Antecedents of Corporate Reputation and Customer Citizenship Behavior: Evidence From China

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Abstract

Currently, corporate reputation has drawn scholars' and practitioners' considerable attention. Little research systematically examined the antecedents and consequences of corporate reputation, and the relationship between corporate reputation and customer citizenship behavior has been neglected. This study examined the antecedents and consequences of corporate reputation. Specifically, we consider quality factor, operation performance factor, social responsibility factor and attractive factor as antecedents of corporate reputation, and two types of customer citizenship behavior as consequences of corporate reputation. Results indicate that most of hypotheses are supported. Finally, theoretical contributions and practical implications are discussed.

Key words: Corporate reputation; Corporate social responsibility; Customer citizenship behavior

INTRODUCTION

With the development of global economics and science and technology, firms are experiencing dramatic competition, which especially lies in soft core, such as brand assets and corporate reputation. Modern firms benefit a lot from corporate reputation, typically, gaining super financial performance. Compared to other types of firms, corporate reputation is more important for service firms. With good corporate reputation, firms can attract more investors and qualified employees, lower employees' turnover, improve customers' attitude toward firms and their products, and reduce clients' perceived risks (Bitektine, 2011; Davies, Chun, & Kamins, 2010).

Corporate reputation has increasingly drawn researchers' and practitioners' attention. Prior research was mainly divided into these categories: definitions of corporate reputation (Fombrun, 1996; Lange, Lee, & Ye, 2011; Walker, 2010); measures of corporate reputation (Schwaiger, 2004; Walker, 2010); the relationship between corporate reputation and corporate performance (Davis et al., 2010; Rindova, Williamson, Petkova & Sever, 2005; Roberts & Dowling, 2002); the relationship between corporate reputation and customer behaviors (Keh & Xie, 2009; Walsh, Mitchell, Jackson, & Beatty, 2009).

As Bergh et al. (2010) noted, corporate reputation is a relatively new frontier, lacking of systematic research regarding antecedents and consequences of corporate reputation, especially research on the relationship between corporate reputation and customer citizenship behavior (CCB) has been rare, although CCB is critical to modern firms (Bove, Pervan, Beatty, & Shiu, 2009; Groth, 2005; Yi & Gong, 2008).

Prior research was conducted in manufacturing industry, however, contrasting to manufacturing firms, corporate reputation was more important to service firms (Davis, et al., 2010). This is because of service visibility and con-occurence between service production and consumption, and customers are always difficult to accurately evaluate service quality before purchase. Then, corporate reputation as a signal, provides some bases to customers before they make decisions, including decisions to purchase and demonstrating CCBs.

1. THEORIES AND HYPOTHESES

1.1 Antecedents of Corporate Reputation

Through empirical study, Schwaiger (2004) concluded that, corporate reputation includes sympathy and competency dimensions.

Various stakeholders may hold different expectations towards a company, as a response, many firms have used CSR as a strategic tool to meet various stakeholders' expactations in order to establish a favorable corporate image, in turn, to establish a good corporate reputation. As McWilliams et al. (2006, p. 4) pointed out that "CSR should be considered as a form of strategic investment" that " can be viewed as a form of reputation building or maintenance." Fombrun (2005) suggested that engaging CSR activities which can improve corporate reputation are an extrinsic motivations for companies. Collecting data from purchasing managers of Taiwan manufacturing and service companies, Lai et al. (2010) demonstrated that the buyer perceptions of CSR activities about suppliers are positively related to the supplier's corporate reputation. Hsu (2012) found that policyholders' perceptions concerning the corporate social responsibility initiatives of life insurance companies have positive effects on corporate reputation through an investigation in the life insurance industry in Taiwana. Therefore, we hypothesize:

Hypothesis 1. Corporate social responsibility is positively related to sympathy of corporate reputation.

Hypothesis 2. Corporate social responsibility is positively related to competence of corporate reputation.

In U.S. business schools context, Rindova et al. (2005) found that resource signals (quality of inputs and quality of productivity assets), certifications from institutional intermediaries (media rankings and certifications of achievement), and affiliation with high-status actors have an impact on corporate reputation. In addition, past corporate financial performance is positively related to corporate reputation (Brian, Bergh, & Ketchen, 2010; Deephous & Carter, 2005; Roberts & Dowling, 2002). Schwaiger (2004) proposed that CSR, quality factor, attractiveness, and operational performance are all related to corporate reputation. And finally, according to Walsh et al. (2009), customer satisfaction and trust have positive impacts on corporate reputation. Summing up, in addition to CSR, antecedents of corporate reputation include performance, quality, and attractiveness. Therefore, we hypothesize:

Hypothesis 3. Corporate performance has a positive impact on sympathy of corporate reputation.

Hypothesis 4. Corporate performance has a positive impact on competence of corporate reputation.

Hypothesis 5. Quality factor has a positive effect on sympathy of corporate reputation.

Hypothesis 6. Quality factor has a positive effect on competence of corporate reputation.

Hypothesis 7. Attractiveness factor is positively related to sympathy of corporate reputation.

Hypothesis 8. Attractiveness factor is positively related to competence of corporate reputation.

1.2 Corporate Reputation and CCB

The importance of customers as human resources was widely recognized in the service marketing literature. In a broad sense, customer behavior are divided into customer participation behavior and customer citizenship behavior (Yi, Nataraajan, & Gong, 2011). Customer participation behavior refers to all forms of customer involvement and engagement during the value-creation process. While customer participation behavior relates to enforceable or explicit required in-role behavior, customer citizenship behavior involves voluntary or non-explicit behaviors which benefit the firm and go beyond customer role expectations (Gruen, 1995; Rosenbaum & Massiah, 2007). The literature suggests that customer citizenship behavior is a multi-dimension constructs, such as positive word-of-mouth, helping company behavior, and other polite and courteous behaviors displayed towards firms, although the exact dimensions of CCBs are not yet clear.

Groth (2005) defined CCB as voluntary and discretionary behaviors by customers, which are not necessary to delivering of products and service but these behaviors are beneficial to service firms. Fombrun (1996) suggested that good corporate reputation could be translated to stakeholders' good will towards firms. Thus, CCBs are an expression of customer's good will.

In this article, we consider two dimensions of CCBs: Positive Word-of-Mouth (Isabelle, Line, Jasmin & Francois, 2010) and Helping Company (Bove, et al., 2009; Groth, 2005). Customers with positive evaluation towards a firm might support the firm through discretionary or belief-congruence behaviors. Moreover, in order to display connections to a firm with good reputation, customers may perform CCBs (Gruen, 1995). Specifically, research on symbolic consumption behavior indicates that customers use value-expressive criteria to improve their self-concepts. The ideal social self-concept is a reflection of the self which is hoped to be perceived by other people.

A firm with high reputation possesses attributes which make customers want to establish connections to the firm, thus, supporting a highly reputed firm through discretionary behaviors that either the firm or other customers recognize may help customers reach greater congruity with their ideal social selves. Thus, CCBs should derive from a good reputation. Therefore, we hypothesize:

Hypothesis 9. Sympathy of corporate reputation is positively related to the helping the company behavior.

Hypothesis 10. Sympathy of corporate reputation is positively related to the positive word-of-mouth.

Hypothesis 11. Competence of corporate repuation has a positively impact on the helping the company behavior.

Hypothesis 12. Competence of corporate reputation has a positively impact on the positive word-of-mouth.

2. METHOD

2.1 Sample and Data Collection

This study gathered empirical data using a questionnaire survey among customers of four retailing shops. 500 customers were randomly selected as respondents. Finally, we obtained 291 valid questionnaires.

2.2 Measures

Responses to all items were along seven-point Likert scales anchored at 1= "strongly disagree" and 7= "strongly agree".

Corporate Reputation which was divided into two dimensions: sympathy (coefficient alpha was .832) and competence (coefficient alpha was .836), adapted from Schwaiger (2004), include 7 items. Example items are: In my opinion, this firm is the main competitor in this industry; In contrast to other firms, if this firm disappears, I will miss it very much.

Operational performance was adapted from Schwaiger (2004), including 4 items. An example item is: In my opinion, financial performance of this firm is robust and stable. Coefficient alpha was .829.

Corporate Social Responsibility was adapted from Lai et al. (2010), including 6 items. An example item is: This firm is very concerned with environment protection. Coefficient alpha was .760. Because loadings of 3 items are below .400, only 3 items are left.

Attractiveness scale and Quality scale were adapted from Schwaiger (2004), including 3 items and 3 items respectively. An example item of Attractiveness is: This firm attracts many qualified employees working for it. An example item of Quality is: In my opinion, employees in this firm are qualified. Coefficient alpha were .842 and .742 respectively.

Helping Company and Positive Word-of-Mouth were both adapted from Bartikowski and Walsh (2011), including 4 items and 4 items respectively. An example item of helping company is: I would like to provide information when this firm carries out a survey. An example item of Positive Word-of-Mouth is: I am pleased to recommend this firm to my friends and relatives. Coefficient alpha were .730 and .748 respectively.

3. ANALYSES AND RESULTS

This study used LISREL version 8.70 and SPSS version 19.0 to analyze the research model. First, we use SPSS version 19.0 to conduct exploratory factor analysis (EFA), and results are presented in Table 1.

Table 1
EFA Results

Item	Factor	Loading
CO1		.870
CO2	Competence	.843
CO3		.861
SY1		.746
SY2	Sympathy	.836
SY3		.816
SY4		.826
QU1		.695
QU2	Quality factor	.822
QU3		.679
QU4		.742
OP1		.827
OP2	Operational performance	.830
OP3		.803
OP4		.728
CSR1		.774
CSR2	Corporate social responsibility	.835
CSR3		.834
AT1		.856
AT2	Attractiveness factor	.868
AT3		.854
HC1		.708
HC2	Helping company	.666
HC3		.809
HC4		.789
PWOM1		.695
PWOM2	Positive word-of-mouth	.843
PWOM3		.714
PWOM4		.765

Note. Three items are deleted because loadings on them are less than .40.

In addition, we also conduct confirmatory analysis (CFA). Results indicate a good model fit, $\chi^2=df=1.522$, GFI=.897, TLI=.932, CFI=.941, RMSEA=.041, factor loadings range from .581 to .861.

Table 2 presents the descriptive statistics and pairwise correlation matrix of the variables in this study.

Table 2
Descriptive Statistics and Correlations for Study Variables

	1	2	3	4	5	6	7	8
Quality	(.742)							
Operational performance	.442***	(.829)						
Corporate social responsibility	-.012	.134	(.760)					
Attractiveness	.066	.160*	.270***	(.842)				
Sympathy	.297***	.305***	.299***	.497***	(.832)			
Competence	.261***	.341***	.178**	.374***	.351***	(.836)		
Helping companey	.242***	.251***	.370***	-.043	.135	-.098	(.730)	
Positive word-of-mouth	.321***	.335***	.060	.082	.247***	.223***	.090	(.748)
Mean	3.22	3.43	3.02	2.96	3.11	4.02	3.33	
Standard deviation	.58	.75	.66	.91	.84	.53	.59	

Note. n=291;*p<.05;**<.01;***<.001,values on the main diagonal are the Cronbach α.

Hypotheses Testing

Model fit index indicates that the structural model fits the data well: $\chi2=df=1.671$, GFI=.885, TLI=.912, CFI=.922, RMSEA=.047.

Hypothesis 1 states that corporate social responsibility is positively related to sympathy of corporate repuation (β=.234, $p<$.01), therefore, hypothesis 1 is supported.

Hypothesis 2 states that corporate social responsibility is positively related to competence of corporate reputation (β=.152, $p<$.05), thus, hypothesis 2 is confirmed.

Hypothesis 3 states that corporate performance has a positive impact on sympathy of corporate reputation (β=.130, n.s.), therefore, hypothesis 3 is not supported.

Hypothesis 4 states that corporate performance has a positive impact on competence of corporate reputation (β=.216, $p<$.01), thus, hypothesis 4 is supported.

Hypothesis 5 states that quality factor has a positive effect on sympathy of corporate reputation (β=.036,n.s.), thus, hypothesis 5 is not supported..

Hypothesis 6 states that quality factor has a positive effect on competence of corporate reputation (β=.186, $p<$.01), therefore, hypothesis 6 is confirmed.

Hypothesis 7 states that attractiveness factor is positively related to sympathy of corporate reputation (β=.408, $p<$.001), therefore, hypothesis 7 is supported.

Hypothesis 8 states that attractiveness factor is positively related to competence of corporate reputation (β=.317, $p<$.001), thus, hypothesis 8 is confirmed.

Hypothesis 9 states that sympathy of corporate reputation is positively related to the helping the company behavior (β=.206, $p<$.01), so, hypothesis 9 is supported.

Hypothesis 10 states that sympathy of corporate reputation is positively related to the positive word-of-mouth (β=.216, $p<$.01), therefore, hypothesis 10 is confirmed.

Hypothesis 11 states that competence of corporate reputation has a positively impact on the helping the company behavior (β=-.154, $p<$.05), thus, hypothesis 11 is not confirmed.

Hypothesis 12 states that competence of corporate reputation has a positively impact on the positive word-of-mouth (β=.164, $p<$.05), therefore, hypothesis 12 is supported.

DISCUSSION AND CONCLUSION

This study identifies quality factor, operation performance factor, social responsibility factor and attractive factor as antecedents of corporate reputation. Specifically, quality factor positively affects sympathy dimension and competence dimension of corporate reputation. Operation performance factor is positively related to the two dimensions of corporate reputation. Social responsibility factor positively affects sympathy dimension of corporate reputation. And, both sympathy and competence dimensions are positively related to attractive factor. Nevertheless, the influences of the four factors on corporate reputation are not equal. The influence of attractive factor on the sympathy dimension of corporate reputation is strongest among the four factors, whereas the influence of social responsibility factor on the competence dimension of corporate reputation is much weak.

Overall, quality factor, attractive factor and social responsibility factor are crucial to the construction of sympathy dimension of corporate reputation. Meanwhile, attractive factor and operation performance factor significantly contribute to the construction of competence dimension of corporate reputation.

This study facilitates managers to manage corporate reputation. When corporate reputation is undesirable or damaged, managers can improve or recover it using some strategies and tactics pertaining to the four antecedents which are also used to sustain well corporate reputation. For example, managers can decide to improve product and service quality and after-sale service, to actively engage in philanthropy so as to obtain people's affective responses of corporate reputation. Cognitive dimension of corporate reputation can be achieved through competition with other firms and exposure.

Results reveal that corporate reputation significantly affects customer citizenship behavior, but competence dimension is negatively related to helping company behavior. These new findings are beyond the relationship between corporate reputation and performance.

In practice, in order to gain customer citizenship behavior, establishing corporate reputation is an appropriate way to choose. According to the results in this study, to gain customer citizenship behavior, firms should signal not only their competence, but also their non-profit max value, providing customers with superior value (physical and mental) information.

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