



ROUTLEDGE

CORPORATE REPUTATION AND THE NEWS MEDIA

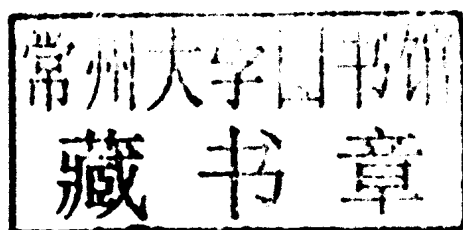
AGENDA-SETTING WITHIN
BUSINESS NEWS COVERAGE IN
DEVELOPED, EMERGING, AND
FRONTIER MARKETS

EDITED BY CRAIG E. CARROLL

Corporate Reputation and the News Media

Agenda-Setting within Business News
Coverage in Developed, Emerging,
and Frontier Markets

Edited by
Craig E. Carroll



First published 2011
by Routledge
270 Madison Avenue, New York, NY 10016

Simultaneously published in the UK
by Routledge
2 Park Square, Milton Park, Abingdon, Oxon OX14 4RN

Routledge is an imprint of the Taylor & Francis Group, an informa business

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Typeset in Sabon by EvS Communication Networx, Inc.
Printed by CPI Antony Rowe, Chippenham, Wiltshire

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Library of Congress Cataloging in Publication Data

Corporate reputation and the news media : agenda-setting within business news coverage in developed, emerging, and frontier markets / edited by Craig E. Carroll. — 1st ed.
p. cm.

1. Corporate culture. 2. Mass media and business. I. Carroll, Craig E.

HD58.7.C6437 2010

659.2—dc22

2010002846

ISBN 13: 978-0-415-87153-2 (hbk)

ISBN 13: 978-0-415-87152-5 (pbk)

ISBN 13: 978-0-203-86858-4 (ebk)

**This book is dedicated to
Maxwell McCombs, Charles J. Fombrun, and Cees B.M. van Riel:
Gentlemen, Scholars, and Intellectual Entrepreneurs.**

Foreword

Maxwell McCombs

In the decades since the seminal Chapel Hill study during the 1968 U.S. presidential election, agenda-setting theory has evolved from a narrowly focused theory of media effects to a broad theoretical map of the public opinion process that encompasses four distinct stages. These stages include the origins of the media agenda; the influence of this media agenda on the focus of public attention on both key topics and major aspects of these topics; the consequences of these two levels of agenda-setting effects on the public's attitudes and opinions; and the psychology of this process. For most of its intellectual history, agenda-setting theory has evolved primarily in a political communication setting, particularly in regard to public issues and political candidates. This is now changing.

In recent years agenda-setting theory has expanded to domains as diverse as professional sports, religion, and business. This latter area, and more specifically the agenda-setting influence of news coverage on corporate reputations, is the focus of this book whose chapters are a comprehensive and exciting opening gambit into this new domain. *Corporate Reputation and the News Media* is comprehensive in two distinct ways. It is geographically comprehensive with chapters examining the agenda-setting influence of business news coverage in more than two dozen countries. Every continent is represented here with a range of markets that extends from developed countries to frontier countries. And these markets are examined from a practical perspective as well as the broad theoretical perspective of agenda-setting. These dual perspectives buttress each other. The specifics of the outcomes in individual countries have greater value because this book replicates the agenda-setting process regarding corporate reputations across a vast international array of economic and business situations. In turn, the specifics from these different settings point the way to a more nuanced theoretical view of the contingent conditions for these agenda-setting effects.

In sum, this is a pioneering book in two important regards. In a global economy, *Corporate Reputation and the News Media* offers an international look at the impact of news coverage on public opinion about major corporations. In this new agenda-setting arena of corporate reputations, this volume maps the basic features of the agenda-setting process across a diverse business landscape. Simultaneously, it also makes an important theoretical contribution by bringing additional details to our intellectual maps of the agenda-setting process. *Corporate Reputation and the News Media* is an excellent contemporary example

of Wilbur Schramm's repeated observation in the early days of communication research that there is nothing as practical as a good theory. In this instance, agenda-setting theory offers a succinct intellectual guide to the very practical matter of the influence of business news on corporate reputations.

Preface

Craig E. Carroll

In writing and editing this book, we are responding to the growing global interest in understanding the media's influence on corporate reputation. One of the primary motivators for this book was the spike in global interest about the influence of the news media on corporate reputation. This interest coincided with the 40th anniversary of the agenda-setting paradigm and the growth in the practice and scholarly interest in business news. In one sense, we wanted bring research on corporate reputation and the news media up-to-date with the rest of agenda-setting scholarship from political communication.

Politics, economic disparities, cultural differences, and ideology kept us apart, but our interest in the media's influence on corporate reputation brought us together. Within 2 hours of the original invitation by email, 70% of the chapter authors agreed to contribute chapters. The chapters were written thousands of miles apart, across many time zones and languages, and in some cases translated. Translators were used on chapters or raw materials, such as media texts and the articles for the literature review from Arabic, Spanish, Chinese, and Portuguese. I had the joy and privilege of meeting with many of the contributors in their home countries; when that was not possible, we convened at annual conferences of our respective fields.

Our contributors come from a number of networks: International Communication Association (ICA), Association for Educators in Journalism and Mass Communication (AEJMC), annual attendees of the Reputation Institute's International Conference on Corporate Reputation, Identity, and Competitiveness, and the Academy of Management. Additional scholars were found via referrals from Maxwell McCombs, Krishnamurthy Sriramesh, and Chris Roush.

Altogether, we included contributors from a wide range of disciplinary backgrounds for a project most closely related to journalism and public relations. These disciplines included organizational communication, management, marketing, economics, sociology, political science, and business journalism. For many of the chapter contributors, it was the first time for the collaborators to work together. And, they were doing so across disciplinary lines: business and journalism, political science and sociology, communication and information science, to name a few. We also have a wide range of generations in scholarship represented in the volume, from full professors who have been researching agenda-setting

since close to the beginning, and young scholars recently completing their dissertations.

There were a number of issues that are worth more attention than I was able to give through this edited collection. Some of the changes we did not address fully include how satellite and cable TV, the Internet, corporate websites and online news media, or social media may have influenced our results. Simply, we needed to start somewhere. We now have directions for us to go with future research.

Some say that editing a book could be as much work as writing one and could produce the same effect. Not so with this volume! There is no way one person could have produced the wealth of knowledge generated within the same period of time. First off, I thank the chapter contributors for their patience, diligence, enthusiasm, and commitment to this project. I am lucky and blessed indeed to have such good colleagues to offer chapters. The chapter contributors were Peter Kjaer, Mette Morsing, Vilma Luoma-aho, Turo Uskali, Jouni Heinonen, Antti Ainamo, Roei Davidson, Nicolas Chazaud, Sabine Einwiller, Günter Bentele, Christine Landmeier, Eva Goutzamani, Stelios Zyglidopoulos, Philemon Bantimaroudis, Elena Dalpiaz, Davide Ravasi, Kenichi Ishii, Toshio Takeshita, May-May Meijer, Øyvind Ihlen, Peggy Simcic Brønn, Ángel Arrese, Manuel Baigorri, Magnus Fredriksson, Maria Grafström, Mark Eisenegger, Mario Schranz, Jörg Schneider, Federico Rey Lennon, Gonzalo Diego Peña, Ana de Castro Almeida, Dário Arantes Nunes, Leandro Batista, Magdalena Browne, Martin Kunc, LiFeng Deng, Kevin Keenan, Katja Koikkalainen, Heewon Cha, Sung-Un Yang, Serra Görpe, Erkan Yüksel, Olusanmi Amujo, Olutayo Otubanjo, Beatrice Laninhun, Daniel Adejo, Klement Podnar, Dejan Verčič, and Timothy Walters.

Thanks to Linda Bathgate who provided the commitment to this project from Routledge and the Series Editor Jennings Bryant. Also, Katherine Ghezzi, our Editorial Assistant on the project helped us stay on schedule, and was super organized throughout out this process.

Those who had a hand in helping me locate chapter contributors include Charles Fombrun, Max McCombs, Sherry Ferguson, Stelios Zyglidopoulos, Chris Roush, and Peter Kjaer.

Providing a home base from which to *launch* this project, Christos Pitelis at the Center for International Business and Management, Judge Business School, University of Cambridge, hosted me for a research leave. Thank you.

My appreciation for the candor and feedback from executives and students at Institute de Empresa's Marketing Management program in Madrid, Spain, and the University of Lugano's MCom in Lugano, Italy, who read various chapters as a part of their course assignments.

I also thank the panelists and attendees at various conferences from whence the chapters had early opportunity for presenting their work: *International Communication Association* (Chicago, Illinois); annual conference on *Corporate Reputation, Identity, and Competitiveness* (BI School of Management, Oslo, Norway); the *Academy of Management* (Anaheim, California); *International Public Relations Research Conference* (Miami, Florida); the annual Agenda Setting conference organized by Media Tenor (Bonn, Germany). I also appreciate the opportunities to share the project with participants of the *European Associa-*

tion of Communication Directors (Brussels, Belgium) and the *European Center for Reputation Studies* (Rome, Italy).

From industry, I think Reid Walker, Katie Paine, Larry Gallo, Chip Griffin, and Ray Daley. I also appreciate the staff from the European Center for Reputation Studies, Lexis-Nexis Corporation, Harris Interactive, and Reputation Institute for their insights, feedback, inspiration, and resources supporting this project.

Special thanks to former students and research assistants who helped with a variety of logistics, tracking down references, finding translators, assisting with copy editing, and preparing the volume for publication: Laura Keller, Kelly Rebeck, Melita Garza, Liles Demmink, CC Glenn, and Rebecca Denison.

From the Observatory on Corporate Reputation I wish to thank: Marianna King, Stephanie Nobles, Josh Criscoe, Natalie Williams, Leslie Gray, Nell Huang, and Sun Young Lee.

Friends and mentors who provided guidance and counsel along the way: Rod Hart, Tom Goodnight, K. Sriramesh, Betteke van Ruler, Cees van Riel, Francesco Lurati, Sherry Ferguson, Clarke Caywood, James O'Rourke, IV, and David Deephouse. To my global friends and peers: Chantal, Eva, Guido, Joep, Johan, Klement, Laura, Mark, May-May, Sabine, Samuel, Stelios, Vilma, and Øyvind.

From UNC I thank: Dulcie Straughan, Don Shaw, Richard Cole, Jock Lauterer, Francesca Dillman Carpentier, Chris Roush, and Diego Garcia, and from USC: Sandy Green and Tom Goodnight.

To my dissertation committee from the University of Texas at Austin: Max McCombs, Chuck Whitney, Steve Reese, Rod Hart, and James Westphal.

Then finally, a special thanks again to Max McCombs, Charles Fombrun, and Cees van Riel, to whom this volume is dedicated.

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Part I

Introduction

1 International Perspectives on Agenda-Setting Theory Applied to Business News

Craig E. Carroll

Introduction

For more than 40 years, the agenda-setting hypothesis—"While the news media may not be successful in telling the public what to think, they are quite successful in telling the public what to think about"—has been a cornerstone of political and mass communication research. The goal of this research has been to understand the news media's role in shaping public opinion (McCombs, 2004; McCombs & Shaw, 1972). In an examination of major milestones within the field of mass communication, Lowery and DeFleur (1995) noted that agenda-setting theory "has now become a well-trodden path in the research territory of the communication scholar" (p. 787). Dearing and Rogers (1996) noted that by the mid-1990s the agenda-setting research program had produced 350 scholarly publications. Slightly before the 40th anniversary of this program of research, McCombs (2004) listed over 400 empirical investigations that had been published using agenda setting as the framework for mass media and public opinion.

What is somewhat surprising is that for all of the research conducted during the first 30 years of the life of the agenda-setting program of research, many scholars missed a fundamental shift in the media's aggregate agenda: the rise of business news. With the creation of the Internet, and with average citizens becoming more savvy about investing in the stock market—and then losing their savings in economic crises—business news, in its many forms, has come to be an increasingly significant part of the media and public agenda.

The primary focus of agenda-setting theory applied to business news has been in the domain of corporate reputation (Carroll & McCombs, 2003), although considerable research has focused on the connection between media coverage and stock price or the general financial performance of firms (e.g., Deephouse, 2000). Corporate reputation is a concept with at least three dimensions. These dimensions include a firm's public prominence, its public esteem, and the series of qualities or attributes for which a firm is known. Corporate reputation has been a subject of considerable interest among scholars and practitioners because it is related to being able to increase market share, lower market costs, lower distribution costs, charge a premium, avoid overregulation, weather bad times, align employees, attract and retain talent, attract investors, gain access to new global

markets, and have more favorable news coverage (Dowling, 2001; Jeffries-Fox Associates, 2000).

Global Interest in Corporate Reputation and the News Media

The present volume reflects the global spike of attention that agenda-setting theory applied to organizations has received from scholars around the world, particularly in the area of corporate reputation. The purpose of this edited volume is to examine three agenda-setting hypotheses in the context of the news media's influence on corporate reputation in developed, emerging, and frontier markets. Depending upon the level of research development in each country, each team of contributors is testing (or considering) two, or all three, of the following hypotheses in their home countries:

1. *The impact of firms' media salience on organizational prominence, top-of-mind awareness, or brand-name recognition.* For firms to acquire reputation, the public must first think about them (Carroll & McCombs, 2003). Adapting Cohen's (1963) well-known dictum about the media and politics to the study of firms, Carroll and McCombs argued that, while the news media may not be successful in telling the public what to think about a specific firm, they often succeed in telling the public which firms to think about. This level of "thinking about" is a firm's *public prominence* (Stocking, 1984).
2. *The impact of firms' media favorability on the public's images of or esteem for such firms.* A firm's public esteem is the degree to which the public likes, trusts, admires, and respects it. Without a base level of trust, admiration, and respect, individuals lack sufficient incentives to consider having a relationship with an organization, whether through employment, investing, product consumption, or social causes.
3. *The impact of issue coverage, news topics, or company attributes on the attributes people associate with firms.* Cognitive or substantive attributes are the series of qualities that a firm possesses or that are ascribed to it either implicitly or explicitly, constituting the third dimension of reputation. The question becomes not what is thought about these cognitive attributes, but which cognitive attributes are thought about at all.

The contributors then contextualize their findings in light of the geopolitical environment of their home countries, the nature of their media systems, and the relationship between business and the news media in their particular societies.

This edited volume contains interdisciplinary, international, and empirical investigations examining the relationship between corporate reputation and the news media throughout the world. Over 20 teams of researchers have been assembled to examine how companies are portrayed through their local (national) press. These countries represent developed, emerging, and frontier markets. The developed markets included in this volume are Denmark, Finland, France, Germany, Greece, Italy, Japan, the Netherlands, Norway, Spain, Sweden, Switzer-

land, and the United States. The emerging markets are Argentina, Brazil, Chile, China, Russia, and South Korea, and the frontier markets are Turkey, Nigeria, Slovenia, and the United Arab Emirates. The research presented in this volume will enhance national and international bodies of knowledge about the relationship between business and the news media. The chapters present additional primary and secondary research dealing with a variety of geopolitical issues, the nature of the news media, the practice of public relations, and the role of public relations agencies in each of the various countries.

Significance of This Volume

This volume is significant for a number of accomplishments:

First, *the project blends theory, research, and practice*, providing case studies and empirical investigations. We use agenda-setting theory to investigate the effects of the news media on public opinion (specifically, on corporate reputation). We also engage in historical and comparative work in order to contextualize these findings in light of structural and cultural differences in the practices of journalism and public relations in the different countries examined.

Second, *the project is interdisciplinary*, incorporating scholars from the fields of journalism, public relations, communication, advertising, strategic management, business ethics, business and society, political communication, and sociology.

Third, the project is *global and international in scope*, including empirical investigations on the practice of media relations in 24 countries around the world. Only five of our contributors are native English speakers. The book includes a number of “first” investigations of corporate reputation and media relations in various countries, including Chile, China, and Nigeria, among others. Other authors are seminal scholars in their home countries who review and translate knowledge published in their home countries for use by a much wider audience.

Then, finally, the chapters provide the state-of-the-art on research that examines the influence of the news media on corporate reputation. The data, methodologies, and findings vary from country to country depending on the level of research for that country. The methodologies in the chapters vary from literature reviews and secondary analysis of public opinion polls to the collection of original data, including interviews, focus groups, and surveys. Each chapter considers the application of agenda-setting theory from political communication to business communication.

Agenda-Setting Research Applied to Business News in Developed Markets

The first section of the book deals with agenda-setting research applied to organizations in developed markets. Table 1.1 provides a comparative overview of the data and methods used for each chapter.

In chapter 2, Peter Kjaer and Mette Morsing examine the first level and both dimensions of the second level of agenda setting applied to firms in Denmark.