The True, the Good and the Beautiful: Reputation Management in the Media Society

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Abstract

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Mark Eisenegger, Kurt Imhof

This paper develops a general theory of reputation that is applicable to any type of organisation. Reputation is defined as a three-dimensional construct comprising the types of functional, social and expressive reputation. It is argued that public relations is essentially oriented to controlling the parameter of reputation and can thus be construed as reputation management. Key regularities of media reputation constitution that must consider the reputation management of economic organisations are described on the basis of empirical research.

Zusammenfassung

Das Wahre, das Gute und das Schöne: Reputations-Management in der Mediengesellschaft
Mark Eisenegger, Kurt Imhof

In diesem Beitrag wird eine allgemeine Reputationstheorie entwickelt, die auf beliebige Akteure, d.h. Personen, Organisationen und Institutionen anwendbar ist. Reputation wird als dreidimensionales Konstrukt definiert, das sich aus den Typen funktionaler, sozialer und expressiver Reputation zusammensetzt. Es wird argumentiert, dass Public Relations essentiell auf die Steuerung der Größe Reputation ausgerichtet ist und entsprechend als Reputation Management konzipiert werden muss. Auf der Basis empirischer Forschung werden wichtige Regularitäten medierter Reputationskonstitution beschrieben, die das Reputations-Management ökonomischer Organisationen berücksichtigen muss.

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1 Introduction

In recent years, the concept of reputation has embarked upon a remarkable career both in practice and in the domain of communications. However, the expert discourse about this phenomenon is not free of certain defects and blind spots. Thus the topics covered by the PR discourse in particular have so far referred much too exclusively to private business and the debate on reputation pursued in professional circles consequently suffers from a corporate bias. The narrowing of this topic to the business sector is due essentially to the lack, up to the present, of a theory-led definition of reputation that would allow diverse types of organisation – including those outside the business sector – to be highlighted from this angle.

This paper sets out from this weak point by deriving the concept of reputation theoretically in a form applicable to all kinds of persons, organisations and institutions. It will therefore initially be presented as an evolutionary product of the process of modernisation. This leads us to making a distinction between three basic types of reputation against which the agents and organisations active in any domain (business, politics, science etc.) are assessed. We will then show that reputation assumes fundamental functions in our society in general and for persons, organisations and institutions in particular. Reputation can then consequently be introduced as a central parameter for monitoring organisational activity and public relations. Finally, we will discuss the central role played by media-broadcast communications in the process of forming reputation so that we can build on it and identify the key regularities of this process to which reputation management must adapt under the conditions of contemporary media societies.

2 Literature overview: the concept of reputation in professional discourse

In the professional discourse, a continuous increase in scientific papers on the topic of reputation may be noted since 1981 (Barnett, Jermier, & Lafferty, 2006, p. 27). However, the concept still lacks a theoretical basis and definition with interdisciplinary recognition (D. Bromley, 2002, p. 35). An overview of this discourse shows immediately that the existing definitions of reputation are either very general or else have a highly specific formulation, i.e. are applicable only to business organisations. What is missing in particular is a theoretically sound embedding in action, social and communication theory.

Contributors with a sociological background tend to devise broad-based definitions. From this perspective, reputation is understood as a communicated form of recognition or disdain with which a person, organisation or institution is treated over the long term and on a supra-individual basis by relevant reference groups (Rao, 1994, p. 29f.; Shrum & Wuthnow, 1988, p. 882f.). Such broadly conceived definitions have the disadvantage of not allowing easy transfer to subcategories capable of being operationalised, i.e. they give no answer to the question of the appraisal criteria to which the reputation of an organisation, person or institution may be concretely attached.

The definitions from the sector of PR and marketing research are more concrete and thus easier to operationalise (Eberl & Schwaiger, 2005; C. Fombrun, 1996; C. J. Fombrun & Gardberg, 2000; C. J. Fombrun, Gardberg, & Server, 2000; C. J. Fombrun & Riel, 2003; Schwaiger, 2004). The approach to reputation taken by Charles Fombrun...
and his colleagues at the Reputation Institute has evoked particular interest (C. Fombrun, 1996; C. J. Fombrun et al., 2000; C. J. Fombrun & Riel, 2003). The overwhelming majority of the available studies on reputation operate with the approach to reputation developed by this school of thought or are at least strongly influenced by this model (Gotsi & Wilson, 2001). Fombrun et al. define reputation as the “overall estimation of a firm by its stakeholders, which is expressed by the net affective reactions of customers, investors, employees, and the general public” (C. Fombrun, 1996, pp. 78-79). The concept of reputation is then broken down further into six dimensions, namely: 1. Products and Services; 2. Financial Performance; 3. Vision and Leadership; 4. Workplace Environment; 5. Social Responsibility; 6. Emotional Appeal (C. J. Fombrun & Riel, 2003, p. 243f.). This six-dimensional reputation concept brings out with particular clarity the bias of the available approaches to reputation mentioned at the outset, as it refers exclusively to business organisations. Its transferability to non-economic organisations or agents is consequently greatly limited.

Schwaiger has presented an interesting further development of the concept of reputation (Eberl & Schwaiger, 2005; Schwaiger, 2004). It is based on a theory-led definition that makes a distinction between cognitive and affective dimensions of reputation. The cognitive dimension refers to the perceived competence, whereas the affective dimension covers the sympathy with which the company is regarded. Reputation is thus treated here as a two-dimensional construct. In addition, various driving variables are distinguished on the independent side that influence these cognitive or affective dimensions. Schwaiger et al. showed empirically that the exogenous variables of ‘quality of products and services’ and ‘economic performance’ refer mainly to the cognitive dimension of competence, whereas the exogenous variables of ‘corporate social responsibility’ and ‘attractiveness’ primarily influence the affective dimension of reputation of the companies examined (Schwaiger, 2004, p. 63ff.). This reputation concept was also refined with reference to business organisations as its object. The approach is nevertheless interesting because the two-dimensional reputation construct can in principle also be transferred to non-economic reputation bearers. However, in contrast to the reputation approach presented here, the normative dimension of reputation – in addition to the cognitive and affective ones – is not included directly in the reputation construct but is only considered as an independent variable that influences reputation.

We develop in this paper a three-dimensional concept of reputation that comprises a cognitive, affective and normative dimension.

3 Three dimensions of reputation: functional, social and expressive

We understand reputation as a phenomenon whose characteristic features can be observed exclusively in modern achievement-oriented societies. This social-evolutionary view allows modern reputation to be developed as a parameter that is attributed or withheld in all the function systems of differentiated modern societies on the basis of the same fundamental logic (Eisenegger, 2004, 2005).

Our approach is based on the observation that rationalization of modern thinking has led to a differentiation into three worlds in which all actors have to prove themselves: these are the objective, the social and the subjective worlds (Habermas, 1988, p. 114ff.; Imhof, 2006, p. 185ff.). Each of these three worldviews is characterised by a specific
rationality of action and appraisal that determines the logic of reputation constitution. In the objective world, the agents are judged on whether they serve the purposes and tasks they have been set in a way capable of cognitive verification. In the social world, ethical correctness is the criterion of judgement. In the subjective world, finally, interest focuses on the kind of emotional impact made by the individual character of the agents. Accordingly, these three worlds follow the validity claims of truth, of (normative) rightness and of ‘beauty’ / truthfulness. In the modern world, what is to be regarded as objectively true, as normatively good and as subjectively attractive is the object of a continuous process of secular negotiation that is affected significantly by specialised experts and institutions with a cognitive, ethical-normative or aesthetic approach to the world. All agents operating in modern societies must succeed in no more and no less than precisely these three worlds if they wish to acquire a reputation, quite independently of the action context – such as politics – in which they operate (cf. Fig. 1). We use this Three-world concept (Habermas, 1988, pp. 114-151) derived by Jürgen Habermas from Max Weber in order to transfer it to the object of modern reputation constitution. We develop a three-dimensional theory of reputation from it which claims universal validity and can be transferred to any agents and thus also to any type of person, institution and organisation (Eisenegger, 2004, 2005).

1. The objective world of the “true”: functional reputation

Agents operating in modern societies must firstly prove themselves in the world of the true, i.e. they must observe cause-effect relationships that can be logically verified in a specific context. The verifying criterion in the objective world is instrumental rationality (Weber, 1980, p. 13). The agents are judged on their success in achieving particular aims or on using appropriate means to do so. The objective world thus primarily encompasses purpose-oriented and decision-making systems (Habermas, 1988, p. 132), i.e. in this world the action of a reputation bearer is measured on the basis of the performance targets set by the function systems of politics, business, science etc. To the extent that the performance targets of these function systems become the criterion for appraising agents, we talk about functional reputation. It is an indicator of subsystem-specific success and technical competence and is linked to how well a particular person fulfils the performance role assigned to him or how well an organisation or institution serves the purpose for which it was established. In the process of reputation constitution, the objective world follows a rigorously cognitive logic: functional success or failure is linked to key figures that permit empirically testable true/false statements to be made. Thus political parties acquire functional reputation by measurably increasing voter shares. Journalists appear worthy of recognition when they boost viewer ratings or circulation figures. Finally, managers and companies enhance their functional reputation when they increase their profits or share values. In the objective world, agents with a strongly cognitive world reference appear as reputation intermediaries: scientists, experts, analysts etc. are the driving authorities who judge and decide upon the functional reputation of those who act as reputation bearers.

1 In contrast to modern societies, the pre-modern period is characterised by the fact that the cognitively true (objective world), the normatively good (social world) and the aesthetically beautiful (subjective world) could still be derived inseparably from a divine principle. In the modern process of secularisation, the true, the good and the beautiful become more fragile, because these world views become objects of public justification and controversy (Imhof, 2006, p. 160ff.).
2. The normative world of the “good”: social reputation

Secondly, agents must prove themselves in a world of social standards and values. The appraisal criterion in the social world is the rationality of value (Weber, 1980, p. 12), i.e. this world is constituted by a normative context that defines how far the action of reputation bearers appears to be legitimate. In this world, social reputation rules. This type of reputation does not observe the logic of the various function systems but makes a claim to apply to society as a whole. In the social dimension, reputation acts as an indicator of ethical legitimacy and integrity and is linked to how far codified and non-codified social norms are observed. Accordingly, an agent’s social reputation remains intact as long as his efforts to achieve functional success observe social norms and values. That’s why we expect politicians to shun dishonest methods and managers to include social and ecological standards in their calculations. A strongly normative world reference prevails in the social world. Accordingly, agents are distinguished on the basis of the criterion of ethical correctness/incorrectness. And reputation losses in the social world are more serious across the board than those in the objective world: competence that is questioned may be corrected as long as the functional successes are resumed. But it is much more difficult to re-establish a reputation that suffers from the defect of serious ethical incorrectness. Perceived ethical deficits always adhere longer to agents and can usually be repaired only by applying radical measures – such as public admissions of guilt.

All members of modern society have extensive practice in participating in ethical discourses pertaining to questions of “good” and “evil”. Unlike the objective world, therefore, the social world comprises a much broader range of agents who can act as reputation intermediaries. Religious groups, intellectuals, ethical entrepreneurs, politicians as well as members of the civil society and NGOs can equally decide to what extent reputation bearers prove to be “good” or “bad citizens” of the social world.

3. The subjective world of the “beautiful”: expressive reputation

The objective and social worlds confront reputation bearers as outer worlds with expectations of cognitive-functional performance or ethical-normative demands. In the subjective dimension, the inner world of the agent himself is the criterion for attributing reputation. The central question concerns the emotional attractiveness that emanates from an agent’s characteristic nature and identity. Whereas a cognitive rationality of appraisal prevails in the objective world and a normative one in the social world, an emotional logic of appraisal dominates in the subjective world. It constitutes expressive reputation: in the subjective world, the reputation bearer expresses certain personal characteristics in order to evoke a positive emotional response in a third party, i.e. to appear in an attractive light. Conversely, external third parties judge the reputation bearer on the basis of the emotionally attractive or repellent emanations of his character. Expressive reputation thus manifests in a positively or negatively charged emotionality vis-à-vis the reputation bearer and may be read off from indicators of granted or withheld sympathy, fascination, attractiveness, uniqueness and similar factors. If expressive reputation is attributed to a particular person in strongly excessive form, it

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2 Everyday language proves this law with respect to the violation of the norm prohibiting lying with statements of the following kind: “Someone who lies once loses all credibility thereafter.”
becomes transformed into charismatic reputation based on a belief in his quite exceptional and inspirational gifts (Weber, 1980, p.124).

However, an agent’s expressive reputation does not develop in isolation from the objective and social worlds. It depends on the specific and unmistakeable way in which the agent proves himself in the cognitive world of purposeful systems and in the normative world of social standards. Thus a company may appeal to our feelings because it proves to be a particularly innovative force with fascinating products in the functional dimension. Or an enterprise may gain our sympathy because it acts ethically from conviction, i.e. places ethical principles above its own profit interests if necessary.

In our perception, therefore, expressive reputation reflected in the degree of legitimate emotional attractiveness can be influenced both functionally (innovativeness, fascination force) and socially (force of ethical conviction).

In the subjective world, agents with an aesthetic world reference play the role of reputation intermediaries. This includes all those who specialize in questions of individualised impact on third parties, i.e. communications, PR and fashion advisers, marketing specialists, designers and artists. However, because expressive reputation also reveals what an agent integrates into his identity from the objective and social outer worlds, the subjective world also includes reputation intermediaries from both these worlds: experts, analysts and scientists no less than ethical entrepreneurs, members of civil society and politicians can all attest to the emotional attractiveness or repulsion of a reputation bearer. Reputation intermediaries with a cognitive world reference (e.g. experts and analysts) will then concentrate on highlighting his functional fascination. In contrast, those with a normative world reference (e.g. ethical entrepreneurs) will base their emotional judgments more on the force of his ethical conviction. In the subjective world, however, the reputation bearers will inevitably be judged on whether what they reveal of their subjective inner world appears to be authentic or is merely feigned/staged with a strategic intent (Goffman, 1986; Habermas, 1988, p. 156).

The following overview summarises our approach to the three dimensions of reputation constitution:
Further aspects of reputation relevant to a definition may be gleaned in the form of its implications to action theory by linking this concept to its complement – namely trust. Even a brief glance at the semantics of the discourse relating to reputation bearers reveals the interdependence between reputation and trust: thus a reputation bearer appears to be “trustworthy”, he “merits our trust” or even possesses “trust capital”. Everyday language thus confirms a social law: the reputation of the recipient corresponds to the trust of the giver. In other words: reputation and trust are two sides of the same coin or process of recognition. Reputation may thus be called the recognition of trustworthiness.

But how can trust, which is so fundamental to the formation of reputation, be gained? The answer is: by agents reliably fulfilling the expectations of key reference groups (Bentele, 1994, p. 131f.). Trustworthiness is based on the experience of action in compliance with expectations with simultaneous expectation of continued action of the same kind. If we trust a reputation bearer today, we assume that he will also fulfil our expectations tomorrow. That’s why trustworthy agents are preceded in the literal sense by their good reputations. The social capital of reputation is therefore characterised by the fact that it thrives and grows particularly where it is already present. Fulfilled expectations generate trust, and trust generates reputation. At this point, the concept of reputation can be linked to action theory: when institutions, organisations or persons possess a reputation in the perception of outsiders, then its recognition by reputation-endowing individuals is based on expectable actions in a functional and social respect. In a functional respect, reputation bearers are expected to fulfil their performance mandate and in a social respect it is assumed that they observe the norms and values of the society as a whole.

However, this only reveals half the secret of good reputation. It does not suffice merely to adapt to the expectations of the social and functional outer worlds. Whoever merely fulfils expectations blindly is soon threatened by the stigma of being labelled a conformist or even an opportunist. For this reason, delimitation is obligatory in the expressive dimension of reputation. Anyone who hopes to build up and maintain a reputation must distinguish himself sharply from his competitors and nurture an
unmistakable and emotionally attractive identity. This stressing of distinctiveness is the indispensable precondition for relevant reference groups to respond emotionally just to him and to no other reputation bearer. Accordingly, successful nurturing of reputation is based on the delicate balancing act between functional/social adaptation and expressive delimitation, between expectation and identity management (cf. Fig. 2).

In terms of Habermas’ speech-act theory therefore, we can summarize the preconditions for good reputation as follows: in a cognitive respect, reputation presumes the competent fulfilment of functional performance requirements. In a normative respect, the pursuing of social-moral demands becomes an obligation. And in an expressive respect, finally, a positive reputation is based on nurturing an emotionally attractive and unique identity. Exemplary reputation management then means fulfilling the functional and social expectations of key stakeholders without betraying one’s own identity – and to do so relatively better than one’s direct competitors (Eisenegger, 2005, p. 32).

Fig. 2: Reputation management in the field of tension between adaptation and delimitation

<table>
<thead>
<tr>
<th>Functional reputation:</th>
<th>Fulfilling functional performance expectations</th>
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<tr>
<td>Social reputation:</td>
<td>Fulfilling socio-ethical expectations</td>
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<tr>
<td>Expressive reputation:</td>
<td>Nurturing an emotional attractive identity</td>
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</tbody>
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The secret of positive reputation is based on the delicate balance between adaptation (expectation management) and delimitation (identity management)

4 The Emperor Augustus – or why reputation pays

We have seen that reputation creates trust in ethically correct action in accordance with specific functions and enhances the expressive prominence and uniqueness of its bearers. This refers to the functions attributed to the parameter of reputation. There is strong empirical evidence in favour of the commercial benefit of reputation for business organisations. Thus an intact reputation strengthens customer trust, facilitates the recruitment and loyalty of capable employees, improves access to the capital market, reduces the costs of procuring capital, ensures low purchasing prices and reduces the pressure by the authorities to exercise control and regulation. On the whole, by building up a high reputation, companies set up a barrier that prevents customer migration and deters market intruders (Eberl & Schwaiger, 2005; Schwaiger, 2004). However, these economic functions, that are undoubtedly essential, by no means exhaustively describe the significance of reputation. This is because reputation exercises fundamental control functions on society as a whole.

An elementary function of reputation across the whole of society consists in legitimising differences in power. However, this role is by no means an invention of modern societies, but can be traced far back to the time of the Roman Emperor Augustus (64 BC to 14 AD). The history books see him as someone who held hitherto
unequalled power in his own name: thus Augustus eliminated the Roman aristocratic democracy and had himself nominated sole ruler (Princps). He assumed supreme command of the Roman armed forces and had himself elected Pontifex maximus, an office that gave him the power of decision in all religious questions and thus an additional instrument of power. The emperor then faced the problem to having to legitimise this overweening power. He found the solution in a formula that still holds good today. In his “record of achievements” (res gestae), written shortly before his death, the Imperator noted that his power or potestas was justified because he also possessed the corresponding respect of the people, namely auctoritas. Whereas power (potestas) had been conferred upon him “from above”, i.e. from the Roman senate, respect (auctoritas) was accorded to him “from below” by the Roman people. This was for the simple reason that he had secured the Roman Empire an enduring period of internal peace, stability, security and affluence.

What can we derive from this historical digression? Nothing less than the rule, which continues to apply today, that power conferred “from above” must be recognised “from below” in order to appear legitimate. Power that cannot or will not be secured by means of violence and repression must therefore be earned by an adequate reputation. Reputation thus simultaneously brings about a social miracle: it justifies social inequality. The fact that some people possess a great deal of power and influence while others have little will be accepted in a society for as long as the wielders of power possess an intact reputation. That’s why reputation allows the maintenance of hierarchies and power differentials with a minimum of social friction. Conditions of social recognition based on reputation characterise a symbolic world that anchors and justifies social hierarchies in the everyday world.

The legitimising function of reputation for social supremacy has the greatest conceivable consequences. Thus every career starts by a growth of reputation, which is the entry ticket to the executive floors where power is exercised. Conversely, positions of power become fragile as soon as a reputation is seriously dented. It’s no accident that we are contemporary witnesses to high-ranking politicians or CEOs having to resign because their tattered reputations no longer allow them to hold high office. And because the modern mass media are highly successful in critically scrutinising the reputation of high-ranking status bearers and even in spreading the least hint of scandal around them, they increasingly co-determine which bigwigs can stay and which ones must go.

However, reputation plays additional basic roles in society as a whole. This is because striving for reputation is the most important mechanism of social integration. Only those who observe the targets and values set by society can acquire a reputation. That’s why Hegel designated the “struggle for recognition” as the “motive force” that pushes the “process of socialisation through all its stages” (Honneth, 1994, p. 104). Widespread striving for reputation secures the basic values of a civilised society and prevents a relapse into barbarism.

Further functions of reputation can be summarized under the aspect of complexity reduction in at least a threefold respect:

Firstly, reputation allows the simple selection of those organisations, institutions or persons with whose aid we want to realise our plans of action. An intact reputation enhances the prominence and uniqueness of its bearers and links up to target-oriented and efficient interactions. Thus a particular company’s good reputation allows people to

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3 Whether the power-wielders use their power diligently for the well-being of their subordinates, i.e. serve the general good, is crucial for the intactness of their reputation.
select it or its products with a minimum of knowledge purely on the basis of their gut feeling. We follow agents with an intact reputation more readily because we have already learnt to trust almost blindly in their performance, competence and integrity. Secondly, an intact reputation minimises social control. A good reputation relieves its bearer from the need for his actions to be continuously scrutinised. Intact reputation consequently extends the scope for freedom and action. In contrast, the less trust there is in the reputation of institutions, organisations and leadership elites, the more must formalised regulations which permit the pressing of legal claims with a sanction potential replace this reputation vacuum and the more must state bodies assume the functions of control and supervision with their implicit power of sanction.

Thirdly, reputation gives its bearers the power of definition and conviction. Reputation is linked to the power to shape social reality and work in a creative way. Only those who possess an intact reputation and the corresponding trust capital will evoke conviction even if their actions do not immediately fulfil the expectations of outsiders. Reputation is thus a commodity of inestimable value: it focuses trustworthy and sustained action on its bearers, reduces the complexity associated with their selection, liberates them from control and lends legitimacy to any positions of power. Of course, the converse also applies: a loss of reputation destabilises action by a collapse of trust, increases its complexity and delegitimises hierarchical structures.

5 Reputation as a core concept in public relations
The interdependence between reputation and trust outlined above already points to the central importance of reputation for the theory and practice of public relations (PR). Thus the function of PR is prominently linked in the discussions within communications science to planning and implementing suitable communications measures aiming to strengthen the trust of the public and/or specific reference groups or to prevent the emergence of mistrust (Bentele & Seeling, 1996, p. 155ff.; Ronneberger & Rühl, 1992, p. 252ff.; Szyszka, 1992, p. 104ff.). Reputation assumes precisely this function of securing trust. It acts as social capital and allows the maintenance and accumulation of additional trust. However, the centring of PR on the nurturing of reputation is also indicated by the fact that the function of PR work elsewhere in the professional PR discussion is linked to the construction of images (Faulstich, 1992, p. 72f.; Merten, 1992, p. 43f.; Merten & Westerbarkey, 1994, p. 188f.). Nevertheless, the relationship between the terms image and reputation remains unclear, i.e. to what extent does the nurturing of image and reputation represent different concepts for the same phenomenon or imply different levels of significance? In the definition of terms presented here, the relationship between reputation and image initially results from the fact that in processes of social recognition the various images of an agent are mutually weighed up and balanced out to create an (overall) reputation. Whereas the significance of an image additionally has a neutral connotation and leaves open whether it is associated with neutral, positive or negative evaluation patterns, reputation always involves a ranking between evaluated agents and implies higher or lower estimation, greater or lesser acceptance. This is stressed by Bromley: “The main difference is that reputation usually implies an evaluation, whereas public image is a fairly neutral term. In general reputation is highly valued. Its main function, however, is to maintain social order,” (D. B. Bromley, 1993, p. 6). In view of this evaluative function, reputation assumes an outstanding position in organisational communications. This is because if a particular organisation is to survive in the long term, it must necessarily advertise its
special value vis-à-vis other organisations. Accordingly, PR aims to rank an organisation and its achievements in its respective field of action as well as in the social domain as positively as possible. This is exactly the function assumed by reputation. It is an integral constituent of the social process of assigning agents their rank and position in society. It is the result of the stress on the differential performance of an organisation in realising collectively shared aims and values in its respective field of action. For this reason, PR is equivalent to reputation management.

6 Reputation and medialised communications

Without public communications, but especially without media reporting set out over the long term, we would be unable to develop any kind of awareness of society. The media arena is the most important portal of access to society: by gazing into this arena, we build up a picture of our society, economy and various companies. This fact alone explains why the media plays a central role in the process of reputation constitution. Naturally, this does not mean that reputation is not also formed in personal networks via face-to-face communications. And yet it is uncontested that nothing determines and guides communications in personal networks as much as the image broadcast by the media. However, the differentiation of the commercialised media systems in all the core Western nations has now resulted in a further massive boost of the significance of media-broadcast communications in the process of reputation constitution, quite irrespective of the action contexts from which the reputation bearers come. The principal reasons for the medialisation of reputation constitution will now be outlined (Eisenegger, 2004, p. 58ff.; Imhof, 2005, p. 203ff.; Schranz, 2007, p. 121ff.).

Firstly, the agents of various function systems are adapting increasingly to the logic of reputation constitution by the media. This is because, as the media become increasingly utilised and influential, their reference and target groups perceive them in an increasingly exclusive way via media-broadcast communications with all the serious consequences that this implies. At the same time, the stakeholders try ever more frequently to affect organisational reputations directly via the media.

Secondly, as the media systems become increasingly differentiated on the basis of their own logic, we are seeing a growing domination of their communications by experts who increasingly use the media to act as reputation authorities with defining power to broadcast their reputation-defining ratings. In the first instance, this growing power of experts is a consequence of the topical delimitation of modern journalism in competition for the favour of diverse target publics. This makes the work of journalists more complex, so that they must increasingly call in experts to deal with it. But experts are also being used ever more frequently in media reporting by the media providers in order to consolidate their reputation and credibility.

Thirdly, the virulent muckraking practiced by the differentiated media system has markedly increased the risks to which the reputations of agents from politics, business and other function systems are exposed (Imhof, 2002c, 73ff.; Keplinger et al., 2002, 11ff.). Because reputations damaged by the media cannot be corrected outside the media, this increased risk of being the object of scandal has led to the agents themselves having to influence the build-up of their reputations in the media or else to concentrate...
their external communications on the mass media. In other words, to the degree that the media scrutinise existing reputations and render them fragile ever more frequently and successfully, their significance grows as the primary target of measures aiming to maintain and create reputation. In this way, the media arena is transformed into the principal reputation arena.

But media-broadcast communications are also of elementary significance for reputation constitution due to the following factors:

Getting noticed: Anyone who strives to acquire a reputation must initially be noticed. Only those who are known can be recognized, and only those who come to public notice can be esteemed. Reputation is consequently linked to public celebrity. It can be formed only when unknown third parties can picture a particular prestige bearer. And the media are the unrivalled creators of precisely this kind of celebrity. Irrespective of whether the presence of an agent in the media discourse is intended or not, in either case the person concerned cannot avoid the processes and logic of reputation constitution by the media. The public sphere of the media produces reputation (both good and bad) irrespective of whether the objects of its observation do anything towards it, against it or nothing at all.

Issue-setting function: The issue-setting function of the public sphere created by the media is thus of elementary significance for the process of reputation constitution. By placing those issues in which the society’s reputation bearers must prove themselves at the focus of interest for society as a whole, they decisively co-determine this process. It is graphically illustrated by the dying forests debate of the 1980s: at that time, the European media created a bleak future scenario that led to numerous environmental protection laws, to the expansion of public transport and to corporate ecological balances. Neither can America’s Sarbanes-Oxley Act—a law that obliges all companies listed on US stock exchanges to practice good corporate governance under penalty of legal sanction—be explained without the influence of the international media in the context of the great scandals concerning corporate accounting fraud.

Overall, media-broadcast communications have the key differentiating function of transforming the particular reputations of agents restricted to the domains of applicability of the various function systems into reputations that apply to society as a whole. In the process of constituting reputations in modern societies, the public sphere created by the media forms the dominant, over-arching reputation arena. It over-arches the internal reputation arenas of the various function systems and evaluates reputation bearers in terms of functional, social and expressive criteria in the spotlight of broad public visibility. The media arena is the only one with the power to transform an agent’s reputation so that it is perceived across the whole of society and extends beyond the limited domains of applicability of particular social subcultures or sub-systems. The public arena created by the media forms the central sphere for reputation constitution in modern societies, and does so irrespective of the type of organisation (political, economic etc.) concerned.

7 Logic of reputation constitution in the media society

Next, we must ask what logic of reputation constitution prevails in the media society to which the reputations management of diverse organisations must adapt. We will now pursue this question by presenting the results of an empirical study of the logic of reputation creation by the media. For the study period 2004-2006, articles in the media
on eight major corporations will be evaluated and their basic reputation patterns summarized.5

In a first step, we will briefly examine the underlying process of reputation analysis by the media (5.1). The empirically consolidated regularities will then be presented and their consequences for organisational reputation management discussed (5.2).

### 7.1 Method – the media reputation index (RI)

The reputation analysis presented here uses a measuring procedure that operationalises the medialised reputation of essentially any agents on the basis of evaluations.6 In the data acquisition process, it is asked whether a reputation object (such as a company or person) is presented by the media in a rather positive, negative, controversial or neutral light. The evaluation units used for the analysis are not individual statements but entire media articles. The method is based on the premise that the impression of reputation bearers generated by the media and underlying the evaluation does not unfold in additively combined text passages but emerges only in the totality of an entire media article due to configuring features of a formal and contextual kind.

The evaluation variable then allows a reputation index (RI) to be calculated. This in turn permits a standardised comparison to be made between the medialised reputations of any reputation objects (companies, company types, industries, persons, political organisations, countries etc.). It measures the credibility of a reputation bearer on the basis of all media articles evaluated in a specific time period and can assume values within the range from -100 to +100. Here, a (hypothetical) value of +100 means that a reputation object has been subject exclusively to positive evaluations. In contrast, a value of -100 means that the object was exclusively given negative evaluations.

The reputation index can then be divided up further into the basic types of functional, social and expressive reputation. Where a company was evaluated with respect to subsystem-specific competence or success criteria (sales and balance figures, share prices, management questions etc.), the functional reputation type was assigned. If, in contrast, the company’s social integrity or legitimacy was the object of the evaluation (employer-employee relationships, ethical or legal violations etc.), the variant of social reputation was encoded. If the functional or social evaluations had a strongly emotional component, the relevant articles were additionally assigned the variant of expressive reputation. The process of recording the three basic types of reputation thus followed a methodical logic that allowed emotional-expressive reputations to be attributions in both functional and social/social-ethical contexts. Accordingly, for instance, an innovation that was praised in strongly emotional terms was assigned both functional and the expressive reputations. The latter was thus evaluated as a functional or social type with a strongly emotional content.

The key regularities of medialised reputation constitution referred to the basic types of functional, social and expressive reputation will now be presented.

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5 The following companies are examined: Novartis, Roche (pharmaceuticals), UBS, Credit Suisse (banks); Swisscom, Cablecom (telecoms); Zurich Financial Services, Winterthur (insurance companies).

6 For a detailed presentation of the method used to measure media reputation, cf. (Eisenegger, 2005, p. 94ff.; Schranz, 2007, p. 151ff.).
7.2 Regularities of medialised reputation constitution

Regularity 1: The minefield of social reputation

Fig. 3: Social and functional reputation of eight major corporations (2005-2006)

Explanation: The data points symbolise the eight examined companies with respect to their social and functional reputations during the period 2005-2006. The horizontal axis plots the weight of functional and social topic-setting as a percentage of overall reporting. The vertical axis indicates reputation values along a continuum from +100 (highly positive) to -100 (highly negative).

Figure 3 shows the values of the social and functional reputation of the major corporations examined during the period 2005-2006. The graph shows that these companies are evaluated much more strongly in functional contexts, i.e. with respect to economic criteria. Despite a massive increase in the social reporting with an ethically scrutinizing view in recent years, the companies are still much more strongly evaluated on the basis of economic-functional competence and success criteria. However, to the extent that they are evaluated in social contexts, the reputation values show a strongly negative trend. Social reputation is thus for the major corporations a veritable minefield with clearly dominant reputation risks.

What does this mean for the reputation management? Running counter to the current trend for corporate social responsibility or good corporate citizenship, the positive overall reputation of a company is based primarily on a strong functional business reputation and a low profile in the domain of its social reputation. At least as regards the big players of the business world, the rule is: they should concentrate on their functional business reputation while ensuring not to fall victim to scandal-mongering by the media in the domain of their social reputation. Accordingly, multinationals can achieve positive reputation effects largely on the basis of their functional reputation. In contrast, they have extremely limited scope for positive control of their social reputation. The
The main thing here is to avoid sustaining damage simply by observing the social standards without making too much of a fuss about their social commitment. Companies that spell out their ethical stance too strongly in their communications to the outside world provoke mistrust and stimulate the media to immediately blow up even minor infringements of ethics and public decency into scandals. A telling example in this sense is the ethical campaign run by Swiss Coop Bank in 2003 (cf. Fig. 4). To show itself in such a goody-goody light in this way is an open invitation for every journalist to look for skeletons in its cupboards, i.e. to set it an ethical trap.

**Fig. 4: Ethical campaign of Swiss Coop Bank**

Explanation: Coop Bank’s posters show the heads of various dictators (Marcos, Abacha, Mobutu etc.) to illustrate its slogan “We are proud of the fact that not everyone has an account with us.”
Regularity 2: Positive emotional response with a primarily functional motive

Fig. 5: Expressive reputation in functional and social contexts (Eight major corporations; 2005-2006)

Explanation: The graph shows expressive reputation divided up into emotional-positive and emotional-negative evaluations as well as differentiated by functional and social motivations. Thus an article was given a positive-emotional coding in the functional context when a company’s business competence and performance was praised in a strongly emotional way (e.g. via an innovation or a new product). In contrast, it was given a negative-emotional coding in the social context where a social lapse was attacked in a strongly emotional way.

Figure 5 shows the expressive reputation of the examined companies. It was operationalised on the basis of evaluations made by the media in strongly emotionalised form. The study focused especially on the question of the context – functional or social – in which the companies were presented in an emotionalised way. In the first instance, we see a remarkable finding: in the domain of expressive reputation, the attributions with a positive emotional content dominate. In contrast to the general perception that the media tend to show a negative picture, we see a dominance of positively nuanced emotionality with regards to the companies. This positive emotional slant is unequivocally driven by functional factors, i.e. it is found significantly more frequently in economic than in social contexts. If, however, the expressive reputation shows a negative tendency, this is usually due to ethical misdemeanours.

The following regularity can be derived from this observation: positively nuanced expressive reputation can be achieved by companies with a global scope of operations largely by outstanding economic performance, whereas a negative expressive reputation usually has socio-ethical causes. A more detailed breakdown shows empirically that the perception patterns of innovativeness, fascination power of the products as well as general future potential are the key drivers of a positive expressive reputation.
Regularity 3: David-Goliath effects

Fig. 6: Social reputation values of large and small Swiss banks (2004-2005)

Explanation: The graph shows the social reputation values of small and large Swiss bank groups in the examined period 2004-2005. The horizontal axis indicates the media interest (measured in number of articles). The vertical axis records the social reputation values.

The acquisition of resonance in the domain of social reporting is therefore associated with risks for companies. However, this finding must be differentiated. For it transpires that this regularity applies especially to large companies but less to the small and medium-sized businesses in the world economy. Figure 6 illustrates the social reputation values of large and small bank groups in Switzerland in the examined period 2004-2005. It can be seen that the large banks with a global scope of operations attract great media interest while simultaneously attaining low values of social reputation. In contrast, the small regional banks suffer from comparatively low media interest but gain commensurately higher values of social reputation. This illustrates a David-Goliath effect: because small companies are more closely associated with society, they have a competitive advantage in the domain of social reputation. Conversely, the large ones suffer in the social world from a credibility deficit. This regularity can be explained in sociological terms. In our perception, power tends to be associated with ruthlessness. The powerful global companies arouse the suspicion that they abuse their power by favouring particular interests to their own benefit. This makes it correspondingly difficult for companies with a global scope of operations to score points in the domain of social reputation. The strength of this David-Goliath effect in the social world is directly proportional to the degree of market dominance of the company concerned: thus McDonald’s and not Burger King is the preferred target of attack by the anti-globalisation movement; Microsoft and not Apple is the preferred target of software hackers.

As regards functional reputation, however, empirical studies also show a converse relationship: because (market) power is equivalent in our perception to assertive strength, larger companies find it easier than small ones to acquire recognition for
business performance. This is because size and power are associated in our everyday understanding with functional success.

**Regularity 4: Excessive focus on personalities is damaging**

**Fig. 7: Person-focused and organisational reputation in the pharmaceutical industry (2005-2006)**

What effects does the.medialisation of reputation with a personality focus have on reputation constitution? This question can be conclusively answered by resolving the overall reputation into personality-focused and organisational components (cf. Fig. 7). Two regularities are then apparent:

In the first place, it can be seen that a strong focus on personalities in the media is associated with a markedly volatile development of reputation. The more strongly that a company’s reputation is reduced to the CEO or other bigwigs, therefore, the more strongly does its reputation curve fluctuate. Conversely, the development of the organisational reputation, which attaches to the company as a whole, is characterised by greater stability and predictability. Praise and censure thus appear to attach more closely to individuals than to organisations as a whole. For reputation management, this means that a high focus on personalities hinders a coherent and predictable build-up of reputation and leads to its unstable development.

Secondly: a high degree of personality focus is an indicator of crisis (cf. the key dates Q3.2004 and Q1.2006 on the chart). Whenever reputation deficits are perceived, the CEO and other high-ranking company representatives appear regularly in the public eye and the media coverage of personalities shoots up. This can also be easily explained: it is very difficult to assign responsibility for a company’s misconduct to an abstract entity. In contrast, a well-known personality can be severely criticised in a striking way. The risks involved in focusing on personalities were greatly underestimated by companies in the past. Such a focus leads to a volatile development of reputation and
makes it easy for crises to be blown up into scandals. On the whole, however, excessive focusing on personalities also hinders long-term reputation management for another reason: if companies are perceived too strongly via their senior executives, the company’s reputation must be re-established every time there is a change in leadership – every four to five years in Europe! If a company gives in to a short-term star cult, its long-term build-up of reputation is damaged. And yet a marked tendency to focus on personalities is not only the outcome of a specific media logic, in recent years it has been massively stoked up by the communications management of the organisations themselves.

8 Conclusion

This article took its start from the observation that the concept of reputation in communications science in general and in the professional PR debate in particular suffers from an excessively narrow focus that we see as problematic. All available mainstream definitions have hitherto been developed exclusively by examining business organisations. There has so far been a lack of a comprehensive and theory-led definition that would allow the concept of reputation to be applied in principle to any types of agents – companies, public authorities, political parties, universities, media groups, countries etc. – both at the level of communities (organisations, institutions) and of individuals (persons). We see this conceptual reductionism as a serious deficit. For as long as reputation is conceived exclusively as a phenomenon of the economic world, PR research will continue to focus only on business organisations. This simultaneously inhibits more fruitful comparative research that analyses the reputation dynamics of various types of organisation and thus gains deeper insights into the logic of modern reputation constitution.

Against the background of this lack of a relevant debate in professional circles, this article has developed an approach to reputation that may be applied to any agents. A critical examination of the three-worlds theory of Jürgen Habermas led to the development of a three-dimensional construct of reputation that is invariably made up of a functional, a social and an expressive reputation type, irrespective of the action context (politics, business, science etc.) from which its bearers come. To the extent that PR is essentially seen as being reputation management – as proposed in this article – it invariably involves managing all three types of reputation. From the perspective of the relevant organisation, the aim is to appear as a competent and successful agent in each function system (functional reputation), to observe general social norms and values (social reputation) and to preserve an unmistakeable identity that evokes a positive emotional response in third parties (expressive reputation).

This article further describes modern reputation constitution as a process that is increasingly controlled by the media. It argues that medialised communications are developing to become the dominant mechanism of reputation constitution in modern societies: commercialised media systems are the principal controllers of which agents become objects of social processes of recognition and of the pattern that these reputation dynamics must follow. If we take this finding seriously, empirical research on reputation must focus on acquiring a clearer picture of the logic of reputation constitution by the media.

As regards the media logic of reputation constitution for business organisations, our own research revealed the following regularities. For the major corporations examined, it transpired that opportunities for reputation are found principally in the domain of
functional business reputation, whereas the domain of social reputation is strongly associated with reputation risks. In agreement with this finding, it was shown with a view to expressive reputation that a positive emotional charge is almost always associated with these companies on the basis of functional-economic factors, with attributed innovativeness and fascination (of the products) most frequently highlighted as positive. Conversely, a negative emotional charge is almost always observed in social contexts, where violations of ethics and public decency give rise to emotional storms of indignation. Moreover, a highly interesting David-Goliath regularity was noted: it may be described by the formula that small and medium-sized companies are advantaged especially in managing their social reputation, whereas the large multinationals find it easier to gain reputation in the functional domain of business. Finally, the negative effects of a marked personality focus were verified. It thus transpired that an intensive focus on the CEO in media communications leads to the volatile development of reputation and makes it easier to turn a crisis into a scandal.

All these findings are of the highest relevance for reputation management by companies. They mean that in the domain of social reputation large companies are well advised to take a preventative approach that centres on diffusing risks. In addition, external company communications should minimise their focus on personalities. On the whole, it is evident that successful reputation management invariably presumes exact knowledge of such regularities of public reputation constitution and thus requires in-depth research.

9 Discussion

The three-dimensional approach to reputation developed in this article allows various phenomena that have always been of interest to PR research to be handled in a more precise way. Thus the concept of a communications crisis may be characterised in more detail. A fundamental crisis – for instance of a company – may then be characterised by the fact that the perception of crass incompetence or spectacular failure prevails in the functional dimension of reputation, serious violations of ethics and public decency are pilloried in the social dimension and the identity of the company is completely reduced to the crisis in the expressive dimension, i.e. an emotional impact is produced purely by the perception of the crisis. This kind of body-blow to the corporate reputation was observed in the two historical crises of Enron and Worldcom.

The reputation triad developed here also helps to better classify various approaches, tactics and instruments of communication management. Thus, for example, we may ask whether a specific advertising campaign aims at manipulating the company’s functional, social or expressive reputation. In this connection, it will certainly become evident that many advertising campaigns aim to promote a diffuse, positive emotional charge with respect to the organisation and thus not infrequently resort to delimiting themselves from their fellow competitors. The advertising slogan of Apple Macintosh “Think different!” is a veritable paradigm for this form of expressive nurturing of reputation. However, probably the most important feature of the threefold concept of reputation is that it refers the discipline of PR to comparative research that looks out over the edge of the business world and also includes other types of organisations – e.g. from the domain of politics – in its purview. We see this not only as an exciting project, but also an extremely worthwhile one in view of scarce research funding.

The approach to reputation presented here opens up a wealth of additional lucrative research opportunities. In addition to the comparative research projects that include the
various types of organisation already mentioned, there has so far been a lack of in-depth studies into the effect of medialized reputation constitution for relevant stakeholders. This requires multi-method research designs that combine survey-based and media-based enquiries into reputation. Nevertheless, a few studies have recently appeared that have done the first valuable pioneering work in this field (Carroll & Combs, 2003; Einwiller & Korn, 2004; Ingenhoff, 2007; Meijer & Kleinnijenhuis, 2006).
Bibliography:


