

The Relationship between Firms' Media Favorability and Public Esteem

Craig E. Carroll, Ph.D.

This paper introduces unpacks media favorability into two dimensions and investigates their relationship with firms' public esteem. A firm's focal media favorability refers to the overall evaluation of a firm presented in a stream of media stories. A firm's peripheral media favorability refers the overall evaluative tone accumulating from a stream of media stories where a firm is mentioned, yet is independent of how the focal firm is portrayed relative to the content. The study used a content analysis of The New York Times (n = 2,711) articles dating six months preceding the 2000 Annual Reputation Quotient, a nationwide public opinion poll (n = 22,359) on firms' reputations. Relationships were found between firms' focal media favorability and their public esteem for respondents with more knowledge of the firms' attributes and between firms' peripheral media favorability and their public esteem for respondents having little to no knowledge about the firms' attributes.

Key words: public esteem; attributes; media favorability, attribute agenda-setting, attribute priming

INTRODUCTION

The news media are considered one of the primary sources for the general public to learn about organizations beyond those that they have personal relationships with (Carroll & McCombs, 2003; Deephouse, 2000; Dutton & Dukerich, 1991). Although public relations research has examined media favorability (e.g., Park & Berger, 2004), little research has examined the relationship between media favorability and organizations' public esteem.

Organizational public esteem is the degree to which the public likes, trusts, admires, and respects an organization. This study offers it as one dimension of corporate reputation (Carroll & McCombs, 2003; Fombrun, Gardberg, & Sever, 2000), with other dimensions being organizational prominence and attributes of quality (Rindova, Williamson, Petkova, & Sever, 2005). Organizational public esteem is a fundamental concern for the public relations practice because it is concerned with earning respect (Kim, 2001; Hon. Without a base level of trust, admiration, and respect, individuals lack sufficient incentives to consider relationships with organizations, whether through employment, investing, product consumption, or social causes. An

Craig Carroll, Ph.D., is Assistant Professor in the School of Journalism and Mass Communication at the University of North Carolina - Chapel Hill, craig.carroll@unc.edu.

organization's public esteem may even affect an individual's desire to get to know the people who work there.

Traditionally, scholars define *media favorability* as "the overall evaluation of a firm presented in the media resulting from the stream of media stories about the firm" (Deephouse, 2000, p. 1097). This study asks, does this traditional view of a firm's media favorability reflect the only dimension there is or the only dimension public relations should be concerned? This study argues that it does not. Using attribute affective priming (Kim & McCombs, 2007; Kim, Scheufele, & Shanahan, 2002), we specify another dimension of media favorability that relates to firms' public esteem--news articles' overall evaluative tone. This form of tone can be called a firm's *peripheral* media favorability. Research by Austin, Pinkleton, Hust and Miller (2007) suggests important differences between how researchers and audiences evaluate objects in news content, including media favorability.

In essence, audiences who read news content as a part of their day-to-day news exposure (e.g., information seekers) may have different levels of public esteem for firms than audiences who read news content looking for media portrayals of firms (e.g., information processors). The first form of media favorability emerging from articles overall evaluative tone, we label the firms' peripheral favorability. The latter (the traditional view of media favorability), we label the firms' focal media favorability. Understanding the implications of these two forms of media favorability is important because public relations scholars and practitioners evaluating how organizations or issues are portrayed through news coverage may over-respond or under-respond to media content they are evaluating about an organization based upon perceptions they believe news audiences may extract from the same content.

Research on the persuasive press inference (Gunther, 1998) reveals that not only do people form opinions based on media favorability, they assume this content is representative of content more generally, and presume the content will influence the opinions of others. In turn, this presumption leads to changes in behavior based upon their perceptions of the media's influence on others (Gunther & Storey, 2003).

Understanding media favorability as a multi-dimensional concept has implications for organizations, consumers, regulators, advocacy groups, and public relations scholars alike. In essence, public relations scholars and practitioners evaluating how organizations or issues are portrayed through news coverage are prone to the influence of presumed media influence if the act of evaluation substitutes for the monitoring of public opinion. This study provides insights and implications into organizational media monitoring by unpacking the relationship between media favorability and firms' public esteem.

LITERATURE REVIEW

This study examines the relationship between firms' core media favorability and peripheral media favorability and their public esteem. Table 1 summarizes some of the conceptual differences. Each dimension of media favorability is described leading to a proposition about their relationship with firms' public esteem.

Focal media favorability and public esteem

A firm's *focal media favorability* is the traditional view of media favorability (Deephouse, 2000). The most prevalent theoretical perspective for the relationship between firms' media favorability and firms' public esteem is attribute agenda-setting. Using this theory, McCombs and colleagues (e.g., Ghanem, 1997; McCombs et al., 1997; McCombs et al., 2000) articulated two dimensions of attributes: cognitive and affective. Our focus is on the affective dimension because it conveys the concept "media favorability."

Assessments of the affective dimension recognize that news stories and public survey responses convey not only descriptions of objects but also feelings and tone about the objects described (McCombs & Ghanem, 2001; McCombs et al., 1997; McCombs et al., 2000). McCombs et al. (1997) found a close correspondence between the affective descriptions of candidate attributes and the audience's descriptions of those candidates during the 1996 Spanish general election. Others have reported similar results (Becker & McCombs, 1978; Golan & Wanta, 2001; Kioussis, Bantimaroudis, & Ban, 1999; Weaver, Graber, McCombs & Eyal, 1981).

Table 1

Theoretical Distinctions between Firms' Core and Peripheral Media Favorability

Characteristics	Firm's Core Media Favorability	Firms' Peripheral Media Favorability
Definition	"The overall evaluation of a firm presented in the media resulting from the stream of media stories about the firm" (Deephouse, 2000, p. 1097).	The overall evaluative tone accumulating from a stream of media stories where a firm is mentioned, yet independent of how the focal firm is portrayed relative to the content.
Core theoretical framework	Affective attribute agenda-setting (Ghanem, 2007; McCombs & Ghanem, 2003)	Affective attribute priming (Kim et al. 2002; Kim & McCombs, 2007)
The Public's Point of Entry	Familiarity with the firm; Reading the article for how it relates to the firm.	Engaging with the day's news reports; the firm is encountered through one's attention to daily news.
Frame	Attribute of object (McCombs & Ghanem, 2003)	Attribute of presentation (McCombs & Ghanem, 2003)
Frame Theme or Aspect	Central theme	Aspect
Public's Familiarity with the Firm	More knowledge about the firm's attributes	Less knowledge about the firm's attributes

Extending this framework to organizations, Carroll and McCombs (2003) argued that the attribute agenda-setting hypothesis extends to the news media's relationship to the images of and opinions about major corporations. They focused primarily on the affective dimension of the firm's cognitive attributes. Our focus is on the affective dimension focused on the firm as the object. We label the affective dimension of the firm as the focal object, the firm's focal media favorability. Several studies across disciplines have established a relationship between firms' focal media favorability and their financial performance (Deephouse, 2000; Fombrun & Shanley, 1990; Kioussis, Popescu, & Mitrook. 2007; Wartick, 1991).

In contrast, the results for the link between focal media favorability and the public's opinion about publicly-traded firms are mixed (Fombrun & Shanley, 1990; Kioussis et al., 2007). One explanation for the mixed findings is that previous research has failed to break corporate reputation into its relative dimensions. We contend that firms' media favorability should relate more to one specific dimension of reputation-- public esteem-- rather than the global variable. Each of reputation's multiple dimensions (e.g., social responsibility, products and services, and financial performance) receives news coverage with particular media assessments, which should relate to the public's

assessments of those particular dimensions (e.g., Carroll & McCombs, 2003). Thus, for the portrayal of the firm, we propose the following relationship:

Hypothesis 1: The higher the proportion of firm's focal media favorability, the higher the level of the firm's public esteem.

Peripheral media favorability and public esteem

A firm's *peripheral media favorability* is defined as the overall evaluative tone (Sheafer, 2007) accumulating from a stream of media stories where a firm is mentioned, yet independent of how the focal firm is portrayed relative to the content. We use this label because even though the favorability may not pertain to the firm, the tonal assessment is made from the perspective of the firm as the central object embedded in its contents. Even though the focus of the attribute of presentation is on the overall evaluative tone of the article or articles, the primary concern is the object embedded within. From the perspective of frames of attributes of objects, the peripheral tone is an "aspect" of a firm's media favorability. Recall that the attributes of objects limb is unconcerned with aspects and only focuses on the objects that are central themes to the story.

The news articles's overall evaluative tone corresponds to the "frame of presentation" (McCombs & Ghanem, 2003) which is concerned with characteristics of the article(s) rather than specific object contents within the article(s).

This evaluative tone, adjacent to how the firm is evaluated, provides cues that audiences use to judge the report's portrayal of the firm (Kim, Scheufele, & Shanahan, 2002; Kim & McCombs, 2007). Through this process of *attribute priming* (Kim et al., 2002; Kim & McCombs, 2007), the news media's overall evaluative tone (Sheafer, 2007) primes the public's attitudes and opinions, regardless of how a firm embedded within the article is portrayed. On a broad level, attribute priming research claims that the news media establish standards that audiences employ to judge a focal object, whether a presidential candidate, an issue or news topic, or a firm (Kim et al., 2002; Kim & McCombs, 2007; Kioussis, 2003). These standards are contextual effects where the symbolic environment surrounding an object provides cues for its interpretation. The association between the information and another topic need not be explicit; nor does the audience necessarily need to infer the association as intentional.

When considering the overall evaluative tone of a news article in relation to an object embedded in its content to which the tone may not pertain, the real power comes from the cumulative tone that builds up over time. From the attribute of presentation perspective, namely affective attribute priming (Kim et al., 2002; Kim & McCombs, 2007), if the evaluative tone of a stream of news articles where an object is mentioned is negative, the negative evaluative tone can transfer over and become associated with the object even if the object itself is not the target of the negative tone. That is, increased evaluative tone salience surrounding the mention of a firm over a stream of articles should correspond to the audiences' evaluation of the firm with the same tone, even if the evaluative tone is not directed explicitly or intentionally toward the firm. Thus,

if a stream of articles where a firm is mentioned contains approximately 80% negative content unrelated to a firm's portrayal, audiences may still derive negative affect about the firm from the stream of articles even if the remaining 20% was positive and specifically about the firm. Thus, when evaluating a stream of articles about a firm, we propose the following relationship:

Hypothesis 2: The higher the proportion of peripheral media favorability (irrespective of a firm's specific portrayal), the higher the level of the firm's public esteem.

Elaboration-likelihood Model of Persuasion

The elaboration-likelihood model of persuasion emphasizes two routes to persuasion: a central route and a peripheral route (Petty, Briñol, & Priester, 2008; Petty & Cacioppo, 1986).

The *central route* involves an observer drawing upon prior experience and knowledge in order to scrutinize all of the information relevant to determining the central merits of the position advocated (Petty & Cacioppo, 1986). The goal of the effort is to determine whether a news report has any merit. Not every news report is interesting or important to think about, and not every news article written about a firm has the same degree of relevance for the firm. When people have the motivation and the ability to think about how an issue or a message relates to a firm, they scrutinize the issue-relevant information presented. In some cases, the firm is the focus of the news article; in other cases, the firm is mentioned only in passing. The observer then weighs the information in the report for its degree of bearing and relevance for the named firm. One function of the news media is to make political or social issues relevant. If, due to extensive media coverage, people come to believe that certain issues are more important than others, these issues will become more central in evaluating the firms.

The result of central route processing is a well-articulated attitude that is integrated into a person's belief structure. Simply because the process involves more cognitive work does not mean that the attitudes formed are more rational or accurate; elaboration-likelihood researchers have suggested, however, that these attitudes are more likely accessible, persistent, predictive of behavior, and resistant to change until challenged by cogent contrary information (Petty & Krosnick, 1995). Therefore, we propose the following:

Hypothesis 3: The salience of a firm's media favorability will have a stronger relationship with its public esteem for members of the public who have more knowledge of the firm than those with less knowledge.

The *peripheral route* of persuasion in the elaboration-likelihood model involves less effort, motivation, and ability in evaluating a news report. Observers cannot or do not devote sufficient cognitive resources to every form of media to which they are

exposed: they may be lazy, impatient, or passive in various forms of information processing. Alternatively, they may rely on simple heuristics, decisional premises, or inferences triggered by a source, such as, “news is factual” or “advertising intends to persuade.”

Petty and Cacioppo (1986) found that the peripheral route cues tend to be less accessible, enduring, and resistant to change compared to those of the central route. A peripheral cue is “a feature of the persuasion context that allows favorable or unfavorable attitude formation even in the absence of an effortful consideration of the true merits of the object or issue” (Petty, Brinol, & Priester, 2008, p. 141). The involvement of less cognitive resources does not make the peripheral route of persuasion less effective than the central route. In the short run, the peripheral route is quite effective; but over time, people’s feelings about a source may change more easily and the originating cues may become disassociated from the message (Petty & Cacioppo, 1986; Petty et al., 2008). As such, we propose the following:

Hypothesis 4: The salience of the media’s evaluative tone (independent of a firm’s specific portrayal) will have a stronger relationship with a firm’s public esteem for members of the public who have less to no knowledge of the firm than for those with more knowledge.

This study suggests that media favorability has at least two dimensions: focal media favorability and peripheral media favorability. For firms’ media favorability, both dimensions should relate to their levels of public esteem. Table 1 lists key distinctions between firms’ core and peripheral media favorability.

METHODS

This study used content analysis and a secondary analysis of the Annual Reputation Quotient (RQ) 2000 (Alsop, 2000; Fombrun, Gardberg & Sever, 2000), an annual public opinion on corporate reputation conducted by Harris Interactive. The Annual RQ has been conducted by Harris Interactive since 1998.

This study evaluates the public’s perceptions of the most prominent firms in the United States across a number of cognitive attributes and one affective attribute. This study used the earliest Annual RQ data available at the individual level of analysis in order to control for alternative explanations. For the past 10 years, Annual RQ scores have been published in the media, making it possible that the media’s reporting on firms’ reputation ratings, rankings, and scores may influence the public’s esteem for these firms more than the media’s routine news reporting. Previous secondary research using the Annual RQ (e.g., Kioussis et al., 2007) has only had access to the published, aggregate rankings years after the study became institutionalized.

Respondents

An average of 710 respondents from the Annual RQ rated each firm. Table 3 lists the number of respondents per firm. Harris Interactive weighted all data using demographic

variables (i.e., age, sex, education, race, ethnicity, household income, and region) to project findings to the U.S. adult population (Alsop 2000).

Sample of Firms

The firms studied were U.S. publicly traded firms drawn from lists of firms receiving the total nominations in the first phase of the Annual RQ 2000 (Alsop, 2000).¹

Sample of News Content

News articles mentioning any of the focal firms' ticker symbols within the six-months of the rating phase of the Annual RQ 2000 were downloaded from *The New York Times* in the Lexis-Nexis database.² The date range was April 15, 2000 through September 26, 2000. *The Wall Street Journal* was not used because our sample was of the general public; moreover, we were interested in general interest news rather than business news. Table 2 lists the number of articles per firm. The average number of articles per firm was 93.

In political communication research, scholars use *The New York Times* to represent the national media environment given its intermedia agenda-setting power and the strong relationship that exists between it and other national and local news sources, including television networks and Internet websites (Dearing & Rogers, 1996; Reese & Danielian, 1989; Tan & Weaver, 2008). As Gans (2005) argued,

The *Times* is treated as the professional setter of standards.... When editors and producers are uncertain about a selection decision, they will check whether, where, and how the *Times* has covered the story; and story selectors see to it that many of the *Times*' front-page stories find their way into television programs and magazines (p. 180).

Separately, our independent keyword search of the Lexis-Nexis news archive using the firms' "ticker" symbols revealed *The New York Times* as the only newspaper archived where each of the firms in our study had news content during our timeframe.

Table 3
Number of news articles and respondents per firm

Firms	Articles N	Respondents N
Amazon.com, Inc.	58	548
Anheuser-Busch Companies, Inc.	9	628
AOL Time Warner Inc.	159	582
Apple Computer, Inc.	72	745
Boeing Company, The	100	906
Coca-Cola Company, The	81	854
Dell Computer Corporation	58	874
Exxon Mobil Corporation	16	834
FedEx Corporation	54	881
Ford Motor Company	265	711
Gateway, Inc.	17	778
General Electric Company	105	665
General Motors Corporation	165	672
Hewlett-Packard Company	25	582
Home Depot, Inc., The	15	575
Intel Corporation	118	560
International Business Machines Corporation	167	620
Johnson & Johnson	10	876
Kmart Corporation	17	638
McDonalds Corporation	54	699
Microsoft Corporation	767	717
NIKE, Inc.	31	611
Procter & Gamble Company, The	58	609
Sears, Roebuck and Co.	26	631
Southwest Airlines Co.	13	648
Wal-Mart Stores, Inc.	46	683
Walt Disney Company, The	107	636
Xerox Corporation	54	731
Yahoo! Inc.	44	865

Note. News articles are from *The New York Times*, April 15, 2000 to September 26, 2000. Articles were identified by searching content Lexis-Nexis 'Ticker' symbols. Respondents are from U.S. nationwide Annual Reputation Quotient, between September 27 and October 17, 2000.

Dependent Variable

The dependent variable, firms' public esteem, was measured using the three-item affective attribute measure from the Annual RQ 2000.³ The three items concerned the public's degree of trust, admiration, and respect for the firms evaluated. The questions used a scale from 0 to 10, where "0" represented a bad feeling and "10" represented a great deal of trust, admiration, and respect. A weighted average was computed for each of the three questions based on the number of respondents who answered at each level. Once the weighted average was computed for each of the three questions, the mean was used as the score for the firms' public esteem.

Independent Variables

Table 3 summarizes the distinctions between the two independent variables: firms' core media favorability and firms' peripheral media favorability.

Table 3

Methodological Distinctions between Firms' Core and Peripheral Media Favorability

Characteristics	Firm's Core Media Favorability	Firms' Peripheral Media Favorability
Unit of Analysis	Firm's portrayal within the news article	Entire news article
Screening of Articles	Only articles contain sufficient information to <i>evaluate</i> the firm; articles with insufficient details are eliminated.	All articles that mention the firm.
Screening of Passages	Paragraphs that do not contain information to evaluate the firm are ignored.	All paragraphs are analyzed, even where the firm is not mentioned.
The Firm's Score	Each focal firm appearing in the same article receives a <i>unique score</i> based on its portrayal.	Each focal firm appearing in the same article receives the <i>same score</i> , regardless of their individual portrayals.
Coded by	Human Coders	Computer-aided text analysis
Formula	Janis-Fadner Co-Efficient of Imbalance	DICTION Optimism Formula
Aggregation	Aggregated the scores to the level of the individual firm	Aggregated to the level of the individual firm

Firms' core media favorability. Firms' core media favorability was measured using human coders. The term "core media favorability" was chosen because the firm was the object of analysis in each news article. For the firms' core media favorability, each firm appearing in the same article received a unique score based on its portrayal, determined by the human coders. For this variable, two types of screening occurred. First, human coders screened each article and passage for its relevance for the firms in the study. Articles not relevant to the firms were eliminated from the sample. Second, if an article remained in the sample, only passages whose content directly reflected the portrayal of a firm were analyzed. Each focal firm appearing in the same article received a unique score based on its portrayal.

The degree of a firm's favorability was coded categorically as favorable, neutral, mixed, or unfavorable. Media content coded "favorable" referred to the focal firm with an evaluative tone of admiration, respect, or trust. Conversely, media content coded "unfavorable" referred to the focal firm with an evaluative tone as unworthy of admiration, respect, or trust. "Neutral" was defined as the *absence of both favorable and unfavorable evaluations* expressed toward the firm. "Mixed" was defined as the *presence of both favorable and unfavorable evaluations* of the firm. "Neutral" and "mixed" were combined to enable the calculation of the Janis-Fadner coefficient (Deephouse, 2000; Pollock & Rindova, 2003).

Six undergraduate coders from a large west coast university were trained on content analysis. The coders received extensive training prior to coding the sampled articles. Scott's Pi (Π) with the Potter and Levine-Donnerstein (1999) correction formula were used to calculate coder reliability. Assessment of the news articles began after coders reached a reliability of .80 or higher for every variable. The following are the Scott's Pi estimates for each variable: relevance (yes or no) (.92), unfavorable (.85), mixed (.84), neutral (.88), and favorable (.86). Because the unit of analysis was the firm, two firms within an article could receive different scores depending upon how each was portrayed. If two focal firms appeared in the same news article, they were coded by different coders.

After coding was completed, a 10% sample was pulled for examining inter-rater reliability. Holsti's reliability was calculated for each pair of coders; the results were at an acceptable level of reliability, ranging from .77 to .87 for each pair of coders.

From the manual coding, a Janis-Fadner coefficient of imbalance (Janis & Fadner, 1965), a method used in media research to assess the degree of media favorability (Deephouse, 2000; Pollock & Rindova, 2003), was computed (see Figure 1). The coefficient measures the relative proportion of articles that have a favorable tenor versus an unfavorable tenor each year. The coefficient has many useful properties, including (1) a meaningful zero point when a firm has an equal number of favorable and unfavorable articles, (2) a decrease in the coefficient when the number of articles increases, and (3) an increase in the coefficient when the number of favorable tenor articles increases. The coefficient of media imbalance is—where "f" is the number of positive articles about a firm, "u" is the number of unfavorable articles about it, and "v" is

the total volume of articles, if $f > u$, then $(f^2 - fu) / \text{total}^2$; if $f = u$, then 0; if $u > f$, then $(fu - u^2) / \text{total}^2$

Firms' peripheral media favorability. A firm's peripheral media favorability refers to the evaluative tone of an article or stream of articles where the firm is mentioned, even if the tone of the contents is not directly associated with the firm. This peripheral media favorability was calculated by determining the evaluative tone of each news article using computer-aided text analysis (CATA), identifying each firm within the study that was present in the articles, and then calculating an aggregated score for each firm emerging from the stream of articles where the firms' names appeared.

The CATA software used for determining the evaluative tone of a verbal message was DICTION 5.0 (Hart, 2001, 2006; Lowry, 2008). DICTION analyzes five different types of tone (Lowry, 2008). This study examines only one: optimism. Previous research has noted DICTION's effectiveness and reliability in picking up tonal qualities, positive psychological motifs, and positive residual feelings (Lowry, 2008). Hart (2006), who developed DICTION, defined the "optimism" variable as capturing language that "endorses some person, group, concept, or event or highlights their positive entailments" (p. 43). DICTION uses standardized scores for the variables, each containing mutually exclusive lists of words: "praise" (194 words), "satisfaction" (315 words), "inspiration" (122 words), "blame" (346 words), "hardship" (470 words), and "denial" (39 words).⁴ Lowry (2008) provides examples of the words contained in each of these dictionaries. The values for the optimism score are calculated by adding the scores of the positive dimensions—"praise," "satisfaction," and "inspiration"—and subtracting the scores of the negative dimensions—"blame," "hardship," and "denial." (Hart, 2001).

For the news media's evaluative tone, entire news articles were coded—not just passages focused on the firms. Screening was not necessary for the media's evaluative tone. All articles where the sample firms were mentioned were included. If two firms in the study appeared in the same news article, they received the same 'Optimism' score. This is because the 'Optimism' score is associated with the article level of analysis rather than any object appearing within the article. Firms receive different 'peripheral media favorability' scores because they appear in different articles over time. For calculating 'peripheral media favorability' for each firm, the 'Optimism' scores from the individual news articles where the firms' names appeared were aggregated separately for each firm in the study.

Control Variables

The respondents' knowledge of the firm evaluated was used as control variables. The survey asked respondents if they had knowledge of three firm attributes: executive leadership, social responsibility, and products and services (Carroll & McCombs, 2003; Kioussis et al., 2007). The choices were "none," "a little," or "a lot." The choices for "a little" and "none" were combined.

Data Analysis

To examine the relationships in this study, the articles were coded for the firms' core and peripheral media favorability. The news articles were aggregated to the firm level of analysis and then correlated with the respondents' public esteem scores, which were also aggregated to the firm level of analysis. Table 4 reports the zero order correlations and partial order correlations, controlling for respondents' knowledge of the firm.

Considering the present study's exploratory nature in a relatively young program of research on the relationship between business and the news media, the partial correlation analyses in this study are sufficient to establish a relationship between a firm's media favorability (including its peripheral media tone, the article's overall evaluative tone) and its levels of public esteem. Clearly, more accumulated evidence is needed to ascertain causal relationships. Nevertheless, the emergence of significant correlations in the present analysis lays the foundation for future research looking at potential causal relationships, whereas the absence of significant correlations would falsify the proposed theoretical framework.

Table 4*Partial Correlations Relationships between Media Favorability, Peripheral Media Favorability, and Firms' Public Esteem*

	Level	Focal Media Favorability	Peripheral Media Favorability
Firms' Public Esteem		.55**	.56**
Firms' Public Esteem with Control Variables			
Knowledge of Products & Services	High	.59*	.46
	Low	.46	.56*
Knowledge of Social Responsibility	High	.59*	.32
	Low	.36	.56*
Knowledge of Executives	High	.56*	.48
	Low	.42	.57*

Note. N= 29 firms. Focal media favorability referred to evaluative tone directly related to the firms in a stream of articles. Peripheral media favorability referred to overall evaluative tone of news articles regardless of how firms within the stories were portrayed. Partial correlations after controlling for respondents' knowledge of the firm's products and services, social responsibility and executives.

* $p < .05$; ** $p < .01$.

RESULTS

H1 asserted a positive relationship between the salience of the firm's focal media favorability and its level of public esteem. H1 was supported (.55, $p < 0.03$). See Table 4. H2 asserted a positive relationship between the salience of the firm's peripheral media favorability and its level of public esteem. H2 was supported (.56, $p < 0.01$).

H3 asserted that the relationship between the salience of the firm's focal media favorability and its public esteem is stronger for respondents with *more knowledge* of a firm than for those with less knowledge. See Table 4. The results showed that the relationship was stronger for those who knew something about a firm's social responsibility (.59, $p < 0.02$) and those who knew something about firm's products and services (.59, $p < 0.02$). The relationship for those who knew something about the firm's executive leadership was not statistically significant. Thus, H3 was partially supported for two of the three attributes examined.

H4 asserted that the relationship between the salience of a firm's peripheral media favorability and its levels of public esteem is stronger for respondents with *less knowledge* of the firms than those with more knowledge. For respondents who said they knew more about a firm, the relationship between the firm's peripheral media favorability and public esteem was not significant. See Table 4. A relationship was found for those with little to no knowledge of the firms' products and services (.56, $p < 0.02$), executive leadership (.56, $p < 0.02$), and social responsibility (.57, $p < 0.02$). Thus, H4 was supported.

DISCUSSION

The present study sought to examine questions about the relationship between firms' media favorability and their public esteem, as well as under what conditions is the relationship stronger. This study explored whether the news media's evaluative tone in news stories may still relate to the public's perceptions of firms within the stories, even if the evaluations do not pertain directly to the firms. The value of this study lies in its unpacking the concept of media favorability, illustrating how scholarship and practice can focus too narrowly on what counts as a media effect. The study hypothesized a positive relationship between media favorability and firms' public esteem using frames of attributes of objects and attributes of presentation. This hypothesis was supported by two types of media favorability: firms' core media favorability (previously labeled 'media favorability') and firms' peripheral media favorability, each emanating from the stream of news articles mentioning the firms. In addition, this study finds support for the elaboration-likelihood model of persuasion as a way of understanding how the media salience of these two types of media favorability relate differently to firms' public esteem. The results reveal that a firm's media favorability is stronger when the public

has *more knowledge* of the firm whereas the firm's peripheral media favorability is stronger when the public has *little to no knowledge* of the firm.

The findings reveal that firms may benefit from their association with a news article's overall favorable tone, even when what is mentioned about the firm is negative. Conversely, firms experience a penalty by their appearance in news reports that have a negative tone, even if mentions of the firm are not negative. The findings provide an additional layer of evidence suggesting that many firms benefit from their direct association to positive news reports in general and their distancing from negative ones, whether or not the evaluative tone is pointed at the firm.

The study makes clear that the images seen by firms, their representatives, and advocates (whether senior-level officers, public relations officers, outside agencies, or employees) may not always match those that inactive or latent publics are exposed to through the media. Firms monitoring their images in the media are more often evaluating their focal media favorability. Their peripheral media favorability is ignored when articles are discarded because evaluators deem the articles irrelevant to the firm. Certainly, the sheer volume of news articles where firms are mentioned prevents adequate attention being paid to each article; not all firm media portrayals are created equally. Nevertheless, without some awareness of firms' peripheral media favorability and the relationship between firms' peripheral media favorability emanating from a stream of stories, the firms' likelihood of over-responding or under-responding when there is a mismatch increases (Dukerich & Carter, 2001; Gunther, 1998; Gunther & Storey, 2003). Thus, firms should be wary about presuming media effects on their corporate reputations, particularly if they are not attuned to monitoring their reputations in the media from multiple viewpoints.

This study suggests that the firms' media favorability may relate to their levels of public esteem, but under different conditions; one being how much people are paying attention to firms when they follow news contents. People who are more familiar with specific firms may seek out news stories about them through headlines, photographs, or even the "table of contents" that often lists which firms receive prominent news coverage on a given day. For these people, the firms' focal media favorability may be more important. There are others, however, who may not follow specific firms in the media. For them, their encounter with firms may simply be as a part of reading the day's news. In other words, the day's events and the immediate newsworthiness of the firm may be all that is of concern. For these people, the firm's peripheral media favorability may be a sufficient basis for their formation of esteem for the firm.

Limitations.

Some may be concerned that the data for our study were collected pre-9/11 and pre-Enron, and thus view the data to be irrelevant in light of recent corporate scandals. Public scandals involving firms occur regularly, as evidenced by the dot.com bust, MCI Worldcom and Adelphia scandals, the real estate bubble and mortgage loan crisis, and most recently, the Madoff affair. The question is whether more recent scandals have altered the relationship between media portrayals of firms and their levels of public

esteem. The aggregated top-level RQ results post-Enron indicated that of the 46 companies rated pre- and post-Enron, 21 firms had significantly lower reputation ratings, while six had notably higher scores (Alsop, 2003). Post-Enron RQ data at the individual level of analysis were not available; regardless, our focus was on the theoretical relationship between media portrayals of firms and their levels of public esteem. Since recent individual level public opinion poll data with these questions are currently not available, the relationships cannot be explored in more detail at the current time.

Still, this particular data set has advantages because it was collected before the Annual RQ's top-level data were publicly reported through the media. Thus, we were able to assess the relationship between the firms' media favorability and their public esteem without the confounding produced by the news media publishing top-level results of the firms' reputation scores. That is, one complication of using more recent aggregated data is that it raises the possibility that the firm's reputation scores published by the news media may influence the firms' public esteem rather than the news media's reporting on the firms themselves.

For people following the day's news, but who do not have anything to do with the firm (through product purchases, investing, or boycotting), their esteem for the firms evaluated may ebb and flow with day-to-day media reporting, different polls, and the ways questions are asked. It is possible that uninvolved participants in the survey probably answered questions positively or negatively only because they felt obligated to give an answer to an interviewer even if they had never really thought about the firm before. The selection criteria Harris Interactive used for assigning respondents to specific firms should have minimized this possibility. That is, respondents had to be at least somewhat familiar with the firms in order to evaluate them with the survey, although their specific knowledge about particular attributes may have been limited.

Some may conclude that public relations professionals should concentrate on influencing organizational behaviors and performance that directly affects publics with a relationship with the firm and pay far less attention to influencing media coverage of the firm that affects only those who pay little attention to it. Nevertheless, negative media coverage might discourage people who know nothing about a firm or have no relationship with it from pursuing a relationship (Deephouse, 2000).

Future research.

The study offered core and peripheral media favorability as additional dimensions for exploration within attribute agenda-setting. This study examined them in the context of the media's affective dimension. Certainly more evidence is needed across several studies to determine the extent of the relationships observed here, but the emergence of significant correlations in this study lays a foundation for future research on potential causal relationships. Future research should also investigate different organizational forms, including nonprofit organizations, private firms, and media companies, which were not included in this study. Moreover, political communication research should examine these findings in the context of political candidates and public issues.

REFERENCES

- Alsop, R. (2001). "Harris Interactive Survey Indicates Fragility of Corporate Reputations," *The Wall Street Journal*, Marketplace Section B, Column B, Page 1, February 7, 2001.
- Alsop, R. (2003). "Scandal-Filled Year Takes Toll on Firms' Good Names," *The Wall Street Journal*, Marketplace Section B, Column B, Page 1, February 12, 2003.
- Austin, E.W., Pinkleton, B.E., Hust, S. J. T., & Coral-Reaume Miller, A. (2007). The locus of message meaning: Differences between trained coders and untrained message recipients in the analysis of alcoholic beverage advertising. *Communication Methods and Measures*, 1(2), 92-111.
- Becker, L.B. & McCombs, M.E. (1978). The role of the press in determining voter reactions to presidential primaries. *Human Communication Research*, 4(4), 301-7.
- Carroll, C.E. & McCombs M.E. (2003). Agenda-setting effects of business news on the public's images and opinions about major corporations. *Corporate Reputation Review*, 6 (1), 36-46.
- Dearing, J. W., & Rogers, E. M. (1996). *Agenda-setting*. Thousand Oaks, CA: Sage.
- Deephouse, D.L. (2000). Media reputation as a strategic resource: An integration of mass communication and resource-based theories. *Journal of Management*, 26(6), 1091-1112.
- Dukerich, J.M., & Carter, S.M.(2000). Distorted images and reputation repair. In M. Schultz, M.J. Hatch, and M.H. Larsen (Eds.), *The Expressive Organization* (pp. 97-112). Oxford, UK: Oxford Business Press.

- Dutton, J.E. & Dukerich, J.M. (1991). Keeping an eye on the mirror, image, and identity in organizational adaptation. *Academy of Management Journal*, 34(3), 517-54.
- Fombrun, C. J., Gardberg, N. A., & Sever, J. M. (2000). The Reputation Quotient: A multi-stakeholder measure of corporate reputation. *Journal of Brand Management*, 7(4), 241-255.
- Fombrun, C.J., & Shanley, M. (1990). What's in a name? Reputation building and corporate strategy. *Academy of Management Journal*, 33(2), 233-58.
- Gans, H. J. (2005). *Deciding what's news: A study of CBS Evening News, NBC Nightly News, Newsweek, and Time*. Evanston, IL: Northwestern University Press.
- Ghanem, S.I. (1997). Filling in the tapestry: The second level of agenda-setting. In M. E. McCombs, D. L. Shaw, & D. H. Weaver (Eds.), *Communication and democracy: Exploring the intellectual frontiers in agenda-setting theory*. Mahwah, NJ: Lawrence Erlbaum Associates.
- Golan, G., & Wanta, W. (2001). Second-level agenda setting in the New Hampshire primary: A comparison of coverage in three newspapers and public perceptions of candidates. *Journalism & Mass Communication Quarterly*, 78(2), 247-59.
- Gunther, A.C. (1998). The persuasive press inference: Effects of mass media on perceived public opinion. *Communication Research*, 25(5), 486-504.
- Gunther, A.C. & Storey, J.D. (2003.) The influence of presumed influence. *Journal of Communication*, 53(2), 199-215.
- Hart, R.P. (2001). Redeveloping DICTION: Theoretical considerations. In M. West (Ed.) *Theory, Method and Practice of Computer Content Analysis* (pp. 43-60). New York: Ablex.

Hart, R.P. (2006). *DICTION 5.0: The text analysis program*. Instructor's Manual. 2nd ed. Austin, TX: Digitext, Inc.

Hon, L. (1997). What have you done for me lately? Exploring effectiveness in public relations. *Journal of Public Relations Research*, 9(1), 1-30.

Janis, I. L., & Fadner, R. (1965). The coefficient of imbalance. In H. D. Lasswell, N. Leites, & Associates (Eds.), *Language of politics* (pp. 153-169). Cambridge, MA: MIT Press.

Kim, Y. (2001). Measuring the bottom-line impact of corporate public relations. *Journalism & Mass Communication Quarterly*, 77(2), 273-291.

Kim, K., & McCombs, M.E., (2007). News story descriptions and the public's opinions of political candidates. *Journalism & Mass Communication Quarterly*, 84(2), 299-314.

Kim, S. H., Scheufele, D. A., & Shanahan, J. (2002). Think about it this way: Attribute agenda-setting function of the press and the public's evaluation of a local issue. *Journalism & Mass Communication Quarterly*, 79(1), 7-25.

Kiousis, S. (2003). Job approval and favorability: The impact of media attention to the Monica Lewinsky scandal on public opinion of President Bill Clinton. *Mass Communication & Society*, 6(4) 435-451, 17.

Kiousis, S., Bantimaroudis, P., & Ban, H. (1999). Candidate image attributes, experiments on the substantive dimension of second-level agenda setting. *Communication Research*, 26(4), 414-28.

Kiousis, S., Popescu, C., & Mitrook, M.A. (2007). Understanding influence on corporate reputation: An examination of public relations efforts, media coverage, public

- opinion, and financial performance from an agenda-building and agenda-setting perspective. *Journal of Public Relations Research*, 19(2), 147-165.
- Lowry, D. T. (2008). Network TV news framing of good vs. bad economic news under democrat and republican presidents: A lexical analysis of political bias. *Journalism & Mass Communication Quarterly*, 85(3), 483-498.
- McCombs, M.E., & Ghanem, S.I. (2003). The convergence of agenda setting and framing. In S.D. Reese, O.H. Gandy Jr., & A.E. Grant (Eds.), *Framing Public Life: Perspectives on the Media and our Understandings of the Social World*. Mahwah, NJ: Lawrence Erlbaum Publishers.
- McCombs, M.E., Llamas, J.P., Lopez-Escobar, E., & Rey, F. (1997). Candidate images in Spanish elections, second level agenda-setting effects. *Journalism & Mass Communication Quarterly*, 74(4), 703-13.
- McCombs, M.E., Lopez-Escobar, E., & Llamas, J.P. (2000). Setting the agenda of attributes in the 1996 Spanish general election. *Journal of Communication*, 50(2), 77-92;
- Park, D.J., & Berger, B.K. (2004). The presentation of CEOs in the press, 1990-2000: increasing salience, positive valence, and a focus on competency and personal dimensions of image. *Journal of Public Relations Research*, 16(1), 93-125.
- Petty, R.E., Briñol, P. & Priester, J.R. (2008). Mass media attitude change, implications of the elaboration likelihood model of persuasion. In B. Jennings, & MB Oliver (Eds.) *Media effects: Advances in theory and research*, 3rd ed. (pp. 125-164). Mahwah, NJ: Lawrence Erlbaum.

- Petty, R.E. & Cacioppo, J.T. (1986). *Communication and persuasion: Central and peripheral routes to attitude change*. New York, NY: Springer-Verlag.
- Petty, R.E., & Krosnick, J.A. (1995). *Attitude strength, antecedents and consequences*. Hillsdale, NJ: Lawrence Erlbaum.
- Pollock, T.G., & Rindova, V. P. (2003). Media legitimation effects in the market for initial public offerings. *Academy of Management Journal*, 46(5), 631-642.
- Potter, W.J., & Levine-Donnerstein D. (1999). Rethinking validity and reliability in content analysis. *Journal of Applied Communication Research*, 27(3): 258-84.
- Reese, S. D., & Danielian, L. H. (1989). Intermedia influence and the drug issue: Converging on cocaine. In P. J. Shoemaker (Ed.), *Communication campaigns about drugs: Government, media, and the public* (pp. 29-46). Hillsdale, NJ: Lawrence Erlbaum.
- Rindova, V.P., Williamson, I.O., Petkova, A.P., & Sever, J.M. (2005). Being good or being known: An empirical examination of the dimensions, antecedents, and consequences of organizational reputation. *Academy of Management Journal*, 48(6), 1033-1049.
- Scheufele, D.A., & Tewksbury, D. (2007). Framing, agenda setting, and priming: The evolution of three media effects models. *Journal of Communication*, 57(1),9-20.
- Sheafer, T. (2007). How to evaluate it: The role of story-evaluative tone in agenda setting and priming. *Journal of Communication*, 57(1), 21-39.
- Tan, Y., & Weaver, D.H. (2007). Agenda-setting effects among the media, the public, and Congress, 1946-2004. *Journalism & Mass Communication Quarterly*, 84(4), 729-744.

Wartick, S.L. (1992). The relationship between intense media exposure and change in corporate reputation. *Business & Society*, 31(1), 33-49.

Weaver, D.H., Graber, D.A., McCombs, M.E., & Eyal, C.H. (1981). *Media agenda setting in a presidential election: Issues, images, and interest*. New York, NY: Praeger.

¹ Ron Alsop, "Harris Interactive Survey Indicates Fragility of Corporate Reputations."

The Annual RQ was conducted in two phases: a nomination phase (August 10 to September 11, 2000) and a rating phase (September 27 and October. 17, 2000). In the first phase, Harris Interactive Inc. conducted 4,651 online interviews and 1,010 telephone interviews throughout the U.S. Harris Interactive then constructed a list of companies named most often by the respondents in the first phase. Wholly owned subsidiaries, brands, telecommunications service providers, or media companies were deleted by Harris Interactive.

² The 'ticker' document segment accompanying the news articles identified a firm's presence in the article if it received a 50% or higher from the Lexis-Nexis algorithms that machine-coded the articles for a firm's presence. The term 'ticker' an encoded topical index term produced and maintained by Lexis-Nexis for identifying relevant firm content. Each firm's ticker was the stock exchange symbol designated by firms on the stock-exchange markets. This paper used encoded topical index terms generated by Lexis-Nexis bibliographers who catalogue topical index terms for subjects (or issue topics), public persons, publicly traded companies, and organizations. These terms are attached to news stories for Lexis-Nexis premier customers, but are not available with standard academic subscriptions. The scores are computed from frequency counts of keywords found in the document divided by the number of words in the document; they measure the salience of the subject for the article. A 90% score indicates that the story has a major reference to a particular term, while 50% indicates a weak, passing reference. Any story with no relevant keywords for a given topic—low enough to fall below 50%— receives no score for that topical index term. A full list of the topical index terms is available online at

<http://www.lexisnexis.com/infopro/products/index/>. Those used for this study were current as of May 14, 2004.

³ In the second phase, 26,011 randomly selected online respondents were asked to do a detailed rating of one or two companies on 20 attributes in six key dimensions: products and services, financial performance, workplace environment, social responsibility, vision and leadership, and emotional appeal. Emotional appeal consisted of three items dealing with trust, admiration, and respect.

⁴ The dimensions are classified as follows: *Praise* consists of adjectives that affirm an entity via important social, physical, intellectual, entrepreneurial, or moral qualities; *Satisfaction* includes terms associated with positive affective states, joy, triumph, or nurturance; *Inspiration* consists of nouns suggesting moral or attractive qualities; *Blame* includes adjectives that designate social inappropriateness, evil, unfortunate circumstances, denigrations, or unplanned vicissitudes; *Hardship* includes terms such as hostile actions or censurable human behavior or typical human fears or incapacities; *Denial* includes negative contractions, negative function words, and terms that designate null sets.