

There is no such thing as bad publicity, or is there?

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ABSTRACT:

The purpose of this thesis is to investigate whether there are sociological and organizational factors that affect the corporate reputation of Deloitte. The factors researched in this thesis are Ethical Climate, the existence of an in-group bias, the effect of tenure and the role of the media. This study was conducted through a survey among employees of Deloitte's Core Audit department and master students of the ESE and RSM. The results of this research did not support the expectations that ethical climate, in-group bias and tenure positively affect the perception of corporate reputation. However, there is a difference between the perception of firm insiders and firm outsiders. Firm insiders happen to have a more positive perception of corporate reputation in comparison to firm outsiders. Furthermore, most of the information gathered by respondents on audit firms is done through reliable media, thus financial newspapers.

A handwritten signature in black ink, appearing to read 'Maaïke Bouwen', is positioned at the bottom center of the page.

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1 Introduction

1.1 Contemporary status

In today's newspapers there has been a growing attention to the performance of audit firms. Supposedly they are not performing up to the standards set by the AFM (the Dutch Authority of the Financial Markets). Mid 2017 the AFM published their yearly performance rapport about the 4 largest audit firms in the Netherlands. The conclusion of this report mentioned that the improvement of the organizations is going too slow and improvement of audit firms is necessary in three pillars of the audit profession. According to the AFM there needs to be a change in the control on quality of the work from a top down perspective coming from the board, the behavior and prevailing culture in audit firms needs to be addressed and lastly there has to be more internal control on quality. In The Netherlands *Het Financieële Dagblad* is one of the leading and prominent financial newspapers. The ruling image of audit firms does not contain much trust and competence. This is explained in an article published on January 2nd 2018, "*De drie hervormingen in de accountancy die er nooit gaan komen*". This article explains audit firms are rehabilitating the lost image and good name. Another article published on March 17th 2018 quotes "*Britse Deloitte betaalt vrouwen 43% minder*" stating women in function at Deloitte are paid 43% less compared to men. On top of that there is the affaire with the South African furniture company Steinhoff that put Deloitte in some bad daylight. Another party involved in the improvement of the audit firms is the professional organization regarding the audit business in the Netherlands, the NBA (Nederlandse Beroepsorganisatie van Accountants). In line with the performance report of the AFM, the NBA (2017) wrote an improvement plan of 53 steps to ensure all organizations have guidelines on the topics of rewards, culture and implementation and control on quality. In another rapport by the NBA (2017), the green paper, they focus on a more in-depth change in the culture and measures taken to improve this. A reaction by Eumedion, one of the leading corporate governance forums with a strong voice regarding financial reporting, states that they do not agree on the comprehensiveness of the green paper. The green paper would increase in robustness if there was a strong recommendation on how to improve the noted complications. All of the reports and recommendations are pointed towards the accountant's behavior: how they should change the ruling image. However, no attention is paid to the next generation of accountants, the group of students that still have to consider the choice of becoming an accountant and, if so, which firm to choose and on the basis of what? Do negative news articles influence the image students have of a firm? In this thesis I will especially focus on Deloitte Nederland and how they tackle problems related to reputation.

In the USA there is a yearly survey executed by *Fortune Magazine* regarding the most admired companies. This list draws from a survey covering eight topics on which employees from all levels have to judge their own company. Due to this list companies are more aware of their reputation than before. For example the Walt Disney Company scored on each aspect in the top 5 and admits this list enhances

their reputation in a very positive way. As the world is changing to an ever updated news outlet with an increasing amount of news sources organizations have to think of differentiating ways to cover all channels. News is posted faster nowadays because of social media and newspapers have online versions as well. However, through the scope of this thesis I will only look at the influence of on and offline newspaper articles. Since there is less attention to solely printed media outlets this will enlarge the response and familiarity with news outlets.

1.2 Corporate reputation

A corporate reputation is a perception by members and outsiders of a firm (Fombrun & Shanley, 1990; Roberts & Dowling, 2002). As it takes years to build a good name, this can be destroyed in just a few seconds. This was seen when Facebook got into a series of accusations regarding their new privacy legislation, where CEO Mark Zuckerberg did not properly answer questions asked by the court to explain their new line of business. Days after these events the stock price declined significantly. Another example are the negative publications regarding Tesla's self-driving car. In no time multiple articles regarding accidents with the self-driving car were published online which caused investors to hesitate and be more reluctant regarding their future quarter investments. Reputation is often used as strategic leverage in many situations and seen as an asset that provides the essential link to competitive success (Gray & Balmer, 1998). The focus on reputation and image building increased over the last few years due to globalization and the fact that every piece of information can be found online. The reputation of a firm is something they have to carry out through their employees, in the form of representatives, but also their actions in for example sustainability or reward and salary decisions. Every part of the organization adds, or diminishes, to the overall reputation as outsiders reflect on it. In this thesis I will look at Deloitte as the company of interest. For Deloitte reputation is important for every part of business. Clients look at reputation and form an image to choose whether or not to go along with Deloitte as their auditor. Though, for the audit employees the reputation is also of great importance, as is for the new employees since they are rather plain in comparison to the employees.

RQ: Is corporate reputation harmed by negative publications?

In this thesis, through the execution of a survey the required data is collected. This survey will gather the information regarding two different groups of respondents. One of the groups are employees of Deloitte's Core Audit department and the other group are master students from the Rotterdam School of Management and Erasmus School of Economics. The employees of Deloitte are known as the company insiders and the students are the company outsiders. The answers coming from this survey will give an indication to how both groups react to negative publications.

Within an organization the employees form a specific group, they feel part of that group and they form an image about their group. Being part of a group feels safe for employees and for Deloitte this implies the employees are part of a community. These employees are stakeholders at Deloitte and

choose to work at the core audit department of Deloitte. Within Deloitte there are various ways in which the company assures a feeling of interconnection and unity. To kick off the process there is an app that engages employees in every important part in the first 100 days of business (Deloitte Onboarding App).

Company outsiders are also stakeholders and form an image about Deloitte. The outsiders addressed in this thesis are students from the Erasmus University both the Rotterdam School of Management and Erasmus School of Economics. These students are outsiders since they do not work for Deloitte yet. Outsiders are known for not feeling unified with a community, and hence feel less attachment and commitment (Miles, 2017; Buchanan, 1974). Would it then also be that they are tougher in their opinion on Deloitte's reputation? As is mentioned by Bromley (2000) different stakeholder groups will form their own opinions and perceptions and will therefore have their own vision regarding reputation.

1.3 Contribution

This thesis touches upon various fields of literature, first and most prominent it adds to the literature on corporate reputation and the reputational landscape. In many articles regarding reputation there is a link between reputation and economic performance of firms (Fombrun & Shanley, 1990; Fombrun, Gardberg & Barnett, 2000 and Highhouse, Brooks & Gregarus, 2009). Reputation is solely seen as an asset that can increase performance and should be used as a strategic link. This thesis will explore whether the students and employees form different opinions regarding Deloitte's reputation after reading negative news articles. Therefore this thesis enlarges the view of the known literature of a reputation only being used as a construct. Through the contrasting viewpoints this thesis will show there are diverse approaches to deal with corporate reputation. Next to that this thesis complements to the field of literature concerning survey data. Since the data sample that is used is specific for one organization this will give a clear view and this enables me to make fair statements on the conclusion. However, due to the fact the data will be collected from just one organization this can cause lower external validity and could make it harder to generalize the data. Finally, this thesis will add to the literature on recruitment for the reason that the answers of this research will help determining what topics to handle and in which manner when recruiting students as auditors.

In this thesis firstly the related literature is explained. This chapter will touch upon the agency theory and social identity theory, the risks related to reputation and the role of the media in harming a reputation. The third chapter will give an overview of the methodology including the two samples and the set-up of the questionnaire. This results of this questionnaire will be discussed in the fourth chapter explaining the variables and relationship with one another. Lastly, the fifth chapter states the discussion about the results from chapter four. Lastly in the sixth chapter is the conclusion answering the research question stated at the beginning of this paper.

2 Literature review & Hypotheses development

2.1 Introduction

In this section I will elaborate on the related literature. The second paragraph explains the Agency Theory as a starting point of this thesis in relation to the Signaling Theory. The third paragraph will give an outline on corporate reputation, and the accompanying risks. The fourth paragraph is divided into three parts justifying the theory behind Impression Management, the Social Identity Theory and the Stakeholder Theory. Thereafter the fifth paragraph describes the construct of Corporate Social Performance and lastly the sixth section explains the relation between reputation and the role the media plays in influencing this reputation.

2.2 Agency Theory

At the base of this thesis lies the Agency Theory. In any contractual relation between two or more parties, where there are decision making problems, there is the existence of an agent and a principal. Both parties have information, however the option not to share specific information is one that can cause information asymmetries that can have serious effects on an organization (Adams, 1994; Ross, 1973). As people have the general characteristics to be risk averse and self-interested, this needs to be taken into account when considering the contractual relationship between two parties. These characteristics imply people are willing to create information asymmetries. The Signaling Theory explains the idea that information asymmetries can be reduced by sharing more information with others. This theory drives on perception differences between buyers and sellers. In agency theory the principal and agent, also, have different perceptions. However, the only way to reduce this asymmetry is through communication, also known as signaling. According to Signaling Theory there are always two parties with access to diverse information. Additionally, as accountants at Deloitte work in teams, the cooperative behavior of individuals is also part of the information asymmetries. Cooperative behavior is translated into clear communication according to Adams (1994) and this factor is essential in proper teamwork. Therefore clear communication reduces information asymmetries (Adams, 1994).

2.3.1 Corporate reputation

A good reputation is just as important as good performance (Roberts & Dowling, 2002). Reputation is something easily damaged by negative news reports from all sources. When these information asymmetries cause truths or untruths about the performance, regulation or services of an organization, this can cause serious damage to the reputation. It can cost firms high prices to regain the former reputation, if it is even possible to regain it at all (Tischer & Hildebrandt, 2014). There are various definitions of reputation, Gray and Balmer state “corporate identity is the reality of the corporation” (1998, p.695). The Oxford dictionary withdraws the meaning of reputation from the Latin word *reputare*

implying 'think over'. Therefore the full explanation concludes "The beliefs or opinions that are generally held about someone or something" (Oxford Dictionary, 2018).

Corporate reputation is a construct that is defined differently per discipline. Each discipline highlights perspectives through its own view. To clarify, an accounting and economic principle sees reputation as a competitive advantage for a firm, and a behavioral view considers reputation to be the experiences from employees and the perceptions of nonemployees (Chun, 2005). Fombrun & Shanley (1990), Roberts & Dowling (2002) and Tischer & Hildebrandt (2014) show that corporate reputation serves as an asset to a firm in the form of value creation that is hard to imitate by competitors. A good reputation stems from trust and commitment from its stakeholders, and this translates into reputational capital (Chakravarthy et. Al, 2004).

Corporate reputation was considered to be synonymous to corporate image, due to the fact Kennedy wrote in 1977 that the difference in meaning was so little there should not be a problem in using both constructs intertwined. A later view (Nguyen & Leblanc, 2001) explained corporate reputation and image not to be the same, and the latest view (Bromley, 2001) states that corporate image creates a corporate reputation. Now it is agreed a reputation is a mix of ambiguous signals that all together form a corporate reputation (Bromley, 2001; Fombrun and Shanley, 1990; Gray and Balmer, 1998 & Roberts and Dowling, 2002). Corporate reputation in general is classified in three different schools of thought. According to Chun (2005) *The Relational School* compares the views of inside and outside stakeholders. Secondly, *The Evaluative School* sees reputation through a pure financial focus, where the reputation is seen as financial achievement. *The Impressional School* explains the link between one single stakeholder (insider or outsider) to the reputation. Within this view there is a clear factor analyzing media exposure in relation to reputation. What is extra to a corporate reputation is the fact that past, present and future elements play a role in the perception of stakeholders. Next to that, a corporate reputation is known to be deeper which implies there is a great deal of experience added (Chun, 2005). Reputation is made up out of different involved factors. Chun (2005) states the three pillars of reputation are image from an outsiders' perspective, organizational identity and internal members' beliefs. The organizational identity can be seen as '*what the company is*' and how it sees itself. An identity is divided into two parts, the corporate and organizational part. Van Riel and Balmer (1997) explain in their article on organizational identity that the identity is rooted in the companies' culture and characteristics. The corporate identity is best described as '*how they want others to see them*'. Corporate identity is linked stronger to visible external characteristics like logo and symbols. Chun (2005) adds to this that the corporate identity reflects characteristics from the individual members of the firm. The corporate image can be considered as '*how others see the company*'. What is important in this element is the fact that the reality of the company is assessed through the attitudes and feelings of outsider stakeholders (Chun, 2005). Communication and the position of the firm in comparison to other firms are both factors that influence the corporate image. Communication is valuable to the outside

stakeholders since it is proven that through sound communication positive perceptions arise. Thereafter, positive perceptions occur to have a direct effect for firm outsiders in a recruitment process (Gatewood, Gowan and Lautenschlager, 1993).

2.3.2 Reputational Risk

It takes years to build a credible reputation and it can be demolished in far less amounts of time. Trust and confidence are two factors important in keeping a 'good' reputation. Reputational risks are potential threats that can cause the loss of a reputation. Due to the digital environment with many news channels stories are spread easily. Reputation risk management is a form of risk management that is quite new and is getting an increased amount of attention from managers. Reputation is seen as a form of capital, and therefore the reputational capital of an organization implies "*residual value of the company's intangible assets over and above its stock of patents and know-how*" (Fombrun, Gardberg & Barnett, 2000). Reputational capital derives from interpersonal relations between stakeholders. As different stakeholder groups form own opinions, they are all important to manage. As for employees the most important promise they can make to enhance the reputational capital is commitment as shown by Fombrun et. al (2000). As for outside stakeholders, they can be considered as an outside community and to them 'legitimacy' is the key promise.

2.4.1 Impression Management

Impression management (IM) is related to corporate reputation based on multiple factors. IM refers to the perceptions people form about others and the way people try to control them. It is in human nature that we try to make ourselves look our utmost best, therefore people try to monitor their actions around others to give them the best impression, nonetheless this is often done unconsciously (Leary & Kowalski, 1990). People tend to have a motivation to construct the right image towards others, as for employees within an organization they want to propagate the right image to create the 'good' reputation for outsiders. Chakravarthy et al. (2004) show that reputation has a destructible nature due to possible information asymmetry among stakeholders. This factor relates IM to reputation by cause of the intrinsic motivation of people to restore a damaged impression. IM can therefore also be used as self-presentation (Leary & Kowalsky, 1990). Information asymmetries among employees can result in loss of face and possibly shame. For employees' respect and admiration are two factors that they value most in a companies' identity, and that therefore is translated through its members (Highhouse, Brooks & Gregarus, 2009). Widening the view of IM to an organizational level, organizations want status and approval from their stakeholders (employees and nonemployees). All aspects mentioned guide in the buildup of a good reputation according to Bitektine (2011).

2.4.2 Social Identity Theory

The Social Identity Theory (SIT) combines two views, the cognitive segments with social environment and social classification (Berzonsky, 2011). The former element describes that people who are assigned to a group automatically appoints him/herself with the common characteristics of that group. In short this means people take over stereotypes of the group. The later element of the SIT explains the concept of self-definition, and the development of identity as explained by Berzonsky (2011). Within a group people measure to the amount of characteristics that are in line with those average in the group (Ashforth & Mael, 1989). As SIT suggests, people who belong to a group are more willing to agree to the customs of that group, and people experience the accomplishments of the department which makes them feel more unite. Being part of a social identity group gives positive in-group bias, meaning that the group someone belongs to, feels more advanced compared to another group (Luhtanen & Crocker, 1992). The SIT claims an in-group bias remains even in times of economic distress. Next to a bias there is also the possibility that people start to develop social relationships with one another. One's time on the job and within an organization can severely have positive effects on the outcome related to positive behaviors. Additionally, different stakeholder groups also have different motivations. This difference in acting behavior is due to the decision on resource allocation that may vary among stakeholder groups. The relation between employee behavior and reputation is therefore an important factor in explaining employee groups (Whetten & Mackey, 2002). Neville et al. (2005) also concluded that the expectations of the different stakeholder groups change along the difference of an organizations' actions. This in-group bias could assume employees have a misguided view of their own abilities and stakeholders unconsciously think about their own necessities first before considering how this will affect their group. Next to SIT, also Social Learning Theory (SLT) explains behavior of individuals. SLT explains behavior is managed through explorative actions and the accompanying consequences (Bandura & Walters, 1977). Outcomes that gained a constructive outcome are preferred and therefore repeated. Tenure is another factor related to the behavior and perception of team members, as is mentioned in Finkelstein and Hambrick (1990) the relationship between top management and tenure is mostly because of their influence in organizational choices that affect performance outcome. Organizational tenure does have a positive effect on significant factors related to performance, commitment and strategic choices. Especially the tenure of top management positively affects team performance, due to the fact they feel a stronger connection to their own previous work and work that will affect future outcomes (Finkelstein & Hambrick, 1977). A positive effect is found by Hall and Schneider (1972) claiming that tenure has a positive effect on insider reputation. Tenure has positive effects on the way employees consider their job a challenge, whether they feel involved within an organization and their overall feeling of satisfaction regarding the firm. Other studies by Bedeian et al. (1992) show that tenure has a positive effect on job experience and the possible career steps an employee can take. Next to that they found that there is no difference for males or females.

2.4.3 Stakeholder Theory

The definition of ‘stakeholder’ comes from various elements in business, varying from business ethics to human resource management and corporate finance. However, there is no one single definition. The essence of a stakeholder is anyone, this might be a single person or group, that is or can be affected by an organization in the form of achievements, objectives or performance (Miles, 2017; Scott & Lane, 2000). Therefore, a stakeholder does not necessarily have to be inside the company. Stakeholders are anyone related to the organization. In the case of firm outsiders they are influenced by strategies, mission or activities. On the other hand for firm insiders their influence comes from contracts, rights or stakes in the company. There has to be a relationship in the form of contract, either through engagement or interaction and the stakeholder can be independent or dependent of the firm. The relationship between the firm and stakeholder can be direct or indirect, yet it does not have to be mutually acknowledged (Miles, 2017). As a company it is one of the main objectives to harmonize all differentiating requests of stakeholders. For stakeholders it is important that their own interests are protected (Neville et al, 2005). When the beliefs pictured by the various stakeholders become public knowledge, an organization can speak of a *reputation*.

2.5 Corporate Social Performance

Corporate Social Performance is a concept explaining the various factors involved in external powers. External powers involved in this concept are taken from social, political and economic environments. These factors come from the Iron Law of Responsibility by Davis (1973) which explains organizations should consider all social problems involved in their normal business operations. Within CSP, management is responsible for behaviors regarding the final performance of individuals. As mentioned in countless articles, corporate reputation is measured through CSP where “social responsible initiatives affect business performance” (Neville, Bell & Mengüç, 2005, p. 1185). This links to the Social Identity Theory which explains that employees who are able to identify with the organization are more likely to review the organization in a positive manner and present proper behavior towards others inside the organization and therefore hostile towards people outside the organization. Additionally, Stakeholder Theory explains the true theoretical explanation for CSP, the relations between stakeholders and the organization are constructed on the basis of responsibility.

2.6.1 Media Reputation

The media are of interest in the way they strategically place an organization. Media exposure is “mass communication and its application to management that suggests why the media could be important in the reputation process” (Deephouse, 2000 p. 1092). This variance on corporate reputation is known as media reputation. One of the most known studies regarding reputational status is a survey conducted by *Fortune Magazine*. For over more than 30 years this survey is leading and has positive effects on financial performance (Deephouse, 2000). Newspaper articles or other types of media exploit

opinions and facts about companies, people and society. However, the media is in such a position that they can cultivate specific aspects that could affect an organization positively or negatively (Fombrun & Shanley, 1990). As discussed is reputational capital constructed from various facets. The media influences the image people have about a company, they can help a company by promising to publish favorable content (Fombrun et al. 2000). As the media is a source of information obliged to record public information and opinions, they do this out of a role as surveillance. Next to that media influences the structure of reality due to fact they determine on what date they publicize new articles. The media reputation is similar to the corporate reputation of a firm because media reputation is the way a firm is presented to people as is the corporate reputation a representation towards its stakeholders (Deephouse, 2000). Furthermore the media play a role in reducing information asymmetry, they do this by informing all stakeholders of fair information. Linking Impression Management to the construct of media reputation shows that media is known for reporting events and as signal of social evaluation (Deephouse, 2000). This signaling links back to the Signaling Theory explained earlier, and therefore raises the question whether media as one party will always report the facts or do they feed the opportunity of information asymmetry? This question is answered throughout this thesis.

Printed media and TV are both one of the eldest sources of information and the former dates back to the 19th century. As newspapers, radio broadcasts or television broadcasts were the primary source to gain information on political, economic or social matters, this has changed due to the recent shift in technology. However, the social media streams that have emerged like Facebook, Instagram or Twitter form a different kind of media outlet. The presented content lacks significant filtering or fact-checking according to Allcott & Gentzkow (2017). Any individual can spread ‘news’ that could reach the same numbers as renowned news channels. An example was during the presidential elections in 2016 between Hillary Clinton and Donald Trump, social media was one of the main sources that spread ‘fake news’ and these false stories still circulate on the world wide web. Hence, these creations can cause serious troubles to corporate reputation (Allcott & Gentzkow, 2017).

2.6.2 Team work and ethics

In auditing, most of the work is done in teams. Multiple theories touch upon the characteristics of group work, as mentioned before in the Social Identity Theory and Stakeholder Theory. Within a group, personal characteristics play an important role in the way work is executed. One of those factors is trust in each other, to be able to perform the work correct. Trust is established through the ethical climate, therefore the ethical climate within an organization, or a team, is of high importance to the performance of the team (Lee, Gillespie, Mann & Wearing, 2010). Team performance is influenced by many factors, namely team commitment, the degree of knowledge sharing, team efficacy and team cohesion. As mentioned in Lee et. al (2010) knowledge sharing is done more when there is higher trust in all of the team members, especially the team leader. Knowledge sharing does not come natural to team members,

this behavior is enhanced by an open and trustworthy leader. A leader is secondly important to create team cohesion, which certifies team members to work towards a common goal. Team cohesion affects the way individuals feel and develop within the group and this results in the performance success they gain over time (Turman, 2003).

Within an organization the perception towards business ethics makes the ethical climate (Shin, 2012). The ethical climate in an organization can somehow be seen as an internal reputation, because it is also formed through perceptions members behold. Perceptions are propagated through behavior and are influenced by top management's actions and policies on ethics (Shin, 2012). Members of an organization follow the rules and code according to the ethical standards present in an organization. These members, also known as stakeholders, are affected by the organization's decisions. An organization needs to be dynamic in order to be able to change with environmental factors. The relation between firm and environment creates "ethical attention" that relates to its stakeholders (Mella & Gazzola, 2015, p.43). Ethical standards are provided in the code of conduct written by the firms' management. These ethical objectives should be followed by both management and the other members of the firm. In relation to auditors' work there is strict quality needed which should be confirm ethical rules, everyone in a team should follow the same rules (Mella & Gazzola, 2015). Leadership is the strongest characteristics to arrange for the ethical objectives to be followed. Leadership is executed through management, and therefore this plays a key role in the development of a correct ethical culture. Additionally, moral development of both the leader and employees results in higher job satisfaction and overall performance (Schminke, Ambrose & Neubaum, 2005). Next to that, diversity within teams makes for a better understanding of objectives and therefore causes a better ethical climate (Bendixen & Abratt, 2007).

2.7 Summary and hypotheses development

In this chapter related literature to the main question is discussed. Deriving from the Agency Theory, this shows humans do not have the intrinsic motivation to share all available information, however in order to perform as best as a firm the Signaling Theory explains this information should be shared with others. Between team members of audit teams at Deloitte there should be as few information asymmetries as possible and therefore the team leader should encourage proper behavior. Due to a great degree of trust this should be established among its members. Nonetheless, the team leader is an important link in creating a clear ethical climate. Through an organization's Code of Conduct the ethical standards are pointed out and are obvious for all members to follow ensuring an ethical climate on the work floor. In Deloitte's Code of Conduct this is also mentioned through honesty, commitment and candor (Deloitte, 2016). As a corporate reputation is seen in various ways from competitive advantage and intangible asset to perception by its members, there are different ways to ensure a reputation is positive. Trust is a key factor in making sure there are no risks related to reputation. Additionally, tenure

is possible to affect corporate reputation, whether positive or negative. Next to Agency Theory trust is also an important factor in teams to ensure their cooperation. This results in the first hypothesis:

H1: A stronger ethical climate increases the perception of corporate reputation for Deloitte

Auditors work in teams; the perception of other people's skills could be influenced due to a bias towards one's own team members. This is shown in a study by Schwarz et al. (2011) in a study on how people allocate resources. As expected, they will first distribute resources to their fellow in-group members. This discrimination is seen starting already from a young age. Since the learning of behavior naturally comes from imitating others' behavior and waiting what the consequences are this also applies to the process of favoring your own group. People expect their 'own' people to act as well as they do and they add a specific level to this, as they see their own level to be at the top they consider others to be there as well. Therefore, I propose the second hypothesis:

H2: In-group bias increases the perception of the corporate reputation of Deloitte

Additionally, to this hypothesis I developed a third hypothesis regarding the tenure of employees within Deloitte. Working longer for a company could result in a relationship that is further established compared to one that is still at base level. Considering group work in general, working longer with the same group could result in a higher feeling of unity with that team. However, this tenure is mostly seen at the upper half of the hierarchy within an organization and there is no distinction between male and female workers. Therefore, I propose the third hypothesis:

H3: Tenure above 5 years has a positive effect on the perception of corporate reputation

Lastly, the effect of the media plays a key role in the positioning of an organization. However, media reports might color the view of outsiders, and this can result in a positive or negative perception (Fombrun & Shanley, 1990). Since media outlets are updated every minute of every day this can change the perception of reputation in a fast direction (Deephouse, 2000). Audit firms generally are in the news in a negative way (e.g. because the audit quality of the firm is not on standard). The potential effect of media on the perception of reputation leads to the following hypothesis:

H4: The media have a negative influence on the corporate reputation of Deloitte

Through these hypotheses this thesis will give an answer to the research question related to the corporate reputation of Deloitte.

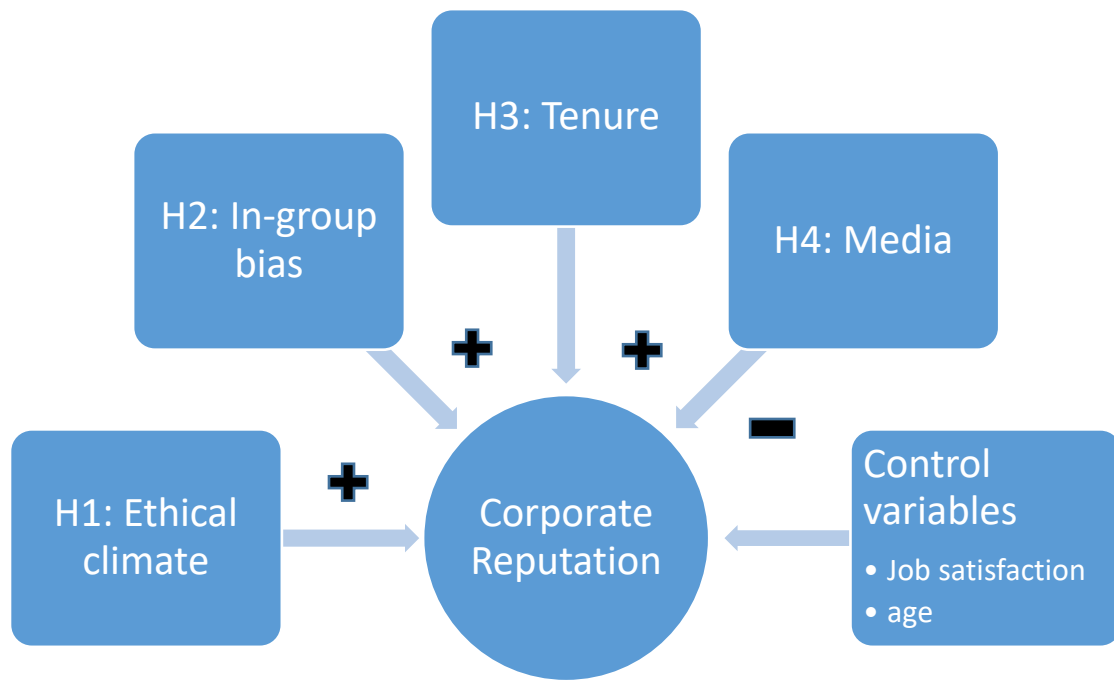


Figure 1 Visual representation of hypotheses

3 Research Design

3.1 Introduction

In this chapter I will explain how the survey is conducted and give an overview of the respondents including age and for the Deloitte sample what their job position is. The survey was spread at the Deloitte Core Audit department and I got 52 respondents in total. Additionally I distributed the survey among students of the ESE and RSM of which I got 57 respondents. This chapter explains the dependent, independent and control variables.

3.2 Sample and survey characteristics

The sample in this thesis consists of two groups of respondents. The survey can be found in appendix 5. One group are employees of the Deloitte Core Audit department throughout all levels. The other group of interest are students of the ESE master Accounting, Auditing & Control and the RSM master Accounting & Financial Management. To retrieve the data on their perception towards the corporate reputation of Deloitte, I self-designed a survey and distributed that among the employees of Deloitte's Core Audit department and among fellow students. This survey collects the information of my two populations of interests. The outcomes represent the degree to which respondents are affected by trust, in-group bias or media publications on their perception of Deloitte's corporate reputation. Together both respondent groups give a clear view on how firm insiders compared to firm outsiders are affected by media publications. The initial survey started with the distribution among 100+ employees of Deloitte Core Audit department and 100+ students from ESE and RSM.

Table 1 - Descriptive statistics Deloitte

POSITION	FREQUENCY N=52	AVERAGE AGE
Staff	24	25
Senior Staff	18	26
Junior Manager	5	28
Senior Manager	1	37
Partner	4	47

Table 2 - Descriptive statistics Deloitte

	N	MINIMUM	MAXIMUM	MEAN	ST. DEV	MEDIAN
Age	52	22	53	27,67	6,379	26
Tenure	38	1	26	4,58	5,554	4

As table 1 and 2 explain, the average age among all staff is 25 years old and there is no big difference between the average ages of ‘senior staff’. However, this is explained through the fact many people start their career at Deloitte after finishing their Master degree. Adding one or two years of gap year, board experience at a student association or internship, this explains the similar age in the ‘staff’ and ‘senior staff’ levels. The bigger difference can be seen in the average age of senior managers in comparison to junior managers. There is a gap of 9 years between those positions. Nevertheless, it is known within audit companies that many people stay with a company for the duration of their post-master and just a few years extra to gain the necessary experience. This mentioned in several articles posted by *Het Financieële Dagblad* as they explain that many young accountants prioritize other activities above work (Knoop & Pierma, 2017; Toe Laer & Knoop, 2017). In addition to the age factor, table 2 also shows the tenure of all employees which shows a great difference between the minimum and maximum years at Deloitte. It is obvious to conclude that only the ‘partners’ are able to have such a longer tenure at a company. Table 2 shows the median of the tenure at Deloitte is 4, which corresponds to the high level of ‘senior staff’ employees since on average all positions are covered for 2 years approximately.

Table 3 - Descriptive statistics students

STUDY	FREQUENCY N=57	AVERAGE AGE
Accounting & Finance	23	23
Accounting & Auditing	23	23
Accounting & Financial Management	11	24

Table 4 - Descriptive statistics students

	N	MINIMUM	MAXIMUM	MEAN	ST. DEV	MEDIAN
Age	57	20	35	23,89	2,704	23

Model (2) contains the student sample with 57 respondents. As table 3 explains there were in total 3 different study programs that answered the questionnaire. Both Accounting & Finance and Accounting & Auditing are programs from the ESE and Accounting & Financial Management is a program from the RSM. Table 4 illustrates the average age of all students measures 23,890 with a standard deviation of 2,704. As this average age is about 1 year lower compared to the average age of ‘staff’ at Deloitte, this could explain the extra year for extracurricular experiences before students apply for a job and start their career.

Within the survey the respondents had to make a choice where they gained most of their information regarding audit firms in general, and specifically Deloitte. The respondents could make a choice between 5 different answers, however the answers were linked to 2 different types of media,

reliable and unreliable media. I linked printed media, online media and TV as reliable media and social media and other as unreliable media. As mentioned earlier in this thesis, fake news is mostly spread over social media channels, therefore they are marked as unreliable. The following scheme illustrates where most of the respondents get their information from. Table 5 shows an overview of the media sources.

Table 5 - Descriptive statistics media source

MEDIA	STUDENTS	DELOITTE
Unreliable Media	23	16
Reliable Media	34	36

The survey for the firm insiders, Deloitte employees, is slightly different in comparison to the survey for the firm outsiders.

The survey conducted for the firm insiders contains 20 closed questions and 3 open questions. The closed questions were to be answered using a 5 point Likert scale. The scale varied from 1 to 5, 1 implying ‘completely disagree’ and 5 ‘completely agree’. By using this scale there is are equal distances between the weights of the answers. The property of the numbers implies that a value can vary while linking a qualitative property to the quantitative design (Gliem & Gliem, 2003). The response reflects the choice on the subject. The use of a Likert scale increases the validity and reliability of the responses. By using a 5 point Likert scale I made the survey accessible for the respondents, however the scale sensitivity is slightly lower (Cummins & Gullone, 2000). The 20 closed questions are divided into 4 categories about ethics in the work environment, the availability of an in-group bias, media publications and job satisfaction respectively. The other three questions were regarding the age, position within Deloitte and years at Deloitte. Among these questions my expectations are that within Deloitte the awareness of ethical behavior is high and therefore the trust among team members as well. Next to that since there have been a great interest in ethical behavior, in a top down manner I expect that question to show this is indeed encouraged by top management. Regarding the possible availability of an in-group bias I expect the firm insiders to state they perform better when working in teams and that they compare themselves to other team members. The part about media publications will likely show that people are more affected when it relates to Deloitte or personal. I expect the firm insiders not to change their perception of Deloitte due to news publications. Therefore, in the last section I expect the insiders to have a generally positive image about Deloitte and that they are proud to work for Deloitte.

The survey that was distributed among the students had 19 closed questions with the same Likert scale as mentioned in the Deloitte population survey. That survey only had two open questions regarding age and study. I deliberately did not ask for anyone’s name in the survey because I believe that a higher degree of anonymity will increase the degree of honesty in the answers of the questions as

is also stated by Warner et al. (2011). Among the students I expect them to be slightly less aware of ethical boundaries regarding team work, but to find trust an important factor in team work. Linking this to a possible in-group bias could show that people do think they work better when working in teams. Next to that I also expect students to compare themselves to each other. The part about Deloitte and media publications will probably show that students do not believe negative news instantly, I assume they will consider multiple sources. I expect them to also remember negative news better compared to positive news, as explained by Kensinger (2009) that memory is enhanced through emotional enhancements related to negative activities. To increase the response rate of the survey I send as many personal emails as possible. The first reminders and notifications were sent one week after distributing, all through Deloitte's intranet. The purpose of the reminders was to stress the importance of the participation of the respondents.

3.3 Measure of corporate reputation

In this thesis *Corporate Reputation* is the dependent variable. The corporate reputation of Deloitte will be measured on the hand of survey questions that represent a perception by respondents on corporate reputation. The questions in the survey try to form an answer that represents a positive general view about Deloitte. As a positive reputation can add to a company on economic or strategic level, this is of value to the stakeholders of the company (Fombrun & Shanley, 1990).

3.4.1 Measure of ethical climate

As mentioned earlier in this thesis, the relation between the ethical climate and corporate reputation is established through trust among members, where team members share information and a limited amount of information asymmetries. The first hypothesis states that a higher degree of ethical climate will expect to positively influence the insider perception on the corporate reputation of Deloitte. By implying that a higher degree of trust positively affects the perception of ethical climate and therefore adds to a better corporate reputation, this information will be gained through this first hypothesis.

3.4.2 Measure of In-group bias

The second hypothesis states that an in-group bias has a positive effect on the perception on corporate reputation for firm insiders compared to firm outsiders. The questions in the survey that depict an answer to this question lead to an answer that the perception of corporate reputation is dependent on a certain bias amongst team members. Accordingly, the *in-group bias* counts as an independent variable in this second hypothesis, as explained by Schwartz et al (eds.) individual behavior is responsible for eventual group performance. Next to that, the level of commitment explains the willingness employees' show to remain part of the organization and therefore increase their normal level of effort (Buchanan, 1974).

3.4.3 Measure of Tenure

The third hypothesis indicates a difference in the perception on corporate reputation with a difference in tenure amongst employees of Deloitte. Since tenure is supposed to have a positive impact on job satisfaction and work environment, as mentioned by Bedeian, Ferris & Kacmar (1992) and according to Schneider the insider perspective is positively affected by tenure, this variable will count as the independent factor in this third hypothesis.

3.4.4 Measure of Media Publications

In the fourth and last hypothesis I state that the media negatively influence the positioning and perception of Deloitte's corporate reputation. Media outlets, especially newspapers, have been critical in their publications on the performance of audit firms due to the fact the quality is not where it is supposed to be. Hence, the reputation of Deloitte could be influenced by these publications. In this hypothesis the media publications are therefore the independent variable.

3.5 Control variables

This study is conducted amongst members of Deloitte's Core Audit Department. To control for any unforeseen mistakes the control variable *Job Satisfaction* is taken into account. As it is stated by Bededian et al. (1992) that job satisfaction could negatively influence tenure and therefore have a negative effect on corporate reputation. Job satisfaction will be marked by "1" if the respondents think their job is providing pleasure and their ambitions fit the opportunities Deloitte has to offer. Additionally, the primary focus in this paper is on newspapers and online news sources. However, since there is a growing presence of online media outlets I made a distinction between 'unreliable' media sources like Facebook, Instagram and Twitter, and more 'reliable' media sources like newspapers and TV news programs. Another control variable I included in the sample is *age*.

3.6 Characteristics of variables

The sample I used is not normally distributed as shown in table 6 and 7. The data shows that the accompanying p value $< 0,05$. The Chi Square test tests whether a test is normally distributed and does this on the hand of setting a null hypothesis. This hypothesis is rejected when the significance value is smaller than the set p value of 0,05 (Groeneveld & Meeden, 1984). All variables in table 6 and 7 show a significance level smaller than 0,05, hence I can conclude that the data is not normally distributed. Additionally, the Likert scale used in the survey ranged from 1 to 5. As I hoped most of the answers were not centered around "3", where the answer "3" indicated a neutral position regarding the variable. The answers centered mostly in the "4" and "5" answers, indicating "agree" and "completely agree". Therefore the distribution will be more centered around these numbers. As the plots in the appendix show the dots are scattered around the fit line which suggests that there is homoscedasticity for model 1 and 2. Though the dots are centered around the Likert scale values 1 to 5, but they do not seem to be

scattered all over the plot, therefore I conclude there is homoscedasticity in the model (Groeneveld & Meeden, 1984).

Table 6 - Normality test Deloitte

VARIABLE	MEASURE	STATISTIC	Df	SIGNIFICANCE
Ethical Climate	4	0,508	28	0,000
	5	0,512	23	0,000
In-group bias	2	0,750	3	0,000
	3	0,570	21	0,000
	4	0,393	24	0,000
Media Publications	4	0,445	25	0,000
	5	0,512	23	0,000
Tenure	< 5 years	0,519	44	0,000
	> 5 years	0,418	8	0,000

Table 7 - Normality test students

VARIABLE	MEASURE	STATISTIC	Df	SIGNIFICANCE
Ethical Climate	3	0,695	16	0,000
	4	0,635	31	0,000
	5	0,509	10	0,000
In-group bias	3	0,633	19	0,000
	4	0,679	31	0,000
	5	0,552	5	0,000
Media Publications	2	0,594	10	0,000
	3	0,701	41	0,000
	4	0,640	6	0,000

3.7 Empirical Model

The data in this paper is provided by the answers given by employees of Deloitte and students of the ESE and RSM. The respondents answered questions on the basis of a 5 point Likert scale. To translate the information coming from the Likert scale the data is transcribed into an ordinal logistic regression model. This type of analysis ensures that the different values of the Likert scale can be transferred into usable data in SPSS. Firstly a two sample t-test will provide the initial descriptive results for the overall relation between the difference of reputational perception between Deloitte insiders and outsiders. Secondly, the ordinal logistic regression function will provide the separate relations between

the independent variable and the dependent variable. The data for the independent and dependent variables is obtained through survey questions. Through factor analysis the 4 different topics show the strongest component where the Cronbach's alpha will show the reliability of the tests (Gliem & Gliem, 2003). Through this factor analysis specific questions will be given a higher weight through which the answers will provide a quantitative value to the construct of reputation. Since the answers in the survey are based on a 5 point Likert scale, the responses will now give an indication to what degree the independent variables affect the perception of the corporate reputation of Deloitte. The following regression will show the relation between the independent and dependent variable regarding firm insiders:

Corporate Reputation (firm insiders)

$$= \beta_0 + \beta_1 * Ethical\ climate + \beta_2 * In\text{-}group\ bias + \beta_3 * Tenure + \beta_4 * Media\ publications + \beta_5 * Age + \beta_6 * Job\ Satisfaction + \varepsilon$$

The following regression will be used to indicate the relation between the dependent and independent variables for the firm outsiders:

Corporate Reputation (firm outsiders)

$$= \beta_0 + \beta_1 * Ethical\ climate + \beta_2 * In\text{-}group\ bias + \beta_3 * Media\ publications + \beta_4 * Age + \varepsilon$$

3.8 Reliability & Validity

The variables in this research are ordinal variables and are tested for validity and reliability. In this thesis I was aware of several internal and external validity concerns that should be corrected. The Libby Boxes shown in appendix 4 show the relations between the variables. However, by checking the validity in this thesis, the relation between the purpose and instrument to measure is validated (Carmines & Zeller, 1979). The external validity of this thesis is rather low, due to the fact the information examined in this thesis is merely useful for Deloitte. This implies the research cannot be generalized and therefore it does not say something about other Big 4 companies and their corporate reputation. To improve this in future research the experiment could be conducted among other Big 4 companies as well. Perhaps this would give a more complete view regarding other organizations' perceptions on their corporate reputation. Additionally to external validity I tested the construct validity. Construct validity investigates the relation between theoretical concepts and the measures taken in the empirical tests. The validity of the constructs lies in the theoretical framework of this research, since the literature review is thorough it can be said that there is a high degree of construct validity. The concepts tested in this thesis are connected through various theories, therefore there is construct validity (Carmines & Zeller, 1979). Lastly, to check the internal validity and the reliability of the tests I conducted the factor analysis as

shown in paragraph 3.8. In the factor analysis the internal consistency between the survey questions explains the degree of reliability. Through these tests I tried to minimize the existence of endogeneity and omitted variables by testing all the correlations. However, due to the fact the sample size is rather small there is a possibility that there are omitted variables. Possible omitted variables in the regression could be the learning curve of young auditors in combination with their tenure. Another possibility for an omitted variable could be nationality in both samples. Working in teams with people from the same country might enhance the output due to less language difficulties (Ashforth & Mael, 1989).

3.9 Factor analysis

The variables in this study are ordinal variables. Due to the use of the Likert scale there is an even distribution between the values of the answers. This implies that the answers “completely agree” refers to the number “5” on the scale and “completely disagree” refers to the number “1” respectively. The factor analysis, conducted on both samples, showed the correlation between the survey questions. The application of factor loadings in the analysis shows how the individual questions weigh on a single factor, this is shown in the Pearson correlation table, indicating the relation between the item and the factor. For every topic I conducted a factor analysis to check the loadings of the questions. Within SPSS I analyzed the survey questions on the hand of a reliability test to gain the Cronbach’s Alpha, which could tell me whether the test is reliable for the final regression. In table 8 the factor loadings for all weighted questions related to *Ethical Climate* are shown. The Cronbach’s Alpha for this topic is 0,583 after deleting the third question. The Cronbach’s Alpha of a test explains the internal consistency, as mentioned in paragraph 3.7 this covers the reliability of a test, and implies that the higher the Cronbach Alpha the lower the error variance will be (Tavakol & Dennick, 2011). As the value for *Ethical Climate* is not in the preferred range where a Cronbach’s Alpha should be, this implies the variable is not a reliable source to say something in the final regression, yet this could be because of the low number of survey questions as mentioned by Tavakol and Dennick (2011). In the appendix the full table with all survey questions and factor loadings can be found.

Table 8 - *Ethical Climate*

		Factor loadings
Cronbach’s alpha: 0,583	1. I can trust my co-workers	0,565
Error variance: 0,666	2. I am aware of ethical boundaries regarding my work	0,743
	4. Trust is an important element of team work	0,718
	5. If I trust my team I feel like I perform better	0,882

For the independent variable of *In-group bias* in model 1 there is low value for the Cronbach’s Alpha. The factor loadings shown are around 0,6/0,7 which could explain the lower Cronbach’s Alpha when reducing to the final two questions as shown in table 9. The factor loading of the 5th question,

regarding the work ethic of co-workers shows a negative factor loading, implying that this question negatively interacts with other questions. In the appendix the whole table can be found.

Table 9 - In-group bias

		Factor loadings
Cronbach's alpha: 0,355	2. I compare myself to my team members	0,724
Error Variance: 0,874	5. All team members have a likeminded work ethic	-0,718

The independent variable *Media Publications* shows a high Cronbach Alpha of 0,806 presented in table 10. This implies the item is reliable and valid. As the Error Variance shows 0,350, this explains there is a lower change this variable produces errors. Next to that, the high Cronbach Alpha implies there is internal consistency between the survey questions and the overall topic they aim to explain. The questions are homogeneous and this relatedness in questions provides a useable and significant variable to use in the final regression. In the appendix the total reliability test is provided.

Table 10 – Media Publications

		Factor loadings
Cronbach's alpha: 0,806	2. I pay more attention to the news when Deloitte is mentioned	0,881
Error Variance: 0,350	4. When Deloitte is mentioned in the news it changes my perception of Deloitte	0,764

As for the dependent variable of *Corporate Reputation Deloitte* which shows a high Alpha and therefore a low Error Variance, this variable has a significant addition to the final regression. Both values are in the satisfactory range of 0,7 up to 0,9 (Bland & Altman, 1997). The two questions that form the highest Cronbach's Alpha are question 2 and 4 which is shown in table 11.

Table 11 – Corporate Reputation Deloitte

		Factor loadings
Cronbach's alpha: 0,824	2. My perception of Deloitte is generally positive	0,845
Error Variance: 0,321	4. I am proud to say I work at Deloitte	0,851

In model 2, the firm outsiders there are different types of results. Table 12 shows the Cronbach's Alpha for the variable *Ethical Climate*. The accompanying factor loadings to this Alpha are rather high. I deleted question number 2 to retrieve the Cronbach's Alpha, in the appendix the initial table can be found. The Cronbach Alpha for the firm insiders, thus model 1 is 0,583 where the value of model 2, the

firm outsiders is 0,625. This shows model (2) values the Ethical Climate of group work to be more important in comparison to the respondents of model (1).

Table 12 - Ethical Climate

		Factor loadings
Cronbach's alpha: 0,625	1. I trust my team members easily	0,762
Error Variance: 0,609	3. Trust is an important element of team work	0,703
	4. If I trust my team I feel like I perform better	0,778

Table 13 and 14 show rather low Cronbach's Alphas. In the case of the *In-group bias* variable this is peculiar since all items show rather high loadings. In the appendix the entire table can be found which shows question number 3 has a negative factor loading. I removed this when assessing the Cronbach's Alpha. Also question number 4 is removed for the highest Cronbach's Alpha. However, the Alpha shows 0,417 which is still rather low when the factor loadings show values of 0,7 and higher. A possible explanation for this could be that the topic had too little questions to be able to gain a valid answer for the variable.

Table 13 - In-group bias

		Factor loadings
Cronbach's alpha: 0,417	1. I often think my team is better than other teams	0,702
Error Variance: 0,826	2. I compare myself to my team members	0,780

Table 14 shows the Cronbach's Alpha for the variable *Media Publications*. None of the factor loadings show values above 0,7 which could explain the rather low Cronbach's Alpha. By deleting the first and fourth question of the reliability test gives an Alpha of 0,498.

Table 14 - Media Publications

		Factor loadings
Cronbach's alpha: 0,498	2. If a company is presented negative in the news I instantly believe this	0,660
Error Variance: 0,752	3. I change my perception quickly when I read other messages on the news	0,605
	5. Positive news changes my perception on a specific subject	0,669

The dependent variable in model 2 shows a Cronbach's Alpha that falls in the threshold of 0,7 and therefore explains the interrelatedness of the factors. I deleted the first and fifth question to retain

this Cronbach's Alpha of 0,708 presented in table 15. Those questions had the lowest factor loadings and therefore did not have a proper correlation. In comparison to model (1) which had an Alpha of 0,824 this alpha is significantly lower. This implies that the factor loadings coming from the responses of model (2) do not weigh significantly on the overall value of the dependent variable *Corporate Reputation*.

Table 15 - Corporate Reputation Deloitte

		Factor loadings
Cronbach's alpha: 0,708	2. Would negative reports influence your opinion about Deloitte	0,849
Error Variance: 0,499	3. Deloitte has a positive image in society	0,649
	4. My perception of Deloitte is generally positive	0,756

3.10 Summary

This chapter explains all the variables that will be used in the regression. As explained through the measures the data is obtained through surveys where the questions with the highest factor loadings are used in the variable for the regression that is explained in the next chapter. Model 1 shows a high Cronbach's Alpha for the variables *Media Publications* and *Corporate Reputation*. Model 2 only shows a high Cronbach's Alpha for *Corporate Reputation*. In conclusion this chapter illustrates which questions weigh heavier in the survey compared to other. By considering this weight I created new variables that I will further on use in the regression.

4. Empirical results

4.1 Introduction

This chapter will show the correlations between the independent variables by using a Chi Square test in SPSS. This test illustrates whether there are significant relations between the exploratory variables. In the third paragraph I elaborate on the multivariate analysis. Here all separate hypothesis are discussed and if needed, rejected. This is done for both models separately.

4.2.1 Correlations – Chi Square test

To start the descriptive part of the results I first conducted a Chi Square test in SPSS to find whether the exploratory variables in the model are significant. In table 16 the results are shown for the sample with the Deloitte employees. This table shows that there are multiple significant correlations through the Chi Square test. This suggests that the independent variables do significantly add to the regression.

Table 16 - Chi Square Test Deloitte

	1	2	3	4
1 Ethical Climate	1			
2 In-group Bias	18,974*** (0,004)	1		
3 Media Publications	31,394*** (0,000)	26,713*** (0,002)	1	
4 Tenure	21,623 (0,361)	28,530 (0,542)	55,492*** (0,003)	1

This table shows the Chi Square test correlations of this model used in this study. The correlation values that have *, ** or *** aside indicate statistically significant level at 10%, 5% or 1% respectively.

In table 17 the Chi Square test of the student sample, also known as the firm outsiders, is presented. This test shows no significant results among the exploratory variables. However, the coefficients are not 0, which indicates that the variables should be added to the regression. Nevertheless they will probably not give a significant impact in the model.

Table 17 - Chi Square Test Students

	1	2	3
1 Ethical Climate	1		
2 In-group Bias	4,956 (0,549)	1	
3 Media Publications	3,665 (0,453)	2,785 (0,835)	1

This table shows the Chi Square test correlations of this model used in this study. The correlation values that have *, ** or *** aside indicate statistically significant level at 10%, 5% or 1% respectively.

4.2.2 Correlations Matrix

Table 18 and 19 show the correlation matrices for model 1 and 2 respectively. Model 1, the sample of Deloitte employees, shows significant results between the dependent variable *Corporate Reputation* and the independent variable *In-group bias*. The correlation coefficient, however, shows a negative number, indicating there is a negative relation between the corporate reputation and the presence of an in-group bias among employees. This, nonetheless, can be explained of the formulation of the hypothesis. The hypothesis indicates that the perception of Deloitte’s corporate reputation is higher for firm insiders compared to firm outsiders. This turns out not to be true considering the significant negative coefficient of -0,338. The control variable *Job Satisfaction* included in this model shows a high significant correlation coefficient. The relation between the dependent variable and the control variables implies there is a positive relation between the perception of Corporate Reputation and the degree to which an employee likes his/her job. There are some correlations between the independent variables, however there is no reason to suspect multicollinearity. In table 20 and 21, next to the regressions also the VIF values are presented. VIF is the variance inflation factor and according to O’Brien (2007) there is a <3,0 threshold. The VIF are all below 3,0 therefore I can conclude there are no signs of multicollinearity. Table 18 shows the correlations between all variables for the firm insiders. As shown, there is a high correlation between *Corporate Reputation* and *Job Satisfaction*. Nevertheless, this correlation can be explained by the fact that an overall job satisfaction results in more satisfied employees who will rate reputation as more positive. Additionally, the correlation between *Age* and *Tenure* is also evidently explained through the perception that employees of a young age, more often have a shorter tenure in an organization.

Table 18 - Correlations Sample 1

	1	2	3	4	5	6	7
1 Corporate Reputation	1						
2 Ethical Climate	0,155	1					
3 In-group Bias	-0,338*	-0,081	1				
4 Media Publications	-0,124	0,269	0,282*	1			
5 Age	-0,018	0,148	-0,285*	-0,072	1		
6 Tenure	0,024	0,175	-0,213	-0,058	0,931**	1	
7 Job Satisfaction	0,710**	0,178	-0,266	0,000	0,034	0,104	1

This table shows the Spearman correlations of this model used in this study. The correlation values that have *, ** or *** aside indicate statistically significant level at 10%, 5% or 1% respectively.

Table 19 below shows the correlation matrix for model 2, the student sample. Within the matrix the correlation coefficient for the dependent variable *Corporate Reputation* and the control variable *Age* shows a negative relation. This would imply that age does not relate to the perception students have on the corporate reputation of Deloitte. This can be explained by the idea that students of lower age are probably are less involved in big four companies or are not as interested in Deloitte because there is less relevance for them in comparison to older students. Since the average age of the student sample is around 23, these students are probably more involved in activities among student associations. However, in the student sample there is also a group of older students that might be the ones who are more interested in the corporate reputation of Deloitte as they see the company as a possible future employer. Similar in the two models are the significant correlations between the control variables. In model 2 there is no sign of multi-collinearity in the variables since the variance inflation factor shows no numbers above the 3,0 threshold.

Table 19 – Correlations Sample 2

	1	2	3	4	5
1 Corporate Reputation	1				
2 Ethical Climate	-0,085	1			
3 In-group Bias	-0,057	-0,163	1		
4 Media Publications	0,062	0,151	0,072	1	
5 Age	-0,335*	0,220	0,123	0,090	1

This table shows the Spearman correlations of this model used in this study. The correlation value that has a * indicates statistically significant level at 10%.

4.3 Multivariate Analysis

In this thesis the hypotheses are answered through the use of the previous specified models in section 4.2 and the multivariate logistic regressions in this upcoming section. These tests will answer the hypotheses regarding the different effects of the hypotheses 1 to 4 being Ethical Climate, In-group bias and Media Publications on corporate reputation, respectively. The regression is shown in tables 20 and 21, next to that it was run multiple times. For the model on firm insiders the first regression was run with only the key independent variables and the control variable. In regression (2), the variable *Tenure* is added and in regression (3) the control variable *Age* was added and regression (4) adds *Job Satisfaction* to the model. The model with firm outsiders ran the regression two time. First without the control variable *Age* and later with the control variable.

4.3.1 Model 1: Hypothesis 1 – Ethical Climate

Table 20 presents the results gained from the multivariate regression of model 1, the regression for the firm insiders. The hypothesis regarding ethical climate states that a stronger ethical climate increases the perception of corporate reputation for Deloitte. The accompanying null hypothesis is therefore that a stronger ethical climate does not influence the perception of corporate reputation for Deloitte. The fourth regression was run when the control variable *Job Satisfaction* was added and *Age* deleted. This shows negative coefficients for ethical climate and job satisfaction, this would imply that job satisfaction and ethical climate negatively relate to each other. This makes sense when considering that a negative work environment most probably will not add to an ethical approach to work. Table 20 shows the regression for this variable and none of the regressions show a significant result for this hypothesis. Therefore I can conclude that hypothesis one should be rejected. Apparently an ethical climate does not add to the overall perception of Corporate reputation for firm insiders. A possible explanation for this could be that ethical climate has only been of greater interest for stakeholders since the last 2 to 3 years. Ever since there were multiple publications regarding the performance, this opened up a deeper conversation concerning the overall work environment with its flaws and shortcomings (Knoop & Piersma, 2018).

4.3.2 Model 1: Hypothesis 2 – In-group bias

All 3 regressions in table 18 show significant results for the independent variable *In-group bias* on the dependent variable *Corporate Reputation*. The first regression shows that when there are no control variables there is a negative relation between corporate reputation and an in-group bias, -1,195 at a significance level of 10%. Considering the hypothesis around this construct, an in-group bias increases the perception of the corporate reputation of Deloitte, the negative coefficient implies that employees of Deloitte are not prone to think higher of their ‘own’ and team members and therefore do not think higher of the corporate reputation Deloitte has as their employer. Likewise regression (2) and (3) show significant negative results for the relation between *In-group bias* and *Corporate Reputation*.

The significance level increased when adding the control variables to the regression. Nevertheless, in the fourth regression shows a positive coefficient. In this regression the control variable *Job Satisfaction* adds to the regression. The positive coefficient regarding *In-group bias* suggests that when there is negative job satisfaction people will be more likely to seek for each other to make the work environment better. However, since only this control variable gives this positive result I still consider there to be little evidence to comply with the 2nd hypothesis, this hypothesis is therefore rejected in this thesis.

4.3.3 Model 1: Hypothesis 3 – Tenure

The third hypothesis in this thesis entails the existence of tenure above 5 years to have a positive effect on the perception of Deloitte's corporate reputation. This hypothesis is only present for the firm insiders. Nevertheless, in regression 2 and 3 both shown in table 18, the coefficients show a negative number without any significance. The coefficients regarding *Tenure* and *Corporate Reputation* are negative, this implies a tenure of more than 5 years does not positively affects the way employees look at the company. A possible explanation for this could be that employees read and hear many stories about Deloitte and therefore form their own opinion that does not necessarily has to be positive. Perhaps the insider reputation is only positive, as mentioned by Hall & Schneider (1972) earlier in this thesis, when it is more focused on individual reputations that add to the social status of an organization. Especially within Deloitte's audit practices it could be that there does not have to be a strong bond with the brand name to be able to perform proper audit work. As *Tenure* is indirectly related to *Age* it can also explain why this control variable does not significantly add to the regression. Most of the auditors at Deloitte are of a young age, for many of them this is their first job and therefore they feel a certain pressure to keep up and do their best. This is explained in an article by *Het Financieële Dagblad* on May 17th (Knoop & Piersma, 2018) in this article the writers explain why young auditors do not complain about the pressure they feel about work, balance between social life/study/work and the therefore lack of quality they feel to deliver at the office. Perhaps this explains the negative relation between *Tenure* and *Corporate Reputation*, it could be that not all employees that start at Deloitte want to stay at the company due to additional rules in regulation, the tight planning of controls and a strict system regarding hierarchy. When more employees think of leaving before 5 years instead of staying this explains the negative link between the number of years they work for Deloitte and their view on the Corporate Reputation. The only regression that shows a positive coefficient is regression (4), however it is not significant. Therefore this third hypothesis can also be rejected in this thesis.

4.3.4 Model 1: Hypothesis 4 – Media Publications

The fourth hypothesis is negatively formulated, which implies that the media do not help in the positioning of Deloitte. Table 20 shows negative coefficients for the first three regressions of this hypothesis. This shows that employees of Deloitte are not affected in their opinion about their employer. However, there are no significant results for this and there might be other explanations as well.

Considering two publications released in the week of May 14th regarding the work pressure on young accountants in *Het Financieële Dagblad*, the article explains the fact that auditors below the age of 35 deal with problems regarding hierarchy due to an ‘up or out system’ (Knoop & Piersma, 2018). Whenever they reveal information that could imply they feel pressure to keep up, there is a general sense of weakness about those young auditors. This could be one of the reasons the media publications variable and corporate reputation are negatively related, due to hesitation to be seen as cowardly or failing as a young professional. The coefficient for media publications turns positive when *Job Satisfaction* is added to the regression. This can be explained through the fact that when there is low job satisfaction this will be picked up by the media and presented in newspapers, so then negative media publications do have an effect on the corporate reputation of Deloitte. However, none of the coefficients are significant, thus this hypothesis is also rejected.

Lastly table 20 shows that the pseudo R² has been slightly increasing throughout the different regressions, where it starts with 0,126 for regression (1), 0,179 for regression (2), 0,182 for regression (3) and lastly, 0,187 for regression (4).

4.4.1 Model 2: Hypothesis 1 – Ethical Climate

Table 21 shows the regression analysis for the firm outsiders. Regression (1) shows no significant results, likewise for the second regression when the model controlled for age. The first hypothesis relates to students’ own perceptions of group work and how this affected their thoughts on ethical behavior within team work. The insignificant results, with high coefficients might be explained by the fact that students do not feel the same kind of pressure as employees of Deloitte regarding the work they deliver. Therefore the first hypothesis can be rejected.

4.4.2 Model 2: Hypothesis 2 – In-group bias

In both regressions (1) and (2) the independent variable *In-group bias* gives a negative regression coefficient on the dependent variable *Corporate Reputation* in table 21. The negative coefficients imply that, also the students, do not consider an in-group bias to make a difference when performing team work. Therefore the second hypothesis should also be rejected and this states that there is not a significant in-group bias present for students who perform team work. This could be explained by low commitment, where low commitment is related to work behavior (Wiener, 1982). In the paper by Wiener (1982) he explains that in order to commit to an organization, there has to be a premature process of identification. This antecedent lacks for the students due to the fact they cannot feel related to the university as an organization for the reason that it is impersonal and there is no organization-person fit. As for the Deloitte employees in model 1, there is a process of fitting in the organization and therefore the effort of commitment which translates in an in-group bias among peers. Since the respondents from model 1 are more willing to put in extra effort their commitment will be greater and therefore the overall performance as a team should increase, this explains why there is a

significant effect for *In-group bias* in model 1 compared to model 2. Nevertheless, this hypothesis can also be rejected in the model for the student sample.

4.4.3 Model 2: Hypothesis 3 - Tenure

For the student sample there is no regression regarding tenure, therefore this hypothesis is not tested.

4.4.4 Model 2: Hypothesis 4 - Media Publications

The hypothesis about media publications states that the media have a negative influence in the corporate reputation of Deloitte as shown in table 21. The regression shows both times negative coefficients, however they are not significant. A first answer to this phenomenon could be that students are less involved in media publications due to age, interests and convenience of reading or hearing the news. Since the information regarding audit firms and their scandals is mostly present in specific financial newspapers, this is often not the first interest of students. Nonetheless the regression coefficients are negative, this implies the media does not necessarily have to have a negative influence on the positioning of Deloitte through the perception of students. However since these results are not significant I cannot state this with certainty.

In conclusion the pseudo R^2 for this regression (1) showed 0,505 and increased slightly to 0,673 for regression (2). The pseudo R^2 can be seen as the goodness of fit of a model and should be as close to 0 as possible. In model 2, the student sample, the pseudo R^2 is quite high. This implicates there is quite a high portion of the model explained by uncertainty (Cameron & Windmeijer, 1996).

Table 20 - Regression model 1

Variable	Corporate		Reputation		VIF
	(1)	(2)	(3)	(4)	
Ethical Climate	0,929 (0,339)	1,625 (0,141)	1,694 (0,132)	-1,463 (0,192)	1.147
In-group Bias	-1,195* (0,058)	-1,416** (0,029)	-1,403** (0,037)	1,427** (0,030)	1.198
Media Publications	-0,251 (0,638)	-0,447 (0,411)	-0,505 (0,375)	0,440 (0,419)	1.218
Tenure		-2,432 (0,137)	-3,589 (0,309)	2,238 (0,177)	2.388
Age			-0,062 (0,675)		2.430
Job Satisfaction				-16,244*** (0,000)	1.129
Constant	-0,500 (0,908)	-1,620 (0,713)	-3,463 (0,576)	17,271 (0,000)	
Number of observations	52	52	52	52	
Pseudo R ²	0,126	0,179	0,182	0,187	

This table shows the estimated coefficients for a multivariate regression relating to the effects of Ethical Climate, In-group Bias and Media Publications on Corporate Reputation. The markings ***, ** and * indicate a coefficient significant at a level 1, 5 and 10% respectively where the corresponding p-values are between parentheses below the coefficient.

Table 21 - Regression Model 2

Variable	Corporate Reputation		VIF
	(1)	(2)	
Ethical Climate	3,045 (0,452)	4,824 (0,496)	1.118
In-group Bias	-2,571 (0,442)	-6,645 (0,515)	1.065
Media Publications	-3,544 (0,279)	-7,348 (0,401)	1.035
Age		0,988 (0,616)	1.082
Constant	13,320 (0,505)	13,251 (0,673)	
Number of observations	57	57	
Pseudo R ²	0,074	0,202	

This table shows the estimated coefficients for a multivariate regression relating to the effects of Ethical Climate, In-group Bias and Media Publications on Corporate Reputation.

4.5 Paired Samples T-Test

Next to the regressions I also conducted a paired samples t-test in SPSS to see whether the dependent variable *Corporate Reputation* is significant between the two groups, insiders and outsiders. Since this thesis aims to find a distinction between different views on corporate reputation this provides information about the fact whether two groups are comparable in terms of perception on corporate reputation. As table 22 shows, the mean of the firm insiders, thus Deloitte employees is higher in comparison to the student sample. As explained earlier in this thesis, this could overall be due to an in-group bias, certain social classifications and a certain pride to work for a specific company (Berzonsky, 2011). The higher mean for Deloitte employees, emphasizes firm insiders think higher of Deloitte.

Table 22 - Descriptive Paired Sample

CORPORATE REPUTATION	MEAN	N	ST. DEV
Insiders	4,21	52	0,412
Outsiders	3,44	52	0,539

Table 23 illustrates the actual paired samples t test. The mean difference shows the mean of the insiders minus the mean of the outsiders, where the 0,769 is the residual of the two means subtracted from one another. The t value confirms that firm insiders think more positively about Deloitte and this result is significant up to 1 percent level. What this significance implies is that the corporate reputation factor is more important to firm insiders compared to firm outsiders. In the appendix the correlation table can be found.

Table 23 - Paired Samples Test

CORPORATE REPUTATION	MEAN	ST. DEV	t	Df	SIGNIFICANCE
Insiders - Outsiders	0,769	0,703	7,886	51	0,000***

The marking *** indicates a coefficient significant at a level 1 percent.

4.6 Summary

This chapter elaborated on all tests executed in SPSS. The Chi Square tests explained in paragraph 4.2 shows the significance of the independent variables. Table 16 and 17 show that there are significant relations between the independent variables of model 1, the firm insiders. There are no significant relations between the independent variables in model 2, the student sample. In section 4.3 the regression analysis of model 1 is discussed with the accompanying results for each individual hypothesis. Though there are significant results for the second hypothesis, it is still rejected due to the fact the coefficients are negative. All other hypothesis are rejected as well for model 1. Section 4.4 explains the regression analysis for model 2, in this model all hypothesis are rejected. In addition to the

regression, section 4.5 shows the correlations between all variables and explains there is no multicollinearity between the variables. Lastly, section 4.6 shows the variance between the two samples and their perception towards the corporate reputation of Deloitte. What table 22 shows is that firm insiders think higher of their own company compared to firm outsiders.

5 Discussion

5.1 Introduction

In this chapter I will elaborate on the interpretations and findings that have evolved in this thesis. This thesis investigates whether corporate reputation is affected by societal and organizational factors. The two samples of firm insiders and outsiders add to form an answer to the research question by giving a more thorough view. Through an increasing interest of overarching organizations in the performance of audit firms there has been a greater interest in the media to look for flaws or limitations to the audit profession. The research questions posed in this thesis aims to find an answer whether those factors play a role on the corporate reputation Deloitte has in society. This chapter will explain my own thoughts on the results.

5.2 Interpretation of hypotheses

The first hypothesis in this thesis linked ethical climate to corporate reputation. This hypothesis focused on different aspects within the ethical climate of teamwork, whether this was at Deloitte or at university. Within ethical climate, trust is an important pillar next to communication. These two factors were shown in literature to enhance the ethical culture of an organization (Lee et. al, 2010). This hypothesis shows no significant results in the regressions and correlations. As I stated in the beginning of this thesis that I expected ethical climate to have a positive effect on corporate reputation, this view should be adjusted that for now it does not significantly add to the perception of the corporate reputation of Deloitte. Perhaps, the interest in ethics has grown over the last 5 to 10 years. Since human acting is still the driving force behind the approval of financial statements, people realize there is a larger concern to the decisions made by CEO's or partners at big audit firms. As described in Lee et. al (2010) trusting others does not come naturally for everyone, the existence of a leader or CEO helps in forming a stable environment that enhances ethical behavior of employees and therefore improves the work environment. This is recognized by het *NRC Handelsblad* on May 31st, as the MCA (Monitoring Commissie Accountancy) presented their second report about the performance of audit companies, the overall outcome still showed too much flaws in the work done by big four companies. Yet, again, there are ethics related problems, according to the article by van der Heijden (May, 2018) there remains too little focus on the detection of fraud. This raises the question whether auditors are even willing to look for fraudulent signals in the books of their client and then evolves in a greater concern regarding the social trust society puts in accountants. There seems to be a self-designated and undeserved optimism among accountants, where they do not seem to realize the impact of their mistakes.

The second hypothesis indicated there might be a connection between team members. This connection might result in a presupposed judgement regarding other people falling outside the team. I stated that a closer connection between the members of a team resulted in a better perception of Deloitte's corporate reputation, as Ashforth and Mael (1989) state similar characteristics improve the

overall sentiment in a group. The regressions in this thesis show there are significant results for this hypothesis, however the coefficients are negative. This suggests that an in-group bias does not necessarily have to provide better relations among the members. Hence, this bias does not have to result in a better corporate reputation. Explanations for this result might come from the first hypothesis. There it is stated that trust is one of the key factors to a good work environment, however trusting a person will inevitably increase your opinion about this person and therefore increase your perception regarding an in-group bias.

In this thesis I make the distinction between firm insiders and outsiders. For the firm insiders I have an additional hypothesis regarding their tenure and the effect of a longer tenure on corporate reputation. I supposed that working longer for Deloitte would result in a more positive view in regard to its corporate reputation. However, the results in the regression showed no significant results. A clarification for this could be that in my sample I only had 4 partners who obviously had a tenure of more than 5 year. The majority of the respondents was staff and senior staff, who have a maximum tenure of 4 year. Possibly this small percentage of long tenure employees could not weigh up to the majority of answers indicating that a longer tenure is favorable for corporate reputation. Nevertheless, Hall and Schneider (1972) explained insider reputation is enhanced by tenure, this could be a consent to the fact a longer tenure increases insider perception of reputation.

Lastly in this thesis I make a connection between media publications and the effect of those on the corporate reputation of Deloitte. In the fourth hypothesis I state that the media have a negative influence on the corporate reputation of Deloitte. This hypothesis is formed on the hand of publications in newspapers, and I had expected those articles to be more effective than the answers of the regression shows. However, my expectation was that the corporate reputation would be higher for firm insiders, and this assumption is confirmed by the paired samples t test in table 22. Nevertheless, the articles published by, mostly, *Het Financieele Dagblad* do not significantly change the perception of insiders on the corporate reputation of Deloitte, even though not all articles are that positive (Knoop & Piersma, 2018). What those articles describe is the necessary change in culture, this change in culture affects the ethical side of audit work and the social side of working in teams. That is where hypothesis 1 and 2 come together in this thesis. The articles present the aim to change the existing culture throughout the young professionals. However, *het NRC Handelsblad* presented on may 29th another article claiming the lack of change in the audit environment, regarding performance, culture and wage system. This article presented a statement from Bert Albers, head of the audit practices at Deloitte where Albers agrees there is a specific ‘performance-culture’, this can put pressure on the new accountants and they try to handle that through multiple ways at Deloitte. Amongst others there is a Deloitte FIT program which aims to keep its employees in a proper physical and mental state (Van der Heijden, 2018). Though, the bottom line of this article is that there is a structural shortage of new accountants. Then considering the overall higher perception of corporate reputation by Deloitte insiders, how do the new

accountants get to the point they even want to be part of such an organization when there are mostly negative publications in the news?

6 Conclusion

6.1 Introduction

This thesis examined various organizational effects like ethical climate, in-group bias and media publications on corporate reputation. In this thesis corporate reputation is a construct compiled by various aspects coming from different schools of thought. The independent constructs in this thesis are made up from influences regarding corporate reputation, since this is a factor that builds from ethics, internal and external factors.

6.2 Answer to hypotheses

The first hypothesis was constructed to create a clear view on the influence of ethical climate on corporate reputation. As a potential cause to create a misalignment between work ethics of team members, this hypothesis aimed to explain the importance of the nonexistence of information asymmetries among members to create an honest work environment to enhance a better reputation. The second hypothesis addresses the availability of a specific bias towards team members compared to non-members in relation to performance. There is evidence that there is a relation between in-group bias and corporate reputation, however it is found to be a negative relation. Thus, this implies that an in-group bias does not have to increase the perception of corporate reputation. The third hypothesis was solely meant for the firm insiders at Deloitte, to see whether a higher tenure works in a positive manner to members' thoughts on corporate reputation. Nevertheless, the results showed that tenure does not significantly add to corporate reputation. Moreover, the last hypothesis was aimed to answer the main research question. However, there is no evidence that media publications play a significant role in harming a corporate reputation.

The research question of this thesis asks whether negative publications harm corporate reputation. The answer to this question is twofold. Considering the firm insiders' view, my answer is no. Apparently negative media publications do not affect their impression of Deloitte's corporate reputation. Additionally, factors influencing corporate reputation do not deliberately add to this corporate reputation. However, the firm outsiders' perspective is in my opinion more affected by negative publications. They showed no significant results for any of the tests related to corporate reputation which suggests that they do not consider any of the variables to influence their opinion about the corporate reputation of Deloitte. Therefore, my answer is that firm outsiders are indeed harmed by negative publications.

6.3 Contribution to existing literature

This thesis adds to the existing literature on a small level. It combines the field of survey literature to the large data present on corporate reputation. As corporate reputation is a very large construct, this thesis adds to the specific link between media and reputation. We know that the media play a role in

the positioning of an organization, however, this thesis shows that through the right publications other options become available. Additionally, this thesis links corporate ethics to corporate reputation. As both constructs are hard to quantify, this thesis tries to do so and presents the importance of both factors. Especially since both factors could be used to enhance one another.

In my opinion, this thesis is specific to the extent that it gives insight about one organization. However, I am aware that there are several factors that negatively contribute to the final answer, though my opinion reads that through this research there should be more attention to corporate reputation. There should be more attention on how to maintain a good reputation, but initially ask the question why a certain reputation might be positive. Furthermore, if a reputation is not positive, why this is the case and what solutions there might be to change this perspective.

While writing this thesis I came across various limitations that affect the answer to the research question. The sample size for both models was rather small. This small amount of respondents caused the results to be difficult to analyze. Moreover, the survey was created through my own interests and impressions of which I thought would give me the right information to answer the research question. Certainly, this brings shortcomings due to a lack of my own professional capacity of making a survey. A solution for this and suggestion for future research would be to, in collaboration with a professional institute for survey research, make a survey that covers the similar topics as in this study. This way it would also be more convenient to generalize the data and spread it also through other audit firms. Furthermore, it would then be interesting for a profession wide organization to compare the different outcomes of firms' corporate reputation to their ability to attract new talent.

Appendix

Appendix 1 - Reliability tests

model 1:

Table 1 – Reliability test Ethical Climate

		Factor loadings
Cronbach's alpha: 0,567	1. I can trust my co-workers	0,565
Eigenvalue: 1,124	2. I am aware of ethical boundaries regarding my work	0,743
	3. Top management encourages correct ethical behavior	0,716
	4. Trust is an important element of team work	0,718
	5. If I trust my team I feel like I perform better	0,882

Table 1 - Reliability test In-group bias

		Factor loadings
Cronbach's alpha: 0,355	I often think my team is better than other teams	0,605
Eigenvalue: 3,850	I compare myself to my team members	0,724
	Together with my team I can accomplish great work	0,699
	I am the missing link in a team to perform great work	0,838
	All team members have a likeminded work ethic	-0,718

Table 3 - Reliability test Media Publications

		Factor loadings
Cronbach's alpha: 0,532	1. I pay more attention to the news when it affects me personally	0,735
Eigenvalue: 2,906	2. I pay more attention to the news when Deloitte is mentioned	0,881
	3. When Deloitte is mentioned in the news I read the article	0,936
	4. When Deloitte is mentioned in the news it changes my perception of Deloitte	0,764

Table 4 - Reliability test Corporate Reputation

		Factor loadings
Cronbach's alpha: 0,601	1. Deloitte has a positive image in society	0,593
Eigenvalue: 2,088	2. My perception of Deloitte is generally positive	0,845
	3. Deloitte adds to the environment through meaningful activities	0,546
	4. I am proud to say I work at Deloitte	0,851

Reliability tests model 2:

Table 5 - Reliability test Ethical Climate

		Factor loadings
Cronbach's alpha: 0,596	1. I trust my team members easily	0,762
Eigenvalue: 1,866	2. I am aware of ethical boundaries within group work	0,430
	3. Trust is an important element of team work	0,703
	4. If I trust my team I feel like I perform better	0,778

Table 6 - Reliability test In-group bias

		Factor loadings
Cronbach's alpha: 0,328	1. I often think my team is better than other teams	0,702
Eigenvalue: 2,566	2. I compare myself to my team members	0,770
	3. Together with my team I can accomplish great work	-0,567
	4. I am the missing link in a team to perform great work	0,776

Table 7 - Reliability test Media Publications

		Factor loadings
Cronbach's alpha: 0,377	I pay more attention to the news when it affects me personally	-0,456
Eigenvalue: 2,782	If a company is presented negative in the news I instantly believe this	0,660
	I change my perception quickly when I read other messages on the news	0,605
	I tend to remember positive news better than negative news	0,740
	Positive news changes my perception on a specific subject	0,669

Table 8 - Reliability test Corporate Reputation

		Factor loadings
Cronbach's alpha: 0,329	1. Did you read about the performance of Deloitte in the news lately	-0,607
Eigenvalue: 2,418	2. Would negative reports influence your opinion about Deloitte	0,849
Error Variance: 0,499	3. Deloitte has a positive image in society	0,649
	My perception of Deloitte is generally positive	0,756
	4. Deloitte adds to the environment through meaningful activities	0,579

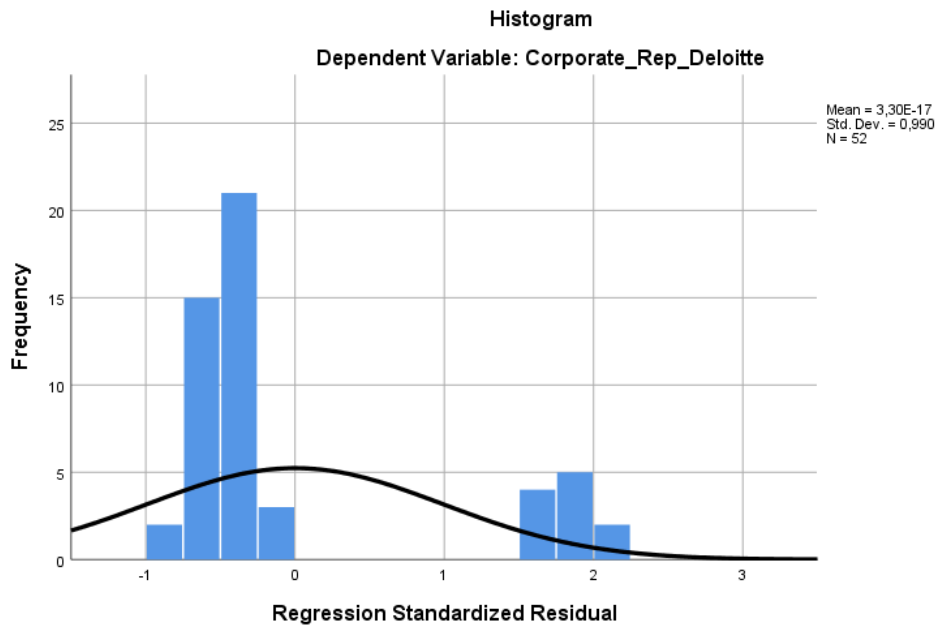
Appendix 2 - Paired Samples Correlations

Table 9 - Paired Samples correlation

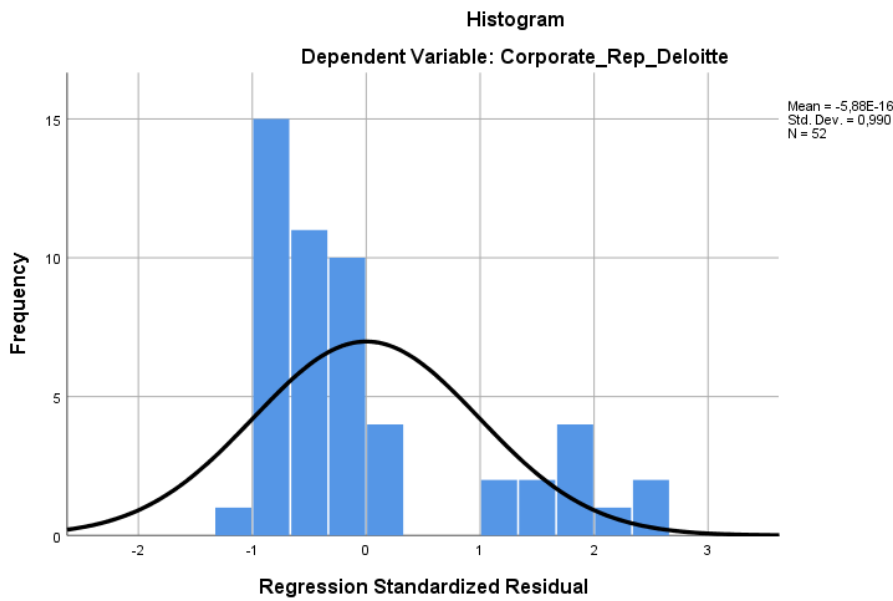
	N	Correlation	Significance
Corp rep employees * Corp rep students	52	-0,076	0,591

Appendix 3 - Normality histograms

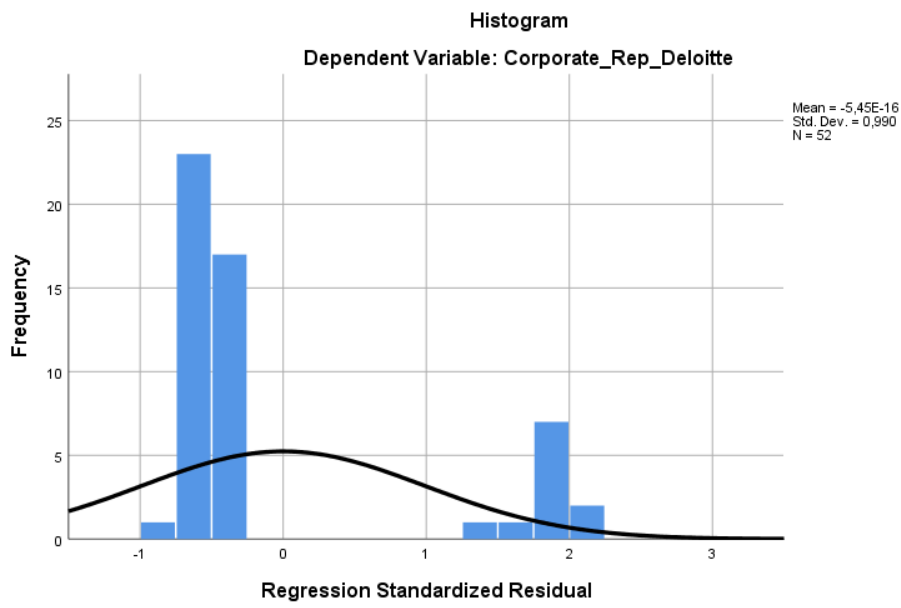
Model 1:



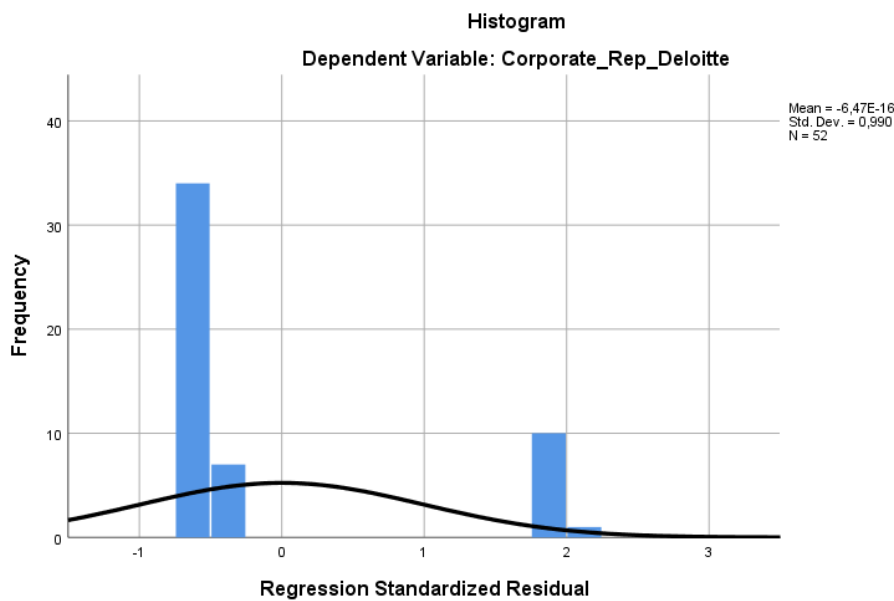
Histogram 1 - Normality distribution Ethical Climate



Histogram 2 - Normality distribution In-group bias

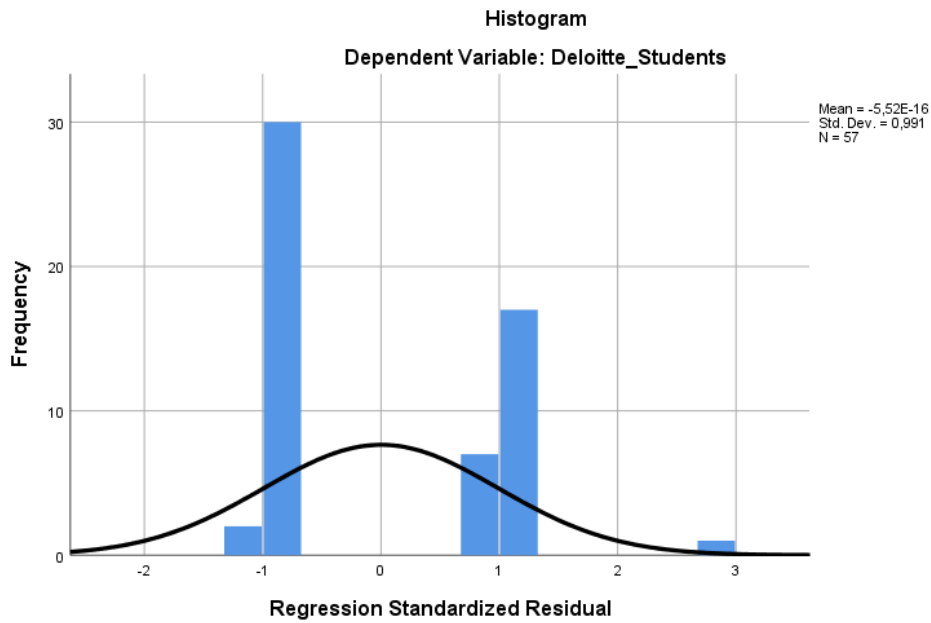


Histogram 3 - Normality distribution Media Publications

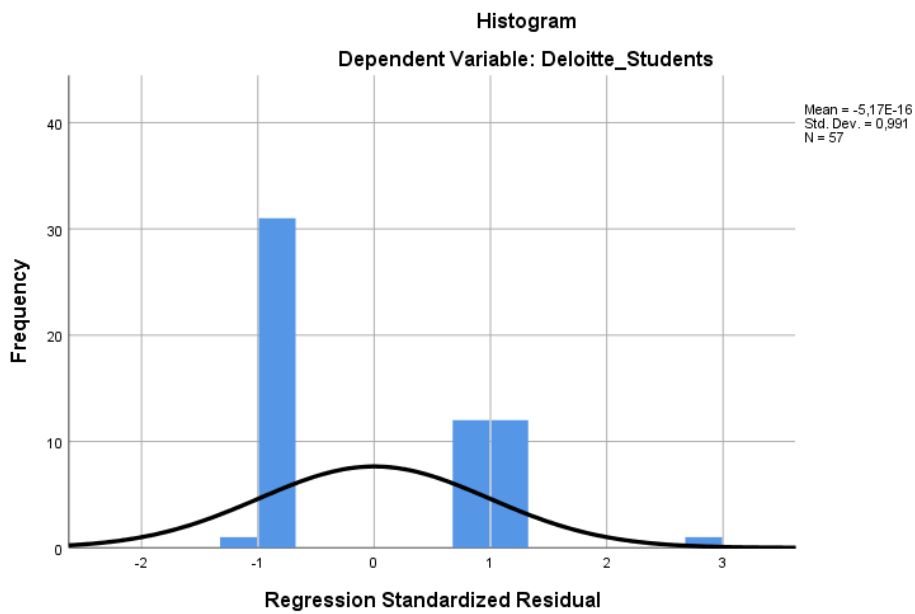


Histogram 4 - Normality distribution Tenure

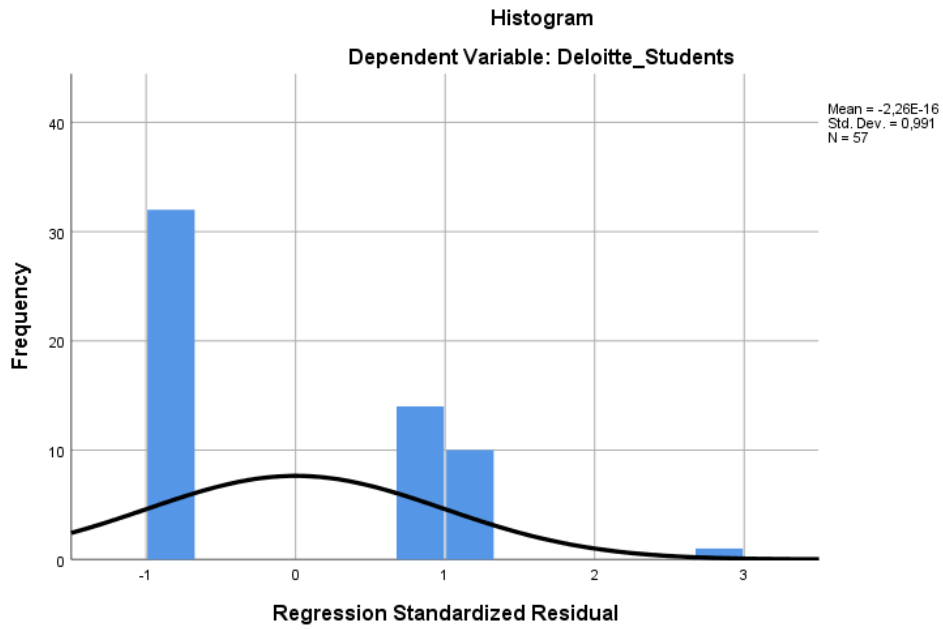
Model 2:



Histogram 5 - Normality distribution Ethical Climate



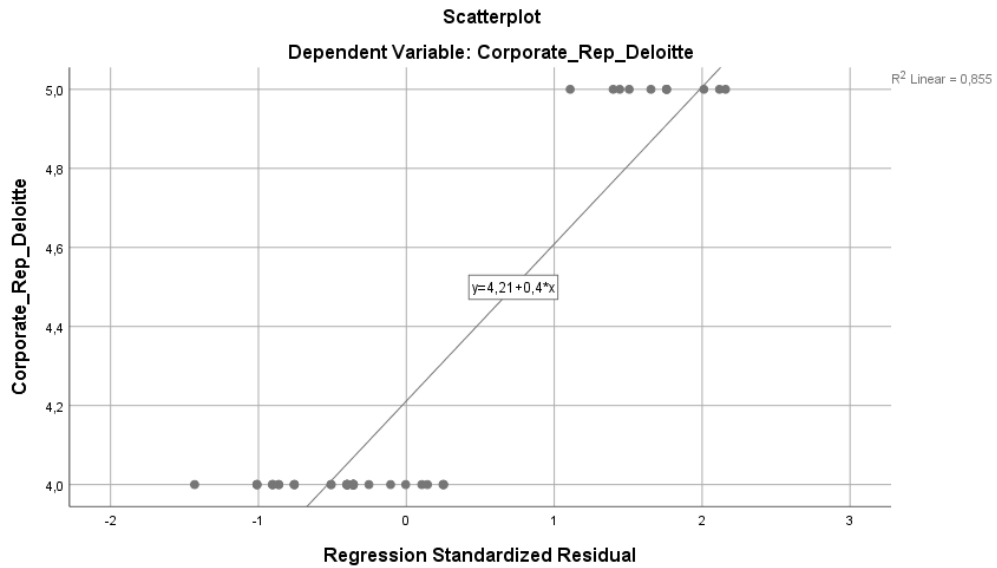
Histogram 6 - Normality distribution In-group bias



Histogram 7 – Normality distribution Media Publications

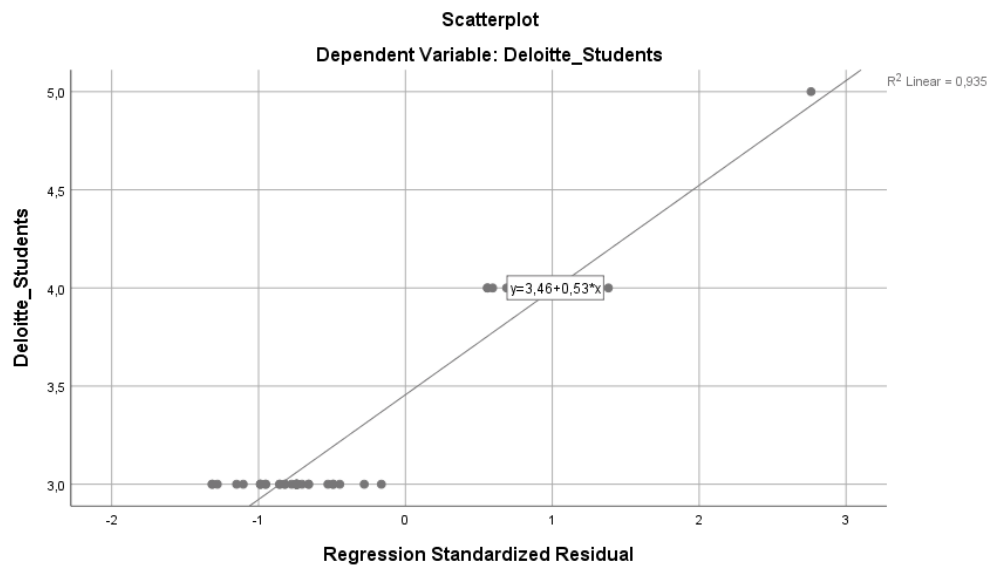
Scatter plots

Model 1:



Graph 1 - Scatter plot firm insiders

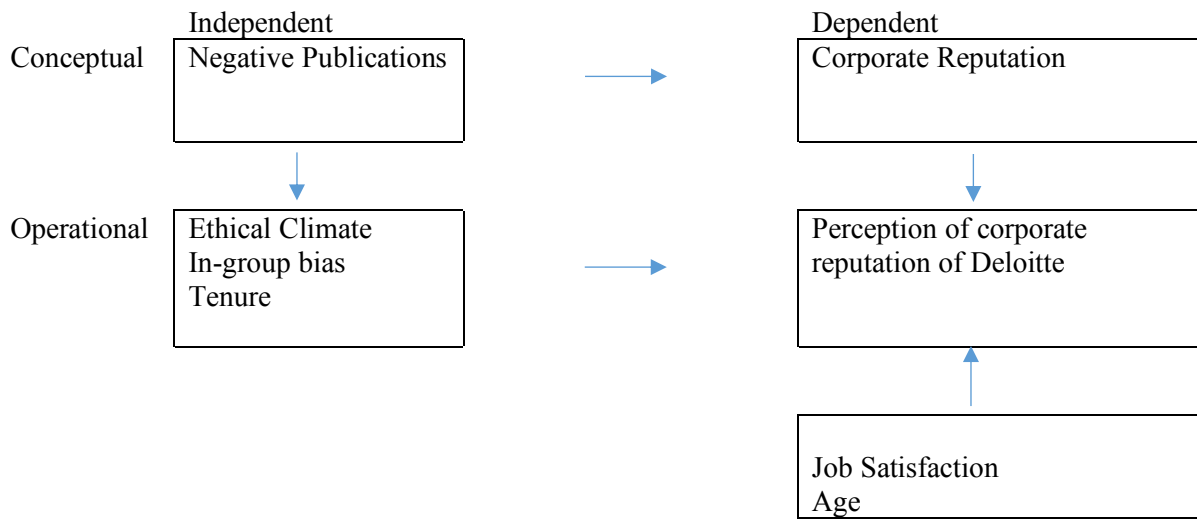
Model 2:



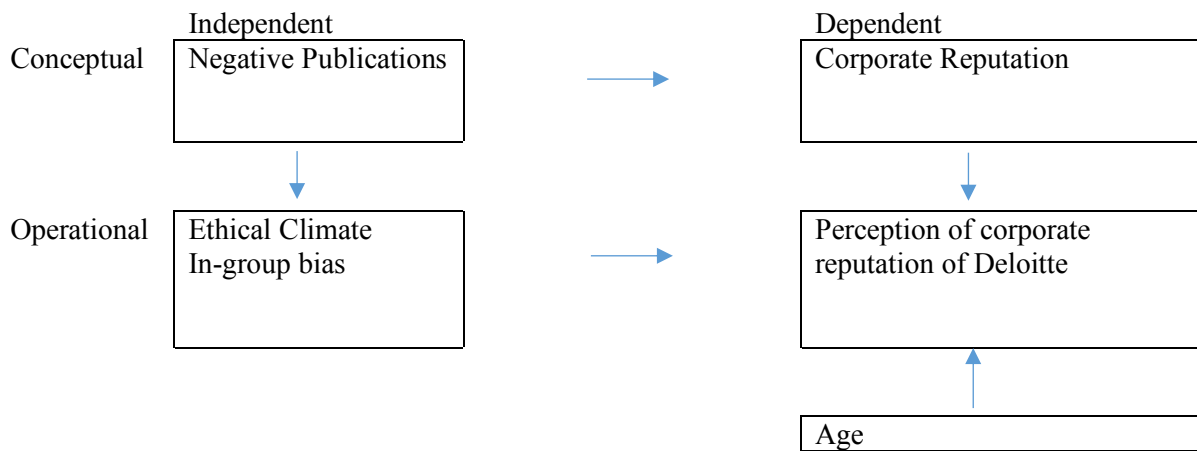
Graph 2 - Scatter plot firm outsiders

Appendix 4 - Libby boxes

Firm insiders



Firm outsiders



Appendix 5 – Survey Corporate Reputation

Model 1

Survey Deloitte employees

This survey is conducted on behalf of the Erasmus University as a Master thesis project by Maaïke Bouwen on the topic of Corporate Reputation. This survey will only take 5 minutes of your time and it will help me obtain the specific information needed to finish my thesis. In this survey there are 4 topics that will be discussed, all with a maximum of 5 questions per topic.

Age:

Years at Deloitte:

Function:

Next to the questions there are the options 1 to 5. 1 indicating ‘completely disagree’ and 5 meaning ‘completely agree’.

Topic – perception of reputation Deloitte	definitely disagree	disagree	neutral	agree	definitely agree
Deloitte has a positive image in society	1	2	3	4	5
My perception of Deloitte is generally positive	1	2	3	4	5
Deloitte adds to the environment through meaningful activities	1	2	3	4	5
I say I stand by the positioning of Deloitte worldwide	1	2	3	4	5
I am proud to say I work at Deloitte	1	2	3	4	5
Topic – Ethical Climate					
I can trust my co-workers	1	2	3	4	5
I am aware of ethical boundaries regarding my work	1	2	3	4	5
Top management encourages correct ethical behavior	1	2	3	4	5
Trust is an important element of team work	1	2	3	4	5
If I trust my team I feel like I perform better	1	2	3	4	5
Topic – in group bias					
I often think my team is better than other teams	1	2	3	4	5
I compare myself to my team members	1	2	3	4	5
Together with my team I can accomplish great work	1	2	3	4	5
I am the missing link in a team to perform great work	1	2	3	4	5
All team members have a likeminded work ethic	1	2	3	4	5

Topic – media publications

I pay more attention to the news when it affects me personally	1	2	3	4	5
I pay more attention to the news when Deloitte is mentioned	1	2	3	4	5
When Deloitte is mentioned in the news I read the article	1	2	3	4	5
When Deloitte is mentioned in the news it changes my perception of Deloitte					
	1	2	3	4	5

I have been working with great pleasure at Deloitte 1 2 3 4 5

Where did you read/heard/see these publications?

Printed media (newspapers etc.)

Online media (online news platforms)

Social media (Facebook, Instagram & Twitter)

TV

Other

Model 2

Survey students ESE/RSM

This survey represents a setting where you work in a team, think of any group work you did and then answer the following questions. Next to the questions there are the options 1 to 5. 1 indicating 'completely disagree' and 5 meaning "completely agree".

Age:

Study:

Trust

I trust my team members easily	1	2	3	4	5
I am aware of ethical boundaries within group work	1	2	3	4	5
Trust is an important element of team work	1	2	3	4	5
If I trust my team I feel like I perform better	1	2	3	4	5

In group bias

I often think my team is better than others	1	2	3	4	5
I compare myself to team members	1	2	3	4	5
Together with a team I can accomplish great work	1	2	3	4	5
I am the missing link in a team to perform great work	1	2	3	4	5

Media publications

I pay more attention to the news when it affects me personally	1	2	3	4	5
If a company is presented negative in the news I instantly believe this	1	2	3	4	5
I change my perception quickly when I read other messages on the news	1	2	3	4	5
I tend to remember positive news better than negative news	1	2	3	4	5
Positive news changes my perception on a specific subject	1	2	3	4	5

Deloitte

Did you read/hear/see anything about the performance of Deloitte in the news lately?

	1	2	3	4	5
Would negative reports influence your opinion about Deloitte?	1	2	3	4	5
Deloitte has a positive image in society	1	2	3	4	5

My perception of Deloitte is generally positive	1	2	3	4	5
Deloitte adds to the environment through meaningful activities	1	2	3	4	5

Where did you read/heard/see these publications?

Printed media (newspapers etc.)

Online media (online news platforms)

Social media (Facebook, Instagram & Twitter)

TV

Other

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