly regarded dimensions. Of the 32% of the responses that were positively skewed, the three items namely suppliers' likelihood to outperform competitors, the ability to make financially sound decisions and investing in supplier with certainty of high return on investment, stood out indicating their weak positioning in the buyers' mind when effecting a purchase.

**Table 5.2: Descriptive statistics per scale dimension**

	N	Minimum	Maximum	Mean	Std. Deviation	Variance	Skewness	
	Statistic	Statistic	Statistic	Statistic	Statistic	Statistic	Statistic	Std. Error
Q8	169	1	6	3.12	1.440	2.074	-.015	.187
Q9	169	2	7	6.17	.732	.536	-1.662	.187
Q10	167	1	7	2.74	1.300	1.689	.768	.188
Q11	169	1	6	2.80	1.284	1.650	.690	.187
Q12	169	1	6	4.44	.993	.986	-.580	.187
Q13	168	1	7	4.45	1.227	1.506	-.534	.187
Q14	169	1	7	4.62	1.669	2.784	-.432	.187
Q15	168	1	6	3.29	1.448	2.098	.016	.187
Q16	169	2	7	6.28	.733	.538	-1.876	.187
Q17	168	1	7	2.45	1.348	1.818	1.356	.187
Q18	169	1	6	2.78	1.284	1.648	.759	.187
Q19	169	1	7	4.84	1.020	1.040	-.185	.187
Q20	168	1	7	4.88	1.413	1.998	-.662	.187
Q21	169	1	7	4.60	1.716	2.943	-.511	.187
Q22	165	1	5	2.65	1.257	1.581	.138	.189
Q23	169	1	6	3.24	1.390	1.932	.025	.187
Q24	169	2	7	6.29	.767	.588	-1.670	.187
Q25	169	1	7	2.57	1.289	1.663	1.124	.187
Q26	169	4	7	6.39	.674	.454	-.894	.187
Q27	168	1	7	5.83	1.321	1.745	-1.282	.187
Q28	168	1	7	4.62	1.261	1.591	-.789	.187
Q29	169	1	7	4.75	.873	.762	-.402	.187
Q30	169	1	7	6.05	.921	.848	-2.234	.187
Q31	168	1	7	6.45	.832	.692	-2.577	.187
Q32	169	1	6	2.44	1.174	1.379	1.212	.187
Q33	169	1	7	4.75	1.547	2.393	-.708	.187
Q34	169	1	7	4.72	.988	.976	-.654	.187
Q35	169	1	7	4.74	1.753	3.075	-.487	.187
Valid N (listwise)	162							

## 5.6 Motivation for a factor analysis

The general purpose of factor analysis according to Zikmund (2003) is to, summarise the information contained in a large number of variables into a smaller number of factors. In this study, factor analysis was used to derive underlying factors that, once interpreted and understood, described the data in a smaller number of concepts than the original cluster of 28 individual variables.

The method of factor extraction employed in the study was Principal Components Analysis. The method was adopted in an effort to identify the best combination of variables, which accounted for most of the variance in the data as a whole. Hair et al. (1998) further iterated that component analysis is used when the objective is to summarise most of the original information in a minimum number of factors for prediction purposes. The study's intent was to reduce the data in a meaningful and easily understood manner that simultaneously retained the nature and character of the original variables.

Hair et al. (1998) argued that an important tool in interpreting factors is factor rotation. Factor rotation in this study was oblique as opposed to orthogonal in nature. This method is more flexible and more realistic because the theoretically important underlying items are not assumed to be uncorrelated with each other. In fact, this solution provides information about the extent to which factors are actually correlated with each other. (Hair et al., 1998). Appendix 3 provides this

rotation method termed “**Oblimin with Kaiser Normalisation**” in a pattern matrix. In this study, the rotation was converged in 12 iterations in an attempt to obtain theoretically meaningful factors.

## 5.7 Internal Consistency

Cronbach’s Alpha was used as a measure of internal consistency and reliability. The Alpha provides an average value for reliability coefficient that assesses the consistency of the entire scale under dichotomous testing (Hair et al., 1998). The generally agreed upon lower limit for Cronbach’s alpha is 0.7 and this was considered to be an acceptable score for the purpose of this study. The scale was found to have acceptable consistence and achieved alpha of 0.871 as indicated in table 5.3 below.

**Table 5.3: Internal Consistency**

Cronbach’s Alpha	Cronbach’s Alpha Based on Standardised Items	N of Items
0.871	0.867	28

## 5.8 Overview of Procedure

Factor analysis firstly was run on the dataset in an attempt to establish the number of factors present in the data. Additionally the data set was tested to verify that it was suitable for factor analysis. The Kaiser-Meyer-Olkin (KMO) measure of sampling adequacy was found to be greater than 0.6 and the Bartlett's test of sphericity was found to be significant ( $p=.000$ ); suggesting that the data set was suitable for factor analysis as indicated in Table 5.4 below.

**Table 5.4: KMO and Bartlett's Test**

Kaiser-Meyer-Olkin Measure of Sampling Adequacy	.856
Bartlett's Test of Sphericity	
Approx. Chi-Square	3650.241
Df	378
Sig.	.000

Using the Kaiser criterion, only components that had eigenvalues of 1 or more were considered in the factor decision making process. The scree plot as shown

by Appendix 4, component matrix as indicated by Appendix 5 and the pattern matrix in Appendix 3 were also analysed in an effort to inform the number of factors. The scree plot provided graphical evidence of the maximum number of factors to be extracted, while the component matrix and pattern matrix provided simple correlations between factors, and loadings representing the unique contribution of each variable to the factor, respectively (Hair et al., 1998).

Table 5.5 provides a summary of the eigenvalues and the factor decisions. While 6 components had eigenvalues over 1, only five factors were retained as they were considered to account for substantial variance as well as had strong item loadings (component matrix and pattern matrix). Although component 6 had an eigenvalue slightly greater than one, it was discarded as it was considered to have weak item loadings which all loaded less than 0.45. In this respect, Hair et al. (1998) noted that efforts should be geared towards the most representative and parsimonious set of factors as possible and in this case, a five factor solution was considered to be the most representative.



**Table 5.5: Summary of eigenvalues and factor decisions**

Component number	Actual eigenvalue from PCA	% of Variance	Decision
1	6.665	23.805	Accept
2	6.127	21.881	Accept
3	3.264	11.658	Accept
4	1.972	7.044	Accept
5	1.576	5.628	Accept
6	1.002	3.579	Reject

The five factor solution was found to account for 70% of the variance. The correlation matrix below (Table 5.6) was analysed to determine the strength of the relationships between the five components. The relationship values were found to be low (<.3), suggesting the five components were not related. The presence of a low score confirms that the factors are not related and therefore separate.

**Table 5.6: Component Correlation Matrix**

Component	1	2	3	4	5
1	1.000	.095	.003	.282	-.097
2	.095	1.000	.166	-.050	.188
3	.003	.166	1.000	.119	.291
4	.282	-.050	.119	1.000	-.006
5	-.097	.188	.291	-.006	1.000

The pattern matrix as indicated by Appendix 3, was employed to identify and label components. The statistical output for a five factor solution was run to determine loadings on each factor.

Hair et al. (1998) argued that in interpreting factors, a decision must be made regarding which factor loadings are worth considering. The emphasis in this study was on statistical significance suggesting a significant factor loading of 0.45 based on the sample size of 169 which is closer to 150 than to 200 which would have otherwise adopted a factor loading of 0.4. The items loading on each

component were grouped and their constituent parts interpreted in an effort to classify the five factors. In cases where items had significant loadings on more than one factor, a process of elimination was adopted in such a way that the highest loading was associated with only one factor. The findings are presented in the next section.

## **5.9 Findings**

Although the factor analysis on raw data saw the emergence of six factors, only five of these factors were accepted based on the discussion above. Appendix 6 presents a table that shows all the items and their respective loadings on each factor.

The table below indicates items that loaded highly on Factor 1.

**Table 5.7: Loadings on Factor 1**

Questions	Items	Loadings
Q17	The supplier is likely to outperform competitors	0.822
Q18	The supplier's leadership recognises and takes advantage of market opportunities	0.802
Q32	The supplier is a company I would invest in with certainty of a high return on investment	0.793
Q11	The supplier seems to have a clear vision for its future	0.788
Q25	The supplier makes financially sound decisions	0.636
Q10	The supplier has strong prospects for future growth	0.611

Factor 1 accounted for 24% of the total variance and was named „**Vision and Quality of Management**“. The factor's eigenvalue was recorded at 6.665. Hair et al. (1998) suggested that when labeling factors, items with higher loadings should be considered more important and should have greater influence on the name. The competitiveness of the firm and the leaders' ability to recognize market opportunities scored the highest on this factor. Taking the two and the

remaining variables that alluded to vision clarity as set out by management, future growth and agility of the firm, the researcher came to conclude on Vision and Quality of Management as an appropriate label for this factor.

The table below indicates items that loaded highly on Factor 2.

**Table 5.8: Loadings on Factor 2**

Questions	Items	Loadings
Q14	The ownership of supplier complies with BEE requirements	0.983
Q35	The supplier has a good BEE score rating	0.966
Q21	The suppliers' senior management composition complies in terms of employment equity	0.954
Q33	The suppliers' leadership visibly embraces diversity and transformation	0.903
Q28	The supplier is actively involved in the upliftment of their community	0.663
Q13	The supplier is responsive to the social well being of communities in which they operate	0.567

Factor 2 explained 22% of the total variance and was named **Employment Equity and Social Responsibility**. The factor's eigenvalue was 6.127. The label choice explicitly reflects the variables loading on this factor. Four items loaded highly of the total six that loaded on this factor and referred to employment equity and transformation while the rest imply the firms' corporate social responsibility. The following items as shown in table 5.9 below loaded highly on factor 3, which explained 12% of the total variance.

**Table 5.9: Loadings on Factor 3**

Questions	Items	Loadings
Q19	Employees at the supplier have a good work ethic	0.831
Q34	The supplier attracts high quality employees	0.718
Q12	The supplier's employees seem to like working for the company	0.685
Q16	The supplier offers high quality products and services	0.679
Q24	The supplier offers easy access to technical assistance	0.495
Q29	The supplier makes a considerable investment in developing employees' skills	0.483

Factor 3 explained 12% of the total variance and was named **Superior Quality of Products and Committed Service**. The factor's eigenvalue was recorded at 3.264. This factor's loading items put emphasis on the caliber of employees at the supplier firm, potentially the value they add to the buyers' decisions to purchase in terms of their accessibility and work ethics to render the items as being relevant to the firms' reputation.

The table below indicates items that loaded highly on Factor 4.

**Table 5.10: Loadings on Factor 4**

Questions	Items	Loadings
Q22	I admire the supplier	0.894
Q8	I trust the supplier a great deal based on word of mouth	0.879
Q15	I have a good feeling about the supplier	0.778
Q23	I respect the supplier	0.716

Factor 4 accounted for 7% of the total variance and was named **Corporate Appeal**. The factor's eigenvalue was recorded at 1.972. All the items that loaded on this factor are highly emotive and revealed judgment of a good reputation based on the firms' appeal and personal feelings about the supplier.

Factor 5 accounted for 6% of the total variance and its loadings are tabulated below.

**Table 5.11: Loadings on Factor 5**

Questions	Items	Loadings
Q27	The supplier complies with industry safety standards	0.819
Q20	The supplier is aware of the impact its operations have on the environment	0.7
Q9	The supplier offers products and services that are a good value for money	0.575

The factor's eigenvalue was recorded at 1.576. Adopting Hair et al. (1998)'s suggestion on factor labeling considering the loadings, the two variables on this factor with the highest loadings enunciate safety and the environment. Quality is



indirectly alluded to by the third item stating that products and services should be good value for money, however since the issues of quality have already been captured by Factor 3 and the fact that its loading on this current factor is comparatively low, it was not considered in the labeling. The label found pertinent to represent this factor was **Safety and Environment**.

## 5.10 Conclusion

Adoption of factor analysis was found relevant in this study as it sought to address the research question. In an effort to reduce the number of variables drawn from both the literature reviewed and results of the preliminary qualitative study, this multivariate statistical method was adopted and the structure of the interrelationships among the 28 variables was defined through a set of factors.

To obtain factor solutions, the principal components analysis model was adopted to extract those factors relevant to the study. As further criteria used to determine the optimal number of factors appropriate, the eigenvalues and scree plot were analysed to justify statistical significance of the factors.

Oblique rotation method was adopted to derive the extent to which factors correlated with each other and hence further confirmation of the extracted factors. A six factor solution initially emerged but through lack of meaningful

loadings on the sixth factor, the researcher favoured a five factor solution that yielded more meaningful factor loadings.

A guideline for identifying significant factor loading was based on the number of responses used in the study. A sample size of 169 determined significant factor loading to be 0.45 and above. Factor labeling was a product of factor loading pattern analysis, which the researcher used to assign meaning to each factor.

The five factors that emerged were labeled as follows:

**Factor 1:** Vision and quality of management

**Factor 2:** Employment equity and social responsibility

**Factor 3:** Superior quality of products and committed service

**Factor 4:** Corporate appeal

**Factor 5:** Safety and environment

These factors are discussed in conjunction with the dimensions of corporate reputation as revealed by the literature reviewed in Chapter 2 in the next Chapter, in an effort to ascertain similarities or differences between what the results of the study have found and what the literature has portrayed.

## Chapter 6: Discussion of Results

### 6.1 Introduction

The discussion that follows addresses the research objectives of this study. The chapter sets out the discussion pertaining to the research question posed in Chapter 3, by comparing and contrasting the findings that emanated from the academic literature reviewed in Chapter 2 with the empirical findings of this research as addressed in Chapter 5.

For ease of reference and as a point of departure for this Chapter, the research question as posed in Chapter 3 is:

***What are the dimensions that underpin organisational buyer's perceptions of a company's reputation?***

To address the research question, this chapter addresses the factors derived in Chapter 5 and discusses these relative to the academic literature. The factors identified were as follows:

- Factor one: Vision and quality of management
- Factor two: Employment equity and social responsibility
- Factor three: Superior quality of products and committed service

- Factor four: Corporate appeal
- Factor five: Safety and environment

## **6.2 Factor One: Vision and Quality of Management**

This factor accounted for 24% of total variance. The items that loaded on this factor were:

- The supplier is likely to outperform competitors
- The supplier's leadership recognises and takes advantage of market opportunities
- The supplier is a company I would invest in with certainty of a high return on investment
- The supplier seems to have a clear vision for its future
- The supplier makes financially sound decisions
- The supplier has strong prospects for future growth

This factor generally alluded to the vision and leadership traits that a company has, which are relevant measures of corporate reputation. Organisational buyers suggested that a company with strong visionary leadership that recognises opportunities in the market and that makes financially sound decisions for its sustainability and prosperity, is more reputable than the one in which those traits don't exist.

Given the economic uncertainties promulgated by the recent global economic meltdown, it could further be argued that organisational buyers hold the quality of leadership in high regard. Therefore the current economic environment may have had an impact on respondent's assessment of visionary leadership as being one of the factors underlying reputation.

Reddiar (2010) acknowledged that directors (senior management) should be custodians of corporate reputation. Although all members of the company are expected to maintain and protect the company's reputation, it is the ultimate responsibility of senior leadership to develop, build and manage corporate reputation. This is further supported by King III Code of governance that recommends that reputation issues should be an integral item on the Board of Directors' agenda.

The literature reviewed furthermore revealed that vision and leadership is one of the key dimensions people use to rate a company's reputation. Fombrun and

Gardberg (2000) and Schwaiger (2004) identified three elements that formed their interpretation of vision and leadership, namely capitalisation on market opportunities, excellent leadership and clear vision for the future. All the three elements also formed part of the item loadings on the current factor.

Gabbioneta, Ravasi and Mazzola (2007) also supported the assertion that visionary leadership is indicative of good corporate reputation. Lewis (1999) also discovered that the quality of a company's management was one of the important factors taken into account when making a judgment about a company.

The organisational buyers without a doubt, through empirical findings lent support to what the literature revealed in Chapter 2, in terms of recognising the quality of management as one of the dimensions underlying corporate reputation. The study has therefore validated the proposal made through literature with strong emphasis on competitiveness and exhaustion of market opportunities.

### **6.3 Factor Two: Employment Equity and Social Responsibility**

This factor explained 22% of the total variance and the items loaded on it were recorded as follows:

- The ownership of supplier complies with BEE requirements
- The supplier has a good BEE score rating

- The suppliers' senior management composition complies in terms of employment equity
- The suppliers' leadership visibly embraces diversity and transformation
- The supplier is actively involved in the upliftment of their community
- The supplier is responsive to the social well being of communities in which they operate

The four items that loaded highly on this factor refer to employment equity. In the context of the South African environment, the uniqueness of black empowerment obligations on corporate South Africa is instrumental in shaping the perception of the company's reputation. In order to ensure a level playing field particularly to qualify and participate either directly or indirectly in government tenders, companies in certain segments are mandated to possess Broad Based Black Economic Empowerment (BBBEE) credentials.

By virtue of segments under study, it is not surprising to have this factor's items so highly loaded. Buyers in the energy sector would typically be involved either directly or indirectly with the power utility Eskom, which uses BBBEE ratings as a prerequisite of engagement. Hence in this study 82% of the buyers in the energy segment rated the possession of a good BBBEE score rating as critical and very important. The mining sector also puts great emphasis on the BBBEE score

rating, with 72% of buyers under study in the mining segment rating possession of a good BBBEE score rating as critical and very important.

BBBEE is a unique concept to the South African environment and the ratings of compliance are based on the seven pillars namely ownership (shareholding), management control, employment equity, skills development, preferential procurement, enterprise development and corporate social investment (Department of Trade and Industry, 2011). Each of these pillars is worth a certain “weight” in its contribution to BBBEE compliance. While it is beyond the scope of this research to delve into the weightings, it is important however to mention that the ratings are in accordance with levels of compliance. Level 1 being most compliant and Level 8 being least compliant. While it is not obligatory to be BBBEE compliant, companies that have fulfilled compliancy requirements are offered opportunities and rewards that non-BBBEE compliant companies are not.

Due to the fact that this phenomenon is only topical in South Africa, none of the literature reviewed alluded to it. As a result it was identified in this research through the preliminary interviews held with organisational buyers, based in South Africa. Therefore, it can be concluded that BBBEE would warrant inclusion as a dimension of corporate reputation only in the South African context.

Social responsibility on the other hand has been cited in the literature as being one of the indicators of good corporate reputation. Organisational buyers under



study perceive suppliers' involvement in the communities in which they operate as an act of good citizenship and which fuels reputational standing. Fombrun and Gardberg (2000) postulated social responsibility as one of the key dimensions useful in measuring corporate reputation in the way firms deal with communities, employees and the environment.

Lewis (1999) conclusively asserted that social responsibility is neither a fad nor an optional extra and cited it as the most significant dimension of corporate reputation. To further support this assertion, Schwaiger (2004) and Gabbioneta et al. (2007), noted that a company's support of good causes and the way employees are treated are important elements of social responsibility that underlie good reputation.

Although employment equity issues are unique to South Africa, some pillars of BBBEE such as skills development and corporate social investment may be categorised under the same wing as social responsibility dimension identified by literature.

#### **6.4 Factor Three: Superior Quality of Products and Committed Service**

This factor explained 13% of the total variance and the items loaded on it were recorded as follows:

- Employees at the supplier have a good work ethic
- The supplier attracts high quality employees
- The supplier's employees seem to like working for the company
- The supplier offers high quality products and services
- The supplier offers easy access to technical assistance
- The supplier makes a considerable investment in developing employees' skills

Organisational buyers' focus in this area was on the quality of products and services they receive from suppliers as being behind their perception of this construct as a dimension of corporate reputation. This factor is a combination of the quality of physical products and the quality of supplier's employees.

The item with the highest loading on this factor relates to good work ethic. Under general with the recent Enron scandal cited earlier in this paper and much closer to home, scandals in government, parastatals and private companies in South Africa, it is therefore not surprising that buyers recognise this element crucial in measuring reputation. The top three most problematic factors for doing business in South Africa have been cited by White (2011) as:

- Inefficient government bureaucracy
- Inadequately educated labour force
- Crime and theft

These three factors allude to both ethics and the quality of the labour force in South Africa.

Considering quality of products, irrespective of industry, consumers favour value for their money. Of the respondents surveyed, 93% regarded high quality products as a critical and very important measure of reputation. By the virtue of operations and sensitivity to quality, it comes as expected that all the automotive segment respondents rated this element as either critical or very important. The recall of automobiles as a result of defective components in assembly is very costly, hence the emphasis on quality as a dimension of reputation by these respondents. The Cadbury's Salmonella case cited by Carroll (2009) illustrated the importance of high quality products to company's reputation. Cadbury's response to the crisis was, among other things, a promise and an emphasis on the improvement in the quality processes.

The literature review also revealed that products and services also form key dimensions to reputation. Fombrun and Gardberg (2000) listed aspects such as innovation, value and reliability of products and services as subsets to the

construct, while Schwaiger (2004) and Gabbioneta et al. (2007) added the company's ability to stand behind its products and services as another element.

Both the academic literature and the research gathered in context on this study demonstrate support for products and services as dimensions of corporate reputation. The accessibility of technical assistance as gathered through preliminary investigative stage of the research was not specifically covered by the literature reviewed, however, it can be categorised to refer to the general quality of service offered. In conclusion, products and services are accepted as being critical in measuring corporate reputation.

## **6.5 Factor Four: Corporate Appeal**

The penultimate factor accounted for 7% of the total variance with loadings comprising of the following items:

- I admire the supplier
- I trust the supplier a great deal based on word of mouth
- I have a good feeling about the supplier
- I respect the supplier

The items were generally emotive and illustrated the values that buyers identify in a company to render it reputable. The nature of the industry, the steel industry (which formed part of the study), is such that purchases are usually in bulk tonnage orders. Therefore especially for first time buyers, word of mouth referrals are critical in shaping the perception of a suppliers' reputation. This coupled with admiration; respect and trust for the supplier have been considered subsets of corporate appeal and as one of the underlying dimensions of corporate reputation.

The presence of corporate failures and corruption in the civil service has led to the deterioration of trust levels, and as a result, it is understandable why buyers are concerned with trustworthiness of suppliers and therefore peg this to reputation. The 2009 Edelman Trust Barometer Report revealed a positive relationship between trust and reputation in the USA during the global economic downturn as corporates subjected themselves to risky bets at the expense of the general public, which lead to the lowest recorded levels of trust in corporate United States of America (Edelman Report, 2009). This significantly tarnished the reputations of the incumbent companies, some of whom went bankrupt in the process.

However, in terms of the level of importance, these elements do not rank highly as potential influencers on the buyers' intentions to purchase. Nonetheless, the

eigenvalue was recorded above 1, which indicates that the factor should be considered as a dimension when measuring corporate reputation.

This study has validated the literature reviewed unequivocally, as it supports the findings of Fombrun and Gardberg (2000), Schwaiger (2004) and Gabbioneta et al. (2007) all terming the dimension Emotional Appeal which contained similar elements. In conclusion, corporate/emotional appeal is both empirically and theoretically a dimension of corporate reputation.

## **6.6 Factor Five: Safety and Environment**

This last factor accounted for 6% of the total variance with loadings comprised of the following items:

- The supplier complies with industry safety standards
- The supplier is aware of the impact its operations have on the environment
- The supplier offers products and services that are a good value for money

Hair et al (1998) suggested that items with higher loadings should be considered and should have greater influence on the factor name. Issues of quality have already been addressed by factor three which dealt with superior quality of

products and services and as such, the last item on the current factor will not be taken into account in the discussion. Furthermore, the items loading of 0.575 on this current factor was considered low in comparison to the other items that loaded on this factor.

In most companies, particularly in the manufacturing industry, issues of Safety, Health, Environment and Quality (SHEQ) are given such a high priority that in many, a fully qualified SHEQ officer or in some instances a SHEQ department is put in place to ensure compliance with all the four principles and alignment with the Occupational Health and Safety Act (OHSA). The OHSA encourages employers and employees efforts to reduce the number of occupational safety and health hazards at their places of employment and to stimulate employers and employees to institute new and to perfect existing programs for providing safe and healthy working conditions (OSHA Act, 1970).

In South Africa, the manufacturing industry safety standard companies are required by law to comply with is OHSA 18001.

Organisational buyers therefore acknowledge safety as an important measure of reputation. Safety in this case is not only limited to the working environment but also to products being manufactured. For segments such as the automotive and mining, safety of products is critical. In this study 91% of the respondents in the automotive segment regard the supplier's compliance with industry safety

standard as being critical and very important. This is a risk avoidance measure emanating from vehicle recalls due to component failures commonly discovered after accidents have happened.

Similarly, the nature of operations in the mining industry is such that safety has become one of the highest priorities. Fatal accidents in the mines are a call for stringent measures on safety, hence buyers of products that are going to be used in the mines are cautious about safety. In the study, 94% of the respondents in the mining industry acknowledge the supplier's compliance with industry safety standards as both critical and very important.

In terms of the environmental regulations, companies are encouraged to implement and maintain ISO 14001 standards. ISO 14001 is a standard for an environmental management system (EMS), which requires companies to, among other things, determine their impact on the environment and relevant regulations to the operations of the business in order to create a plan to control processes to minimize the environmental impact. An organisation with an effective EMS will typically meet customer expectations and comply with regulations better than an organisation that does not have an effective EMS.

The nature of the mining industry is such that emissions of gases and toxic waste are inevitable and therefore the manner in which companies manage and take accountability for their contribution in this regard effects corporate reputation.



Empirical evidence suggests that buyers regard environmental friendliness as a measure of corporate reputation.

The recent reputational crisis faced by Beyond Petroleum's (BP) oil spill has sparked much debate and emphasis on environmental preservation. While ArcelorMittal South Africa, the largest steel manufacturer in South Africa was recently under attack for water and air pollution by one of its plants in Vanderbijlpark, leaving the company's reputation threatened, as perceived by stakeholders including customers, government and most importantly the community in which it operates.

Empirical findings revealed both safety and environment responsibility as dimensions underlying corporate reputation. While the academic literature also acknowledged environmental responsibility as a measure of reputation, none of the articles reviewed identified safety. Fombrun and Gardberg (2000), Schwaiger (2004) and Gabbioneta et al. (2007) all supported the findings on environmental responsibility and grouped it together with social responsibility as one of the key dimensions of corporate reputation. However, Fombrun and Gardberg (2000) maintained that some dimensions of reputation will be more important to some respondents, but less so to others. For example social activists' perceptions would be more biased towards a company's social and environmental responsibilities than other stakeholders.

The steel industry under study would place emphasis on safety requirements due to the nature of operations within the industry. Safety dimension came to the fore during the investigative phase of the study whose subjects were members of the steel industry. Industries such as the service industry would not necessarily put much weight on safety as a dimension of corporate reputation due to the nature of the industry in which safety is not a priority.

## **6.7 Conclusion**

As demonstrated in both the academic literature reviewed and empirical findings of the study, dimensions underlying corporate reputation depend on whose interest it is to define such. However, there is a clear common understanding on most of the dimensions as set out in the literature and as revealed by the study.

Clear strategic vision and corporate leadership have been identified by both academic literature and empirical findings as reputational dimensions. Companies being led by visionary leaders who are able to identify market opportunities and capitalise on such are more able to build reputation than companies who don't possess such traits. If a company is perceived to be financially stable in a sustainable manner, it tends to attract investors who believe that the return on their investments would be realised. It has been established through literature that the custodians of a company's reputations are

senior executives and that a well-run company with a good market positioning is more likely to attract positive judgments.

Although literature did not capture issues of BBBEE as being dimensions of corporate reputation; this has been defended by the uniqueness of the subject to the South African context as well as the segments under study. However, some elements of BBBEE dealing with social investments can be classified under the social responsibility dimension that was well captured by both academic literature and empirical findings. Environmental responsibility which is also a social aspect was identified by both the literature reviewed and the study. Companies seen to be responsive to the environment and the upliftment of communities in which they operate in, are viewed positively and this has a positive effect on their reputational standing.

The perception of the quality of employees and products being manufactured is a building block to corporate reputation. Good work ethics coupled with skills is a combination that is associated with quality products and committed service. This translates into reliability of a company's products. Some segments under study such as the automotive segment would not compromise on the quality of products, hence respondents in this category rated this phenomenon critical. Both literature and empirical findings demonstrated quality and committed service as a good measure of corporate reputation.

A great level of similarity was observed in terms of emotive dimensions between the literature reviewed and the findings of the study. Corporate appeal can be explained by the company's image as perceived by stakeholders, in this case, buyers. The level of trust and respect could also be influenced by a third party's involvement by directly or indirectly promoting the supplier through word of mouth, an element which was captured as a subset to corporate appeal.

In conclusion therefore, all the dimensions identified by both the literature and the findings are accepted as underlying corporate reputation in the business-to-business environment. The differences existing can be argued against the industry under study.

The next chapter highlights and summarises the main findings of this research. The chapter also includes recommendations to companies in the business-to-business space. The limitations of the entire study are articulated and recommendations for further research on the topic of corporate reputation are also presented.

## Chapter 7: Conclusion and Recommendations

### 7.1 Summary

The purpose of this research project as set out in Chapter 1, was to, explore dimensions of corporate reputation as perceived by buyers in the business to business environment. Corporate reputation was found to be one of the key intangible assets companies need to leverage on, to stay competitive. In this era where the corporate world is faced with many challenges including the reputational damage due to misdemeanors, it has become imperative for firms to build, manage, maintain and restore good reputation.

In order to achieve the set objective, the researcher reviewed a wide range of literature in order to ascertain what had already been done in the field of corporate reputation, as a build up to establishing the dimensions of corporate reputation. The value of reputation to the business world was established, particularly in times of crises, with particular reference drawn from Carroll's (2009) Cadbury's Salmonella case. A combination of symbolic and behavioural approaches was identified as means of building a good corporate reputation.

Since the unit of analysis for this research was buyers, it was important to establish the impact of reputation on customer evaluations, intent and behaviour, of which trust, commitment and identity were revealed by the literature as

intervening factors between corporate reputation and the customer's intentions to purchase.

A cluster of dimensions of corporate reputation was derived from the literature reviewed and the investigative research adopted to collect qualitative inputs, in an effort to establish additional information of the dimensions underlying corporate reputation. This information was subsequently aggregated to formulate the research instrument used to collect data from a sample of organisational buyers to determine what constituted corporate reputation to them. The sample was limited to organisational buyers in the steel industry due to ease of access by the researcher.

Multivariate factor analysis revealed five factors as being prominent dimensions of corporate reputation, each having substantiating items loading on them. Items with the highest loading on each factor were used to label each factor. These were labeled as follows:

- Factor one: Vision and quality of management
- Factor two: Employment equity and social responsibility
- Factor three: Superior quality of products and committed service
- Factor four: Corporate appeal
- Factor five: Safety and environment

In general, these dimensions are submitted to hold for both literature and empirical findings with a couple, namely BBBEE and safety, only serving as points of difference, however contributing to the wealth of knowledge on dimensions underlying corporate reputation.

## **7.2 Contributions to Theory**

As mentioned in the previous section, the investigative phase of the research served to explore other dimensions not covered by literature, add those to the dimensions revealed by literature and formulate research instrument.

Reviewing dimensions gathered from empirical findings and omitted from the literature, the following elements are highlighted: BBBEE and safety.

Organisations in South Africa may be limited by their BBBEE credentials to participate in the country's economic activities, as most are required in terms of legislation and black empowerment codes and charters to comply with BBBEE. The discovery of BBBEE and its constituents/pillars as a dimension of corporate reputation contributes significantly to the existing literature on dimensions underlying corporate reputation.

Safety is another dimension omitted by literature as a dimension of corporate reputation. In the context of this research, safety refers to workplace safety as required by the Occupational Health and Safety Act 18001 in South Africa for the

manufacturing industry. The nature of the industry and segments under study justifies the emergence of this construct as a dimension of corporate reputation.

### 7.3 Academic Implications

The researcher studied a wide range of literature in an attempt to acquire a general but encompassing definition of corporate reputation. The differing authors provided definitions of corporate reputation in accordance with their disciplines. However, the common element in all the definitions related to a subjective and collective evaluation by outsiders, of an organisation's actions and achievements over time.

As the research was focused on buyers, the researcher adopted Walsh and Beatty's (2007, p. 134) definition of corporate reputation from a customer-based view as:

*“ The customer's overall evaluation of a firm based on his or her reactions to the firm's goods, services, communication activities, interactions with the firm and/or its representatives or constituencies (such as employees, management, or other customers) and/or known corporate activities”*

Drawing from empirical findings of the study, it is submitted that there was a significant positive relationship between the definition provided above and the dimensions of corporate reputation established.



To address the purpose of the study, a portfolio of corporate reputation dimensions was compiled from academic literature and the investigative phase of the research. These were found to be complementary to the empirical findings, with the exception of two elements namely BBBEE and safety, both of which added value to the existing literature, and are proposed to assist in progressing the study of corporate reputation.

## **7.4 Managerial Implications**

Having demonstrated the importance and consequences of a good corporate reputation, the researcher anticipates for organisations to adopt the King III Code of Governance's principle of introducing and dealing with corporate reputation as an agenda item on the Board of Directors' meetings.

Secondly, the recent fraud cases such as the Enron case which brought down Enron and Arthur Andersen among other corporate scandals, has resulted in doubts laid on corporates' reputations. This study serves as an emphasis to organisations to adopt tighter measures of restoring corporate reputations.

Finally, the study contributed significantly to advancing the understanding of where organisations should focus and appropriately allocate resources in an attempt to build and manage corporate reputation as a source of competitive advantage. Having identified dimensions underlying corporate reputation,

organisations in the b-2-b environment are able to leverage on the dimensions to deliver intangible outcomes such as loyalty and continued life-long support from their most important stakeholder – the customer.

## **7.5 Limitations of the study**

The study's limitations are concentrated on the research methodology as set out in Chapter 4. The sample was specialised and therefore limited to procurement of industrial goods with particular focus on the steel industry. Due to the fact that the sample was based on a relatively small sample, no reasonable claim can be made to generalise the findings to all industrial buyers.

Another limitation is that the focus of the study was on the business-to-business environment and as such, it is possible that firms operating in business-to-customer and business-to-government environments may perceive dimensions of corporate reputation in ways different to those outlined in this research.

## **7.6 Recommendations for future research**

To further advance the depth of knowledge on the topic of corporate reputation, the following are proposed to be further studied:

- a replication of this study on other industries such as the services industry, business-to-customer and business-to-government environments.

- a study that compares buyers perceptions of the dimensions underlying corporate reputation to other stakeholders in order to develop a comprehensive strategy on corporate reputation
- a study that investigates the relationship between companies' corporate reputation and the impact on financial and non-financial measurements
- the quantitative survey method employed was unable to elicit respondents' thoughts in situations with suppliers holding different levels of reputation, therefore further in-depth research can use exclusively qualitative approaches such as focus groups discussions to provide complementary findings.

In concluding the study, it is submitted through the findings that building and most importantly maintaining corporate reputation is key to companies' sustainable competitive advantage. Therefore organisations should invest in the entire set of dimensions identified, not only to sustain a competitive edge over competitors but also to signal to buyers that corporate reputation has become a priority and hence a sustainable differentiator.

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## Appendix 1: Organisational Identity, Image, and Corporate Reputation

**Annexure 1: Organisational Identity, Image, and Corporate Reputation**

Source	Organizational identity		Organizational image		Corporate reputation	
	Definition	Stakeholders: actual or desired	Definition	Stakeholders: actual or desired	Definition	Stakeholders: actual or desired
<b>Gray and Balmer, 1998: 695 – 697</b>	„ ... the distinct characteristics of the organization or, stated very simply, “ what the organization is ” ’	Not specified; actual	... the mental picture of the company held by its audience – what comes to mind when one sees or hears the corporate name or sees its logo ’ .	External; actual	... connotes the estimation of the company by its constituents. Is it held in high or low repute or somewhere in between?	Internal and external; actual
<b>Bromley, 2000: 241</b>	„ ... the way key members conceptualize their organization	Internal; actual	„ ... the way an organization presents itself to its publics, especially visually ’ .	External; desired	„ ... the way key external stakeholders groups or other interested parties actually conceptualize that organization	External; actual
<b>Scott and Lane, 2000: 43 – 44</b>	„ ... the set of beliefs shared between top managers and stakeholders about the central, enduring, and distinctive characteristics of an organization	Internal and external; actual	„ ... the way organizational members believe others see their organization (ie, construed external image; Dutton et al. , 1994 ), as the way that top management would like outsiders to see the organization (ie, desired image; Whetten, Lewis, & Mischel, 1992 ), and as the overall impression that companies make on external constituents (ie, reputation; Bromley, 1993 ) ’ .	Internal and external; not clear	None given	Not applicable
<b>Davies et al. , 2001: 113 – 114</b>	„ ... the internal, that is employees' view of the company	Internal; actual	„ ... the view of the company held by external stakeholders, especially that held by customers	External; actual	„ ... a collective term referring to all stakeholders ' view of corporate reputation, including identity and image	Internal and external; actual
<b>Whetten and Macke 2002: 394 and 401</b>	„ ... that which is most central, enduring, and distinctive about an organization	Not specified; actual	„ ... what organizational agents want their external stakeholders to understand is most central, enduring, and distinctive about their organization	External; desired	... a particular type of feedback, received by an organization from its stakeholders, concerning the credibility of the organization's identity claims ’	Internal and external; actual
<b>Lewellyn, 2002: 448</b>	... a message communicated within a firm ’ .	Internal; desired	„ ... a message sent from an organization to its external stakeholders ’ .	External; desired	... a message available to an organization from its stakeholders	Internal and external; actual
<b>Barnett et al. , 2006: 33 – 34</b>	„ ... the underlying “ core ” or basic character of the firm ... what the firm actually is ’ .	Not specified; actual	„ ... observer's general impressions of a corporation's distinct collection of symbols, whether that observer is internal or external to the firm. Image is “ what comes to mind when one hears the name or sees the logo	Internal and external; actual	... the judgments made by observers about a firm	External; actual
<b>Brown et al. , 2006: 104</b>	None given	Not applicable	„ ... what an organizational member wants others to know (or believes others know) about the organization	External; desired	„ ... a perception of the organization actually held by external stakeholders	External; actual
<b>Cornelissen et al. , 2007: S3</b>	„ The shared meaning that an organizational entity is understood to have that arises from its members ’ (and others ’ ) awareness that they belong to it	Internal; actual	They use the term „ Corporate Identity ’ : „ The distinctive public image that a corporate entity communicates that structures people's engagement with it ’	External; desired	None given	Not applicable

Source: Walker (2010)\_

## Appendix 2: Research Instrument

**Dear Respondent,**

My name is Ntsoaki Diana Tshivhase. I am a Masters in Business Administration (MBA) Student at the Gordon Institute of Business Science (GIBS) . which is part of the University of Pretoria. As part of my MBA qualification, I am doing research on the drivers of corporate reputation as viewed by buyers in the business to business environment (B2B). I have compiled a questionnaire that requires information from buyers in the B2B marketing space. Completing the questionnaire will help me in determining which drivers matter most to buyers like yourself.

Please assist me with my research by taking 10 minutes to indicate your responses to the two sections in the questionnaire attached by making an x in the box that most represents your answer . By completing the questionnaire you are declaring that the answers you provide are voluntary and can . be used in my MBA Research. If you have any concerns, please contact me or my supervisor. Our details are provided below.

**Researcher:** Ntsoaki Diana Tshivhase  
**Contact number:** 083 273 6714  
**Email:** Tshivhase.ntsoaki@gmail.com

**Supervisor:** Nicola Kleyn (GIBS)  
**Contact number :** 011 771 4329  
**Email:** kleynn@gibs.co.za





**Section 1: Demographics**

1 Please indicate your Race:	1 <input type="checkbox"/>	African
	2 <input type="checkbox"/>	White
	3 <input type="checkbox"/>	Indian
	4 <input type="checkbox"/>	Coloured
2 Please specify your gender:	1 <input type="checkbox"/>	Male
	2 <input type="checkbox"/>	Female
3 Please indicate the range your age falls in:	1 <input type="checkbox"/>	18 - 25
	2 <input type="checkbox"/>	26 - 35
	3 <input type="checkbox"/>	36 - 45
	4 <input type="checkbox"/>	46 - 55
	5 <input type="checkbox"/>	55+
4 Please indicate the highest level of education you have achieved?	1 <input type="checkbox"/>	None
	2 <input type="checkbox"/>	Below Matric
	3 <input type="checkbox"/>	Matric
	4 <input type="checkbox"/>	Technical training
	5 <input type="checkbox"/>	Degree +
5 Please provide the sector appropriate for your business:	1 <input type="checkbox"/>	Automotive
	2 <input type="checkbox"/>	Water
	3 <input type="checkbox"/>	Energy
	4 <input type="checkbox"/>	Construction
	5 <input type="checkbox"/>	Mining
6 Please indicate your current location i.e Province:	1 <input type="checkbox"/>	Gauteng
	2 <input type="checkbox"/>	Limpopo
	3 <input type="checkbox"/>	North West
	4 <input type="checkbox"/>	Mpumalanga
	5 <input type="checkbox"/>	Kwazulu Natal
	6 <input type="checkbox"/>	Western cape
	7 <input type="checkbox"/>	Eastern Cape
	8 <input type="checkbox"/>	Northern Cape
	9 <input type="checkbox"/>	Free State
7 Please tick the range relevant to your tenure as a buyer:	1 <input type="checkbox"/>	Less than 3 Years
	2 <input type="checkbox"/>	3 - 5 Years
	3 <input type="checkbox"/>	6 -10 Years
	4 <input type="checkbox"/>	10 - 15 Years
	5 <input type="checkbox"/>	Over 15 Years



Please indicate the level of importance you attach to each of the following attributes when making a typical purchase by making an x in the relevant block.		Irrelevant 1	Of little importance 2	Somewhat Important 3	Important 4	Relatively important 5	Very important 6	Critical 7
8	I trust the supplier a great deal based on word of mouth							
9	The supplier offers products and services that are a good value for money							
10	The supplier has strong prospects for future growth							
11	The supplier seems to have a clear vision for its future							
12	The supplier's employees seem to like working for the company							
13	The supplier is responsive to the social well being of communities in which they operate							
14	The ownership of the supplier complies with BEE requirements							
15	I have a good feeling about the supplier							
16	The supplier offers high quality products and services							
17	The supplier is likely to outperform competitors							
18	The supplier's leadership recognises and takes advantage of market opportunities							
19	Employees at the supplier have a good work ethic							
20	The supplier is aware of the impact its operations have on the environment							
21	The supplier's senior management composition complies in terms of employment equity							



		Irrelevant 1	Of little importance 2	Somewhat Important 3	Important 4	Relatively important 5	Very important 6	Critical 7
22	I admire the supplier							
23	I respect the supplier							
24	The supplier offers easy access to technical assistance							
25	The supplier makes financially sound decisions							
26	Leadership of the supplier takes interest in customer relations.							
27	The supplier complies with industry safety standards							
28	The supplier is actively involved in the upliftment of their community							
29	The supplier makes a considerable investment in developing employees' skills							
30	The supplier has a wide range of products from which I can select							
31	The supplier is transparent in their dealings							
32	The supplier is a company I would invest in with certainty of a high return on investment							
33	The supplier's leadership visibly embraces diversity and transformation							
34	The supplier attracts high quality employees							
35	The supplier has a good BEE score rating							

### Appendix 3: Pattern Matrix:

**Pattern Matrix<sup>a</sup>**

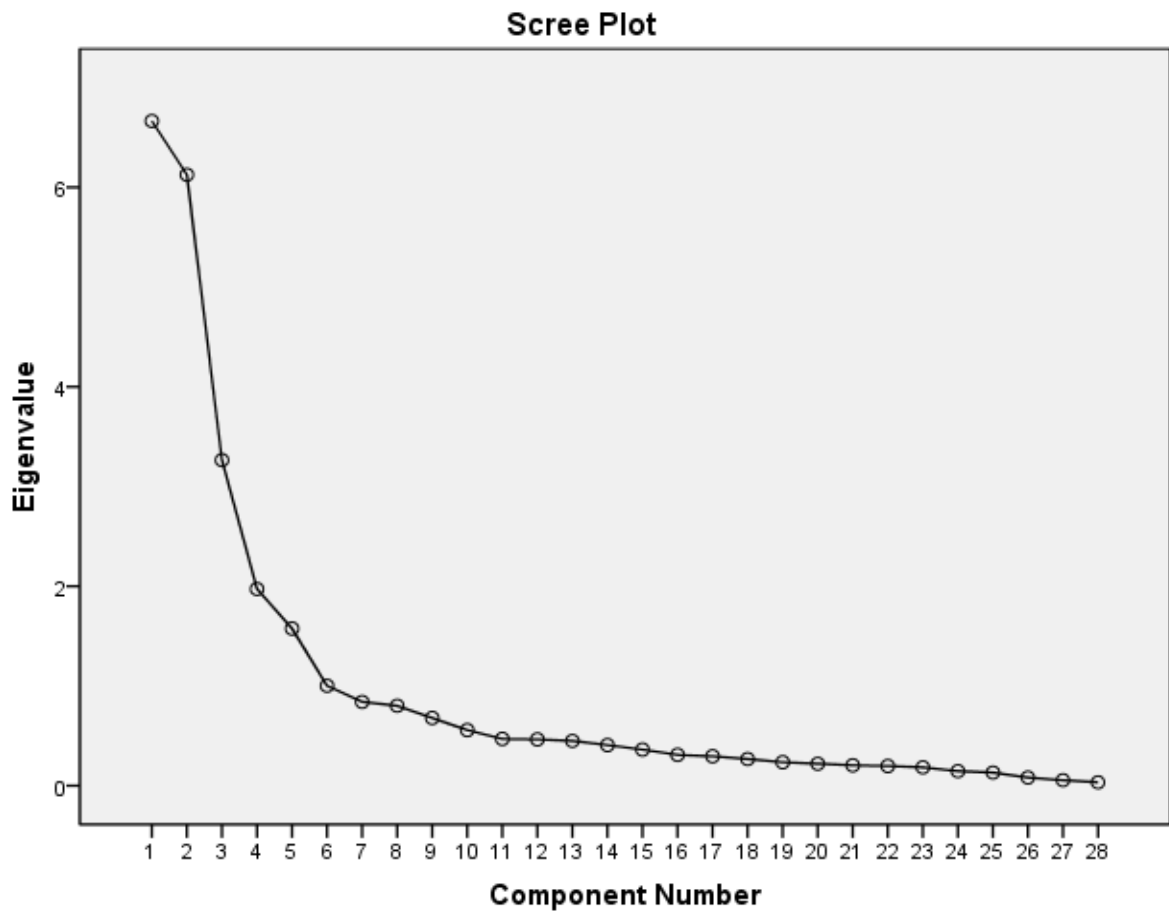
	Component				
	1	2	3	4	5
Q17	.822				
Q18	.802				
Q32	.793				
Q11	.788				
Q30	-.664		.417	.355	
Q25	.636				
Q10	.611			.332	
Q31	-.511		.368		
Q14		.983			
Q35		.966			
Q21		.954			
Q33		.903			
Q28		.663			.460
Q13		.567			.514
Q19			.831		
Q34			.718		
Q12	-.323		.685		
Q16			.679		
Q24			.495		.472
Q29		.403	.483		
Q22				.894	
Q8				.879	
Q15				.778	
Q23	.384			.716	
Q27					.819
Q20	.360				.700
Q9					.575
Q26	-.352				.365

Extraction Method: Principal Component Analysis.

Rotation Method: Oblimin with Kaiser Normalization.

a. Rotation converged in 12 iterations.

## Appendix 4: Scree Plot



## Appendix 5: Component Matrix

**Component Matrix<sup>a</sup>**

	Component				
	1	2	3	4	5
Q10	.786				
Q11	.753	-.324			
Q32	.706	-.354			
Q17	.687	-.438			
Q18	.681	-.364			
Q23	.664	-.492		.323	
Q25	.643	-.367			
Q15	.609	-.373		.387	
Q8	.554	-.368		.551	
Q29	.536	.363			
Q34	.471		.323		-.411
Q28	.373	.706			
Q13	.362	.692			
Q21	.441	.683	-.455		
Q33	.438	.662	-.449		
Q35	.437	.638	-.486		
Q14	.423	.612	-.501	.321	
Q31		.585	.394		
Q12		.545	.468		
Q26		.514	.345		
Q20	.421	.475		-.370	.426
Q24		.408	.631		
Q30		.360	.611	.406	
Q16		.301	.580		
Q22	.574			.583	
Q27		.489	.351		.542
Q9					.450
Q19	.402	.325	.407		-.439

Extraction Method: Principal Component Analysis.

a. 5 components extracted.

## Appendix 6: Items loadings on each factor

Items	Component				
	1	2	3	4	5
Q17: The supplier is likely to outperform competitors	.822				
Q18: The supplier's leadership recognises and takes advantage of market opportunities	.802				
Q32: The supplier is a company I would invest in with certainty of a high return on investment	.793				
Q11: The supplier seems to have a clear vision for its future	.788				
Q30: The supplier has a wide range of products from which I can select	-.664		.417	.355	
Q25: The supplier makes financially sound decisions	.636				
Q10: The supplier has strong prospects for future growth	.611			.332	
Q31: The supplier is transparent in their dealings	-.511		.368		
Q14: The ownership of the supplier complies with BEE requirements		.983			
Q35: The supplier has a good BEE score rating		.966			
Q21: The supplier's senior management composition complies in terms of employment equity		.954			
Q33: The supplier's leadership visibly embraces diversity and transformation		.903			
Q28: The supplier is actively involved in the upliftment of their community		.663			.460
Q13: The supplier is responsive to the social well being of communities in which they operate		.567			.514

Items	Component				
	1	2	3	4	5
Q19: Employees at the supplier have a good work ethic			.831		
Q34: The supplier attracts high quality employees			.718		
Q12: The supplier's employees seem to like working for the company	-.323		.685		
Q16: The supplier offers high quality products and services			.679		
Q24: The supplier offers easy access to technical assistance			.495		.472
Q29: The supplier makes a considerable investment in developing employees' skills		.403	.483		
Q22: I admire the supplier				.894	
Q8: I trust the supplier a great deal based on word of mouth				.879	
Q15: I have a good feeling about the supplier				.778	
Q23: I respect the supplier	.384			.716	
Q27: The supplier complies with industry safety standards					.819
Q20: The supplier is aware of the impact its operations have on the environment	.360				.700
Q9: The supplier offers products and services that are a good value for money					.575
Q26: Leadership of the supplier takes interest in customer relations.	-.352				.365