



**Reputation or: how I learned to stop worrying and  
love the market**



## Characteristics of corporate reputation

- The reputation of a company is determined by testimonial belief.
- The beliefs that determine the reputation of a company may be either true or false.

## Proposition 1

- To avoid a bad reliable reputation, don't do anything bad. If bad behavior pays, pursue a good unreliable reputation.

## Proposition 2

- To overcome an unreliable bad reputation, continue to behave well, facilitate the flow of market information, and amplify this information with marketing.

## Proposition 3

- To establish a good reliable reputation, do what you say and say what you do.

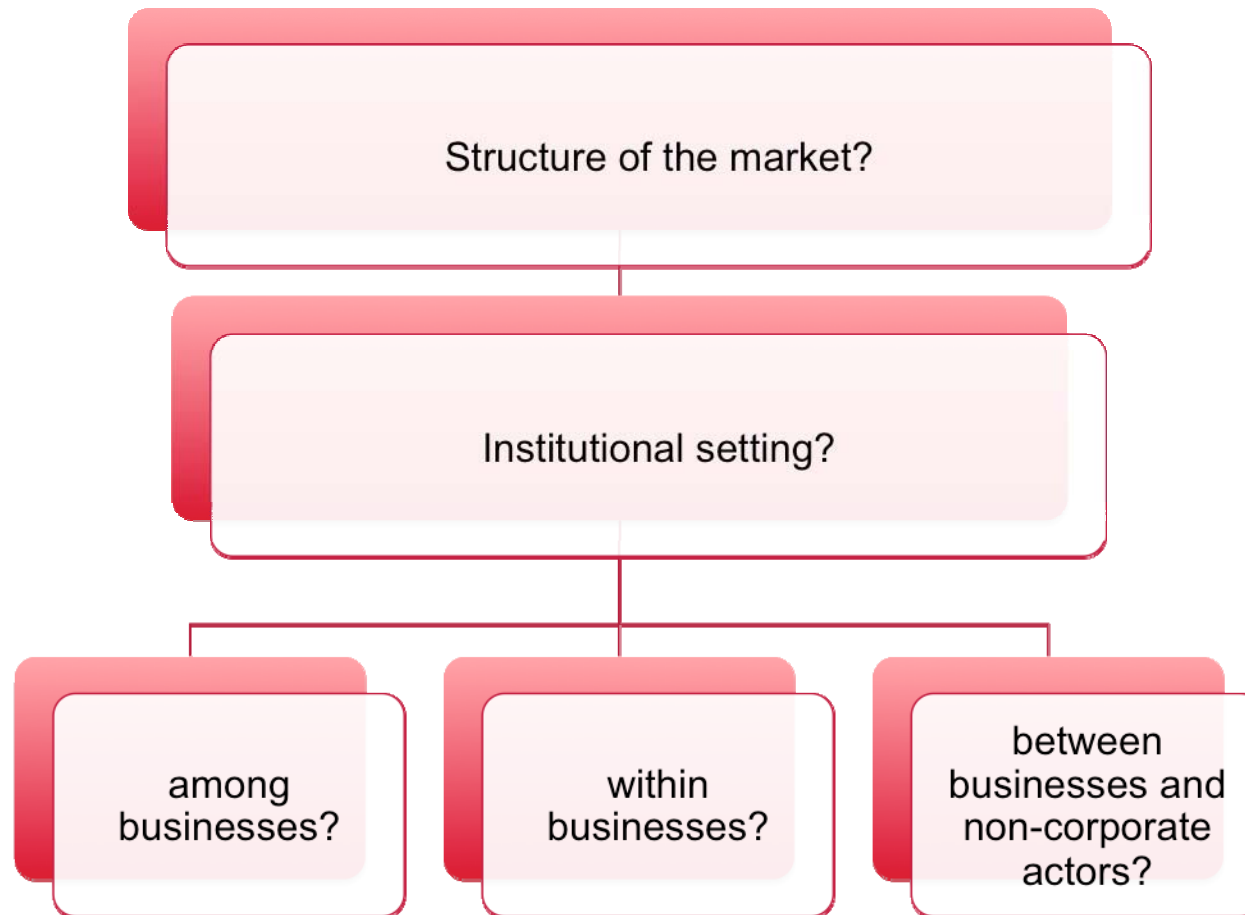
## Proposition 4

- Maximize the benefits of a good unreliable reputation, but beware the market.

## Critical question

- The most important question facing any company that seeks to profit by its reputation is: how imperfect is the market?

# Market structure and information flow



## **A small slice of the pie: business journalism and corporate reputation**

### **■ Hypothesis:**

- A more “competitive” media market leads to more invasive business journalism; i.e. competition reduces information asymmetry.**

### **■ Proposition:**

- In competitive media markets reputation matters less than behaviour.**