Employees or consumers? The role of competing identities in individuals' evaluations of corporate reputation

Citation of the final article:
Puncheva-Michelotti, Petya, Vocino, Andrea, Michelotti, Marco and Gahan, Peter 2018, Employees or consumers? The role of competing identities in individuals' evaluations of corporate reputation, Personnel Review, vol. 47, no. 6, pp. 1265-1288.

DOI: https://doi.org/10.1108/PR-04-2017-0116

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The Role of Competing Stakeholder Identities in Individuals’ Evaluations of Corporate Reputation: A Comparison of Emerging and Established Markets

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ABSTRACT

In this study, we examine how the presence of multiple stakeholder identities influences the way in which individuals evaluate corporate reputations. Adopting a social identity approach to stakeholders, we investigate the mechanisms of the integration of consumers’ and job seekers’ identity perspectives in evaluating corporate reputations in some well-established market economies (Australia and Italy) and transition countries (Bulgaria and Russia). Drawing on data from 892 consumers and prospective employees, our findings are twofold. First, they reveal that the consumer’s identity influences the ways in which individuals assess companies’ reputations as potential employees. Second, individuals from well-established market economies seem to consider the consumer’s perspective on corporate reputation as an anchor for differentiation in
their job seeker perspective on corporate reputation. In contrast, in transition markets, individuals tend to “follow” the consumers’ values in defining their job seeker expectations of companies. These findings have implications for stakeholder theory and practice, corporate reputation management, corporate social responsibility, policymakers, and researchers at large.

**KEY WORDS**

Corporate reputation, social identity theory, stakeholder identities, multiple identities, job seekers, consumers, transition economies, market economies, consumer society

**ABBREVIATIONS**

AU – Australia
AVE - Average variance extracted
BG – Bulgaria
CFA – Confirmatory factor analysis
CFI - Comparative fit index
CR – Corporate reputation
CSR - Corporate social responsibility
EA - Emotional appeal
FP - Financial performance
IT – Italy
PS - Products and services
RMSEA - Root mean square error of approximation
RQ – Reputation Quotient
RU – Russia
SRMR - Standardised root mean square residual
1. Introduction

For many organisations, corporate reputation (CR) is a valuable intangible asset with direct consequences for their competitive advantage (Roberts & Dowling, 2002). CR has been found to influence an organisation’s capacity to attract and retain skilled employees (Backhaus, Stone, and Heiner 2002, Greening and Turban 2000), build customer loyalty (Michaelis, Woisetschläger, Backhaus, and Ahlert 2008), charge premium prices (Carter 2006), and attract investors, particularly during periods of economic or financial instability (Backhaus, Stone, & Heiner, 2002; Gardberg & Fombrun, 2006; Lyon & Cameron, 2004; Rindova & Fombrun, 1999; Roberts & Dowling, 2002). Given the role that CR plays in shaping an organisation’s competitive position, a key concern within the CR literature has traditionally been to understand how stakeholders form such assessments and how organisations seek to manage their reputation (Helm, 2007).

Prior research on stakeholder theory has indicated that stakeholders’ assessment of CR is fundamentally based on a common set of organisational qualities and dimensions, largely reflecting the view that there are common norms in society that define the meaning of acceptable and desirable corporate behaviour (Berens & van Riel, 2004; Deephouse & Carter, 2005; Fombrun & Gardberg, 2000; Money & Hillenbrand, 2006; Sarstedt, Wilczynski, & Melewar, 2013; Walsh & Beatty, 2007). Scholars have also suggested that these assessments are directly
influenced by group interests associated with one specific stakeholder role and other social identities (Crane, Matten, & Moon, 2004; Crane & Ruebottom, 2011; Donaldson & Preston, 1995). This body of work has been mainly conceptual in character with a dominant focus on the role of individuals’ bonds to groups based on demographic, occupational, family or political affiliations. Consequently, the interaction between individuals’ different social identities such as consumption or employment in the assessment of corporate reputations has remained largely unexplored. Pivotal questions that are in great need to be investigated are, for example, the following: do individuals value the employment conditions provided by a company as consumers in the same way they value their importance as prospective employees? And, are employer reputations defined only by one’s views on companies as job-seekers or by an interaction between their consumer and employee identities?

Against this background, the primary aim of this study is to analyse how individuals’ awareness of their consumer and employee identities influences their evaluations of the reputations of firms. Specifically, we investigate the extent to which one specific identity (i.e., the consumer identity) may influence other identities (i.e., the employee identity) in shaping individuals’ evaluations of corporate reputations. We examine these questions within countries with a well-established market tradition, such as Australia and Italy, and former planned economies, such as Russia and Bulgaria. We are particularly interested in understanding whether individuals in formerly planned economies integrate their stakeholder identities differently from individuals in well-established market economies, where differences in the social meaning of roles as consumers and employees are assumed to be well established (Hörschelmann & Stenning, 2008; Patico & Caldwell, 2002).
2. Theoretical framework and hypotheses development

*Corporate Reputation and Stakeholder Theory*

CR has traditionally been conceptualised as a collective representation of stakeholder impressions of key characteristics attributed to an organisation (Deephouse & Carter, 2005; Fombrun, Gardberg, & Sever, 2000; Fombrun & Rindova, 1996). A substantial body of research work has sought to identify the common criteria and construct dimensions used by stakeholders in forming these impressions. In this direction, research has produced a variety of measures. Amongst these, the most prominent scales are the Reputation Quotient (RQ) (Fombrun et al., 2000), the scales developed by Schwaiger (2004) and Helm (2005), and the America’s Most Admired Companies (AMAC) index published by *Fortune* since 1982. These scales capture notable reputation dimensions, such as the quality of management, the quality of goods/services, financial performance, social and environmental responsibility, and workplace environment. Within the context of this study, we consider the RQ scale the most appropriate operationalisation of CR because it embeds the perceptions of multiple stakeholders and their dimensionality. Thus, we operationalise CR following Fombrun et al.’s (2000) definition as a multidimensional concept based on six key dimensions: 1) emotional appeal, 2) products and services, 3) vision and leadership, 4) workplace environment, 5) corporate social responsibility, and 6) financial performance.

While there is a general recognition that there are common reputation dimensions relevant to all stakeholders, these may bear different weights and contributions in shaping stakeholders’ final impressions of CR (Puncheva-Michelotti, Michelotti, & Gahan, 2010; Walsh & Beatty, 2007; Wartick, 2002). As a result, managing corporate reputation according to multiple
groups of stakeholders may prove difficult, as they often have different or even competing expectations of organisations. This problem becomes even more challenging if we consider that a single person can belong concomitantly to multiple stakeholder groups, such as those of prospective consumers and prospective employees (Cardador & Pratt, 2006; Maignan & Ferrell, 2004). Therefore, the strategies that a company uses to attract consumers may also have implications for its ability to attract other groups of stakeholders, such as quality employees (Sen, Bhattacharya, & Korschun, 2006).

In particular, Sen et al. (2006) suggested that individuals who may hold multiple identities, such as those of prospective employees, consumers, and investors, respond positively to corporate social responsibility initiatives in all three dimensions. Thus, instead of managing different groups of individuals, recent research has begun to recognise that the same organisational attributes may be important for attracting different forms of stakeholder support from the same individual. Another important shortcoming of current stakeholder research lies in the fact that, while there is some recognition of the role of identity and identification in managing multiple stakeholder relationships (Scott & Lane, 2000; Sen et al., 2006), empirical research on how individuals integrate these different stakeholder expectations within their personal identity and associated values remains relatively unexplored.

This is not to say that the issue has been completely ignored but rather that the literature is scant. For example, building on social identity theory, recent conceptual work has developed a framework for the analysis of individuals’ demographic, political, cultural, and societal affiliations and their economic interests in organisations (e.g., as consumers or employees) (Crane & Ruebottom, 2011). Empirical research has also offered some evidence congruent with this framework by highlighting the importance of national identity and its underlying value of
patriotism in stakeholder-organisation interactions (Puncheva-Michelotti, McColl, Vocino, & Michelotti, 2014). These theoretical and empirical inquiries have contributed to the development of an understanding of the interaction between economic stakeholder interests (as consumers, employees, and investors) and other relevant social identities. It is important to emphasise that stakeholder interests are often compared, in this body of scholarly work, to individuals’ social identities, such as that of a consumer or of an employee (Hogg & Terry, 2000; Kleine III, Kleine, & Kernan, 1993; Turban & Greening, 1997). Thus, similarly to other stakeholder social identities, the interaction of different interests within the same person may influence how individuals relate to organisations. For example, individuals may recognise that some of their consumer values may be incompatible with their expectations of organisations as prospective employees and thus seek out strategies to reconcile their values as stakeholders. Such interaction has remained largely unexplored by stakeholder management, CSR, and corporate reputation research. While it is has been suggested that individuals may simultaneously have consumer and employment interests in organisations (Sen et al., 2006), it is not clear how these multiple economic interests may influence the perceived importance of key dimensions of corporate reputation. This is also very salient in beginning to understand why, collectively, there seems to be an expectation for companies to behave in a socially responsible manner, while at the same time, individuals may be willing to purchase products from or seek employment with companies with questionable reputations (Carrigan & Attalla, 2001; Eckhardt, Belk, & Devinney, 2010; Öberseder, Schlegelmilch, & Gruber, 2011; Snider, Hill, & Martin, 2003). As social identity theory provides an important theoretical framework to address these issues, we now turn to this body of scholarly work to develop our hypotheses.
Social Identities and Stakeholder Perceptions of CR

There are some common reputation dimensions that are relevant to all stakeholders, but each stakeholder group may consider some of these dimensions more important than others (Bromley, 2001; Deephouse & Carter, 2005; Walsh & Beatty, 2007). Individuals also may assume multiple roles and relate to organisations from the perspective of the corresponding stakeholder identity, such as that of a consumer or an employee (Bhattacharya, Korschun, & Sen, 2009; Collins, 2007; Greening & Turban, 2000; Puncheva-Michelotti et al., 2014). These stakeholder identities are forms of social identities (Crane & Ruebottom, 2011) whose formation and integration are explained by social identity theory (Tajfel & Turner, 1986).

Social identity theory (SIT) has emerged over the last 40 years as the major conceptual approach for understanding how individuals perceive themselves and relate to others and to organisations (Haslam, van Knippenberg, Platow, & Ellemers, 2014; Scott & Lane, 2000). It seeks to explain how individuals develop a sense of themselves based on the formation of ‘identities’. Such identities provide the foundation for identification with different social groups (Tajfel & Turner, 1985). An ‘identity’ is defined as an internal representation that a person uses to define herself as a unique individual (person identity), the occupant of a role (role identity), or member of a group (social identity) (Carter, 2013). These social identities are by nature non-exclusive with the multiple social groups that individuals may belong to and identify with (Kleine III et al., 1993). A specific identity is invoked as a salient representation of the self in a specific social situation where an individual perceives that the context matches that identity (Roccas & Brewer, 2002).

This is also true for individual stakeholders who may identify with any number of social roles when evaluating an organisation’s reputation (Bhattacharya et al. 2009). Thus, even where
two individuals invoke the same commonly recognised dimensions to assess an organization’s CR, they may nonetheless differ in terms of the relative importance or salience placed on each of these dimensions in making their overall assessment. This means that factors such as corporate social responsibility and workplace environment, previously identified as relevant to the reputation of a firm to all stakeholders (Fombrun et al., 2000), may be considered by the same individual as more important, for example, for the employer than the consumer-based reputation.

The Co-Existence of Consumer and Employee Identities within the Individual

When individuals maintain multiple social identities, they may rank the relative importance of each identity and its contribution in defining the overall self-identity (Roccas & Brewer, 2002). When social identities are activated by a specific situation (such as consumption or employment), individuals may integrate these identities by ‘compartmentalising’ or using a ‘dominance’ approach (Amiot, De la Sablonniere, Terry, & Smith, 2007; Brewer & Pierce, 2005; Reid & Deaux, 1996; Roccas & Brewer, 2002). The compartmentalisation approach allows individuals to maintain social identities with competing values and expectations. When multiple group identities are perceived as important sources of self-esteem, individuals are more likely to adopt a compartmentalisation approach and activate the values associated with each identity in different situations (Roccas & Brewer, 2002). For example, an individual’s identity as a manager has a meaning in the context of a work situation and is associated with the individual adopting behaviours that reflect that identity in that situation. However, the identity as a manager will have limited or no resonance when the same individual is relating to a group of friends with, for example, a common interest in sport. In that context, an alternate and separate identity is invoked that elicits different behaviours and patterns of interactions with other members of that group.
(Reid & Deaux, 1996). In contrast, individuals are more likely to use the dominance approach when one identity is more important than others (Roccas et al. 2002). Thus, the former becomes the primary ‘umbrella’ that defines other identities and their associated values. For example, individuals may define themselves in terms of their nationality and use their employment affiliation as an additional sub-category to construe their identity (e.g., an American who works for IBM). Through the same mechanism, people may also tend to define themselves in terms of their consumer preferences (e.g., preference for fair trade products). They may further look for employment affiliations that reinforce their status as consumers, such as when the company has a good reputation in the consumer market (Dutton & Dukerich, 1991).

Evidence within the employer branding domain suggests that people not only seek to enhance their social image via consumption of products and services from reputable companies but also use a similar approach in selecting employment (Cable & Turban, 2003; Collins, 2007). According to Cable and Turban (Cable & Turban, 2003), job seekers are more attracted to firms with strong positive reputations as providers of products than firms with either no or negative reputations amongst the general public. This effect was particularly significant for job seekers with little or no employer brand familiarity and knowledge. While this line of research provides limited evidence suggesting the presence of ‘spill-over’ effects of consumers’ brand perceptions on their employer evaluations (Cable & Turban, 2001; Collins, 2007; Lemmink, Schuif, & Streukens, 2003; Rosengren & Bondesson, 2014), they do not offer any insight into the potential interaction effects of multiple stakeholder identities on the evaluation of corporate reputations.

Moreover, the potential interaction effect between the consumer and employee identities has only been hypothesised at the theoretical level within studies in economic sociology and labour relations (Eglitis, 2011; Firat, 1999; Korczynski & Ott, 2004; Webb, 2004; Zukin &
Maguire, 2004). Within this stream of research it has been suggested that changes in social conditions and markets have led to a pronounced dominance of consumer over employment values (Kalleberg, 2009; Webb, 2004; White, Hill, McGovern, Mills, & Smeaton, 2003). According to this body of research work, the new economic order of today’s markets and organisations is based on short-termism rather than continuity of employment and long-term loyalty. Because of these conditions, the perceived importance of one’s employee identity is mitigated by the limited ability of a person to develop a sense of shared fate with other employees and employers over a long period. In addition, the personal ability to be creative and express individuality via employment has been reduced due to the push towards rationalisation and productivity (Firat, 1999). In contrast, the relatively unrestrained freedom of choice in consumption has encouraged individuals to seek self-realisation and expression via material possessions and services (Korczynski & Ott, 2004). Within this social context, work may be perceived as a burden to be endured to gain the means for consumption (White et al., 2003), whereas individual preferences for goods and services are regarded as expressive of one’s social relations and better attributes to achieve social attractiveness (Bauman, 2013; Jackson & Smith, 1999).

In summary, there is a dearth of theoretical and empirical research work investigating the ways in which different identities are reconciled within the same individual. This is despite the fact that there is limited theoretical work suggesting that consumer-based reputations matter to prospective job seekers, that individuals as job-seekers may consider the reputation of a firm in the consumer market as means to enhance their social identity and that the consumer identity may prevail over the job-seeker identity. We therefore expect that individuals as consumers will have clearly defined criteria for evaluations of corporate reputations. Their consumer perspective to
corporate reputations will consequently influence their job-seeker perspective to firms. We define this as the ‘consumer effect’. We therefore expect that the consumer effect will influence individuals’ definitions of corporate reputation as prospective employees in all six dimensions identified by Fonbrun (2000). Hence, the following hypotheses were formulated:

**H1** The importance of the CR dimensions from a consumer identity perspective will have a positive effect on the importance of these dimensions from an employee identity perspective.

**H1.1** The importance of an organisation’s *emotional appeal* from a consumer identity perspective will have an effect on the importance of this dimension from an employee identity perspective.

**H1.2** The importance of an organisation’s *products and services* from a consumer identity perspective will have an effect on the importance of this dimension from an employee identity perspective.

**H1.3** The importance of an organisation’s *vision and leadership* from a consumer identity perspective will have an effect on the importance of this dimension from an employee identity perspective.

**H1.4** The importance of an organisation’s *workplace environment* from a consumer identity perspective on CR will have an effect on the importance of this dimension from an employee identity perspective on CR.

**H1.5** The importance of an organisation’s *corporate social responsibility* (CSR) from a consumer identity perspective will have an effect on the importance of this dimension from an employee identity perspective.

**H1.6** The importance of an organisation’s *financial performance* from a consumer identity perspective will have an effect on the importance of this dimension from an employee identity perspective.

*The Role of the Socio-Economic Context*

Identities are also strongly influenced by the socio-economic context and associated developments (Money & Colton, 2000; Roth, 1995; Zukin & Maguire, 2004). Within Eastern and Central European countries, for example, the construction of consumer social identities is a relatively recent process following market-based reforms that were introduced in the late 80s and early 90s. Within these societies, the notion of consumption experienced a significant shift. In particular, individuals had to become accustomed to freedom of choice in market-made goods and services (Money & Colton, 2000). This was the case because, under the planned system of
production, the choice of products and services was extremely limited and the timing of their delivery unpredictable. Hence, individuals were mostly competing for goods to satisfy basic needs. This changed with the sudden creation of competitive commodity and labour markets. In this new reality, individuals were encouraged to change their consumer habits from stocking large quantities of goods to develop market-based consumer values in choosing products (Ghodsee, 2007; Patico & Caldwell, 2002; Supphellen & Gronhaug, 2003).

As a result, the availability of products was not immediately followed by the development of Western-style consumer identities, which, as previously noted, envisage the role of material possessions as a necessary condition to satisfy social and self-expression needs (Hörschelmann & Stenning, 2008; Supphellen & Gronhaug, 2003; Zukin & Maguire, 2004). In particular, the establishment of a consumer identity requires the availability of choice and associated socialisation processes that include exposure to marketing information, family education, and peer pressure (Baker, 2006; Belk, 1988; Ghodsee, 2007; Tse, Belk, & Zhou, 1989). None of these was immediately available, and that is why it seems reasonable to assume that there will be differences between the nature of one’s consumer identity in these countries compared with Western consumers, with this aspect also influencing the assessment of corporate reputation.

Similar changes affected the labour market and greatly shaped the nature of the employment identity. Labour was not a commodity in the sense that workers were not obliged to sell their labour power on competitive markets. Employment was centrally allocated, and wage differentials were also minimal, as wage bargaining was limited to industry or regional levels, with emphasis being placed on procedures that rewarded seniority, rank, and work-related health risk (e.g., in mining and steel making) rather than productivity, skills, and training (Feldmann, 2006).
A consequence of this system was that individuals had established identities as workers by contributing to the common good via their labour rather than emphasising personal achievements and strive to maximise personal gains. With the liberalisation of the labour market, the individual became responsible for selling his/her labour power to privately owned organisations. In other words, wages and employment conditions were put back in the market. This transformation had a profound impact on one sense of identity, particularly in relation to how individuals regarded employers and work. Under the planned system of production, the political rhetoric encouraged a sense of pride in one’s work regardless of position. In contrast, within a market-based system, the professional status and the employer reputation begun to play a major role in one’s self-esteem and to shape one’s employee identity (Helm, 2013; Kalleberg, 2009; Lievens, Van Hoye, & Anseel, 2007; Tavassoli, Sorescu, & Chandy, 2014). Since the liberalisation of the consumer market was much faster than the development of a competitive labour market, we expect that the employee identity and associated values will be less defined than the consumer expectations of companies. Hence,

**H2** The consumer effect on the importance of the CR dimensions for job seekers will be stronger in transition than in well-established market economies (country effect).

**H2.1** The consumer effect on the importance of an organisation’s emotional appeal for job seekers will be stronger in transition than in well-established market economies.

**H2.2** The consumer effect on the importance of the importance of an organisation’s products and services for job seekers will be stronger in transition than in well-established market economies.

**H2.3** The consumer effect on the importance of an organisation’s vision and leadership for job seekers will be stronger in transition than in well-established market economies.

**H2.4** The consumer effect on the importance of an organisation’s workplace and environment for job seekers will be stronger in transition than in well-established market economies.
H2.5 The consumer effect on the importance of organisation’s corporate social responsibility will be stronger in transition than in well-established market economies.

H3.6 The consumer effect on the importance of an organisation’s financial performance for job seekers will be stronger in transition than in well-established market economies.

3. Methodology

Study design

Past consumer identity research makes a distinction of what individuals think the social norms are for a certain role (what individuals are supposed to do) and their own perceptions of how they should behave and think in the context of a certain social role, which is a personalised form of the social norm and their social identity (Kleine et al, 1993). In line with this distinction we focus on individuals’ own beliefs about relevant company characteristics as prospective consumers and employees. By analysing these beliefs we make inferences to one’s identity as a stakeholder. This approach follows the tradition of past consumer culture research where differences and relationships in identity values are studied indirectly (Tse et al., 1989).

Following the recommendations by Olian (1986) we have chosen within-subjects design considered to be the best approach when individuals are required to evaluate or compare multiple criteria or choices or when subjects are compared on non-mutually exclusive dimensions, which was the current case. Specifically, we asked participants to rate the importance of a set of organisational characteristics and actions defining the reputation of companies as a prospective employers and potential provider of products or services. A key advantage of this design lies in the fact that each participant was able to rate and compare her/his views regarding a set of
reputation criteria according to the two stakeholder perspectives. Subjects were also compelled to think of the value they place on each criterion in recognition of their multiple stakeholder roles.

Data collection

The data were collected using questionnaires self-administered among professionals enrolled in the final year of master’s and executive education programmes at mid-sized universities in Bulgaria, Russia, Italy, and Australia. A majority of the respondents had over 2 years of work experience and were enrolled in part-time evening classes. This pool of respondents was considered appropriate given that one of their key motivations to engage in postgraduate studies was to improve their career prospects, so they are likely to relate to and think about companies as employers and not merely as providers of goods and/or services. In addition, this pool of respondents was particularly relevant when we seek to understand the values and beliefs of the new generation consumers and job seekers in post-communist countries such as Russia and Bulgaria. Considering their younger age, these individuals would have little memory of the planned economy market system and thus should have established market-driven stakeholder identities as prospective consumers and employees. The sample selection was also consistent with the sampling procedures of other relevant studies investigating consumers’ corporate reputation perceptions (Carvalho, Muralidharan, & Bapuji, 2014; Nguyen & Meng, 2013; Öberseder, Schlegelmilch, Murphy, & Gruber, 2014; Walsh & Beatty, 2007; Walsh, Beatty, & Shiu, 2009) and employer equity (Backhaus et al., 2002; Collins, 2007; Collins & Han, 2004; Kim & Park, 2011; Wang, 2013). The questionnaires’ translation and “back-translation” proceeded as suggested by Brislin (1986).
After removing cases with more than 50% missing values on the variables of interest (response rate of 90.5%), we collected a total of 892 usable questionnaires; 215 from Australia, 149 from Italy, 378 from Russia, and 150 from Bulgaria. The demographic characteristics of the sample are reported in Table 1.

<Insert Table 1 about here>

**Measures**

**Determinants of corporate reputations**

Recent analysis of the most prominent measures has identified the RQ (Fombrun et al., 2000) and Schwaiger’s approach (2004) as the best performing, particularly in terms of criterion validity (Sarstedt et al., 2013). For the purposes of our study, we decided to use the 20 items included in the RQ measure. To this end, the RQ was considered useful, as it has been specifically designed to capture the criteria for evaluating corporate reputations relevant to multiple stakeholders and has been subject of extensive cross-national research aimed at scale validation (Groenland, 2002; Ravasi, 2002; Thevissen, 2002; Walsh & Wiedmann, 2004).

The respondents were requested to indicate the level of importance of the 20 RQ statements on their overall impressions of firms as consumers. Then they were requested to state the importance of the same 20 statements on their overall impressions of companies as prospective employees. An example of such statements were “the company products are good value for money”, “the company has excellent vision for the future”. No reference to any real company was made to avoid potential conditioning effects associated with the performance of specific companies (Stuart, Shimp, & Engle, 1987).
Demographic Variables

Questions identifying the gender, age, and employment experience of the respondents were also included. Because the part-time or limited employment experiences of students (and junior managers) may have a different impact on their employer perceptions (Collins, 2007), the presence of more than 2 years of full-time work was considered appropriate to test for any relationships between individuals’ employment experience and their criteria for assessing employer reputations. Questions regarding the national or international student status were also collected to ensure the national homogeneity of the sample for each of the four countries.

Data Analysis

Checks were run to assess the data for outliers, normality, and missing values (Hair, Tatham, Anderson, & Black, 2006). The data from all four countries were then evaluated for reliability and validity using confirmatory factor analysis on the pre-conceived six-dimensional model of the RQ scale (Fombrun et al., 2000). Structural equation modelling was used to undertake the statistical analysis. A confirmatory factor analysis (CFA) model was used to assess the dimensionality of a company’s employer reputation and the dimensionality of a company’s consumer-based reputation.

4. Results

Demographic Analyses

Table 2 (in a separate file) and Table 3 present the descriptive statistics of the sample’s demographic and the variables, respectively. A majority of the respondents were between 25 and 34 years of age and had more than 2 years of work experience. The relatively young pools of respondents are likely to have little or no past experiences and memories of the communist era
and associated values (because of their age). This may result in weaker transition country effects (type II error) and is accounted for in the analysis and discussion of the results.

<Insert Tables 2 and 3 about here>

**Measurement Validation**

To assess the validity and reliability of the corporate reputation scale (RQ), we employed confirmatory factor analyses, making use of *Mplus* ver. 7.3 (Muthén & Muthén, 2014). In so doing, we included a measure of the perceived importance of the RQ items to individuals’ overall impressions of a firm as a prospective employer as well as the perceived importance of the RQ items to individuals’ overall impressions of a firm as a provider of products and services.

When undertaking the analyses (in both circumstances, that is, in the CFA and structural equation models) we allowed the measurement error variances (i.e., θ [theta] parameter) of all items having same wording to covary, as they are assumed to be related (Bollen, 1989). For instance, the measurement error variances of FEEL_P1 (good feeling about the company) was allowed to covary with the measurement error variances of FEEL_W1 (good feeling about the company). The same thing happened between other items, such as FEEL_P2 (admire and respect the company) and FEEL_W2 (admire and respect the company).

An iterative process was used to refine the measures until parsimony for each latent variable was achieved. Two items were removed from the original CFA model (see Table 2). The final CFA model yielded robust $\chi^2(580)=1,768.66$, $P=0.000$, comparative fit index (CFI) = 0.910, Tucker Lewis index (TLI) = 0.891, root mean square error of approximation (RMSEA) = 0.048 (probability RMSEA ≤ 0.05 = 0.884), and a standardised root mean square residual (SRMR) = 0.059, which were deemed acceptable. Then we tested convergent validity by examining the
parameter estimates and associated t-values (Anderson & Gerbing, 1988). Table 4 illustrates that the parameter estimates have high significant t-values. Further, to establish convergent validity, we also followed the criteria suggested by Fornell and Larcker (1981), and it can be seen in Table 4 that the coefficients of composite reliability (CR) are greater than 0.7 (except for CSRW but with a value very close to 0.7) and that average variance extracted (AVE) is greater than 0.5 (for WEW, CSRP, CSRW, and FPW, though the values are very close to 0.5).

<Insert Table 4 about here>

To assess discriminant validity, we followed Anderson and Gerbing (1988), who indicated that the covariance for two latent variables is constrained to 1.0 compared with a model where this parameter is freely estimated. If the difference between the unconstrained and constrained model (with the df=1) yields a $\chi^2$ (or Wald) value that is at least 3.84, then a two-factor solution provides a better fit to the data, and discriminant validity between them is supported. This test was run pairwise for all possible combinations of factors and is exhibited in Table 4. In Table 5, we also report the factors’ correlation matrix.

<Insert Table 5 about here>

**Hypothesis Testing**

We tested the presence of a ‘consumer effect’ on the employee identity perspective on corporate reputation (H1 hypothesis and six sub-hypotheses [H1.1-H1.6]). To test the hypotheses, we made use of multivariate statistics analysis in a single structural equation model. Because we intended to test the moderation effect of the variable ‘country’, we used the quasi-ML method (Klein & Moosbrugger, 2000; Klein & Muthén, 2007) embedded in the Mplus software package.
(with the command XWITH), which uses numerical integration that does not produce fit statistics.

The country groups Bulgaria and Russia (BG+RU) and Australia and Italy (AU+IT) were included in the moderator variable in the model (H2.1–H2.6 sub-hypotheses). Based on the CFA, we included in the model six reputation factors: emotional appeal (EA), products and services (PS), vision and leadership (VL), workplace environment (WE), corporate social responsibility (CSR), and financial performance (FP). We coded the consumer effects on job-seeker ratings for each factor as ‘C’ (consumer) vs. ‘W’ (work); e.g., CSR-C => CSR-W. The results revealed four out of six possible main effects of consumer-based identities on employer reputation ratings: EA, PS, WE, and CSR (see Table 6). Among the main effects identified, the CSR factor had the highest effect on employer reputation ratings (estimate 0.412). There were no significant main effects for the factors ‘vision and leadership’ (H1.3) and ‘financial performance’ (H1.6) (p>0.05), suggesting that one’s consumer perspective has no influence on the attached importance value of the factors to employer reputation. In summary, these results provide support for sub-hypotheses H1.1, H1.2, H1.4, and H1.5 and no support for sub-hypotheses H1.3 and H1.6 (see Table 7).

<Insert Tables 6 and 7 about here>

When we examined the country moderation effects (H2), the results revealed five interaction effects for EA, PS, VL, WE, and FP (see Figures 1-6). What is interesting in these results is that, while there were no main effects for VL and FP, there are significant country group moderation effects. To clarify this interaction, we applied a simple slope analysis (Aiken & West, 1991; Cohen, Cohen, West, & Aiken, 1983). Individuals with low levels of ratings of EA, PS, WE, and FP in the consumer condition had lower levels of ratings of EA, PS, WE, and FP in the job-seeker condition in the AU+IT group compared with the BG+RU group. Individuals with
high levels of ratings of EA, PS, WE, FP, and VL in the consumer condition had lower levels of ratings of EA, PS, WE, FP, and VL in the job-seeker condition in the traditional country (AU+IT) group compared with the communist country (BG+RU) group (the direction was reversed). For individuals with low levels of ratings of VL in the consumer condition, VL was about equal in the job-seeker condition for the BG+RU group compared with AU+IT group. For individuals with low or high levels of ratings of CSR in the consumer condition, CSR was equal for the RU+BU group compared with the AU+IT group. In the context of hypothesis H2, these results suggest that the effect of a consumer identity on the job-seeker perspective on corporate reputation is positive and significant for the Bulgaria and Russia group in conditions where the reputation dimensions have high and low importance to the consumer’s impressions of companies. In comparison, for the Australia and Italy group, the effect of a consumer identity on the job-seeker perspective on corporate reputation is significant and inverse in conditions where the reputation dimensions have high importance. Overall, these results offer support for sub-hypotheses H2.1, H2.2, H2.3, H2.4, and H2.6 and no support for sub-hypothesis H2.5. What is interesting about these results is that when individuals compared the importance of the six CR dimensions from two identity perspectives, the differences in importance ratings were higher for the AU+IT group but lower for the RU+BG group. An exception to this trend was the importance of CSR, where there were no country group differences in the importance ratings. Table 7 summarises the results of the tests of our hypotheses.

<Insert Figures 1–6 about here>
5. Discussion and Conclusion

What is the role of multiple stakeholder identities when individuals evaluate the reputations of companies? To what extent does one identity influence other identities in this process? To what extent the socio-economic contexts may influence individuals’ stakeholder identity perspectives when assessing the reputations of firms? These are salient questions to stakeholder management strategy and theory, as they highlight the demands that individuals place on organisations in the case of multiple stakeholder affiliations. In this study, we have begun to address these issues. As such, the main purpose of this study was threefold: first, to investigate how the consumer and the employee identities are integrated when individuals assess the corporate reputations of companies; second, to ascertain whether or not and the extent to which the former identity influences the latter; and third, to explore whether individuals in established market economies assume more distinct stakeholder perspectives on corporate reputations than their counterparts in transition economies.

This is the first study that performed an analysis at the individual level, i.e. when the focus is on the individual with multiple stakeholder identity perspectives rather than on diverse groups of stakeholders with a singular interest in an organisation. Specifically, we examined how individuals evaluate the importance of six key dimensions of CR for their overall impressions of organisations from the perspective of their potential affiliations with a firm as consumers and employees. A key objective of this approach was to establish whether the presence of multiple stakeholder identities may change the importance of the factors used by individuals to evaluate corporate reputations. This approach was supported by both theoretical and empirical considerations. Drawing upon stakeholder management theory (Donaldson & Preston, 1995;
Scott & Lane, 2000) and social identity theory (Carter, 2013; Tajfel & Turner, 1985), we found convincing arguments that individuals can hold different expectations of firms as employers and providers of products. Our review of studies in employer branding (Cable & Turban, 2003; Collins, 2007), labour relations (Barr, 1994; Cazes & Nesporova, 2004; Feldmann, 2006; White et al., 2003), and economic sociology (Eglitis, 2011; Firat, 1999; Kalleberg, 2009; Korczynski & Ott, 2004; Webb, 2004; Zukin & Maguire, 2004) further contributed to the understanding of how and the extent to which consumer and job-seeker stakeholder identities are integrated within an individual’s identity and influence individuals’ perceptions of CR. This process led to the identification of two main hypotheses: first, that there will be a consumer effect in the relative importance of the six dimensions of CR when individuals evaluate the reputation of a company as a prospective employer (Hypothesis H1) and, second, that this consumer effect will be stronger in transition markets with a shorter history of market-driven consumption and employment identities than in nations where these identities have been established for a longer period (Hypothesis H2).

Our results generally supported these hypotheses. We found a significant consumer effect in the perceived importance of four CR dimensions: emotional appeal, products and services, workplace practices, and CSR. When we examined the consumer effect according to country grouping, we found that there were two very different patterns of consumer effects in our traditional market group (Australia and Italy) compared with transition markets (Russia and Bulgaria). We concluded that the inclusion of the market context as a moderating factor is critical for understanding the interactions between consumer and job-seeker identity perspectives on CR. The country’s market tradition played a significant role in the importance attributed to all the dimensions of CR except for CSR. Individuals from traditional market countries seemed to
consider their consumer perspective on CR as an anchor for differentiation from their employee perspective. They were able to better differentiate between the importance of the various CR dimensions when confronted with questions concerning their multiple stakeholder identities than their Russian and Bulgarian counterparts. In contrast, and as hypothesised, in our transition market group, individuals’ consumer perspectives on CR significantly influenced their job-seeker perspective on CR. These findings seem to support the notion that identities in this instance are not fully compartmentalised within an individual but rather operate in a continuum with one identity defining the values associated with others (Roccas & Brewer, 2002). However, in well-established market economies, people seem to be better able to ‘compartmentalise’ their identities. In this respect, this paper adds complexity to the social identity literature by indicating that the ability of individuals to ‘compartmentalise’ or use a dominance approach to integrate their consumer and job-seeker identities, is strongly moderated by the socio-economic context.

Another interesting finding was that there were no country market effects in the perceived importance of CSR. At the same time and across all four countries, when individuals appreciated the value of CSR as consumers, they were more likely to care about this issue as prospective employees. This finding further clarifies past research exploring the importance of CSR to individuals’ consumer and employment relationships with firms (Sen et al., 2006). Specifically, it suggests that, when CSR becomes an important attribute to individuals as consumers, it may influence their expectations concerning firms as prospective employees. Accordingly, business and state actions aiming at sensitising consumers to the importance of CSR may prove to have wide-reaching ‘spill-over’ effects on other stakeholder relationships.

The separation between group and individual identities helps to explain why stakeholder pressure often fails to make CSR issues salient to companies, as the latter receive different and
often contradictory feedback from stakeholder groups and individuals. This is a well-known paradox in the CSR literature (Auger & Devinney, 2007; Carrigan & Attalla, 2001; Eckhardt et al., 2010; Öberseder et al., 2011; Sen & Bhattacharya, 2001). Our analysis seems to indicate that this is the case because multiple social identities can operate concomitantly within the same individual, with one or more identities and associated values often prevailing over the others. Hence, individuals holding multiple stakeholder identities may apply double standards when assuming different stakeholder roles and evaluate the reputations of companies.

This study also contributes to the literature on stakeholder theory by emphasising that individuals often belong to more than one stakeholder group and that the importance attached to a specific stakeholder role may also influence other roles and related behaviour. Although limited to corporate reputation, our data suggest that the consumer identity influences the ways in which individuals assess the reputation of a company as employees. In this respect, we also added to the literature on corporate reputation by suggesting that the socio-economic development of a country has an effect on the importance that individuals attach to specific stakeholder roles and that this in turn has the potential to influence the final perception of corporate reputation.

Specifically, we offer evidence indicating that, in well-established market economies, individuals can hold very different expectations of firms and stay ‘true’ to their stakeholder identity as consumers and as prospective employees. In addition, our findings reveal that having a positive reputation amongst individuals considering the firm as a prospective provider of products may not automatically translate into positive employer reputation. In particular, while individuals may draw on their knowledge about a company as consumers to fill in information gaps as job seekers (Collins, 2007), this process may be different when such information is available. Individuals may provide very different evaluations of CR as consumers and
prospective employees because of their varying expectations. In contrast, in transition countries, individuals tend to ‘follow’ their consumer values in their job-seeker perspective on corporate reputation. Overall, our findings provide empirical evidence supporting some of the conjectures in sociology and, to a lesser extent, in marketing. Our empirical evidence suggests that, in transition markets, the consumer identities and associated values are more central to one’s personal identity than other identities (Eglitis, 2011; Hörschelmann & Stenning, 2008; Strizhakova, Coulter, & Price, 2008).

In summary, this study has important implications to our understanding of the role of socio-economic context in the development of market-based stakeholder identities and values defining the demands individuals place on companies. Future studies of individuals as stakeholders should also consider the multiplicity of stakeholder affiliations present within the individuals as these may influence the way individuals relate to firms and evaluate their reputations.

Cross-sectional country studies like the present one have the potential to shed much-needed light on individuals’ identity perspectives and expectations regarding key reputation dimensions. However, they also have limitations. The primary limitation of this study concerns the cross-sectional nature of the data available. As a result, we could only make an inference concerning the effect of the market context on the individual ability to hold a defined consumer or employee identity perspective. To clearly isolate this effect, we should have gathered the same data in the early 1990s, a task that was clearly unattainable. Thus, we can only infer about the existence of such market development effects by comparing current respondent data from these countries and through theoretical extrapolations.
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