A Role-theoretical Perspective on Reputation: Who Gets Ahead in The Danish Film Industry?

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I will use the workshop to present some initial theory development and empirical results focusing on the relationship between reputation and status among Danish film crews (directors, writers, cinematographers, and editors). I begin by providing a brief critique of current reputation research and introduce an alternative role-theoretic perspective on reputation. Based on the role-theoretic perspective on reputation, I then theorize and test empirically the relationship between status, roles, and reputation. I find that although status and reputation both predict role performance and participation in future film projects, only status has a direct effect on participation in high quality film projects, whereas the effect of reputation if fully mediated by its effect on role performance. Given the early stage of this research, there will not be a paper available, but my Oxford Handbook on Corporate Reputation chapter provides a useful background reading (http://papers.ssrn.com/sol3/papers.cfm?abstract_id=1915798).
MEETING EXPECTATIONS:
A ROLE-THEORETIC PERSPECTIVE ON REPUTATION

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In this chapter, we combine reputation theory from economics with role theory from sociology to develop a rigorous framework for studying reputation. We begin with a critique of the dominant reputation perspectives in management research and examine why their common definition of reputation as an overall actor-level assessment may not be the most constructive way to advance reputation research. We argue that reputation can be more usefully theorized as an attribute-specific prediction of future behaviors that is based on an assessment of how past behaviors meet the role expectations associated with occupying a particular social position. Based on our role-theoretic perspective on reputation, we identify three important research areas – the multi-dimensionality of reputation, the embeddedness of reputation, and reputation as a mechanism for social mobility – and discuss promising avenues for future research in each area.

INTRODUCTION

Reputation has emerged as an important theoretical construct in management research as witnessed by the burgeoning literature on the reputation of individuals and organizations. Despite the increased interest in reputation, there is less agreement in management research on how to define and measure reputation, which has resulted in considerable uncertainty and confusion about the reputation construct itself (Lange, Lee, and Dai 2011). Several scholars have tried to remedy the proliferation of reputation definitions by identifying the core aspects of the most widely used definitions and then develop their own integrative definitions of reputation (Fombrun and van Riel 1997; Wartick 2002; Barnett, Jermier, and Lafferty 2006). Although minor differences exist in these integrative reputation definitions, most definitions resemble the
definition offered by Fombrun (1996) that reputation is an overall assessment of the ability of an organization to deliver value to all stakeholders (Walker 2010). We argue that defining reputation as overall actor-level assessments limits the theoretical power and validity of reputation by confusing it with other actor-level constructs including status, identity, image, and celebrity. We take as our theoretical point of departure the simple definition from economics of reputation as attribute-specific assessments based on prior behaviors (Wilson 1985; Jensen and Roy 2008) and use role theory from sociology to contextualize reputation by embedding reputation assessments in social systems (Sarbin and Allen 1968; Montgomery 1998).

We seek to accomplish three objectives in this chapter. First, to develop our own role-theoretic perspective on reputation, we begin with a discussion of the proliferation of reputation definitions in management research and why defining reputation as overall actor-level assessments is not the most constructive way forward for reputation research. Second, we draw on reputation research in economics to understand the purpose of reputation in theory development and to provide a theoretical foundation for arguing that reputation is more usefully understood as disaggregate attribute-specific assessments. We draw next on sociological role theory to argue that assessments based on past behaviors are best understood in terms of role expectations and role performances, which anchors our reputation perspective in social systems and provides a theoretical foundation for the multi-dimensional nature of reputation. Third, having outlined our role-theoretic perspective on reputation, we show that anchoring reputation in roles provides new theoretical insights and we offer three different ways in which our perspective on reputation can inform future research on corporate reputation. We conclude by summarizing how integrating reputation theory and role theory helps advancing both theoretical and empirical research on corporate reputation as well as discussing some of the most important
methodological challenges posed by a role-theoretic perspective on reputation.

**REPUTATION IN MANAGEMENT RESEARCH**

Before developing our role-theoretic perspective on reputation, it is useful to discuss other perspectives on reputation to justify why yet another perspective on reputation is needed. To accomplish this objective and avoid unnecessary repetition, we rely on the broad range of excellent reviews of reputation research published in recent years such as Fombrun and van Riel (1997), Wartick (2002), Barnett, Jermier, and Lafferty (2006), Walker (2010), Lange, Lee, and Dai (2011), and Bitektine (2011).

*Proliferation of Reputation Definitions*

Reputation research has taken different paths in economics, sociology, and management. In economics, research converged quickly around the definition of reputation as a prediction about future behaviors based on past observed behaviors (Wilson 1985) and has subsequently focused on how reputation affects various economic transactions (Bar-Isaac and Tadelis 2008). Reputation has received little systematic attention in sociology. Most early research equated reputation with being known for ‘something’ and used reputation for influence in questionnaires to identify community leaders (see Wolfinger 1960). More recent research draws from economics and defines reputation as a prediction about future behaviors based on past behaviors, mostly without paying explicit attention to the social context of reputation (Raub and Weesie 1990; Podolny 1993; Kollock 1994). Reputation has received considerable attention in management research, but there is nevertheless little agreement on how to define reputation. Some use the narrow definition from economics (Weigelt and Camerer 1988; Washington and
Zajac 2005; Jensen and Roy 2008), whereas other use reputation more broadly as overall appeal (Fombrun 1996), social identity (Rao 1994), admiration (Staw and Epstein 2000), organizational identity (Whetten and Mackey 2002), and prestige, legitimacy, and image (King 2008). Not surprisingly, Lange, Lee, and Dai (2011: 154) noted that management research is ‘marked by uncertainty about [reputation] definitions, dimensionality, and operationalizations.’

Reflecting the proliferation of reputation definitions, attempts to unify different streams of reputation research to develop an integrative reputation definition have proliferated as well. Fombrun and van Riel (1997: 10), for example, reviewed research in economics, strategy, marketing, organizations, sociology, and accounting to define reputation as “a collective representation of a firm’s past actions and results that describes the firm’s ability to deliver valued outcomes to multiple stakeholders.” Rindova et al. (2005: 1033) used a similar approach to define reputation as “stakeholders’ perceptions of an organization’s ability to create value relative to competitors.” They argued that it is important to integrate an emphasis on reputation as perceived quality in economics with an emphasis on reputation as prominence in institutional theory. Barnett, Jermier, and Lafferty (2006: 34) reported that 17 of 49 reviewed studies defined reputation exclusively in terms of “assessments,” whereas fewer studies defined reputation exclusively in terms of “awareness” (15) or “asset” (6). They used the frequency of assessment-based reputation definitions to define reputation as ‘[o]bservers’ collective judgments of a corporation based on assessments of the financial, social, and environmental impacts attributed to the corporation over time.’ Despite minor differences in the integrative definitions (see also Fombrun, this volume; Rindova and Martins, this volume), they mostly agree that reputation is best defined in terms of ‘overall assessments’ or even ‘generalized favorability’ (Lange, Lee, and Dai 2011).
Integrative Reputation Definitions

We argue that integrative reputation definitions limit reputation research in at least three different ways.

First, the emphasis on integrating reputation definitions from different disciplines and research traditions has resulted in integrative definitions that are vague and indistinguishable from other related theoretical constructs. It is therefore not surprising that subsequent theory development has focused on clarifying the distinctions between reputation and, for example, status, legitimacy, identity, image, and stigma (Washington and Zajac 2005; Jensen and Roy 2008; Whetten and Mackey 2002; Mishina and Devers, this volume). The emphasis on integrating different reputation definitions has also resulted in reputation definitions being isolated from broader established theoretical frameworks that are necessary to provide guidance and rigor in empirical applications of a particular reputation definition. Specifically, most integrative definitions invoke different theoretical constructs from different theoretical frameworks and research traditions including status, identity, image, organizational field, sense-making, mobility barrier, and social responsibility (Fombrun and van Riel 1997). The result is, ironically, that integrative definitions often are disconnected from any one of the invoked theoretical frameworks, which raises questions about the exact use of integrative definitions and how they relate to each of the invoked theoretical frameworks. We suggest alternatively to begin with the specific functions served by the reputation construct in theory development and emphasize theoretical parsimony in developing a role-theoretic definition of reputation that can advance theory development and guide empirical research.

Second, regardless of the approach to developing reputation definitions, defining reputation in terms of an overall assessment is itself questionable. Jensen and Roy (2008) argued
that reputation is more usefully defined as an attribute-specific assessment of an actor. When reputation is viewed as attribute specific, an actor may simultaneously be ascribed a positive reputation with regard to a specific attribute and a negative reputation with regard to another attribute by the same audience. An accounting firm, for example, may have developed a positive reputation for the quality of its audit services but a negative reputation for its tax advice services or developed a positive reputation for auditing large firms but a negative reputation for auditing small firms. Reputation is, accordingly, always a reputation for something such as quality, fairness, or timeliness even if the attribute to which the reputation refer is not explicitly specified (as is often the case in everyday use of reputation). Defining reputation in terms of attribute-specific assessments does not rule out that attribute-specific assessments in some situations can be meaningfully aggregated to actor-level assessments. Moreover, a particular attribute can occasionally dominate the other attributes, which suggests that assessments of the dominant attribute meaningfully could be the only relevant assessments for reputation. In contrast, defining reputation in terms of actor-level assessments makes it harder to disaggregate reputation because actor-level assessments typically mask the underlying attributes, which makes actor-level assessments a less useful starting point.

Walker (2010) added that defining reputation as an ‘integrative perception of all stakeholders’ is problematic because actors may have different reputations with different audiences. To align his definition of reputation with prior definitions, Walker (2010: 370) nevertheless suggested that each attribute-specific reputation represents the aggregate perception of all stakeholders and defined reputation as “[a] relatively stable, issue specific aggregate perceptual representation of a company’s past actions and future prospects compared against some standard.” We argue instead that reputation is best defined as an attribute-specific and
audience-specific assessment of an actor because it allows for more nuanced assessments and therefore more specific and rigorous applications of the reputation construct in empirical research. Reputation definitions that aggregate assessments across all attributes and audiences are, in contrast, not only empirically unmanageable (as discussed below), they typically result in assessments that at best represent diffuse general impressions or sentiments among diverse audiences and at worst a meaningless average of different assessments that is not assignable to any particular audiences. It rarely makes sense, for example, to refer to a firm as having an average reputation for fairness in promotion practices if the firm has a positive reputation for fairness in promotion practices among majority employees but a negative reputation for fairness among minority employees.

Third, the integrative definition of reputation as overall assessments almost guarantees disconnects between how reputation is defined and how it is measured in empirical research. The most used measure of corporate reputation is *Fortune’s Most Admired Companies* (FMAC) (Walker 2010; Lange, Lee, and Dai 2011). FMAC is an aggregate measure based on surveys of three stakeholder groups, executives, directors, and security analysts, on eight attributes including financial performance and product quality (see Gardberg and Dowling, this volume on reputation measurement). Research shows, however, that FMAC is mainly determined by the financial performance of the surveyed corporations. Fryxell and Wang (1994), for example, reported that financial performance not only was the dominant factor in explaining the variance in FMAC but also influenced perceptions of other factors including quality of management and the innovativeness of the company (see also Brown and Perry 1994). The finance bias is not surprising because FMAC is based on a narrow set of stakeholders for whom financial performance is the main concern. It points, as Walker (2010) noted, nevertheless to an interesting
paradox: The dominant definition of reputation as overall assessments aggregated over all attributes and all stakeholders is incompatible with the dominant measure of reputation because the dominant measure does not aggregate over all attributes and all stakeholders (it is hard to imagine doing this in a single empirical study). Our reputation definition is not troubled by these issues because it focuses on attribute-specific (which could be finance), audience-specific (which could be executives, directors, and analysts), and context-specific (which could be large public U.S. corporations) assessments.

We suggest that defining reputation from the role-theoretic perspective in terms of attribute- and audience-specific assessments, a definition that will be presented in greater detail in the next section, helps resolve the aforementioned problems. First of all, while the integrative definition of reputation results in a vague concept that is indistinguishable from other related constructs, our perspective provides strong disciplinary backgrounds from economics and sociology to ensure theoretical simplicity and empirical applicability of the reputation construct. Second, defining reputation as overall assessments fails to capture the complexity of reputation and, more importantly, limits the insights as to managing reputation across different attributes and audiences. By bringing role theory into reputation research, however, our reputation perspective provides a theoretically informed approach to disaggregating reputation across different attributes, audiences, and contexts. The role-theoretic reputation construct, then, can be more easily distinguished from related actor-level theoretical constructs, such as status and identity, and can be applied more rigorously in different empirical settings. Third, integrative reputation definitions tend to result in disconnects between the reputation definition and its empirical measurement. The role-theoretic perspective on reputation with its explicit focus on specific attributes, audiences, and contexts tightens the connection between theory development
and empirical research.

STATUS, ROLES, AND REPUTATION

We now develop our role-theoretic perspective on reputation by first identifying the purpose of reputation in social exchange and then using role theory to properly embed reputation in social context.

Reputation in Social Exchange

Despite disagreement about reputation definitions, there is widespread agreement that the main function of reputation is to facilitate decision making and concurrent social exchange. The function of reputation is clearly articulated in research in economics on reputation for quality in product markets (Bar-Isaac and Tadelis 2008; Noe, this volume). A buyer faces two types of uncertainty about a seller when product quality, which refers abstractly to the level of some desirable characteristics of a product (Klein and Leffler 1981), is difficult to determine prior to being exchanged and exchanges cannot be perfectly contracted. First, uncertainty about quality can result from the ‘type’ of seller being unobserved, which can result in adverse selection related problems (Akerlof 1970). A buyer may be unable to determine whether a seller can deliver a product at the promised quality, for example, because the resources and capabilities of the seller are unknown to the buyer. Second, uncertainty about quality can result also from the ‘effort’ of seller being unobserved, which can result in moral hazard related problems (Williamson 1991). A buyer may know that a seller can deliver a high-quality product, for example, but is unable to determine whether the seller will deliver high-quality and not shirk opportunistically in the exchange. Reputation facilitates social exchange by reducing these two
types of uncertainty (Bar-Issac and Tadelis 2008): The seller may rely on reputation to signal quality and the buyer may rely on reputation to differentiate between sellers.

The reason that reputation reduces uncertainty about quality is that reputation links discrete, independent behaviors together over time and space. Shapiro (1983) suggested that a firm has a positive reputation for quality if consumers believe that the quality of the products produced by the firm in the past can be used as an indicator of future quality. The formation of reputation through investments in product quality is therefore a signaling activity: The quality of the products produced in the past serves as a signal of the quality of future products, thus providing temporal and spatial continuity in discrete behaviors and transactions. Shapiro (1983) showed also that firms have an incentive to maintain a positive reputation for quality because a positive reputation allows firms to charge a premium for their products as long as the long-term value of the premium is higher than the short-term cost savings from reducing quality (see also Klein and Leffler 1981). Reputation, in other words, facilitates social exchange by providing strong temporal and spatial linkages between otherwise discrete behaviors, thus allowing assessments of unobservable future behaviors to be based on observable past behaviors (Wilson 1985). According to this perspective, reputations can, of course, reflect both positive assessments (assets) and negative assessments (liabilities) of actor attributes: A positive reputation helps decide whom to choose, a negative reputation whom to avoid.

Although the function of reputation is clearly articulated in economics, the actual processes through which assessments of past behaviors shape expectations about future behaviors are not well understood. We argue that expectations to future behaviors are shaped not only by assessments of past behaviors, but also by the social systems in which both past and future behaviors are embedded (Granovetter 1985). Indeed, Stiglitz (2000) called for integration
between economics, psychology, and sociology to examine how individuals form expectations and how signaling conventions are created. Role theory with its emphasis on role expectations and role performances provides an answer to the call for theoretical integration and a useful framework for theorizing the social contexts of reputation.

**A Role-Theoretic Perspective on Reputation**

Role theory shares a concern for behavioral expectations with reputation research but suggests further that behavioral expectations are anchored in a social system that is composed of social statuses and roles (Sarbin and Allen 1968; Biddle 1986; Callero 1994). A role is the enactment of the set of expectations directed at the actors that occupy a particular position, that is, have a particular status, in the social system (Linton 1936; Merton 1957; Jensen, Kim, and Kim 2011). We argue that role theory is important to reputation research because roles bridge social-level status and individual-level reputation through *social* role expectations and *individual* role performances. See Table 1 for key reviews of role theory.

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Role expectations refer to cognitions, such as beliefs, norms, and rules, and emotions, such as affective reactions, associated with different status positions and they are shared by the occupants of a given social status. Role performances refer to the congruence between individual role enactments and social role expectations, and role performances are not necessarily the same for all the occupants of a social status. Similarly, the performances of different aspects of a particular role are also not necessarily the same for each individual actor: A father may do well in terms of providing material support for his children, for example, but do poorly in terms of
providing emotional support. According to role theory, a reputation for quality is therefore not simply an evaluation of the past quality of an actor, but more accurately an evaluation of past quality based on the role expectations to an actor of a particular status. The status-based role expectations provide the shared standards for evaluating past behaviors that are missing in most theoretical and empirical reputation research. The formation of reputation is accordingly rarely based only on an isolated series of behaviors but more typically based on an explicit or implicit comparison of these behaviors to a set of shared role expectations. A reputation for something is, in other words, always relative to the occupied status position: It takes a higher level of quality, for example, for a high-status auto manufacturer to develop a differentiating reputation for quality than it does for a low-status auto manufacturer.

Role theory provides a foundation for theorizing the social context of reputation without constraining actors to specific behaviors only or ruling out individual agency. Agency refers to the ability of actors to exert some degree of control over and act independently of the social structures in which they are embedded even if they cannot transform these structures completely (Sewell 1992; Emirbayer and Mische 1998). Roles facilitate agency because most actors participate in different social systems that provide access to different transposable cultural schemas for expected behaviors that can be invoked by actors outside the statuses and roles in which they originated (Sewell 1992). Most roles encompass not only different behavioral expectations but also different cognitions and emotions such as cultural beliefs and affective reactions that require selective attention and experimentation in different situations (Callero 1994; Emirbayer and Mische 1998). Finally, roles are resources that help actors create new positions and relationships and roles should therefore be regarded as tools that can be used in competitive struggles to control other resources including gaining access to more attractive status
positions (Baker and Faulkner 1991; Callero 1994). The availability of different roles shapes, in other words, not only the repertoires of actions available to actors in a social system, but provides a mechanism for actors to shape the social system and therefore the roles themselves (Swidler 1986).

We are not the first to argue that behavioral expectations depend on social contexts. Montgomery (1998) argued that role theory is important to understand the structural embeddedness of actors. Departing from rational choice theory and its focus on repeated games and utility maximization in explaining social relationships, Montgomery (1998) argued that actors should not be viewed as unitary actors with complete and coherent preferences (actors as ‘fixed transsituational types’). Actors should instead be viewed as collections of social roles that contain the rules of behavior that are evoked in different situations: A situation evokes one or more roles that contain the rules of behavior that guide appropriate behavior (Montgomery 1998). Following this ‘logic of appropriateness’ (March 1994), an actor may act in some situations as a businessperson and therefore be guided by utility maximization and in other situations act as a friend and therefore be guided by different behavioral rules such as compassion. Our role-theoretic perspective on reputation complements a role-theoretic perspective on embeddedness: Whereas the role-theoretic conception of embeddedness emphasizes that roles guide appropriate behaviors in a particular situation, the role-theoretic conception of reputation emphasizes that roles also guide how other actors evaluate these behaviors. Roles are not only the social context of behaviors but also their evaluation and therefore the social context of reputation: Meeting expectations is the key inflection point from which positive or negative reputations are formed.

We can now summarize our role-theoretic perspective on reputation: Reputation is a
prediction of future behaviors that is based on an assessment of how past behaviors meet the role expectations that follow occupying a particular social status. Our role-theoretic perspective helps clarify the reputation construct in three different ways: First, reputation is a uniquely individual construct because reputations differentiate individuals within a status (Jensen and Roy 2008), whereas status is a uniquely social construct because role expectations are shared within a status position. Reputation is not an overall assessment of actors because actors play different roles that relate them to different audiences and because each role comprises different role expectations that allow actors to have multiple reputations with the same audience. Second, reputation is nevertheless related to status through roles in that actors always are surrounded by role expectations and reputation is built around status-based role expectations. Thus, identical behaviors have different reputational consequences depending on the status-based role expectations and reputation is most salient and informative when reputation and status are in disequilibrium and reputation reflects a positive or negative violation of role expectations. Third, reputation facilitates agency by providing a mechanism for status mobility through individual role performances that meet the role expectations of higher statuses: Because role expectations interlock the status positions within a social system, actors can make selective investments that exceed the expectations to their current position to move to a higher position. We discuss next more specifically how our role-theoretic reputation perspective can inform future reputation research in these three areas.

THE ROLE-THEORETIC REPUTATION PERSPECTIVE AND FUTURE RESEARCH

The Multi-dimensionality of Reputation

As argued above, the role-theoretic perspective on reputation suggests that reputation is
most accurately defined in terms of attribute-specific assessments because actors play different roles that relate them to different audiences and each role comprises different role expectations that allow multiple reputations to coexist within the same audience. Although not explicitly theorized in terms of role theory, some scholars have begun fruitful research on the multi-dimensionality of reputation. Dollinger, Golden, and Saxton (1997), for example, argued that a firm can have multiple reputations in terms of product quality and its innovativeness, management integrity, and financial soundness. Using an experimental research design with MBA students as subjects, they showed that reputational damage in one dimension does not necessarily affect the reputation in other dimensions. Although defining reputation as a global perception of an actor, Roberts and Dowling (2002) divided reputation into financial and residual reputation and showed that residual reputation of firms listed on FMAC is linked to sustainable superior performance. Greenwood, Li, Prakash, and Deephouse (2005) theorized the difficulty of transferring reputation from one product or service to another one within the same organization. They argued specifically that reputation sticks to individual service departments within an accounting firm such as audit and accounting, tax advice, managerial advisory services, and outsourcing, thus illustrating the importance of multi-dimensional reputation constructs.

While the aforementioned studies theorize the multi-dimensionality of reputation, they are less consistent in incorporating their theoretical arguments in the measurements of reputation. Greenwood, Li, Prakash, and Deephouse (2005), for example, measured audit firm reputation by the count of SEC-listed audit clients and the number of positive media reports. These measures do not distinguish between the different services offered by audit firms but captures, at most, some vague notion of favorability and seems ultimately more like an indicator of audit firm size and visibility. Jensen and Roy (2008) used a different approach to operationalize the
unobservable dimensions of reputation in their study of how client firms select auditing firms. They argued that while status, as overall assessments of entire firms, is important as a first-stage screening mechanism, reputation is important in the actual selection of a partner because it helps match the idiosyncratic resource needs of the focal firm. Jensen and Roy (2008) showed next that client firms tend to choose auditing partners within a given status group depending on how the reputation of an audit firm matches their own unique needs. They operationalized the reputational matching process between client and audit firms in terms of the fit between the resource needs of the client firms and the technical skills and business integrity of audit firms, as measured by industry specialization and media coverage of audit failures, respectively.

We suggest that future reputation research should examine the different dimensions of reputation that coexist not only within a single actor but also within the same audiences. First, we propose examining how organizations handle conflicting role expectations and therefore have to balance positive and negative reputations across attributes and audiences. Research on role conflicts (Merton 1957; Goode 1960) helps theorize when and how organizations can or cannot balance different role expectations. A focus on role conflicts implies identifying what role expectations are most important to what audiences before analyzing the extent to which reputations formed around these expectations balance and represent acceptable compromises. The second research question asks whether reputational consistency across multiple attributes affects the overall assessment of a specific actor. Some research shows that multiple category spanning by organizations can have a negative effect on how an organization is perceived by its audiences (Zuckerman 1999; Hsu 2006). We suggest analogously to studying both the consequences of reputational value (how positive or negative) and the consequences of reputational consistency across different dimensions of reputation. Third, it is important to
examine the transferability of reputation between audiences and attributes to understand the full value of reputation: Can a reputation in one attribute or audience, for example, be leveraged to another attribute or audience the same way that status can be leveraged from one market to another (Jensen 2003)?

Reputation and Role Expectations

Another important implication of our role-theoretic perspective is that because actors are embedded in status-based role expectations, role expectations provide the foundation for evaluating specific behaviors. Reputation is, in other words, rarely or never built from nothing but is always built around status-based role expectations. In economics, most research modeling reputation assumes implicitly or explicitly that reputation is created only through observations of behavioral patterns. Actors are assumed to have no reputation before commencing a sequence of behaviors and reputation therefore disembedded from its broader social context and presumed built from nothing (Milgrom and Roberts 1982; Shapiro 1983). A similar argument is made in the management literature that external audiences will treat organizations as reputation neutral if their reputation is unknown or their past behavior is unobservable (Bitektine 2011): Due to the lack of information about organizations, no predictions, positive or negative, can be made about their future behaviors. This assumption, however, is problematic because actors are always situated in a particular social system, and thus surrounded by role expectations (Montgomery 1998). Even if little or no information exists about a newly hired employee, for example, other employees still have expectations about what constitute appropriate behavior (work and social) for the new employee based on the role the new employee is to fulfill in the organization.

We derive two implications from our argument that actors are always surrounded by role
expectations. First, reputations are formed when external audiences evaluate how individual actors meet specific role expectations, which means that actors do not have full control over their reputations and that reputations are difficult to change once formed. The embeddedness of role expectations in social statuses adds an extra layer of inertia to the reputation of individual actors: Reputations emerge in the interplay between role expectations and past behaviors but reputations also feed back into role expectations such that the role expectations themselves change. An auto manufacturer, for example, can invest in quality to differentiate its products from those within the same status-group, thereby motivating other auto manufacturers to also invest in quality, which may eventually change the role expectations by making quality a baseline expectation rather than a differentiating factor. Some research focuses on the discrepancies that may arise between internal reputation-building efforts and the external perception by the audience. Carmeli and Tishler (2004), for example, defined reputation as the belief held by outsiders about what distinguishes an organization and found that it is not always coherent with what top managers believe about the organization. And Martins (2005) showed that U.S. business schools attempted to improve their reputation on the attributes relevant for the Business Week ranking when their actual ranking was below their own perceived rank. The reciprocal relationship between role expectations and reputations has, however, been neglected in empirical research, thus representing an important area for future research.

Second, reputation and reputational consequences become most salient when behavior is not coherent with role expectations. Reputation is related to status through roles, and thus depending on the status of an actor, role expectations differ. Consequently, identical behaviors may have different reputational consequences for different actors. Specifically, even if two actors behave in the same manner, one may be acting in accordance to their role expectations, while the
other may be positively or negatively violating such expectations. Since the reputational consequences of behaviors are determined by role expectations, reputation becomes most salient and informative when reputation and status are in disequilibrium and reputation reflects a positive or negative violation of role expectations. Rhee and Haunschild (2006) reported that auto recalls led to more market share decline for firms with stronger reputation for quality. In other words, audiences had higher expectations for firms with a positive reputation for quality, and thus a negative deviation from reputation-based expectations became more salient and led to more severe punishment. An important implication is that reputation is most informative when they reflect incongruence between role enactments and role expectations. A high-status position comes with an expectation of high quality, for example, which means that delivering a high-quality product provides little additional information, whereas delivering a low-quality product provides more information because it is incongruent with the high-status role expectations (Jensen 2006).

Empirical research rarely link role expectations to reputation nor acknowledges that reputation is always evaluated based on role expectations, which suggests that research in the following three areas is important. First, based on their status, actors are always surrounded by role expectations, even if they are new to a particular role. While actors may continue to sustain their behavioral patterns after moving into a new status position, they are evaluated based on a different set of role expectations. We ask therefore how status mobility affects actors in terms of reputation building when actors move into a new status position and are introduced to new role expectations. Second, since reputation is constructed by the assessment of external audiences, it is important to explore how actors adhere to role expectations when they are accountable to multiple audiences with conflicting expectations. Because industry experts and consumers
sometimes have conflicting expectations to a firm, for example, firms can manage their reputation by trying to meet the role expectations of both audiences or by focusing on their reputation with a single audience. Third, it is also important to examine whether positive reputations in some attributes function as buffers when an actor’s behaviors violate the role expectations of another attribute or if the negative impact spills over and influences the reputation of other attributes. Would auto recalls, for example, have less negative impacts for auto manufacturers with positive reputation in other attributes or would the violation in quality expectations damage reputation in other dimensions?

**Reputation as a Mechanism for Status Mobility**

Our role-theoretic perspective also informs future research by emphasizing the importance of reputation as a source of agency that allows actors to behave more autonomously and even change social status. Some research has begun exploring the relationship between reputation and agency. Hayward and Boeker (1998), for example, showed that having developed a reputation for accuracy allows security analysts and their investment banks to act autonomously and rate their client firms less favorably when warranted. While theorizing reputation as an agency-granting mechanism, Hayward and Boeker (1998) still relied on an actor-level measure of reputation, overall ranking in *Institutional Investor* survey, thus making it difficult to distinguish between reputation and status and to specify the exact source of analyst reputation. As a result, little is known about how individual attribute-specific reputations can function as a mechanism that successful actors can use reputation to set gain as least some autonomy from the role expectations shaping appropriate behavior. Even less research view reputation as a mechanism for status mobility. Bielby and Bielby (1994) is an exception. They
viewed positive reputation as a status-enhancing mechanism and showed empirically that programmers relied on the reputations of individual producers and celebrities for commercial success to legitimize a new prime-time television series. The status of the entire television series was, in other words, enhanced through the specific reputations of the individual components. It is necessary, however, to examine more explicitly how status entails expectations that provide the foundation for reputation, which, in turn, aggregates to define a status.

While it is important to distinguish between reputation and status, it is also important to theorize how they are linked. Our perspective implies that role expectations and role performances allow reputation to function as a mechanism that can lead to status mobility. First, can a positive reputation in one attribute lead to enhancement in other attribute and ultimately lead to increase overall status? Toyota, for example, was initially considered a low-status automaker in the U.S. market, but was able to enhance its status through targeted investments in quality. It is unlikely, however, that consistent improvements in quality alone would ever allow Toyota membership of the same high-status group as, for example, Mercedes-Benz, hence the creation of the Lexus division. Second, although reputation is defined at the attribute level, some attributes are likely to be more important for status mobility than other attributes, which makes it particularly important to understand the relationship between different attributes and their relative importance. In the automobile industry, for example, quality may be a core attribute and a necessity for upward status mobility, whereas design may be relatively less important. Third, future research should examine how organizations exert agency by creating new reputational dimensions to change the evaluation criteria of the existing audiences. For low-status organization, status mobility through investments in existing attributes is hard because incumbents with higher status already possess better resources and capabilities. In this case,
creating new evaluative dimensions may be a better strategy such as USA Today emphasizing convenience instead of journalistic quality in the newspaper market (Kim 2011).

CONCLUSION

In this chapter, we have focused on the integration of reputation and role theory. We argued that reputation is most usefully defined as a prediction of future behaviors that is based on an assessment of how past behaviors meet the role expectations that follow occupying a particular social status. By integrating reputation theory from economics with role theory from sociology, we intend to draw attention to three potential areas for future theoretical research including, as discussed in the section above, 1) the multi-dimensionality of the reputation construct, 2) the embeddedness of reputation in role expectations, and 3) reputation as a potential mechanism for status mobility. We believe that by developing an embedded, multi-dimensional reputation construct we can simultaneously enrich reputation research and differentiate it from research on status. We stress also that by emphasizing the embeddedness of reputation through role expectations and performances in social systems, we do not rule out individual agency. In fact, role expectations and performances connect social structure and individual action, thus emphasizing the importance of individual role performances that build reputation which may, in turn, provide a mechanism for status mobility. Our role-theoretic approach to reputation research obviously increases the theoretical and empirical demands to research in terms of identifying the role expectations necessary to understand and evaluate the role performances that undergird reputation.

Theoretically, research on role theory has pointed to a number of issues that may complicate clearly identifying the relevant role expectations. Specifically, research has focused
on potential complications such as the lack of consensus about role expectations, ambiguity of role expectations, and how to define the relevant audiences and draw the boundaries between different audiences (Sarbin and Allen 1968). Role expectations, for example, can sometimes be difficult to define because situations exist in which multiple roles can be invoked, possibly leading to role conflict, whereas other situations may evoke no roles, creating a state of anomie for the actors (Montgomery 1998). Because a role-theoretic approach to reputation requires identifying the applicable roles to specify the relevant role expectations that undergird reputation formation, the usefulness of reputation as a mechanism to distinguish between actors depend not only on past behaviors but also on the clarity and stability of role expectations. Drawing clear boundaries between different audiences is also important because audiences ultimately set role expectations and evaluate subsequent role performances (Sarbin and Allen 1968). Due to the differences across contexts in the formation of role expectations, audiences, and the evaluation of role performances (Biddle 1986), an important theoretical and empirical challenge for future research is to clearly identify the relevant roles and role expectations in a given research context.

Empirically, to complement the theoretical identification of relevant role expectations requires a detailed understanding of the research setting, including the relevant audiences, the critical set of role expectations, and the related dimensions of reputation. Roles and role expectations may, however, be clearly defined in some contexts but more difficult to define in other contexts. The roles of producer, director, and screenwriter, for example, reflect a relatively clear and well-defined division of labor in film production, thus providing an ideal context for studying the implications of combining different roles (Baker and Faulkner 1991). Carroll and Swaminathan (2000), in contrast, explored a market in which the diverging role expectations towards mass brewers and microbrewers were still being formed, thus making the role
expectations to each type of brewery open to interpretation and contestation. Their study of the microbrewery movement allowed them, however, to identify some of the emerging role expectations to microbreweries such as using traditional production methods and providing products with special color, foam, and taste. Other scholars have carefully identified differences in role expectations and used them to distinguish between different subcategories of firms. Rao, Monin, and Durand (2003), for example, examined the role expectations to French chefs and found that they are expected to provide a long menu of choices in classical French cuisine but only a very narrow menu or even no menu in nouvelle French cuisine.

Despite the differences between the aforementioned studies, they all point to the value of grounding research in a single industry or context to fully understand the role expectations within that context. Some early role theorists suggested that the nuanced nature of role expectations makes empirical research other than anthropological field research or qualitative case studies difficult (Neiman and Hughes 1951). We do not advocate this extreme position. Indeed, all the aforementioned studies combine quantitative and qualitative research and test specific hypotheses using a large-scale sample. We believe that large-sample quantitative research on corporate reputation can provide meaningful insights when research is grounded in a specific context and traditional archival and survey research methods are used to identify the implicitly- and explicitly-expressed role expectations to a particular actor by its different audiences. Having identified the important role expectations, generating quantitative indicators of role performance can be as simple as matching the industry of a client firm to the industry specialization of an auditor (Jensen and Roy 2008) or matching identity claims of breweries to their production methods and size (Carroll and Swaminathan 2000). We believe that integrating role theory into
reputation research is an effort well-worth undertaking to provide reputation research a stronger theoretical footing and empirical direction.
REFERENCES


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