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How People Perceive Companies: Personality Dimensions as Fundamentals?

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Abstract

As any other object, companies can be evaluated on different dimensions. Unclear is which dimensions best describe the perception of companies, organizations, or brands and how similar the most discriminating dimensions are to differentiators in other perceptive processes. Also of importance is if, and then how, the derived scales for company differences link to reputation, business characteristics, and sustained success of a company.

First, repeated evaluations are used to distil the most useful scales for company comparisons. In a second step, a broader range of companies is positioned on these derived dimensions through aggregated individual assessments. These assessments directly reflect the public perception of the company, which can be tracked over time. Links to future success or failure of a company are assumed to be establishable, once further long term observations are achieved.

The relative position of a company can serve diverse business incentives and can objectify aims of business strategies by setting respective targets. And more generally, by providing perceptual scales for companies, in addition to the market price, less volatile evaluations become available.

Keywords: Psychometrics, Attitudes, Company Traits, Organizational Personality

Introduction

In the continuous interaction with our environment we need not only to be able to quickly perceive new information, we also have to rely on existing information as a benchmark. When eating breakfast, greeting a person, or driving a business, we always have to understand the differences within the various environments and need specific concepts to guide our behavior. Is there a general mechanism which describes this formation of differences between perceived objects? Does the perception and evaluation of food, faces, and fortunes have something in common? Do we apply comparable processes in these different domains? To tackle this question we compare the

evaluation process involved in company perception with the existing literature in the field. The first objective is to find common grounds in the everyday evaluation of companies. These commonalities are put into relation to more universal perceptive and cognitive processes.

Research investigating similarity and dissimilarity mainly divides into two fields: feature based differentiation versus holistic differentiation. The former goes back to Osgood and colleagues postulating general dimensions for evaluating objects (Osgood, Tannenbaum, & Suci, 1957). In this semantic differential approach different adjectives were searched for which best describe meaningful differences. The claim was made that a restricted number of adverbial quantifiers can be sufficient to describe various categories of objects, reaching from colors and shapes to stories and people. The later, holistic differentiation, assumes an evaluation space which does not necessarily reflect different dimension but an integrated feeling of similarity. This so called perceived similarity is a direct evaluation and found its conceptualization in prototype models. Both approaches can be used to describe experienced similarity between two or more objects.

Equally for both, we can assume that underlying factors of the objects explain the experienced similarity and dissimilarity. These factors may link directly or indirectly to featural differences, but either way explain variations in observed behavior. This perspective is common in personality research where different 'personality dimensions' are used to explain individual differences (compare Eysenck & Eysenck, 1985; Cattell, 1965). Brand perception research documents parallels between the perception of people and the perception of brands (i.e. Epstein, 1977). A similar claim is made by Lievens and Highhouse (2003) for the evaluation of organizational attractiveness. When describing an organization, similar descriptors are used as when describing categories like friends or strangers. This can be seen in close relation to the own likes and dislikes. We assume that a general 'relational evaluation' is taking place where an organization, company, or corporation is positioned on

different dimensions or factors. But see also Aaker (1997) who stresses the differences in the dimensions for ‘brand personality’ and Slaughter, Zicker, Highhouse, and Mohr (2004) who stress the differences for ‘organization personality’.

For being progressive here, we need to clarify what the difference in these evaluation factors mean for a concrete domain and how we can proof their behavioral importance. We always perceive objects in their specific context. A useful ground for interpretation is only given if there are similarities across domains. In addition, for the evaluation to be meaningful, we have to make sure that we start with a correct understanding of the perceived differences and thereby with individually valid concepts for companies as an entity.

To start with individually valid concepts of companies’ differences and to confront these with the existing claims for important company characteristics, we first isolate the dimensions which form the understanding of company differences in a rather open structured fashion. Second we systematically evaluate these and other company dimensions provided by the literature to get an understanding of relative importance and their relation to different economic characteristics.

Pilot: Exploring Company Perception

The main aim of the pilot is to capture the natural dimensions which best describe the concept “company”. This is done to obtain a collection of individual rating dimensions for the later studies. For this we use an experimental technique called RepGrid which was introduced by Kelly (1955). The RepGrid was first used by Kelly for the evaluation of individual personal differences. To make sure the concept is derived by the person itself and not induced by the experiment he introduced a recursive procedure which is content free and which is easily transferable to other concepts. The only difference in the case here is that the subject of analysis are companies instead of people. These concepts form the ground for the later analysis (for the standard RepGrid technique compare Kelly, 1955).

Method

6 university related subjects (3 male; 3 female; average age 27) took part in the study and were paid £6 (\$11) each. The individual session lasted approximately 60 minutes and took place as a one to one interview. The material consisted of a card for each elicited company (element) and a table for the derived bipolar adjectives. This table was also used for the rating of the companies. In a first step each participant had to name 9 different well known companies. These were put on cards and in a second step, called triadic elicitation, always two companies were contrasted with a third one to derive at 9 bipolar adjectives (semantic differentials). In a last step all 9 companies were rated on a scale from one to nine on these derived bipolar adjectives. The results were analyzed according to concept homogeneity and inter-individual variability.

Results

All subjects easily derived at bipolar adjectives as separators for their selected companies. Also the ad hoc similarity between the companies based on the rating for their elicited adjectives were confirmed by the subjects. Therefore the derived descriptions can be understood as personally valid concepts for evaluating company differences.

Subjects are similar in what companies they select, with the same company picked once by four out of the six subjects. Named companies mainly represent large retailers or famous brands. They cover supermarkets and banks as well as own employers and favorite product producers. For comparing the different companies people also use similar adjectives. All subjects except one use at least once the same differentiator as one of the other subjects (see Table 1).

Table 1: Company Differentiation Dimensions

Person 1	Person 2	Person 3	Person 4	Person 5	Person 6
common	affordable	dominant	attractive	abstract	adversarial
enjoyable	close	freedom of action	cheap*	cheap*	big
essential hidden	durable	identity international*	competitive	educated	competent
importance needed	formal	powerful quality**	distant	helpful*	concerned
nice	luxurious quality**	quality**	feminine helpful*	influential physical	exploitative international*
prestigious	rare pos. experience	spacious	modern	professional	quality**
secondary	relaxed*	high status	regular	trustworthy	socially responsible
specific	rigid	typical	relaxed*	useful	well priced

*occurs twice **occurs three times

Overall the observed overlaps in first what companies subjects chose and second what dimensions they used to distinguish them from each other support the assumption for a general concept of company differences. Common themes are quality, price, general appearance, and contact experiences.

Discussion

The elicited dimensions for company evaluations are highly individualistic but not only show overlaps within the sample but also with other descriptors. First they show similarities with the concept of brand personality (Aaker, 1997) and organization personality (Slaughter, Zicker, Highhouse, & Mohr, 2004). Second with Osgood’s semantic differentials (Osgood, Tannenbaum, & Suci, 1957; Heise, 1970).

These new dimensions therefore can be seen as an intermediate between personality and semantic dimensions. They combine these two areas of research, but all form potential descriptors for company perception and evaluation. Besides the strong overlaps between subjects, the small sample size does not allow to generalize, but demands for further evaluations of the different proposed dimensions. The high proportion of international students might also have skewed the results into the direction of

globally operating companies. But the procedure captures the main descriptors for companies.

The elicited dimensions might prove useful for future evaluations of companies. On the one hand they are derived without providing any specific context. On the other hand they are only partly in line with the existing literature, possibly adding formerly neglected areas of systematic company differences. But only a larger dataset will allow more systematic derivations. To further evaluate the dimensions differentiating between companies, we compare the derived company concepts with existing company descriptors in this field. In Study 2 we decrease the number of descriptive dimensions to facilitate the later evaluation. Economic measures are then introduced and put in relation in Study 3.

Company Evaluation Dimensions

A simple rating method is used to evaluate the different proposed descriptive adjectives. Besides finding the most useful dimensions, also redundancies are captured and the adjectives are put into relation.

For the study we took all the different dimensions from the literature and made a computer based evaluation of each. As illustrated in Study 1 the different sources show overlaps in the adjectives used as company descriptors. Here we just left away redundant dimensions and included all proposed dimensions (Aaker, 1997; Slaughter et al., 2004; Heise, 1970) and our newly derived dimensions.

Method

20 students (10 male; 10 female; average age 26) took part in the study who were paid £12 (\$22) each. The computer based rating lasted approximately 120 minutes and took place in separate rooms for each individual. Subjects had to rate 20 companies on all the 118 adjectives (which were introduced in the discussion of Study 1). A Likert Scale from 1 to 5 was used. Companies were repeatedly named ones and representatives for different industries, all taken from Study 1. They were displayed together for each adjective but the adjective order and the company order was randomized in each set and over participants. The company ratings were analyzed according to the relation of inter company variability to inter-individual variability.

Results

The most differentiating adjectives were defined as explaining the most variance in company values averaged over subjects. For these at least half of the total variance is explained by the differences between company mean values rather than individual rating differences between subjects. The adjectives below this cutoff were left aside due to their high inter-individual variability. RepGrid adjectives are included the most with 14 out of 31 representing these newly elicited dimensions. For the other sources there are 10, 6, and 5 cases in the highly differentiating group for the Brand Personality, Semantic Differential, and Organization Personality adjectives respectively.

The clustering results for the highest distinguishing adjectives are shown in Figure 1. These clustering results are based on the mean company values.

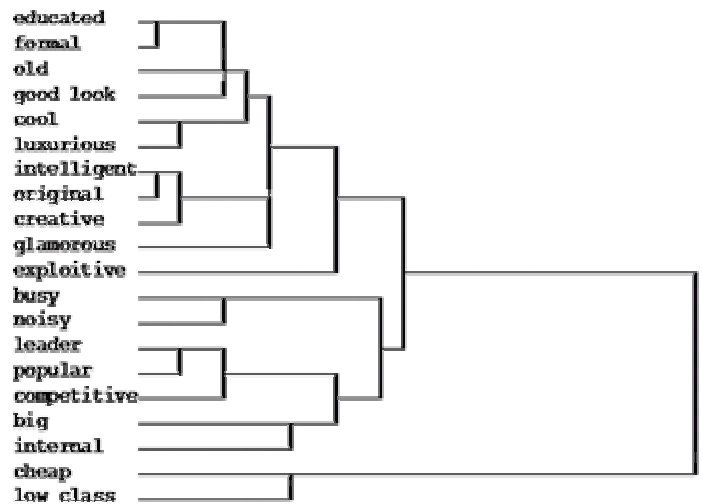


Figure 1: Hierarchical clustering tree for the highly differentiating adjectives based on the company means.

The adjectives nicely group together into higher levels, forming different aspects of company characteristics. The different clustering steps describe different aggregation levels for company evaluation.

Discussion

When using different adjectives to evaluate companies the newly elicited ones are highly useful. Due to the restriction to a small number of companies less frequent company facets might have been left apart. Therefore only the more general themes are focused. Interesting here is not only how single adjectives describe the companies but how these aggregate into factors. But also for finding out about the fundamental dimensions a larger body of companies is needed.

Company Positioning

To estimate how important the different company dimensions are relative to each other, we ran a further study which systematically evaluates the different dimensions and distills the most important factors in the perception of companies.

Method

64 large UK companies and globally operating companies were evaluated on 41 adjectives in an online survey. 1282 people took part in the study (40% female, average age 38.5). Subjects were recruited and paid via the Ipoints web-service. Each evaluation lasted approximately 10 minutes.

Every subject evaluated all 64 companies on four adjectives. The companies were displayed together, but

randomized for each adjective. Each adjective was at least rated by 100 subjects on a five point Likert Scale.

A Factor analysis describes the underlying dimensions of company evaluations. These factors are then put in relation to economic company descriptors.

Results

The usage of the adjectives on a broader range of companies nicely allows for a grouping of the different adjectives. These groups or factors illustrate the underlying categorical differences and nicely link to economic measures for company performance.

In the factor analysis the Eigenvalues of the principal factors flatten out after the fourth factor which is illustrated in Figure 2. Although factor five is, with an Eigenvalue of 1.08, slightly above one, due to the drop before we only consider a four factor solution in the further analysis.

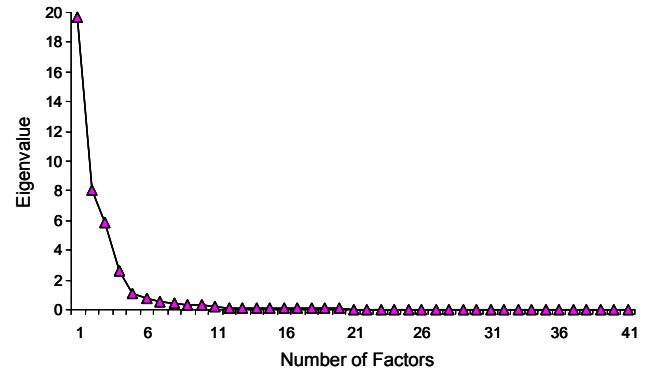


Figure 2: Eigenvalues for the Different Factors

The equamax rotated factor solution is shown in Table 2. The rotated solution nicely separates into the factors ‘Honesty’, ‘Prestige’, ‘Innovation’, and ‘Power’. The first factor which we labeled ‘Honesty’ captures fairness and honesty of a company. ‘Prestige’ is a dimension of how accepted and how valued a company is. With ‘Innovation’ the vividness and flexibility of a company is described. ‘Power’ as the fourth factor shows how important or ruling a company is.

Table 2: Equamax Rotated Factor Solution

Factor 1 <i>Honesty</i>		Factor 2 <i>Prestige</i>		Factor 3 <i>Innovation</i>		Factor 4 <i>Power</i>	
Eigenvalue (rotated)							
14.21		9.18		8.35		4.32	
fair	0.92	prestigious	0.96	fresh	0.90	dominant	0.90
helpful	0.89	luxurious	0.96	energetic	0.89	powerful	0.81
supportive	0.88	high status	0.92	fashionable	0.85	established	0.81
cooperative	0.88	formal	0.87	innovative	0.84	popular	0.71
honest	0.87	good quality	0.74	creative	0.82	active	0.59
caring	0.87	intelligent	0.71	original	0.82	essential	0.43
attentive to people	0.87	reliable	0.60	active	0.70	family-oriented	0.41
friendly	0.87	safe	0.58	competitive	0.68	exploitative	0.36
good value	0.83	attractive	0.58	popular	0.57	energetic	0.32
soc. responsible	0.82	trustworthy	0.51	attractive	0.45	high status	0.29
trustworthy	0.82	global	0.48	global	0.43	safe	0.28
essential	0.81	pleasant	0.40	personal	0.40	reliable	0.25
pleasant	0.80	honest	0.39	friendly	0.39	competitive	0.25
personal	0.78	powerful	0.37	dominant	0.37	attractive	0.24
safe	0.68	soc. responsible	0.36	attentive to people	0.30	global	0.20
reliable	0.68	caring	0.34	good value	0.29	good quality	0.19
family-oriented	0.65	established	0.34	pleasant	0.29	pleasant	0.19
attractive	0.55	fashionable	0.32	intelligent	0.24	personal	0.19
dominant	-0.05	exploitative	-0.18	safe	0.00	fresh	0.01
fashionable	-0.12	popular	-0.22	tacky	-0.02	caring	-0.01
powerful	-0.12	good value	-0.33	soc. responsible	-0.13	formal	-0.01
global	-0.24	competitive	-0.48	established	-0.30	honest	-0.03
tacky	-0.46	cheap	-0.81	formal	-0.37	cheap	-0.04
exploitative	-0.84	tacky	-0.84	sleepy	-0.93	sleepy	-0.23

In the next step the factor values of the British companies were correlated with economic measures of size, evaluation, growth, and profit. Table 3 shows the Spearman correlation for the four factors based on the 25 companies listed on the London Stock Exchange. Company measures are taken from an economic database namely Datastream. Size stands for the total assets employed, Evaluation for the market to book value, Growth for the 3 year growth in sales, Profit for the pre-tax profit.

Table 3: Factor Spearman Correlation for Company Performance Measures

	Factor 1	Factor 2	Factor 3	Factor 4
	<i>Honesty</i>	<i>Prestige</i>	<i>Innovation</i>	<i>Power</i>
Size	-0.02	0.56	-0.23	0.06
Evaluation	0.13	0.24	-0.27	0.33
Growth	-0.14	-0.32	0.52	-0.14
Profit	-0.14	0.75	-0.31	0.27

The derived factors show direct relations to company performance measures. The Prestige factor strongly correlates with the measure for company size and the Innovation factor with the measure for company growth.

Discussion

The factors can be of potential use for the understanding of company perception and the development of evaluation criteria for companies. The factor correlation also indicate possible relations with economic measures which might prove useful as performance predictors. Although, evaluations over time and on a larger body of companies is necessary to prove the strength and the directionality of these relations.

Also interesting relations can be drawn from the derived factors to the concept of Semantic Differentials. The Innovation factor fits with the Activity dimension, Prestige goes together with the Evaluation dimension, and Power with the Potency dimension. Only Honesty comes in as an additional factor for the evaluation of companies which seemed not to be necessary for other evaluations.

General Discussion

Further evaluations appear necessary to support the universality and validity of the derived corporate factors. But these can nicely go together with perceptual and cognitive processes for evaluations in other domains. What exactly the differences are between the domains and how they can be put on a common ground is still an interesting research agenda. The usage of cognitive results in different tasks and process evaluations in a more applied context appear demandable and can establish a more substantial knowledge transfer between psychology and economics.

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