Corporate Reputation & Firm Performance: Empirical Literature Evidence

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Abstract

For ages, the view that corporate reputation positively impacts on firm performance has been documented; even accounting literature backs the notion that corporate reputation causes an enormous amount of wealth encapsulated in what is called goodwill, while some conventional wisdom assert that the reputation which organizations orchestrate for themselves do cause sustainable profits. These views have attracted quite a lot of scholars to structure research in so many areas of corporate reputation, and the body of knowledge on this subject is indeed not only increasing but deepening also. Reputation is an intangible asset and intangible assets are now increasingly seen as drivers of sustainable competitive business and corporate advantages. Thus, intangible assets like reputation are increasingly researched as sources of sustainable advantages. Research reveals that today what is usually called brand equity or corporate equity is actually determined by corporate reputation.

Although reputation may be seen to arise as an output of different activities in the professions, the reputation an organization enjoys is actually constructed by the publics of that organization on the basis of information about the organization's relative position to other organizations in the industry. It can arise out of consumers' satisfying experience with the company's products hence it can be inherited from an organization's past actions.

This work is a review of empirical studies on corporate reputation with emphasis on how it can help organizations achieve strong competitive advantage, enhance stock market performance as well as performance values on other measures. It reveals that cultivating a strong reputation is a necessary foundation for today's firms that intend to beat the competition, enhance their market outlook and financial performance as well as sustained existence. Corporate reputation is however also revealed to be a logical outcome of the quality of corporate governance operated in an organization. It is a critical resource, and indeed a pillar, upon which the quality of an organization's future can be predicated. The paper concludes that the best material wisdom in today's corporate and political spheres is the wisdom to have a good reputation because it pays to have a very good positive image.

Keywords: Corporate reputation, Corporate governance, Goodwill, Good positive image, Intangible assets

1. Introduction

One of the most critical strategic and enduring assets that a corporation, and indeed people that comprise it may posses is good reputation. For ages, the view that corporate reputation positively impacts on firm performance has been documented. In fact, even accounting literature backs the notion that corporate reputation causes an enormous amount of wealth encapsulated in what is called goodwill, while some conventional wisdom assert that the reputation which organizations orchestrate for themselves do cause sustainable profits. These views have attracted quite a lot of scholars to structure research in so many areas of corporate reputation, and the body of knowledge on this subject is indeed not only increasing but deepening also. This is partly on account of the fact that thickening competition in a fast globalizing business world has opened up so many windows through which the causes of sustainable profits can be investigated. Intangible assets like reputation are thus increasingly researched as sources of sustainable advantages. The days are gone when organizations only looked up to tangible assets as drivers of sustainable competitive advantages. Intangibles are now pulling as much weight also. This is why researchers, consultants and practitioners are now active in the development of tools to measure the intangible brand equity such as reputation. In fact, Schwaiger, M. (2004) in his work titled "Components and parameters of corporate reputation – An Empirical Study", clearly asserts that what is usually called brand equity or corporate equity is determined by corporate reputation.

Reputation may be seen to arise as an output of different activities in the professions. Schwaiger notes that in marketing reputation is seen as the result of a corporate branding; in accounting it is seen as a kind of goodwill; in organization theory it is seen as the manifestation of a corporate identity; in the field of management it is seen as a potential market entry barrier; and in agency theory it is seen as a signal about future actions and behavior, a pledge that justifies and promotes expectations of a principal about the actions of the agent, et cetera. The reputation an organization enjoys is actually constructed by the publics of that organization. It is constructed on the basis of information about the organization's relative position to other organizations in the industry. The construct is developed using such information as market and accounting signals or information that indicate the performance of each organization, institutional signals indicating conformity to social norms or responsibilities, and strategy signals indicating strategic postures. It is in this regard that a writer sees reputation as the outcome of a process in which firms signal their key characteristics to constituents to maximize their social status. It can arise out of consumers' satisfying experience with the company's products hence it can be inherited from an organization's past actions. Reputation can also arise out of a combination of past favorable actions of the organization (such as good products/services, good social responsibility undertakings, good ethical behavior, good performance records, a publicly acknowledged record of good treatment of employees, etc) and conscious image building, public relations efforts and favorable assessment by attention workers (journalists) et cetera. All these efforts, products and activities aim at getting the people to form good impressions on their mind regarding an organization and its offerings. Some people however erroneously believe that no matter how bad their behavior, product offerings or personal attributes may be, a good press relations and press activities would reshape everything for the better. But I make haste to state that unless such press activities are followed by consistent good behavior; enduring good repackaging and genuine behavior change, whatever gain achieved in the process of press hype will never be sustainable or enduring.

Martin de Castro, G., etal (2006) hint that corporate reputation is compartmentalized into three major areas, as follows:

a. Managerial reputation
b. Financial reputation; and
c. Product reputation

2. Structure of the paper

Apart from the abstract and introduction aspects of this paper which come earlier to this sub-section, the rest of the paper is divided as follows:

i. Methodological issues
ii. What is accepted as corporate reputation
iii. Components of Corporate Reputation
iv. Internal and external reputation of organizations
v. Benefits of corporate reputation
vi. Reputation, governance and firm value
vii. Corporate reputation and investment performance of firms
viii. How to build reputation
ix. Conclusion

3. Methodological issues

The work is essentially a review of empirical literature on corporate reputation and its effects on firm performance with a view to making contributions to knowledge. In this sense, the desktop or secondary research approach is used with the tool of analysis being deductive reasoning. The writer has been a corporate strategy and governance consultant for about 24 years in which case he has done several works on corporate reputation, and corporate governance, presented well-researched papers in these subject areas and has collaborated with a preponderance of industry executives on this subject matter; and this has a semblance of primary data. In other words, the paper relies on two methodological approaches: secondary and quasi-primary research methods. The secondary data were mainly sourced from peer reviewed studies and articles in the worldwide web. These articles were subjected to critical review and analysis, and the main planks were summarized to embody the presentations and conclusions arrived hereto.

3.1 What then is accepted as Corporate Reputation?

There is quite some difficulty in finding a well-crafted definition of corporate reputation in the available literature of corporate reputation which succinctly captures the subject. Earlier definitions tended to mimic the professional orientation or bias of their authors along economic, strategic, marketing, organizational, sociological and accounting lines of thought. But a definition offered by Argenti, P.A. and Druckenmiller, B. (2009) in their work titled "Reputation and the Corporate Brand" is quite helpful especially as it is a departure from the lines of thought identified above. They define corporate reputation as *the objective representation of multiple constituencies' images of a company, built up over time and based on a company's identity programs, its performance and how constituencies have perceived its behavior.*

On the other hand, after reviewing the definitional literature on the subject, Barnett, M., et al (2006), in their work titled "Corporate Reputation: The Definitional Landscape", proposed another good definition which to me is comparable to that of Argenti, P.A. and Druckenmiller, B. stated above. They define the subject as *observers' collective judgment of a corporation based on assessments of the financial, social and environmental impacts attributed to the corporation over time.* Before arriving at their definition, Barnett, Jermier and Lafferty identified three clusters of meanings in the definitional statements of reputation which suggest that reputation accrue as an asset through three stages they identify as awareness, assessment and consolidation. In this sequence, the first thing is for people to notice (or become aware of) the presence of an organization in the corporate community. This initial awareness of the organization's presence in the community gradually leads to the awareness of its unique culture (i.e. the nature of its buildings, offices, color, logo, relationship with its staff and the community in which it operates, behavior of its directors, its social responsibility thrust, nature of its governance and all such other issues that irrefutably define its culture). The aggregate of all these things become the organization's identity in the community/public's perceptual mapping and this diffuses into the larger world in accordance with the size of such organization's operations.

Following the awareness stage is the assessment of the organization's behavior, within the community in which it operates, in the conduct of its business, the quality of its products/services, and again on issues related to social responsibility, and so on. The totality of this assessment yields the image which the organization becomes associated with. It must be noted however that the awareness and assessment stages take place over time consciously and unconsciously, perceptibly or imperceptibly and are often shaped and consolidated by such factors as:

> What the organization's employees say or do (and the perceptions of the watching/hearing public thereof)
>
> A battery of public relations efforts which the good deeds of the organization can only help to make material (bad organizational behavior is not helpful to any form of image building effort by an organization)
>
> The quality of the organization's product/service offerings, and
>
> The quality of governance offered by its board of directors, and so on.

What amounts to an organization's reputation is therefore the aggregate of the quality of the awareness and assessment which the people/public holds on that organization in addition to what the organization has done or is doing to either consolidate that reputation, if it is good, or improve it if the reverse is the case. When an organization's reputation is good, it is said that it has a reputational asset (a high non-tangible value).

Given that governance accounts for the direction an organization follows, and ultimately what that organization becomes, it can thus be said that corporate reputation is indeed influenced by the quality of governance. Now the question is, does your organizational governance confer the right reputational values, and does such reputation enhance the firm's performance in specific and identifiable ways?

3.2 Components of Corporate Reputation

What are the main components of corporate reputation? In other words what are those elements that comprise or configure corporate reputation, the doing of which enhances an organization's ranking in the perceptual mapping of the public at large? These components are also called measures of corporate reputation. Some studies have identified ten value issues that add up to comprise corporate reputation. Lloyd, S., and Mortimer, K. (2006)

identify performance, identity, image, brand, management and ethical leadership as the six core components of corporate reputation. However, Schwaiger, M. (2004) in his study titled Components and Parameters of Corporate Reputation - An Empirical Study" identifies exactly ten components of corporate reputation; while Kim Harrison also identifies ten components that are identical to those of Schwaiger.

These components are:

1. **Quality of employees**

   The very foundation of high reputation resides in the quality of staff organizations hire, the depth of their motivation and their talents. How these employees are treated and the quality of their workplace behavior seep out into the public domain and thus affect the reputation or otherwise which an organization will be associated with.

2. **Quality of the management**

   The public likes well-managed organizations that can also boast of high quality managers with clear vision for the future. Organizations that harbor management people or executives who cut corners often end up on the liability side of corporate reputation because with time their flanks burst open irretrievably. Recent examples may include Enron, Cadbury Nigeria Plc and the ten banks recently taken over by the Central Bank of Nigeria.

3. **Financial performance**

   When an organization has built itself to become financially strong, has a record of long term profitability and clear growth prospects, its reputation will increase.

4. **Quality of products and services**

   Organizations add notches to their reputation by offering verifiable very high quality products and services. In fact, high quality goods and services offered by organizations may well be the beginning of the journey to earning sustained reputation.

5. **Market leadership**

   Organizations that have plotted their growth paths well to become market leaders are admired. This admiration builds into a cluster of intangible assets for the organization.

6. **Customer orientation or focus**

   The care an organization lavishes on its customers translate into values that add up to build a fortress of reputation for itself. Organizations are therefore better-off building strong commitment to their customers.

7. **Attractiveness or emotional appeal of the organization**

   When people feel good about an organization for reasons that have to do with the good perception people have for it, such an organization can be said to have emotional appeal. Thus, organizations should continually rework their strategies so as to continue to enjoy such asset.

8. **Social responsibility**

   It is rewarding for organizations to recognize social responsibilities and support good causes in the society. These things don't go unrewarded.

9. **Ethical behavior**

   When an organization behaves ethically, it is admired, respected and accepted as an epitome of trust. This adds a lot of good reputation to its image.

10. **Reliability**

    The organization that stands behind its products/services and provides consistent service is perceived and taken to be reliable.

    It is noteworthy that all the above ten measures are directly influenced by the quality of governance found in organizations.

In their own study titled "Business and Social Reputation: Exploring the Concept and Main Dimensions of Corporate Reputation, Martin de Castro, G., et al (2006) identified eight of such components. These are:

Managerial Quality

Financial Strength

Product and service quality

Innovation

Use of Corporate Assets/efficiency

Capability to gather, develop, and retain talented people

Social responsibility among the community; and

Value of long term investments.

As can be seen, these components are similar with the ones discussed above except the inclusion of innovation, value of long term investments and use of corporate assets/efficiency.

The totality of the above components translates into good reputation for organizations that understand the value of intangible assets and know how to develop strategies around these components to achieve reputational high performance. But that is not to say that organizations manage their own reputation. In fact, corporate reputation literature is replete with the advice that organizations cannot control their own reputation; they "can only act to strengthen their standing in the areas that they consider important. After doing what is considered important, the reputation that an organization finally attains derives from stakeholders' attitude towards the organization as well as their relationship with that organization. So, the manipulation of the above components only influences stakeholders to see the organization in a favorable manner, but that does not necessarily mean that they are activities for an organization to manage its reputation because it may so happen that after an organization has made certain conscious effort to influence positive thoughts towards its reputation and such efforts are not favorably received by stakeholders nothing in the form of higher reputation can arise from such efforts.

3.3 Internal and External Reputation

Some writers have distinguished between what they call internal and external reputation. Internal reputation, also called business reputation, includes the different aspects of corporate reputation related to the business stakeholders' perception of the activities of the company. These business stakeholders comprise the company's workers/employees, managers, shareholders, customers, allies and suppliers. Their perceptions of the company are seen to be internal to the company because of the close relationship between them and the company. They are part of the family and their perception of the company goes a long way to define the reputation they associate with the company. It is their perception of the level of reputation they associate with the company that they communicate to outsiders. So, relating well with this reputational constituency is very crucial.

External reputation, also called social reputation, is the reputation derived from the insights and perceptions of external stakeholders of the company's activities. External stakeholder here is defined as the public in general. These stakeholders are not as close to the company as those categorized as internal/business stakeholders. But no matter how far they may be perceived to be from the company, they are nevertheless so near as to form their impressions of the company on the basis of their perceptions of its activities as well as what they hear about the company from the internal stakeholders. So, what happens in the perception of the company by one constituency goes a long way to affect the overall reputation of the company. It is however of great importance that a company takes adequate care of what may finally amount to its reputation by first keeping its house in order through appropriate caring relationship with the internal stakeholders before projecting itself to outsiders. If you don't treat your people well, any effort to show a better image to outsiders will only amount to sepulcher painting, which obviously will never endure. So, corporate reputation is developed through time, with a socially complex process in which the firm and its internal and external stakeholders are involved.

3.4 Benefits of Corporate reputation

Karim, K. (2006) asserts that "although reputation is an intangible concept, research universally shows that a good reputation demonstrably increases corporate worth and provides sustained competitive advantage. A business can achieve its objectives more easily if it has a good reputation among its stakeholders, especially key stakeholders, such as its largest customers, opinion leaders in the business community, financiers, and suppliers as well as current and potential employees". The benefits of good corporate reputation can be demonstrated in the following ways:

a. The company is freer to put higher price tags on its products and services and customers will be willing to pay such prices

b. In periods of controversy stakeholders will support the company

c. Customers will prefer to patronize the products and services of the reputable company even when other company's products are available at comparable quality and price.

d. The reputable company is valued in the financial market and its stocks are also valued higher in the capital markets et cetera.

e. Corporate reputation is a factor in attracting good job candidates/employees to organizations.

f. It helps to generate consumer loyalty to firms considered by customers as reputable and deserving of their continued patronage.

g. It helps organizations to obtain needed capital for projects.

However, organizations that lose their reputation do so at a very high cost. The painful consequences of losing corporate reputation can indeed be more damaging than the soothing effects of the gains of retaining the reputation. So, organizations should take note.

3.5 Does Reputation Confer Value to Organizations?

Research evidence agreeably shows that corporate reputation can grow into a monumental asset of great value to the organization. It is thus a critical asset for the modern firm. Below is a review of some of the literature on corporate reputation. This writer has captured only a sprinkle of such literature here to elucidate on the construct and its values to the corporation.

4. Reputation, Governance & Firm Value

Good corporate governance enhances the quality of corporate reputation which in turn enhances the financial performance and market value of the organization involved. Ljubojevic, C., and Ljubojevic, G. (2008) in their study titled "Building Corporate Reputation through Corporate Governance" explain that good corporate governance is recognized as essential for maintaining attractive investment climate that is characteristic of highly reputable and competitive companies. Good corporate governance promotes management's commitment to ethical accounting and principled business practices which altogether enhance the reputation of the organization, with the resultant reputation having a knock-on effect on the firm's market value. Good corporate governance therefore provides the infrastructure for the development and sustenance of good corporate reputation. Wang, K., and Smith, L.M. (2008) in their own work titled "Does Corporate Reputation Translate into Higher Market Value?" identify the components of corporate ethical behavior that can produce this reputation as: good treatment of employees, care of the environment, and honest financial reporting. These authors note that a preponderance of corporate scandals that have rocked the corporate world, especially in recent times, have also negatively affected the reputation of firms across the world in no small way. A major consequence of these scandals is that people are now more eager to look beyond the financials organizations present to the public as discerning attention are now focused on the board of directors, the management and ultimately the organization, in manners that are not flattering. Given that past studies on whether corporate reputation triggers an accrual of economic benefits to organizations have been mixed, the work of Wang and Smith appears quite conclusive in this regard, especially as far as market value of equity, related financial performance and risk level are concerned.

The study is focused on determining "if a market value premium is associated with reputation, and an evaluation of whether the market value premium, if it exists, is derived from superior financial performance or lower risk." On whether companies that have a better reputation have the advantage of higher market value, the authors find that "indeed high reputation firms do enjoy a market value premium." They conclude that the behavior of reputable organizations creates intangible assets that are as valuable as would distinguish them from their peers in the industry. This result supports impression management theory to the extent that those businesses that effectively direct their reputation management efforts 'will receive tangible economic and other benefits like an increase in the wealth of shareholders.' Their findings also indicate that "high reputation firms experience superior financial performance and a lower cost of capital or lower risk." They further show that "high reputation firms are more profitable on several dimensions such as industry-adjusted sales to total assets and return on assets. They also have lower risk because they experience lower volatility in sales and net income; have less likelihood of bankruptcy and lower price volatility.

The outcome of this study tend to suggest that board directors and managers of organizations should, among other things, align their behavior to those activities that enhance the reputation of their firm and go a step further to entrench such good behaviors so that corporate performance can grow in perpetuity. Cooking up corporate results, and behaviors in that like, are corporate sins that can rob an organization of its hard earned reputation when such behaviors burst into the open. At least we have recent cases in Nigeria that resulted in the Securities and Exchange Commission sanctioning some directors for life.

One of the most important values of good corporate reputation is that competitors cannot easily copy or replicate it from those firms that have earned it. Good corporate reputation can only be worked for and cultivated. Having it is therefore, a unique competitive advantage. It is a valuable asset but it is also perishable if actions are not consistently taken to entrench and sustain it. While envious firms cannot take it from those that have earned it, they can however engage in severe de-marketing activities and other negative efforts that aim at drowning the reputation an organization has earned for itself over time. So, organizations that have this precious intangible asset should jealously guard it.

Tan, H. (2007) in his study titled "Does the Reputation Matter?: Corporate Reputation and Earnings Quality", affirms the empirical evidence that corporate reputation is positively correlated with superior earnings quality. His findings also show that corporate reputation not only helps to orchestrate superior earnings quality but also helps in producing superior total sales in Chinese public companies.

The price tag which organizations put on their products/services has long been theoretically associated with their reputation. That is, organizations that have higher reputation put higher price tags on their products than would lower reputed organizations. This suggests that reputation works as a signal for quality. The financial reward from such higher prices is thus seen as a reward for maintaining the good reputation. It is however empirically challenging to apportion financial value to reputation. It is this challenge that Lei, Q. (2010) took by using more than 55,000 auctions of "Gmail Invitations" on eBay to test the theoretical prediction that sellers with good reputation have a higher probability of sale as well as receiving a higher transaction price.

The main empirical difficulty that confronted Lei in this task however is that reputation is not only hard to measure but also tough to isolate from other factors that also shape transaction outcomes. So, in the study titled "Financial Value of Reputation: Evidence from eBay Auctions of Gmail Invitations", Lei, armed with a reliable benchmark price series, was able to decompose the settlement price into components that are attributable to reputation effects and those that are not related to reputation. The study finds evidence that sellers who improve their reputation from the lowest to the next quintile experience a 5.5% higher probability of sale and a 6.0% hike in the implied buyer valuation after adjusting for truncation bias from failed auctions. Lei concludes by stating that the study also shows that reputation is not universally transferable across different product markets. In effect, Lei finds compelling evidence affirming the theory that reputation positively affects both the sale and the price of products/services. In other words, there is a higher likelihood that highly reputable organizations will not only sell their products faster than the less reputable ones but can also do so at a higher price than their less reputable counterparts. If this is discussed in relation to human beings, it suggests that highly reputable people with good name are more likely to be considered favorably in so many things than people that enjoy low or no reputation. This means that reputation pays.

In another study that analyzes how different dimensions of a firm's reputation affect its pricing power in electronic markets, Ghose, A., Ipeirotis, P.G. and Sundarajan, A. (2009) find not only that a positive reputation helps corporate performance but also that a negative reputation hurts more than a positive one helps. Given how negative reputation fast diminishes the market value of organizations that breached best practice in corporate governance in Nigeria, especially through cooking of unearned income and accounting books, these findings underscore a fundamental truth. Studying "The Dimensions of Reputation in Electronic Markets", the authors demonstrate that good corporate reputation substantially improves firm performance.

5. Corporate Reputation and Investment Performance of Firms

There is also a lot of empirical evidence that establish a positive relationship between firm public perception/reputation and its financial and equity market performance. In contrast to the relationship between firm reputation and the price of its products as well as the value of the firm, this study by Chung, S.Y. Eneroth, K., and Schneeweis, T. (1999) focuses on how a company's reputation influences the value of its stock in the stock market. In the study titled Corporate Reputation and Investment Performance: The UK and US Experience", the authors find that firms that are highly ranked in reputation outperform "on a total equity return basis" other firms that are ranked low on reputation.

Again, studying the relationship between a firm's reputation and the returns on its shares Brammer, S., Brooks, C., and Pavelin, S. (2004) find that investors make abnormal returns when they purchase stocks of firms whose reputation has risen significantly. This result is a wake-up call for firms to invest in their image to create a good reputation for themselves. Consistent with other studies, this study clearly indicate that good reputation pays.

A very important asset of the firm is its internally generated goodwill which is the result of past reputation-enhancing activities. This is the verdict of Black, E., Carnes, T., and Richardson, V. (1999) whose study is on "The Market Valuation of Firm Reputation." The findings add to the research evidence that internally generated intangibles, like reputation, contribute to firm stock market value. They provide evidence on the relative worth of an incremental increase in firm reputation and wondered why firm reputation should not continue to be included as an intangible asset in the financial statement of organizations.

6. How to Build Reputation

For organizations and individual that want to be acquainted with the steps to build corporate reputation, there are also some literature resources for you on how to go about doing this. Corporate reputation is influenced by both operational and communication activities but more by operational activities. But it is the lot of good communication programs to beam awareness on the operational events or efforts of the company as well as enhance the organization's relationship with its stakeholders. So, both are very important. Below are the six steps discussed by Harrison, K. (2009) that can be used to strengthen corporate reputation through stakeholder relations:

1. The first thing is to research into your stakeholders for the purpose of knowing them better. This research will more appropriately reveal who they are, what their preferences are, what they value most in a company, how they like to be related with by the company, et cetera. This effort removes all guess work on the nature and make up of the stakeholders.
2. The research should be able to reveal the stakeholders' strengths and weaknesses. So, assess the strengths and weaknesses and then focus on the gap between internal realities of the company and stakeholder perceptions of the company. The aim is to minimize or eliminate this gap as much as possible towards reducing the forces that work against the company while increasing the forces that work or should work in its favor.
3. Having been armed with a sound knowledge of your stakeholders, you have to do another research. This time it has to do with clearly identifying the main factors that comprise or underscore your organization's reputation. You will then align these factors with your company's mission, policies, strategies, programs and systems across all functional lines or operations of the company. This will no doubt produce a powerful reorientation of corporate priorities and behaviors.
4. Having taken care of your stakeholders' expectations as revealed in the above research, you can then develop and implement plans and strategies that will help you focus on exceeding all stakeholders' expectations.
5. The CEO must be directly involved in all aspects of the programs as the champion of the entire process.
6. You must remember to measure regularly against targets while also working very hard to improve the results already obtained.

7. Conclusion

Some firms appear to be in a hurry to make it big by skimming the market without a thought on the fact that for a firm to charge higher prices, it must build a strong foundation on which those prices will be founded and sustained. The effort in this work reveals that cultivating a strong reputation is a necessary foundation for today's firms that intend to beat the competition, enhance their market outlook and financial performance as well as sustained existence. Corporate reputation is a logical outcome of the quality of corporate governance operated in an organization. It is a critical resource, and indeed a pillar, upon which the quality of an organization's future can be predicated. This is not only a food for thought for organizations as bodies corporate, but also to their individual employees and directors. Whatever they do officially and privately shoot out an image that makes impact on their organization. To politicians and public service executives, the same importance of corporate reputation extends. So many of them indulge in activities that tend to suggest that what matters after all is what is in the pocket but they find out sooner or later that it takes a good reputation to sustain relationships that will be needed for the creation of further wealth especially when the present stock of personal wealth is severely depleted.

Some executives also treat their corporate as well as personal staff so poorly without the inkling that they are only damaging by installment the very foundation for the creation of the reputation they need dearly, as well as the sustenance of existing one, if any. Reputation is also a highly perishable intangible asset; hence it is critical that organizations and individuals do so much positive things to maintain it. This assertion is underscored by the fact that only three companies from *Fortune* America's Top 10 Most Admired Companies in 2000 were among the Top 10 Most Admired companies in 2006. Again, Gaines-Ross, L. (2009) confirms that IBM which was once ranked number one in *Fortune* America's Most Admired Companies survey fell to rank number 354 in 1993. It took IBM ten solid years for it come back into the *Fortune* Top 10 America's Most Admired All-Star list. Gaines-Ross also reported that Sony, which was a one-time high-flier in the corporate reputation league tables, ranking second in 2003, ranked sixth in its industry in the *Fortune* 2006 World's Most Admired Companies survey. All these show how perishable corporate reputation can be and point to the need for organizations to be on their toes managing it since it is such an important asset that determines the future of any organization.

So, the best material wisdom is the wisdom to have a good reputation, not the wisdom to be clever by half. It pays to have a very good positive image.

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