

# The influence of national societal contexts on the media reputation of multinational corporations: A comparison between Switzerland and the US



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## ABSTRACT

This comparative study looks at how media reputation of multinational corporations (MNCs) is shaped by national societal contexts. Swiss and US MNCs from the banking and pharmaceutical industry were analyzed. As main predictors media system (Swiss vs. US) and the country of origin of the MNCs (home vs. abroad) were defined. Results show that the overall media reputation of MNCs is predominantly negative in Swiss and US media. However, reputation in US media is significantly more negative than in Swiss media. Independent of the media system reputation of MNCs in home media is more favorable than in abroad media.

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## 1. Starting point

This paper compares the constitution of media reputation of multinational corporations (MNCs) from the banking and pharmaceutical industry in leading Swiss and US media. Therefore this paper picks up a central theme of the 2015 SACM conference to shed light on communication processes in different societal contexts. Additionally, by focusing on corporate coverage it delivers insights into communication processes in the economic environment. A topic that continuously gained importance in media coverage since the 1960s.

For this research we applied the concept of media reputation as introduced prominently into communication research by Deephouse (2000). Media reputation is defined as the overall evaluation of an organization in the media. To measure media reputation we use the Reputation Index by Eisenegger (2005). Eisenegger defines reputation as a multidimensional concept based on the three world concept of Jürgen Habermas. In this paper we focus on two dimensions and distinguish between social reputation and functional reputation. Social reputation is measured by only considering social coverage i.e. media coverage that focuses on

social topics (e.g. regulation or CSR). To calculate functional reputation only economic coverage i.e. media coverage that focuses on economic topics (e.g. financial performance or products) is used. When calculating the Reputation Index of MNCs we can therefore use the total amount of coverage (overall reputation) or the subset of social coverage (social reputation) respectively economic coverage (functional reputation).

Scholars in the field of organizational communication admit the importance of the media in the formation of reputation (Coombes, 2007; Park & Berger, 2004; Rindova, Pollock, & La Hayward, 2006; Eisenegger & Schranz, 2015; Wry, Deephouse, & McNamara, 2006). Nevertheless, research concentrating on the influence of different national societal contexts on the process of reputation constitution of multinational corporations (MNCs) is scarce. This paper compares coverage of MNCs in Swiss and US media and gives insights into how reputation is shaped in the two media systems. The model of Blum (2014) is used to categorize the two media systems. The model measures the media systems by 11 single items. Switzerland is defined as typical for the public service model whereas the US are considered as typical for the liberal model. When comparing the two countries five main differentiating items can be identified: Compared to the Swiss media system the US media system can be characterized by a stronger polarization in political culture, a stronger commercial orientation, a more investigative journalism culture, a higher level of financing via the free

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market and a more privately organized ownership. Besides the difference in media systems we consider the country of origin of the MNCs to have an effect on media reputation. Independent of media system the amount and tonality in coverage of companies is expected to differ in their home media from coverage in abroad media.

The main research question of this paper is how media reputation of MNCs is affected by media system (Swiss vs. US) and country of origin (home vs. abroad). Concerning media systems we hypothesize that in public service models like Switzerland the media take a less critical position toward companies compared to liberal models like the US. Overall media reputation of MNCs will therefore be less negative in Swiss media than in US media (H1). For our second hypothesis we look at the amount and tonality in social coverage. Compared to Swiss media we expect that the share of social coverage will be higher (H2.1) and social reputation more negative (H2.2) in US media. Concerning country of origin we expect that the amount of coverage of MNCs will be higher in home media than in abroad media (H3.1) and overall reputation of MNCs will be more favorable in home media than in abroad media (H3.2). Our last hypothesis takes into account the amount and tonality of social coverage in dependency of the country of origin of a MNC. When comparing home and abroad media we expect that the share of social coverage will be lower in home media (H4.1) and social reputation will be less negative in home media (H4.2).

## 2. Theoretical approach

Reputation as an important intangible asset has gained importance in the recent past and is considered as a major competitive advantage for corporations (Raithel, Wilczynski, Schloderer, & Schwaiger, 2010; Schwaiger & Raithel, 2014). As a consequence the topic of reputation has become more and more relevant in science. Not only researchers in the field of management and PR have focused on reputation. With the concept of media reputation the object of research also became accessible for communication science and sociology. Media reputation is defined as the overall evaluation of an organization in the media (Deephouse, 2000; Eisenegger, 2005; Imhof, 2014). This definition highlights the important role of the media in the formation of reputation. It reflects the contribution of an organization to the realization of collectively shared goods and values. Positive media reputation is constituted when an organization is able to fulfill the expectations of a society and relevant stakeholder groups. Whereas a negative reputation derives out of the perception of harmful organizational behavior.

Media reputation is usually defined as a multi-dimensional concept. For this paper we use a three-dimensional approach that is based on the three world concept of Jürgen Habermas and differentiates between functional, social and expressive reputation (Eisenegger, 2005, 2015; Eisenegger & Imhof, 2008). In the functional and social dimension organizations have to adapt to existing standards. At first an organization is judged by functional standards. The evaluation of an organization is based on the question if it fulfills its primary functions. For example a company has to meet shareholder expectations toward economic performance or customer expectation toward product quality. Secondly an organization has also to act in line with moral and ethical standards. Social reputation in this respect is usually not directly linked to the core business of a company. Nevertheless, existing values in society make it necessary and favorable to conform to social standards as legitimacy is gained through these actions. Concerning the expressive or emotional dimension of reputation the basis of evaluation are affective aspects like uniqueness and authenticity. An organization has to be able to maintain an attractive,

unique and credible corporate profile to be perceived as emotionally compelling. Expressive reputation can stem from functional (e.g. fascinating products) or social (e.g. outstanding sustainability) elements. Media coverage that focuses on expressive elements therefore cannot be separated from social and functional coverage as a distinct third subset. Hence, we focus on the distinction between social and functional reputation as the two main dimensions of reputation for this paper.

The standards for evaluating organizations change as they are constantly redefined in society. They are often product of fundamental change. Growing awareness for global climate warming for example changed expectancies toward actions of companies. Climate topics became a standard in the reporting activities of companies. Especially neo-institutional theories highlight this macro social dependency of reputation (Beckert & Rössel, 2004; Deephouse & Carter, 2005; Di Maggio & Powell, 1983; King & Whetten, 2008; Sandhu, 2012; Suchman, 1995). Neo-institutional theory models reputation in dependency of cultural, institutional and structural variables. This approach highlights the role of the media. What we know about society we mostly know through the media. Media serve as an intermediary and by selecting and neglecting topics they influence what is considered important in society and shape our opinions on the topics. Hence, they not only affect *what* we think about but also *how* we think about something. These processes are known as the two levels of agenda setting by the mass media (Carroll & McCombs, 2003; Park & Berger, 2004). It is obvious that media also shape the way we perceive organizations and which organizations we perceive as relevant. The Media are therefore considered as the most important aspect in the process of reputation constitution (Carroll, 2010; Deephouse, 2000; Eisenegger & Schranz, 2015; Eisenegger, Schranz, & Schneider, 2010; Park & Berger, 2004; Rindova et al., 2006; Wry et al., 2006).

Not only the concept of corporate reputation became more important in recent years. Longitudinal studies show that economic topics in general gained importance in media coverage. For Switzerland Schranz, Eisenegger, Imhof, and Schneider (2010) were able to show a rise in economic coverage since the 1960s. Clark, Thrift, and Tickell (2004) could show the same trend since the 1960s for Anglo-American media with an additional acceleration in the 1990s. In the US the period between 1980 and 2000 was identified as take-off period for economic journalism. In this era newspapers began to establish independent economic sections and economic topics were prominently featured e.g. on front pages (Roush, 2004). Kjær and Slaatta (2007) were able to show similar patterns for Scandinavian countries. Research in their anthology indicates a rise in volume of media coverage of the economy since the 1980s. More intense focus on the economy in media coverage further enhances the role of the media in the public perception of economic organizations. As a consequence the concept of media reputation gains importance as well.

Given that media are the main force in the constitution of reputation, the differences between media systems move in the center of research. Media systems are to a great extent shaped by societal contexts. Blum (2014) defines six clusters of countries in dependency of their media systems. In the clustering of Blum Switzerland is categorized under the public service model whereas the US is considered as typical representative of the liberal model (see Table 1). Liberal and public service models are the most common in western society. Most countries can be subsumed under one of the two models. The modeling uses eleven items to describe the media systems and rates each item on a scale between 1 (low) and 10 (high). The end points of the scales are defined by two opposite characteristics, e.g. private and state ownership. The direction of the items is identical. Blum emphasizes that the categories should not be interpreted as a strict quality indicator. Nevertheless, he admits that high overall scores around 100 describe

**Table 1**  
Modeling of media systems by Blum (2014): Description of items for the liberal and the public service model and scores for the US and Swiss media system. Items are ranked by maximal deviation between the two countries.

Item	Liberal model	Public service model	US	Swiss	Deviation
Political culture	Strong <b>polarization</b> and dominance of the majority are accepted	Mostly <b>consensual</b> with partially polarizing elements	10	4	6
Media Orientation	Media are exclusively <b>commercially</b> oriented	Orientation toward <b>social</b> and journalistic guidelines.	10	4	6
Journalism culture	Strong self-perception as supervisory authority and therefore <b>critical and investigative</b>	<b>Ambivalent</b> , partially supporting elites and partially with critical and investigative tendencies	10	6	4
Financing of the Media	Financing only <b>via the market</b> . Almost no state intervention.	Combination of <b>market and state</b> financing. Low state intervention.	10	6	4
Ownership of the media	Only <b>private</b> ownership	Combination of <b>mostly private and partially public</b> ownership	10	7	3
Political Parallelism	<b>Low</b>	<b>Low</b>	10	8	2
Professionalism in Journalism	<b>High professional standards</b> with self-control	<b>High professional standards</b> with self-control	10	8	2
Historic Development	<b>Continuity</b>	<b>Continuity</b>	10	10	0
Regime	<b>Democratic</b>	<b>Democratic</b>	10	10	0
Freedom of the Press	<b>No Censorship</b>	<b>No Censorship</b>	10	10	0
State Control over Media	<b>Low</b>	<b>Low</b>	10	10	0
Overall			110	83	27

Source: Own illustration based on the model of Blum (2014).

pluralistic, democratically constituted and capitalist-commercially organized media systems. Closed and strongly regulated systems with publicly owned media are more likely to score around 20 points.

Switzerland (overall score 83 points) and the US (overall score 110 points) are most distinguished by the items political culture (consensus vs. polarization) and media orientation (social orientation vs. commercial orientation). On both items the US reaches 10 points whereas Switzerland scores 4 points. In comparison to the US the Swiss media system is hence characterized by a more consensual political culture with a higher social orientation of the media.

As secondary differentiator the items journalism culture (supporting elites vs. investigative; Switzerland: 6 vs. US: 10), financing of the media (state vs. market; Switzerland: 6 vs. US: 10) and ownership of the media (public vs. private; Switzerland: 7 vs. US: 10) can be identified. Regarding the secondary differentiating items the US media system is characterized by private ownership and an almost exclusive market financing as well as a more investigative journalism culture amplifying a critical perspective on politics and elites. Swiss media are to a higher extent publicly owned, at least partially financed by the state and elites are rather supported in the coverage. In the used model the US and Swiss media system score the same on four items and are only separated by two points on the two remaining items. These six items are not taken into consideration for this paper to explain differences between the two media systems.

We expect that in countries with a consensual political culture, a less investigative journalism culture and a more social orientation of the media (Switzerland) the tonality in coverage of MNCs will be less critical than in countries with a strong polarizing political culture, an investigative journalism culture and a commercial orientation of the media (US). Metaphorically speaking, journalists in Switzerland will value the social consensus higher than reaching a big audience and will be more reluctant toward a polarizing coverage style. US journalists will, in contrast, value commercial aspects higher and produce stories with high news values to reach a big audience. We therefore expect that media reporting on MNCs will be more negative in US media compared to Swiss media. This assumption is supported by the fact that negativity is a considered

as a major news value (Galtung & Ruge, 1965) and leads to following hypothesis:

**H1.** In Swiss media the overall reputation of MNCs will be less negative than in US media.

Higher commercialized media are expected to dedicate over-average attention to organizations when these are accused of having violated social norms or rules. The main reason is that the news value for such events are high. A typical example would be coverage of corporate scandals. We therefore expect that in highly commercialized media systems (US) a higher share of social coverage can be measured compared to systems with less advanced commercialization (Switzerland). Additionally, in countries with a critical and investigative journalism culture (US) the self-concept of journalists as a watchdog is more distinct. Journalists will be therefore be more likely to focus on harmful corporate behavior i.e. reveal scandals in their stories. We also expect the tonality of social coverage to be influenced by commercialization and the watchdog self-concept. As negativity is a news value, we expect it to be highlighted in more commercialized systems (US) and less distinct in countries with supportive journalism culture (Switzerland). Following hypotheses were formulated:

**H2.1.** In Swiss media the share of social coverage of MNCs will be lower than in US media.

**H2.2.** In Swiss media the social reputation of MNCs will be less negative than in US media.

According to several studies geographical proximity of events has a positive effect on the amount of media coverage. Media organizations with their headquarters and their audience near the epicenter of an event will give more weight to this event in coverage than more distantly located media organizations. This is especially true for crisis events (Benediktsson, 2010). Valentini and Romenti (2011) could show that in the case of the crisis of the Italian airline Alitalia the Italian media covered the crisis events more negative than foreign media. However, we have strong reasons to expect that media give home players more credit in their coverage. Schiffrin (2011) could show that companies are a primary source of information for journalists. In order to not compromise this source of

information journalists are reluctant to openly criticize companies. We expect this effect to be stronger in the home countries of companies as the interdependence between journalists and the companies is higher. A second reason for this assumption is the impact of advertising spending. In order not to endanger advertising spending media act carefully when criticizing companies (Pointner, 2010; Porlezza, 2014). This effect is expected to be higher in home media as companies presumably have a higher ad spending in their home-market also for image reasons. As a result a more constant news flow with neutral or positive tonality is expected in the home media. This leads to following hypotheses:

**H3.1.** The share of coverage of MNCs in the media of their country of origin (COO) will be higher than in abroad media.

**H3.2.** Reputation of MNCs will be less negative in media of their country of origin (COO) than in abroad media.

Regarding the amount of social coverage and social reputation in dependency of country of origin we see contradicting tendencies. We expect that the daily business of abroad companies is not a primary focus of the nationally located media. But they will cover controversial social topics (especially corporate scandals) intensely when abroad companies are involved because of high news values. In comparison coverage in home media will be more heterogeneous and the ratio between social and economic topics will be more balanced. Hence, the share of social coverage is presumed to be higher in abroad media. Abroad media will, again due to news values, focus primarily on the harmful effects when companies are involved in scandals. In home media a more differentiated coverage will take place not at last due to already mentioned higher interdependence between economy and journalism. Thus we expect tonality to be more negative in abroad media.

**H4.1.** Share of social coverage of MNCs in the media of their country of origin (COO) will be lower than in abroad media.

**H4.2.** Social reputation of MNCs will be less negative in media of their country of origin (COO) than in abroad media.

### 3. Design

This study compares the formation of media reputation of MNCs from the banking and pharmaceutical industry in Switzerland and the US. Guiding research questions are (1) how much media coverage do the examined companies receive in these two countries? (2) What tonality (positive, negative, neutral, balanced) do the corresponding media in the different countries use in reporting on the companies? (3) Does coverage focus more on social or economic topics?

This study uses a comparative most different systems design (Blum, 2014; Esser & Hanitzsch, 2012; Hallin & Mancini, 2004). Media system was defined as main predictor for resonance, reputation and topical focus in the coverage of the examined companies. Additionally, the companies' country of origin was used as predictor (Table 2). Selected countries were Switzerland and the US because they represent the public service model and the liberal

model respectively as conceptualized by Blum (2014). The design of the study was conceptualized to limit industry, company or media type specific effects on the reputation as far as possible. Company sample consisted of multinational corporations (MNCs) from the banking (Switzerland: UBS, Credit Suisse; US: Goldman Sachs, JP Morgan) and pharmaceutical industry (Switzerland: Novartis, Roche; US: Pfizer, Merck) in both examined countries. The pharmaceutical and banking sector were chosen because both industries are of high relevance in Switzerland and the US. Switzerland (Zurich and Geneva) and the US (e.g. New York and San Francisco) both have more than one competitive financial center rated among the top 15 by the Global Financial Centers Index (Yeandle & Mainelli, 2015). The examined banks are all among the three market leaders in their home countries and listed among the 50 biggest banks in the world in terms of managed assets (Relbanks Database for 2015). In both countries the spending on healthcare services is over 10% of the gross domestic product and they rank first (US) and third (Switzerland) in an international comparison (OECD Health Care Database for 2013). The selected pharmaceutical companies are all listed in the top five of the top-selling peers worldwide (Interpharma, 2015). Additionally all examined companies are doing substantial business in both countries e.g. operating research and production sites respectively affiliates. Media sample consisted out of four Swiss (NZZ, Tages-Anzeiger, Blick, Finanz und Wirtschaft) and four US newspapers (New York Times, Washington Post, USA Today, Financial Times). The selected titles represent three different types of media (subscription press, tabloid press and financial press). All selected media titles are characterized by large circulation.

Data stems from a continuous monitoring project at the Research Institute for Society and the Public Sphere of the University of Zurich (fög). The project systematically monitors the media reputation of companies and uses a full approach. This means that all media articles that were published on the monitored companies in the examined news media between 1 January 2011 and 31 December 2014 were registered. For this paper only articles that dedicated at least one third of the content to discussing one of the examined companies were considered and further processed. Two variables were encoded. The variable *topical focus* (economic vs. social) measured if an article focused primarily on economic topics (e.g. financial performance, products, service or business aspects) or social topics (e.g. regulation or CSR). *Tonality* measured how the companies were evaluated in the examined article and whether they were rated positive, negative, neutral or balanced following common praxis in media analysis (Deephouse, 2000).

Unit of analysis used were company codings. A unit is therefore defined as the evaluation of a company in a newspaper article. Data included media articles published between 1 January 2011 and 31 December 2014 resulting in a total of  $N=11196$  coding units. As several companies could be encoded in the same article the amount of examined articles was slightly lower ( $n=9700$ ). A total of 8984 codings were registered for the banking industry and 2212 for the pharmaceutical industry. Share of exposure in home and foreign media was similar for the banking (home 85% vs. foreign 15%) and the pharmaceutical industry (81% home vs. 19% foreign).

**Table 2**

Schemata of applied samples: Company and media sample for the two independent variables media system and country of origin (COO).

Variable	Specification	Company sample	Media sample
Media system	Switzerland	All companies	NZZ, Tages-Anzeiger, Blick, Finanz und Wirtschaft
	US	All Companies	New York Times, Washington Post, USA Today, Wall Street Journal
Country of Origin	Home	Credit Suisse, UBS, Novartis, Roche	NZZ, Tages-Anzeiger, Blick, Finanz und Wirtschaft
		Goldman Sachs, JP Morgan, Merck, Pfizer	New York Times, Washington Post, USA Today, Wall Street Journal
	Abroad	Credit Suisse, UBS, Novartis, Roche	New York Times, Washington Post, USA Today, Wall Street Journal
		Goldman Sachs, JP Morgan, Merck, Pfizer	NZZ, Tages-Anzeiger, Blick, Finanz und Wirtschaft

Every company was covered in Swiss as well as in US media. Share of coverage of all examined companies was higher in Swiss media (63%) compared to US media (37%). Every company was covered in each media type except for the pharmaceutical company Merck which received no coverage in the tabloid press in both countries.

The Reputation Index (RI) by Eisenegger (2005) was used to measure media reputation. The index is designed to calculate reputation as an aggregate of evaluations of an organization on the level of single newspaper articles. The index is therefore defined as the amount of newspaper articles with positive tonality (*p*) minus the amount with negative tonality (*n*) divided through the total amount of articles (*t*) including ones with balanced or neutral tonality. Every article is equally weighted for the measure. The index is calculated considering all articles in a defined company and media sample in a specified time period:

$$\text{Reputation Index (RI)} = \frac{\sum p - \sum n}{\sum t} \times 100$$

The Reputation Index scores values between -100 (only negative articles) and 100 (only positive articles) whereas a value of zero means that the amount of negative and positive articles are equal. High amount of neutral or balanced tonality dampens the effect of positive and negative assessments and tends to drive the scores of the index toward zero.

As one of the original aspects of this research the Reputation Index can be calculated for a subset of the total amount of media articles. We primarily distinguish between social and functional reputation. Social reputation is defined as reputation calculated only considering articles with a focus on social topics in reporting on a company. Functional reputation is calculated by only using articles that focus on economic topics. The aggregate of the two reputation types equates the overall reputation (RI). Additionally functional and social reputation can be calculated for a single media system (Swiss vs. US), country of origin (home vs. abroad) and industry (banking vs. pharmaceutical).

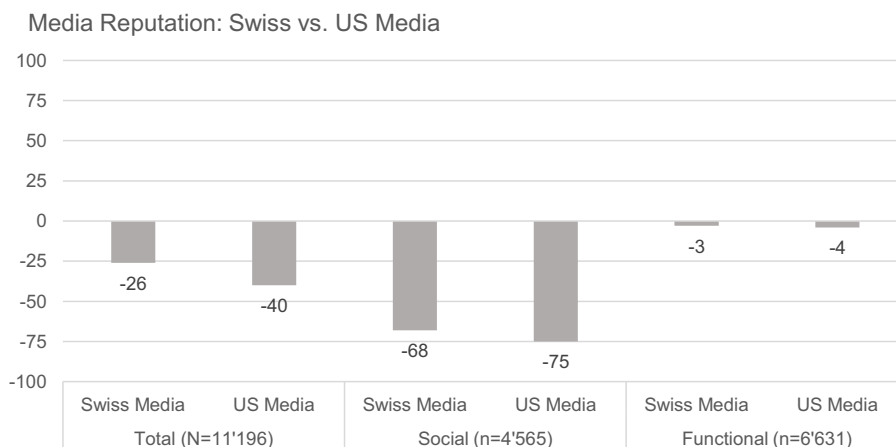
The variable *tonality* was recoded into a new variable *tonality\_num*. Articles with negative tonality were assigned the value -100 and articles with positive tonality +100. Articles with balanced or neutral evaluation were assigned the value 0. As all articles are equally weighted the Reputation Index can be calculated as the mean of the new variable *tonality\_num*. Thus, to detect significant differences between two Reputation Index scores a *t*-test was applied.

#### 4. Results

As already mentioned above the amount of coverage of the examined companies was higher in Swiss media (63%) compared to US media (37%). To analyze if the reputation differs in Swiss and US media a *t*-test was conducted ( $T = 10.361$ ;  $p = 0.000$ ). The reputation of the examined companies in the US media (RI = -40) was significantly more negative than in Swiss media (RI = -26). In both media systems the reputation scores were clearly negative (see Graph 1). To get a more detailed insight on how the MNCs were assessed in the two systems we cross-tabulated tonality by media system ( $\text{Chi}^2 = 135.594$ ;  $df = 2$ ;  $p = 0.000$ ). In US media a significant higher share of articles with negative tonality (51%) was registered than in Swiss media (40%). The share of balanced or neutral articles was clearly lower in US media (37%) compared to Swiss media (46%). Share of articles with positive tonality were similar in both media systems (US = 12%; Swiss = 14%). Additionally we looked at the differences between the reputation of the banking and pharmaceutical industry in the two media systems. For the banking industry a significant difference between reputation in Swiss (RI = -33) and US media (RI = -46) was measured ( $T = 9.916$ ;  $p = 0.000$ ). The reputation of the pharmaceutical industry did not differ significantly in Swiss (RI = -3) and US media (RI = -1) ( $T = -0.406$ ;  $p = 0.685$ ).

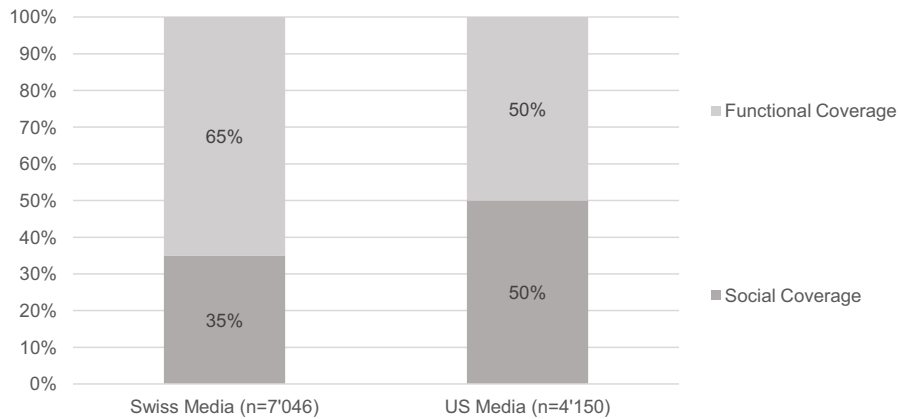
Graph 1 shows the media reputation of the examined MNCs in Swiss and US media for total coverage (left), social coverage (middle) and functional coverage (right). Media reputation is measured by using the Reputation Index (RI) by Eisenegger (2005). The index scores between +100 (only positive coverage) and -100 (only negative coverage).

To analyze if the amount of social coverage of the MNCs differed in Swiss and US media we cross-correlated topical focus by media system ( $\text{Chi}^2 = 241.038$ ;  $df = 1$ ;  $p = 0.000$ ). The share of social coverage was clearly higher in US media (50%) than in Swiss media (35%) (see Graph 2). We calculated the Reputation Index for social (social reputation) and economic coverage (functional reputation) in both media systems. Compared to Swiss media (RI = -68) the social reputation of the MNCs was significantly more negative in US media (RI = -75) ( $T = 4.875$ ;  $p = 0.000$ ). No significant difference could be measured for functional reputation in Swiss (RI = -3) and US media (RI = -4) ( $T = 0.599$ ;  $p = 0.549$ ). As next step we tested social and functional reputation for the two examined industries. For social reputation of the banking industry a significant difference between US (RI = -78) and Swiss media (RI = -69) ( $T = 5.901$ ;  $p = 0.000$ ) was measured. Functional reputation did not differ significantly in the US (RI = -8) and Swiss media system (RI = -9)



Graph 1. Media reputation: Swiss vs. US Media.

### Focus of Coverage: US vs. Swiss Media



**Graph 2.** Focus of coverage: Swiss vs. US Media.

( $T = -0.104$ ;  $p = 0.917$ ). The effect was confirmed for the pharmaceutical industry. Social reputation in the two systems differed significantly (Swiss  $RI = -56$ ; US  $RI = -36$ ) ( $T = -2.976$ ;  $p = 0.003$ ) whereas functional reputation did not (Swiss  $RI = 11$ ; US  $RI = 11$ ) ( $T = 0.023$ ;  $p = 0.982$ ).

Graph 2 shows the share of functional and social resonance of the examined MNCs in Swiss (left) and US media (right).

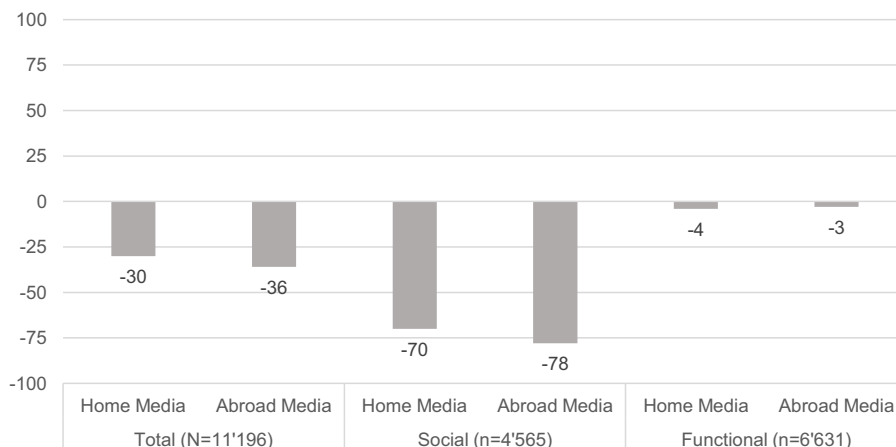
Overall the amount of coverage of the MNCs was clearly higher in their country of origin (COO). 84% of the media resonance of MNCs was gained in home media and 16% in abroad media. To analyze differences between the Swiss and US media we cross-correlated COO by media system ( $\chi^2 = 373.974$ ;  $df = 1$ ;  $p = 0.000$ ). Resonance of abroad MNCs was significantly higher in US media (25%) than in Swiss media (11%). The reputation of the examined companies was significantly less negative in their home media ( $RI = -30$ ) compared to the abroad media ( $RI = -36$ ) ( $T = 3.493$ ;  $p = 0.000$ ) (see Graph 3). The same effect could be measured for the reputation of the banking industry (home  $RI = -36$ ; abroad  $RI = -47$ ) ( $T = 5.480$ ;  $p = 0.000$ ). For the pharmaceutical industry no significant difference between reputation in home ( $RI = -2$ ) and abroad media ( $RI = -2$ ) was measured ( $T = -0.174$ ;  $p = 0.862$ ).

Graph 3 shows the media reputation of the examined MNCs in home and in abroad media for total coverage (left), social coverage (middle) and functional coverage (right). Media reputation is

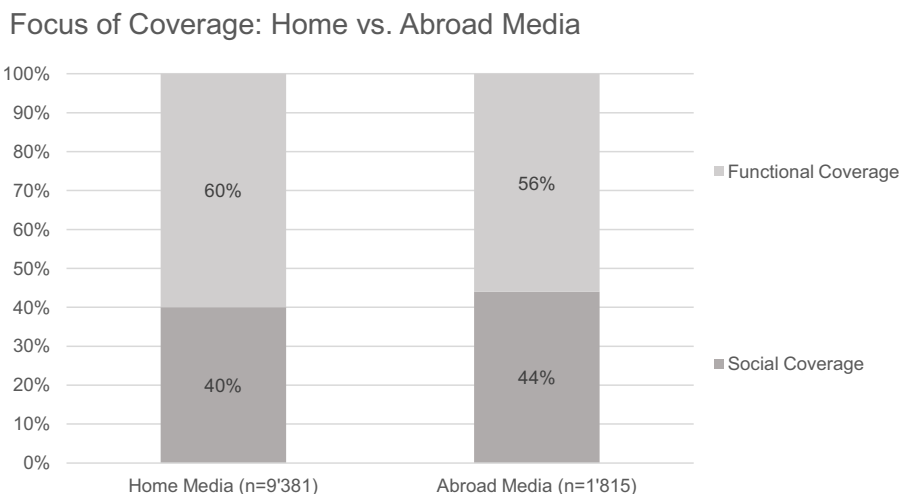
measured by using the Reputation Index (RI) by Eisenegger (2005). The index scores between +100 (only positive coverage) and -100 (only negative coverage).

To analyze if the amount of social coverage of MNCs differed in home and abroad media we cross-correlated COO by topical focus ( $\chi^2 = 12.577$ ;  $df = 1$ ;  $p = 0.000$ ). The share of social coverage was slightly but significantly higher in abroad media (44%) compared to home media (40%) (see Graph 4). The Reputation Index was calculated for social (social reputation) and economic coverage (functional reputation). For social reputation a significant difference between home ( $RI = -70$ ) and abroad media ( $RI = -78$ ) could be measured ( $T = 4.024$ ;  $p = 0.000$ ). For functional reputation no difference in home ( $RI = -4$ ) and abroad media ( $RI = -3$ ) was detected ( $T = -0.322$ ;  $p = 0.748$ ). Again, we also tested social and functional reputation for the two industries. A significant difference in social reputation between home ( $RI = -72$ ) and abroad media ( $RI = -83$ ) ( $T = 5.377$ ;  $p = 0.000$ ) could be measured for the banking industry. The corresponding functional reputation did not differ significantly in home ( $RI = -9$ ) and abroad media ( $RI = -9$ ) ( $T = -0.107$ ;  $p = 0.914$ ). For the pharmaceutical industry no significant difference for social reputation (home  $RI = -51$ ; abroad  $RI = -40$ ) ( $T = -1.306$ ;  $p = 0.192$ ) and functional reputation (home  $RI = 12$ ; abroad  $RI = 9$ ) ( $T = -0.588$ ;  $p = 0.557$ ) was measured.

### Media Reputation: Home vs. Abroad Media



**Graph 3.** Media reputation: Home vs. Abroad Media.



**Graph 4.** Focus of coverage: Home vs. Abroad Media.

Graph 4 shows the share of functional and social resonance of the examined MNCs in home media (left) and in abroad media (right).

## 5. Discussion and conclusion

This study was designed to show how national societal contexts shape the media reputation of multinational corporations (MNCs). We chose the Swiss and US media system because they represent the public service and the liberal model i.e. media systems with fundamentally differing orientations and structural preconditions in the modeling of Blum (2014). Our first conclusion is that media system can explain differences between media reputation. But as a secondary factor the country of origin has to be considered. An important further conclusion is that only social reputation is affected by the two concepts. In comparison functional reputation is not significantly influenced by societal contexts.

Our primary observation was that negativity in media coverage of MNCs was predominant in both media systems. Therefore media reputation of the examined industries was to a great extent negative. This may be not so much surprising for the banking industry as strong crisis effects in the aftermath of the financial meltdown in 2008 are incorporated in the data. But also the reputation of the pharmaceutical industry was slightly negative in both media systems. This shows that independent of the media system a clear negative perspective determines the perception of MNCs in the public. In this process social coverage can be identified as the main driver for the negativity whereas tonality of economic coverage was clearly more balanced.

Our secondary observation was that the amount of coverage of the examined MNCs differed between Swiss and US media. We used a full approach i.e. encoding of all media articles on the examined MNCs between 2011 and 2014 in comparable media and company samples. Therefore strong evidence for societal contexts as explaining factor is delivered. We see two main aspects. One on the level of the different constitution of the economies and one on the level of the media systems. At first the banking and pharmaceutical industry are more important industries for Switzerland than for the US. The US economy is, at least when considering MNCs, more diversely constituted. Therefore it seems reasonable that Swiss media give more weight to the two industries in their coverage. As second explanation the more critical journalism culture in the US should be considered. A more distant and investigative perspective on organizations will minimize the influence of companies and their PR thus limiting positive resonance for company induced media events.

Media will not provide a constant news flow with mostly neutral or favorable tonality on companies but report when either good or especially bad events will occur. Evidence for this thesis lies in the observed significant higher share of neutral or balanced tonality in Swiss media compared to US media.

Our first hypothesis (H1) was aimed at testing if media reputation was significantly more negative in US media compared to Swiss media. The data showed that the companies were evaluated clearly more negative in the US media. On the level of media systems the hypothesis is therefore supported. Media reputation of the banking industry was as well more negative in US media whereas the reputation of the pharmaceutical industry was almost exactly equal in the two media systems. These findings imply crisis effects in the data. Coverage of the banking industry was shaped by a strong crisis focus in the aftermath of the financial crisis in 2008. Therefore a possible conclusion is that the effects of national societal contexts on media reputation are amplified or even only occur in crisis periods.

Further we wanted to know if social coverage and social reputation differed in Swiss and US media (H2). The share of social coverage was clearly higher and social reputation significantly more negative in US media. Therefore our assumption that the investigative journalism culture and a commercial orientation favors a social focus in coverage was confirmed. The less negative tonality in Swiss media can be explained with the more social orientation and a less critical position toward elites. This tendency was confirmed for both industries. In contrast our data shows that functional reputation is not significantly affected by media system.

We expected that the country of origin of the MNCs will be a further explaining factor in the formation of media reputation (H3). We were able to show that the amount of coverage of MNCs was significantly higher in their home media compared to abroad media. The focus on home companies was stronger in Swiss media and implies a more international focus of the analyzed US media. This further supports our thesis that the banking and pharmaceutical industries are perceived as more important by the media in Switzerland. Overall media reputation was significantly more negative in the abroad media and in line with our hypothesis. The same effect was measured for the banking industry but not for the pharmaceutical industry. Like when comparing the two media systems the data implies crisis effects that are enhanced in home media compared to abroad media.

Finally we tested if the country of origin of MNCs acts as an explaining factor for differences in social and functional coverage respectively reputation (H4). Focus on social topics was a bit

higher in the abroad media and social reputation was more negative in abroad media. Both findings support our hypotheses. A sort of reputation bonus can be observed in home media when it comes to social coverage. Functional reputation scores were almost identical in home and abroad media. Reporting on economic topics seems not to be influenced by country of origin as much as social coverage. This was confirmed partially by the data when testing for the two industries. Functional reputation of the banks and pharmaceuticals was nearly identical in home and abroad media. Concerning social reputation a significant difference between home and abroad media was measured only for the banking industry. Again, this finding for the banks gives evidence that the effects of national societal contexts on media reputation are stronger in crisis periods.

## 6. Limitations

As a first limitation we may have underestimated crisis effects when analyzing the banking industry. Although interesting for further research it was neglected when developing research questions and hypotheses. As well it may have negatively affected the comparability of the two industries. Additional research could therefore be conducted to test the data for crisis specific effects.

A second limitation we see as a problem for international comparative designs in general. It would be desirable to integrate more cases i.e. different countries in order to analyze clusters of media systems rather than comparing single countries. But comparative designs tend to get big and complex as for example an extension of this study would illustrate. Expanding the country sample by one country per model with the same approach would imply the encoding of eight new companies in all four examined countries and the already encoded companies for the two new media systems. If at all a comparable media and company sample can be compiled. This is one of the main reasons we think that systematic comparative research is neglected. Nevertheless, because of the relevant findings also presented in this paper and the vast amount of possible research questions we believe that the contribution of the SACM conference 2015 to enhance comparative research should be welcomed by scholars in communication science.

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