Corporate Reputation Criteria as Perceived by Bank Managers. Results from an Empirical Study.

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Abstract

How important are criteria for the sample bank managers in their role to repute client-organizations?

The current paper tries to find an answer to this question by exploring the way bank managers repute client-organizations.

An empirical research enabled us to determine the main evaluation criteria adopted by bank managers from Aveiro and Porto (2004-2006). Such knowledge contributes to optimise the interaction with bank managers, making it possible to manage, more effectively, the reputation with these potential opinion leaders.

Keywords: Bank managers, corporate reputation criteria, organizations.

The way in which a company is perceived by its stakeholders, (in this particular case by bank managers) dictates its reputation direction (positive, negative). Thus, we will try to identify the factors upon which companies should be focusing their attention in order to be reputed positively by bank partners.

I – Introduction
II – Corporate reputation criteria as perceived by bank managers (Aveiro and Porto).
III – Future Research
IV – Concluding Remarks

I.Introduction

Academics and practitioners of different fields (accounting, organizational theory, marketing, communications, even computer science…) have been manifesting interest in the subject area of corporate reputation.

Recommendations are valuable

The business context makes it impossible for companies to operate without being in close contact with those around them.

Overload of information underline the importance of reliable sources of information – recommendations are valuable.
"I'll tell others to try you".
[*Vide* Dowling, G., 2001:137].

Companies are subjected to public scrutiny

Magazines (e.g. Fortune's Most Admired Corporations, Britain's Most Admired Companies) began evaluating corporations and publishing their findings to the public. Attention to reputation management has grown rapidly in recent years.

Corporate reputation needs to be managed proactively or at least reactively.
[*Vide* Tucker, L.; Melewar, T. C., 2005:386].

Corporate reputation and competitiveness

Among the most critical competitiveness factors Gow [2002] alludes, for instance, to information systems and clientele and reputation.
[*Vide* Gow, Dr. T. A. K., 2002 :34].

Low and Kalafut [2002] identified the twelve most important intangibles amidst which is reputation.
[*Vide* Low, J.; Kalafut, P. C., 2002:14].

A recognition of the importance of corporate reputation at present is referred by many other authors.
[*Vide*, for instance, Carmeli, A.; Tishler, A., 2005; Dolphin, R. R., 1999; Doorley, J.; Garcia, H. F., 2007; Fombrun, C. J., 1996 ; Gotsi, M.; Wilson, A. M., 2001; Herbig, P. ; Milewicz, J., 1995 ; Resnick J. T., 2004 ; Zabala, I. et al., 2005].

Definition of Corporate reputation

In academic terms, there is no universally accepted definition of corporate reputation but basically, corporate reputation encompasses the judgements about a company by its stakeholders. In simple terms, corporate reputation is expression of stakeholders' images about a company.

Stakeholder key-groups include employees, customers, suppliers, shareholders, investors, and media, among others.

Reputation building

Stakeholders' evaluation of a company is affected by a myriad of factors (e.g., past experience, word-of-mouth, expectations about corporate behaviour, publicity), which makes the task of thoroughly controlling corporate reputation, impossible.

Moreover, such evaluation will always be influenced by the way in which company signals are selected by stakeholders. [*Vide* van Riel, 1995:27].

Corporate reputation vs. bank partners

According to Fombrun [1996:151-158] corporate reputation is affected by bank partners and by the flow of information they widespread through formal and informal networks.

Bank managers can be considered as stakeholders of most immediate concern because of their role as potential opinion leaders.

II. Corporate reputation criteria as perceived by bank managers (Aveiro and Porto)

This study provides insights into the way companies can avoid reputation risks when dealing with bank managers.

Table 1

Project	Identify the most important criteria for bank managers to repute organizations.
Instrument	Structured Questionnaire: 40 items, (7 point scale), approximately 15 minutes to fulfil.
Target Group	Bank Managers from Aveiro and Porto.
Sampling	Non-random sampling.
Sample size	438 respondents.
Time	2004 –2006.
Incentives	No incentives were offered.
Results	Data "read" and analyze using SPSS 14.00.

Source: Author

Methodology

Item Generation & Index Construction

The aim of this study is to identify the most important corporate reputation criteria for bank managers. The focus is on content validity which is established by
Background/Bibliography;
Semi-structured interviews conducted with bank managers from four banks;
Expert judgement (six experts from five countries).

This is the process used to identify and select the items for inclusion in the questionnaire (40 items; 7 point-scale).

According to Rossiter (2002) with multi-item scales the order of the items should be randomised. We used 5 “versions” of the questionnaire to minimize response-set artefacts in the obtained scores.

Data collection

The questionnaire (self-completion questionnaire) was tested and then administered to a sample of 438 bank managers. The bank agencies were located in the Aveiro and Porto regions.

Data analysis & Interpretation

The data was analyzed using the SPSS 14.00 version.

Principal Components Analysis was the technique used to reduce the data (data reduction purpose). The Kaiser-Meyer-Olkin (KMO) measure of sampling adequacy was used to confirm it was possible to proceed to factoring. In this case the KMO equalled 0,936 which Kaiser (1974:35) describes as “marvellous”.

Table 2
KMO e Bartlett's Test

Kaiser-Meyer-Olkin Measure of Sampling Adequacy		,936
Bartlett's Test of Sphericity	Approx. Chi-Square	7020,594
	Df	780
	Sig.	,000

Source: Research

A *scree test* and the *eigen value greater than unity rule* suggested an initial solution of seven factors that explained 54% of the variance in the data. These factors were subjected to an oblique rotation. After examining factors six and seven it was decided by analyst judgement to include their respective items in other factors and keep five factors, instead.

Factors considered important by bank managers (sample) concerning their client-organizations were interpreted as:
Modus operandi (F1)
Relationship with the bank (F2)
Contextualization (F3)
Development potential(F4)
Quality of management (F5)

The results of the study suggest that constant attention to these factors must be given to guarantee a good reputation.

Table 3

F2

	Itens				Factor				
	Mean	Min	Max	DP²	N of Items	α Cronbach	α Cronbach (standardized items)	Mean	DP
Mean Itens	6,546	6,502	6,589	,002	4	,676	,677	26,18	1,761
Variance Itens	,382	,320	,419	,002					
Inter-item Corr.	,344	,302	,381	,001					

If the item was excluded	**Mean**	**Variance**	**Item-Total Correlation**	**R^2**	**α Cronbach**
Client-organization's financial situation	19,68	1,920	,454	,209	,612
Meet agreed deadlines with the bank	19,59	2,022	,471	,227	,603
Deliver credible financial information to the bank	19,61	1,913	,455	,214	,612
Show transparency in the relationship with the bank	19,66	1,877	,454	,214	,613

Source: Research
Free translation

Discussion

This study seems to be the first empirical study about the importance of corporate reputation criteria for bank managers.

The study shows that the relationship of client-organizations with bank partners is critical for the way in which these partners evaluate organizations.

One important conclusion can be drawn from this exploratory study. By focusing on items such as the financial information provided to bank partners and the respect for deadlines, client-organizations will avoid reputation risk – at least as concerns bank partners.

The study however has one significant limitation. It is based on non-random sampling which is a restriction in terms of generalization. Further research work on this area should be undertaken.

III. Future Investigation

As different stakeholders may have different expectations towards companies, they will probably apply different criteria in evaluating firms.

And

As stakeholders' perceptions are subject to change [Jackson, 2004; Cravens et al., 2003; Resnick, 2004] an analysis of stakeholders' perceptions on an on-going basis would be advisable.

IV. Concluding Remarks

We would like to conclude with an idea, which seems to be an essential presupposition in order to achieve a good reputation:

Even if corporate reputation as a discipline is still in its" infancy",
even if corporate reputation measurement is presently a highly controversial subject,
companies would take advantage in conducting stakeholders' analysis. Stakeholders' analysis will allow managers to know the criteria by which their companies are evaluated.

We hope that our reflections of today might help whatsoever academics and practitioners alike.

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Editor's Note:
The following reference list contains hyperlinks to World Wide Web pages.
Readers are warned that the contents of Web pages may change over time.

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