

# New Corporate Coordinates: The Case of Virtual Reputation

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## Abstract

One of the keys to the intangible value of companies lies in having a good reputation. Reputation is projected in the traditional or physical world but also emerges strongly in the virtual space. In fact, the importance of reputation has led to the creation of tools to quantify and, if necessary, monitor it. There are decisions that can have a significant impact on it, for example, the integration of self-discipline systems that, depending on the circumstances in each case, may lead to a substantial improvement in virtual reputation. However, these systems can also have a negative impact on it, undermining the levels initially achieved.

## Key words

Internet; blogs; business crisis; reputation; corporate social responsibility.

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## 1. Introduction

Currently, companies are aware of the need to have both visibility and good virtual reputation. Such aspects can help them both from a commercial point of view but also for the purpose of attracting new customers. Although, for the moment, reputational capital does not appear on companies' balance sheets, it could prove useful in the future. In this study, we will look at the value of reputation and the sources from which it emanates, focusing our attention on those activities likely to have an impact on reputation that originate on the Web.

The development of information and communication technologies in the second half of the last century has brought with it the emergence of new possibilities for society. Among these, the Internet occupies a very prominent place. On the Internet, platforms of a markedly social nature, such as blogs, wikis and social networks, have been devised and consolidated.

The advent of the Internet has brought about a revolution, as the potential user acquires a new role within the medium because he or she is no longer a mere spectator of content but, rather, the one who chooses, participates and even creates that content. In other words, in the current era, on the Web, a company is not the only issuer or active subject of an advertising message, with the consumer and/or user being the passive subject. In fact, these roles, which had belonged to each of the two groups in the past, especially in the physical world, have evolved. This has an impact on a company's virtual reputation, which, incidentally, must be distinguished from the concept of corporate social responsibility (CSR).

Although it is a difficult concept to measure, specific tools have been devised for this purpose. In this way, if appropriate, CSR can be monitored and improved. One of the avenues that can play an extraordinary role is the phenomenon of self-regulation. Indeed, we will show how the various manifestations of the phenomenon of self-discipline can be useful in improving self-regulation. However, a breach of the commitments undertaken voluntarily by a company, by virtue of self-regulation, can represent a significant loss in the reputation initially established.

## 2. Virtual Reputation as a Novel Corporate Manifestation

### 2.1. Conceptual Delimitation

Business reputation has been an issue addressed by different disciplines. Within the different disciplines, it has been extensively examined by the business sciences (Shenkar & Yuchtman-Yaar, 1997) because it is a subject that is more specific to that arena. Likewise, one of the main pitfalls to be addressed in relation to the issue under discussion is of a terminological nature. Indeed, given that corporate reputation is used by a remarkable range of disciplines—from sociology to game theory—and that each has its own concept, it is extremely difficult to offer a standardized definition (Haas & Unkel, 2017).

In this sense, although it has a certain multidimensionality and intangibility, corporate reputation is defined as the knowledge of the true characteristics of a company and the emotions shown towards them by its stakeholders—among whom are consumers and/or users. It is therefore the result of the representative perception of the company based on both its past performance and its future projection (Fombrun, 1996; Dwyer, 2007). It has also been emphasized that corporate reputation is an emotional concept, difficult to rationalize and express in words (Groenland, 2002). Obviously, it can have a positive or negative character.

The concept under consideration here undoubtedly has a certain influence on value creation. Indeed, a good reputation leads to higher profits (Landon & Smith, 1997; Roberts & Dowling, 2002), which undoubtedly facilitates the medium- and long-term strengths of the company in question (Teece, Pisana & Shuen, 1997).

Such appraisals can be extrapolated to the virtual space. In this case, we could say that online reputation is the valuation achieved by a given company and, therefore, of its products and/or services—through the use or misuse of the Internet (Smudde, 2005).

## 2.2. Differentiation of Related Figures: CSR

Companies today coexist in a highly competitive context that forces them to differentiate themselves in every way in order to survive in international markets. They need to find new sources of professional advantage that will enable them to remain competitive over time. This is where the importance of CSR in today's business world lies. CSR is a conditioning and, it could also be said, an integral element of business strategy, both at the corporate level, where it will condition the type of activity and the place where it is to be carried out, and at the business level, where it will influence the way in which it competes (Dittmar, 2012).

The term CSR does not have, according to current doctrinal considerations, a unanimous meaning, although we understand that it represents an expression that is close to the communication of values. Even so, it should be noted that CSR, at present, continues to be a still diffuse term that translates into different actions and objectives depending on the company, entity or organization that integrates it. As a result, it does not seem easy to provide a relatively agreed definition of CSR.

Without losing sight of the above considerations, CSR can be defined as the set of national and international obligations and commitments—of a legal and ethical nature—to stakeholders, deriving from the impact of the activities and operations of organizations in the social, labor, environmental and human rights spheres. Consequently, it can be said that CSR affects the management of organizations, both in their productive and commercial activities and in their relations with stakeholders.

CSR and corporate reputation are closely related. In fact, on numerous occasions, they can be confused (Fombrun & Shanley, 1990). In this sense, the economic press itself, with relative

regularity, makes use of both terms, linking them together. Likewise, the organizational structure of companies, in many cases, has merged CSR and corporate reputation management in the same department (Ferguson, Deephouse & Ferguson, 2000).

As for the similarities and differences between them, the main similarity is that both (CSR and corporate reputation) are based on a company's relationship with its various stakeholders. However, the most important difference lies in the fact that while CSR aims to objectively reflect the actions and attitudes of the company in its commitment to its stakeholders, corporate reputation is marked by its informational and perceptual content (Dittmar, 2020). In other words, CSR represents a set of actions or policies characterized by the company's management, while corporate reputation goes beyond the control of the organization and originates with the economic agents themselves.

Despite the essential difference mentioned above, they are closely related because perceptions are born in the minds of economic agents from the information they receive from the world around them. Thus, corporate reputation is the condensation of the perceptions generated by the economic agents themselves when observing the behavior of a company in the institutional scenario that surrounds it. Although corporate reputation is born in the minds of a company's stakeholders, its management can indirectly modulate these perceptions by virtue of the behavior it engages in with its stakeholders (López Jiménez et al., 2013). Consequently, CSR resides in the organization itself, although corporate reputation is found in the minds of stakeholders. In other words, we could say that CSR is more related to action, while corporate reputation is more related to communication.

CSR and corporate reputation, although they may seem similar, are different. Indeed, while CSR tries to describe objectively the behavior of the company in each of its relationships, corporate reputation reflects the perceptions of each of the participants in relation to the company. The company cannot control the perceptions that take place in the brains of the various economic agents, but what is under its control are the behaviors it maintains in its relations with the various participants and which are indirectly related to perceptions. Consequently, CSR management is part of active corporate reputation management. There is only one CSR, whereas there is enormous variety in corporate reputation. Indeed, it should not be forgotten that corporate reputation can be very diverse among various stakeholders.

CSR is part of corporate reputation because the latter—a good corporate reputation—should not exist without the former. Or, if it does occur, it should not be possible to maintain this competitive advantage in the long term without good practices to support it.

### 2.3. Impact of the Internet on This Matter

New participatory platforms and interactive cocreation services in which users have become active actors, producers or "producer-consumers" provide an unprecedented opportunity to unleash the

creativity of network participants. It is essential to create an environment and culture of openness and trust that fosters this development.

The current trend in the services that the Web makes available to the user—forums, blogs and social networks—is built on a common nexus based on collaborative activity, i.e., all those Internet utilities and services that are based on a specific database that, in turn, can be modified, both in form and content, by the users of the service themselves.

Social networks are services provided through the Internet that allow users to generate a public profile (for all users of the network without restrictions, or semi-public, only for personal contacts previously admitted by the interested party) in which personal data may, to a certain extent, be reflected. Additionally, there are computer tools that allow interaction with the other users of a social network. When we speak of the latter, we are referring to electronic platforms from which previously registered users can interact by means of messages and share information, images and/or videos that can be viewed by their authorized contacts.

Blogs have existed since the origins of the Web itself. Although, initially, they were not very popular, their use is growing, and they are now extraordinarily well known. A blog is a virtual diary containing reflections, comments and links to other digital sites (Johnson & Kaye, 2004). Blogs are located on Web sites in which the authors post opinions, reflections and links to other Web pages or blogs, with the possibility for different Internet users to enter their comments, which can be controlled, and even, if necessary, censored, by blog owners, who are called bloggers. Blogs present an inverse chronological order, meaning they are consulted starting with the last comment inserted.

There are different types of blogs: personal, thematic and corporate. In the case of personal blogs, the author usually expresses his or her point of view on a wide variety of issues, for example, current affairs, leisure or even professional issues. If a blog specializes in a particular subject, it can be said to be thematic in nature. Such tools can give rise to virtual communities that, given the high degree of specialization, influence the habits of numerous consumers and/or users (Blood, 2002). A corporate blog, which is frequently in the hands of an employee of the company to which it refers, represents a very appropriate tool for communicating a company's products, values and culture. The blog, in this variant—of which, in turn, there are several modalities (brand blog; product or service blog; employee blog; event blog; and sector blog)—is an ideal marketing instrument for strengthening relationships with both customers and suppliers and has, or could have, an impact on improving the results of a company's e-commerce activities. In short, blogs are an extraordinary two-way communication tool with customers and the media, as they encourage participation. It is notable that customers may perceive that they are being listened to, largely due to the responses and comments generated (Deephouse, 2000; Updegrave, 2007).

Corporate blogs should be considered to occupy a very prominent position in electronic marketing strategies (Lee, Hwang, & Lee, 2006). There is a loyal blog audience that constitutes an interesting niche for corporate communication.

These communication tools are, as a general rule, noninvasive. Indeed, the Internet user who wishes to receive the latest events—whether in the form of comments, modifications or updates—must have subscribed to them beforehand. This means that the communications that the user receives in his or her e-mail inbox will have been voluntarily requested and cannot therefore be considered spam.

#### 2.4. Quantification and Monitoring Instruments

Business reputation is visible both in the physical or offline world and in the virtual or online space. As regards the latter, which is projected in the traditional world, it is one of the areas of greatest concern for business executives. In fact, it is relevant to design both internal and external processes for reputation management on the social Web. In light of the above, two points should be made. On the one hand, the more visible a company is, the less control it has over its image on the Web. On the other hand, the opinions or value judgments that take place in the various collaborative instruments of the Web, such as blogs and social networks, contribute a large part to online corporate reputation, with the remaining part being the responsibility of the corporate website itself.

Although its quantification is extraordinarily complex, tools have been devised for this purpose. Thus, for example, to measure online audiences, companies such as the U.S.-based *Nielsen*, which specializes in measuring and analyzing Internet audiences, have launched *Buzzmetrics* in Spain. It is a tool capable of analyzing the comments made on more than 70 million blogs and some 100,000 online consumer and/or user communities. It is estimated that it monitors, in real time, more than three billion comments circulating on the Web. This tool facilitates the qualitative analysis of the opinions and content generated in blogs, newsgroups, forums and social networks.

*Swotti* is a search engine that specializes in tracking public opinions on Web 2.0 in relation to all types of brands, products and/or services. The technology is based on the semantic Web that allows any company to know, relatively quickly, the majority opinion on the Web in relation to a particular good and/or service.

*Keotag* is a tool that relies on social bookmarking. In this sense, the word or term in which the user is interested would be typed, offering results of the impacts on sixteen different platforms on the social Web, such as *Twitter*, *Del.icio.us*, *Flickr*, *MySpace* and *YouTube*, among others.

Other tools suitable for measurement include the following: the so-called content syndication readers (RSS); the *Technorati* search engine, which, in addition to being able to index the contents of the blogosphere, has certain functionalities that allow it to track and analyze an extraordinarily high number of opinions; and the creation of alerts to detect possible crises, such as *Google Alerts*, *Technorat Wacht List* or by virtue of RSS tools.

Once virtual reputation has been measured, it can be managed and, if necessary, improved. In other words, consumers and/or users share their opinions about products and/or services, people

and organizations in different spaces. These are forums, blogs, social networks and websites dedicated exclusively to reviews. That is, in the current era, on the Web, a company is not the only issuer or active subject of an advertising message, with the consumer and/or user being the passive subject. In fact, these roles, which in the past, especially in the physical world, belonged to each of the two groups, have evolved. Thus, a given consumer and/or user can express his opinion on the Web about a product and/or service and about the company that markets it. Such an assessment may also be likely to influence the behavior of the potential target audience.

### 3. Integration into Corporate Self-discipline Systems

Once we have seen, briefly, the concept and essential characteristics of several of the manifestations of the collaborative network, it is worth mentioning the relevance of self-regulation in such spaces. In this regard, it has been pointed out that the lack of rules that, in some way, discipline this matter is reminiscent of the Wild West. The latter, self-regulation, relatively often takes the form of codes of conduct.

However, the virtuality of codes of conduct in the specific case of blogs, without prejudice to the fact that they contain, in limited cases, some residual rules dedicated to the protection of privacy, is centered on the need to observe certain minimum standards of behavior in such spaces. For example, due to its relative popularity, reference should be made to the codes of conduct for blogs drawn up by *Tim O'Reilly*, of the *O'Reilly* publishing house, as well as by *Jim Wales* of *Wikipedia*. These codes of conduct were adopted in the wake of unfortunate incidents in the United States between bloggers. Among the rules included in such a document are taking responsibility not only for your own words but also for the comments you allow on your blog; labeling your tolerance level for abusive comments; considering deleting anonymous comments; ignoring trolls—that is, people who only seek to intentionally provoke users or readers; continuing the conversation offline, speaking directly, or finding an intermediary who can do so; if you know someone who is behaving badly, letting them know; and not saying anything online that you could not say in person. There are others with partially similar content, such as the one written by *CyberJournalist.net*, which is based on the code of ethics drawn up for this purpose by the Society of Professional Journalists. Therefore, in these last two cases, we will not find ourselves before what can be called a true system of self-regulation for two reasons.

First, the codes of conduct, which will be unilateral in nature—because they will have been drawn up by those responsible for the blog—do not in any way innovate the prevailing legal system, recognizing new rights in favor of their potential addressee, because they basically include rules of behavior in the communities for which they have been approved. In other words, they constitute a list of good practices that seek to encourage constructive conversations that respect personal ways of expressing oneself, thus limiting bad manners and uncivilized attitudes. Precisely to avoid editing potentially inappropriate, aggressive or denigrating comments, blog administrators may make their final publication conditional on their approval. However, what does not seem correct, in the case of corporate blogs, is that, under such an excuse, comments potentially unfavorable to

the companies to which they refer or their products and/or services can be censored. Such an assumption has arisen in practice. In this regard, it is worth mentioning the case in which a user complained, on the blog of the Marketing Director of *Hewlett Packard's* management software unit, about the bad experience he had in relation to a certain product. Because the opinion was unfavorable to the company's interests, the manager deleted it. However, the affected party made it public, and the event acquired extraordinary dissemination. In view of this, the manager acknowledged the facts, apologized, and proceeded to include the Internet user's opinion again. In this regard, certain *Hewlett Packard* corporate blogs include in their articles rules that expressly establish respect for the opinions expressed. Thus, they would only be removed if the rules of use of the code of conduct were violated.

Second, if they are transgressed, the sanction that, as a general rule, they will entail will be the deletion of the inappropriate comment and, where appropriate, the cancellation of the user's account, whose holder has violated the rules of use. In other words, there is no control body in charge of verification, representing a constituent presupposition of self-regulation systems.

Adherence to tools derived from self-discipline (such as certain ISO standards, UNE standards, codes of conduct, model codes, warranty marks, trusted third parties, etc.) may improve the online reputation of a company committed to such instruments of good practice. At a theoretical level, they entail an increase in the minimum rights recognized by the legislator in favor of the potential consumer and/or user. This aspect will be, as a general rule, positively valued by potential consumers and/or users because it will be perceived as a competitive advantage over direct and indirect competitors.

However, in the event that the member companies fail to comply with these voluntarily assumed commitments, they will incur a considerable loss in the level of online reputation that, in a given period of time, could have been achieved. The declaration of having breached the rules included in the articles of the same may be evidenced by the resolutions of the control bodies established within the scope of self-disciplinary systems. In the resolutions condemning a member company, various types of sanctions may be imposed, namely, a request to cease any activity that may be contrary to the code of conduct subscribed to; a financial fine; and, in the most serious cases, the publicized expulsion of the noncompliant company.

The articulation of the tools in which self-regulation is manifested can, and in fact often does in practice, include, in addition to the prevailing legislation, an additional plus. The latter will sometimes be of an ethical nature, which means that member companies may incur in infringements that, on the contrary, might not occur in the case of being subject only to the laws in force.

Such a case must be clearly distinguished from one in which the self-regulation system's supervisory body rules on a complaint made against a nonmember company—or, in other words, an outside third party. The resolution, if any, issued by the supervisory body may highlight the violation of one of the ethical rules of the code of conduct, which it is not obliged to respect. Moreover, the content of the resolution could, in some cases, be demeaning. Therefore, the virtual



reputation of the company to which the resolution refers may be harmed. The use of the Web would inexorably contribute to this because by making it extraordinarily easy to disseminate—by resorting to blogs and/or social networks—the potentially negative effects would be amplified.

#### 4. Conclusions

On the Internet, a company is not the only issuer or active subject of an advertising message, and the consumer and/or user is not a passive subject. These functions, which were typical of each of the groups in the past, especially in the physical world, have evolved. This has an impact on a company's virtual reputation, which must be distinguished from the concept of CSR.

Although it is a difficult concept to measure, specific tools have been devised for this purpose. In this way, if appropriate, virtual reputation can be monitored and improved. One of the avenues that can play an extraordinary role is the phenomenon of self-regulation.

Indeed, the various manifestations of the phenomenon of self-discipline—including codes of conduct—can be useful in improving virtual reputation. However, a breach of the commitments undertaken voluntarily by a company, by virtue of self-regulation, can represent a significant loss in the reputation initially established.

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