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DOCTORAL DISSERTATION

Relationship between Legitimacy, Reputation and Image in the Spanish Public University

Supervised by:

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Dr. Alicia Blanco González

2018
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A Fran, Mateo y Diego
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RESUMEN
RESUMEN

1. INTRODUCCIÓN Y RELEVANCIA

Actualmente las organizaciones operan en mercados altamente competitivos y deben adaptarse a mercados globales y cambiantes. Por ello, la gestión de los activos intangibles se ha convertido en un elemento clave para su supervivencia y éxito empresarial. Debido a la existencia de numerosas organizaciones que ofrecen productos y servicios similares a los consumidores, la capacidad de diferenciación en base a aspectos tangibles ha disminuido su eficacia, por lo que la introducción de la gestión de los activos intangibles como elemento clave dentro de las actividades de las organizaciones se ha convertido en algo fundamental para la consecución de ventajas competitivas en prácticamente cualquier sector. Estudios previos han demostrado la relación existente entre la consecución de una mejor posición competitiva y adecuada gestión de los activos intangibles, debido a que la correcta implementación de estos ha supuesto numerosos beneficios para las empresas (Hand & Lev, 2003; Lev & Zarowin, 1999).

Los activos intangibles deben ser considerados como elementos fundamentales para el incremento del valor de las organizaciones, a diferencia de lo que sucede con la decreciente influencia de los aspectos físicos y tangibles de las empresas. En definitiva, la gestión de los activos intangibles se está convirtiendo en un elemento clave para la supervivencia y éxito empresarial de las empresas en el medio y largo plazo.

El incremento de la competitividad se ha visto reflejado en prácticamente cualquier sector, por lo que la importancia de implementar y gestionar correctamente los activos intangibles supone un punto clave dentro de cualquier ámbito. Sin embargo, al hablar del sector servicios su relevancia puede considerarse aún mayor debido a su naturaleza intangible y al hecho de que la calidad es más difícil de percibir antes de experimentar el servicio en cuestión (Jevons, 2006; Suomi, 2014).

Dentro del sector servicios, uno de los sectores que han sufrido un importante incremento de la competencia es el sector de la educación universitaria. Por un lado, factores como la globalización, el grado de internacionalización, los cambios en el mercado, así como la reducción en la financiación por parte de los gobiernos han motivado este aumento a nivel global (Hemsley-Brown et al., 2016; Verčič et al., 2016). Además, pese a las críticas existentes (Barron, 2017) se han incrementado las expectativas de los grupos de interés y de la sociedad en general en relación a las posiciones que ocupan las universidades en los rankings de empleabilidad y calidad de la enseñanza se han incrementado.

Por otro lado, el proceso de adaptación que las instituciones universitarias han tenido que adoptar hacia la nueva economía del conocimiento ha representado un elemento complejo para las mismas (Rodriguez-Pomeda & Casani, 2016). Las universidades han tenido que experimentar cambios importantes para poder responder ante diversos puntos críticos como su gobierno, la profesión académica, calidad, innovación, así como grado de internacionalización (Altbach et al., 2003).

Las instituciones universitarias se encuentran presionadas por sus grupos de interés y sus entornos para adoptar unas estructuras determinadas y para seguir unos procedimientos establecidos y obtener legitimidad y estar así en una mejor situación de cara a la supervivencia dentro del sector (Stensaker & Norgård, 2001). Este proceso de adaptación supone un tema complejo ya que existen demandas internas que piden que las universidades adopten unos estándares específicos dentro de la “industria”, pero también deben incorporar innovaciones importantes. Este proceso de
reconfiguración ha determinado que varios grupos dentro del ámbito académico consideren que las universidades deben de renovar su legitimidad para ganarse su derecho a existir dentro del sistema social en el que se encuentren (Rodriguez-Pomeda & Casani, 2016).

Además de estos factores, existen autores que consideran que las instituciones académicas han estado desarrollando actividades y comportamientos inadecuados y perjudiciales para su identidad y legitimidad ya que se han estado desviando de su misión original de servir al bien común (Bennis & O’Toole, 2005; Khurana & Nohria, 2008). Debido a diversos escándalos asociados a estas instituciones, las universidades ya no son entidades intocables cuya conducta no es cuestionada (Rakovski & Levy, 2007).

En España, se puede considerar que la importancia del sector de la educación universitaria está relacionada con el impacto que este tipo de educación tiene en la reducción de las tasas de desempleo, así como en el acceso a puestos de trabajo más lucrativos y, por lo tanto, a mayores ingresos. Además, debido a la reducción de la financiación por parte del gobierno, en los últimos años las Universidad Públicas españolas han empezado a reducir su número de estudiantes en favor de las instituciones privadas que están creciendo a un ritmo importante (Ministerio de Educación, Cultura y Deporte, 2018).

Por ello, la correcta gestión de los activos intangibles puede ser un elemento fundamental para las Universidades Públicas españolas a la hora de conseguir sus objetivos sociales y económicos a medio y largo plazo (Christensen & Gornitzka, 2017; Farrugia & Lane, 2013; Hemsley-Brown et al., 2016; Plewa et al., 2016). Dentro de estos activos intangibles cuya mejora y correcta gestión se ha visto reforzada para conseguir sobrevivir y tener éxito dentro del mercado, se pueden considerar la legitimidad, la reputación, y la imagen percibida por los distintos grupos de interés de las citadas Universidades.

La legitimidad, entendida como “la percepción generalizada de que las acciones de una empresa son deseadas, propias o apropiadas dentro de un sistema social de normas, valores, creencias y definiciones” (Suchman 1995: 574), es considerada un elemento crucial para la supervivencia y éxito de las organizaciones (Suchman, 1995; Zimmerman & Zeitz, 2002). Las organizaciones legitimadas pueden desarrollar sus actividades sin ser cuestionadas y pueden evitar amenazas por parte de la sociedad (Meyer & Rowan, 1977). Así mismo, se encontrarán en una posición más beneficiosa de cara al acceso a recursos relevantes y mercados (Brown & Dacin, 1997; Salancik & Pfeffer, 1978; Suchman, 1995). Deephouse et al. (2017) entienden la legitimidad como un elemento fundamental debido al efecto que esta variable tiene en los intercambios sociales y económicos entre las organizaciones. La mayoría de los grupos de interés están dispuestos a relacionarse únicamente con aquellas organizaciones consideradas como legítimas y evitan relacionarse con las que no lo son (Deephouse et al., 2017). Por ello, aquellas organizaciones que busquen su continuidad y éxito en el mercado tendrán que demostrar su viabilidad y legitimidad para conseguir el apoyo de los grupos de interés.

En lo relativo a la reputación, se define como la percepción del comportamiento pasado y expectativas futuras de una organización que define el atractivo global de la misma para sus grupos de interés comparado con sus rivales (Fombrun & Shanley, 1990). Este constructo ha sido considerado como un activo intangible crucial para las empresas debido a la relación del mismo con buenos resultados en los mercados (Rindova et al., 2005). Los investigadores creen que la reputación afecta a las evaluaciones que los grupos de interés hacen de las organizaciones (Abimbola & Valleester, 2007; Czinkota et al., 2014; Fombrun et al., 2000; Fombrun & Shanley, 1990; Gotsi & Wilson, 2001; Page & Fearn, 2005; Roberts & Dowling, 2002; Walker, 2010).
Aquellas organizaciones que tengan una buena reputación tendrán una ventaja competitiva sobre aquellas que no dentro de sus sectores (Fombrun & Shanley, 1990) debido a las características únicas y difíciles de imitar que poseerán (Fombrun & Van Riel, 1997; Roberts & Dowling, 2002). Estas características las diferenciarán y crearán barreras de entrada para futuros competidores (Feldman et al., 2014). Algunos beneficios adicionales de obtener una buena reputación son los relativos a la reducción de costes de la empresa (Deephouse, 2000), la posibilidad de vender a precios más altos (Deephouse 2000; Fombrun & Shanley, 1990; Rindova et al, 2005), atraer a mejores empleados (Turban & Greening, 1997) e inversores (Srivastava et al., 1997), así como el tener un mejor acceso a mercados de capital (Fombrun & Shanley, 1990).

En cuanto al último activo intangible a considerar en este trabajo, es decir, la imagen, se define en la literatura como la suma de creencias y actitudes sobre una organización (Beerli Palacio et al., 2002), que son el resultado de todas las interacciones basadas en experiencias y sentimientos entre la organización y los grupos de interés (Worcester, 2009). Los beneficios asociados a una buena imagen están relacionados con el nivel de satisfacción de los grupos de interés (Andreassen & Lindestad, 1998). Al evaluar una institución, su imagen puede representar una señal de calidad y puede tener un efecto en el nivel de fidelidad de sus clientes (Andreassen & Lindestad, 1998). Cuando existen asimetrías de información, la imagen de la organización puede ayudar a los grupos de interés a simplificar los procesos de decisión (Andreassen & Lindestad, 1998). Además, los grupos de interés serán más permisivos con aquellas organizaciones que tengan una fuerte imagen cuando ésta cometa algún error. La imagen puede afectar a sus percepciones, y como resultado, tener un efecto en su comportamiento con la empresa (Melewar & Karaosmanoglu, 2006). Una imagen corporativa positiva puede ayudar a las empresas a diferenciarse de sus competidores y puede ayudar a mejorar las relaciones de la mismas con sus grupos de interés (Melewar & Karaosmanoglu, 2006; Tran et al., 2015).

En definitiva, hoy en día, aquellas organizaciones que quieran sobrevivir y destacar en su sector deben de involucrarse en gestionar las relaciones con sus distintos grupos de interés (Hörisch et al., 2014) con el fin de crear valor y beneficio para ambas partes. Por ello, las universidades deben de identificar aquellos grupos de interés más relevantes y adaptarse a sus necesidades y demandas a la hora de gestionar su legitimidad, imagen y reputación. Muchos autores han destacado la complejidad de este asunto debido a las diferencias entre sus grupos de interés en aspectos como la edad o el nivel de conocimiento. En la literatura, la mayoría de los trabajos existentes se centran únicamente en un grupo de interés (Brewer & Zhao, 2010; Chapleo, 2004; Nguyen & LeBlanc, 2001; Sung & Yang, 2008), y solo algunos analizan la legitimidad, imagen o reputación dentro del ámbito de la educación universitaria considerando más de un grupo (Suomi, 2014; Verčič et al., 2016). Muchos académicos señalan la necesidad de incrementar el número de grupos de interés a analizar con el fin de aumentar el conocimiento en este ámbito (Chun, 2005; Suomi & Järvinen, 2013).

Aparte de los beneficios y de la importancia que la legitimidad, reputación e imagen pueden tener por sí mismas, el identificar las relaciones entre las mismas puede suponer un aspecto muy relevante y con mucho potencial para los gestores de las organizaciones. De hecho, en la literatura, y debido a su relevancia, existen varios estudios que analizan estos activos intangibles de forma individual. Sin embargo, existe cierta confusión en lo que respecta a sus diferencias y relaciones, ya que muchos académicos las han utilizado de forma indistinta (Kostova & Zaheer, 1999; Staw & Epstein, 2000), como elementos completamente diferentes (Semons, 1998; Brown & Dacin, 1997; Gotsi & Wilson, 2001), y otros como variables distintas, pero destacando sus relaciones (Deephouse & Carter, 2005; Deephouse & Suchman, 2008; Fombrun & Shanley, 1990;
Galaskiewicz, 1985; Oliver, 1990; Rao, 1994; Rindova et al., 2005; Zineldin et al., 2011). Dentro de este campo, muchos autores han señalado la importancia de ofrecer más investigaciones empíricas sobre el tema con el fin de aclarar las dudas existentes. Teniendo en cuenta que los recursos que las empresas poseen son limitados, el poder identificar las relaciones existentes entre la legitimidad, reputación e imagen de las organizaciones puede ser una pieza clave a la hora de gestionar estos activos intangibles de una forma más eficiente y beneficiarse de posibles sinergias.

Por todo esto, la importancia de la correcta gestión de los activos intangibles se ha visto aumentada. De forma más específica, la situación del sector de la educación universitaria ha motivado la necesidad de introducir y mejorar la gestión de la legitimidad, reputación e imagen considerando las percepciones de distintos grupos de interés para conseguir sobrevivir y tener éxito dentro del mercado.

Debido a la relevancia de los aspectos señalados anteriormente, el objetivo fundamental de esta investigación es medir en el ámbito de la educación universitaria, la influencia de los activos intangibles, como son la legitimidad, reputación e imagen, además de sus relaciones entre ellos, para lo que se considerarán las percepciones de los distintos grupos de interés. Dentro de este objetivo general, a través del desarrollo de esta tesis doctoral se cubrirán otros objetivos más específicos, todos ellos relativos a las Universidades públicas españolas:

- Conocer el nivel de imagen, legitimidad y reputación de los diferentes grupos de interés.
- Medir la relación entre su legitimidad y reputación.
- Identificar el efecto moderador del grupo de interés en la relación entre legitimidad y reputación.
- Medir la relación entre su imagen y reputación.
- Identificar el efecto moderador del grupo de interés en la relación entre imagen y reputación.
- Medir la relación entre su imagen y legitimidad.
- Identificar el efecto moderador del grupo de interés en la relación entre imagen y legitimidad.
- Definir el modelo completo de relaciones entre imagen, legitimidad y reputación.
- Identificar el efecto moderador del grupo de interés en la relación entre imagen, legitimidad y reputación.

Para la consecución de dichos objetivos, la estructura a seguir en cada uno de los capítulos será la siguiente: en primer lugar, se describirá la introducción del trabajo donde se destacará la relevancia y el objetivo perseguido; en segundo lugar, se tratarán las distintas relaciones entre las variables objeto de estudio, seguido de la descripción de la muestra y metodología, así como los resultados obtenidos de la investigación. Finalmente, se detallarán las conclusiones e implicaciones para la gestión, así como las limitaciones del estudio y futuras líneas de investigación que queden abiertas.
2. HIPÓTESIS Y MODELO PROPUESTO

Una vez desarrollado el marco teórico y en base a las investigaciones previas analizadas, se han planteado las siguientes hipótesis, que se detallan en la Tabla I.

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<th>Hipótesis</th>
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<td>H.9.6</td>
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Fuente: Elaboración propia

A continuación, en la Figura II se presenta el modelo propuesto para la investigación a desarrollar. El mismo se plantea de una forma global en la siguiente figura, sin embargo, en el desarrollo de esta investigación se irá abordando por partes en cada uno de los capítulos y comparando el efecto de los grupos de interés en las relaciones establecidas entre las variables de imagen, legitimidad y reputación.
3. MUESTRA Y METODOLOGÍA

Debido a la situación competitiva a la que se enfrentan las instituciones del sector universitario, y teniendo en cuenta que las universidades públicas españolas están perdiendo alumnos debido al auge de las universidades privadas, se ha utilizado como muestra una Universidad Pública Española, la Universidad Rey Juan Carlos de Madrid. En esta universidad se ha recopilado la información de diferentes grupos de interés universitarios como son estudiantes, antiguos estudiantes, profesores, personal administrativo y gestores.

Para la recopilación de los datos necesarios para el desarrollo de la investigación, se ha diseñado un cuestionario compuesto de escalas previamente utilizadas por otros académicos. En una primera fase, se ha realizado un pretest on-line con 300 estudiantes para verificar dichas escalas y adaptar algunas preguntas del cuestionario final. Después de analizar los resultados del pretest, varias preguntas del cuestionario se adaptaron con el fin de ofrecer mayor claridad y otras fueron eliminadas debido a su escasa importancia. En la fase final, un total de 844 cuestionarios efectivos fueron contestados, dentro de los cuales un 73% correspondía a estudiantes, 0,6% a antiguos alumnos, 16% profesores, 0,3% a personal administrativo y 0,1% a gestores.

De cara al tratamiento de los datos para contrastar las hipótesis planteadas, se ha utilizado como técnica estadística la regresión por mínimos cuadrados parciales, normalmente más conocida por sus siglas en inglés PLS (Partial Least Squares).
4. CONCLUSIONES Y DISCUSIÓN

En relación a las conclusiones principales de esta investigación, los primeros resultados a analizar son los relativos al nivel de imagen, legitimidad y reputación que según sus grupos de interés tiene la Universidad Rey Juan Carlos de Madrid. Después de analizar los datos descriptivos los resultados relativos al nivel de legitimidad varían dependiendo del grupo de interés considerado. En el caso de los estudiantes, el nivel de legitimidad es de 5,22, el cual representa un valor relativamente bajo. En cambio, el nivel de legitimidad considerado por los profesores es un 7,02 sobre 10, lo que supone un valor medio alto. En cuanto al valor de imagen, los estudiantes han valorado a la universidad en 5,92, mientras que los profesores en 7,23. Por último, los niveles de reputación de la universidad en cuestión se encuentran en 6,24 para estudiantes y 7,41 para profesores.

Dentro de las posibles explicaciones que ayuden a entender la variación de resultados en lo relativo a las evaluaciones hechas por estudiantes y profesores, destacan las diferencias que existen entre estos dos grupos de interés en relación a la edad, el nivel de conocimiento y el grado de compromiso con la institución. Los profesores son un grupo de interés interno por lo que en general suelen tener un sentimiento de pertenencia más fuerte y normalmente están más informados de los aspectos relacionados con su universidad que los propios estudiantes. Los grupos de interés externos, como son los estudiantes, suelen ser más demandantes y, por lo tanto, más críticos a la hora de evaluar la institución en cuestión. Estos resultados concuerdan con aspectos señalados por autores como Christensen y Gornitzka (2017), Fragueiro y Thomas (2011), Whitley (1998) los cuales establecen en sus investigaciones la complejidad de gestionar activos intangibles en el sector de la educación universitaria debido a la variedad de grupos de interés existentes y a las diferencias en cuanto a sus características, necesidades y percepciones.

Independientemente de que los resultados para profesores hayan sido más elevados, globalmente las evaluaciones de imagen, legitimidad y reputación de la Universidad Rey Juan Carlos pueden considerarse negativas. Por ello, es importante que desarrollen las acciones necesarias para mejorar el nivel de estas, así como para obtener unos resultados más consistentes en relación a todos sus grupos de interés.

En cuanto a las hipótesis planteadas a lo largo de esta investigación, los resultados confirman las tres relaciones propuestas, ya que existe una relación positiva entre legitimidad y reputación, entre imagen y legitimidad, así como entre imagen y reputación (Tabla II), en línea con los resultados de diversos académicos que se detallarán posteriormente. A continuación, se presentan las distintas hipótesis confirmadas y rechazadas:
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<th>H.2.1</th>
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Respecto al efecto que la legitimidad tiene sobre la reputación, los resultados obtenidos concuerdan con los trabajos desarrollados por Bansal y Roth (2000), Czinkota et al. (2014), Deephouse y Carter (2005), Deephouse y Suchman (2008), Doh et al. (2010), King y Whetten (2008), Martínez et al. (2018), Rao (1994), Staw y Epstein (2000) o Thomas (2007), en los cuales se manifiesta de forma teórica y, en algunos también de forma empírica, la influencia que la legitimidad tiene sobre la reputación de las organizaciones, considerando la primera variable como un requisito para la segunda.

En relación con los resultados de la hipótesis donde se plantea el efecto de la imagen en la reputación, se comprueba que los resultados alcanzados concuerdan también con investigaciones realizadas por otros autores como Fombrun y Van Riel (1997), Fombrun y Shanley (1990), Gray y Balmer (1998), Rindova (1997), Saxton (1998), Tran et al. (2015), Zineldin et al. (2011), entre otros.

Por último, en cuanto a los resultados de la relación entre imagen y legitimidad, diversos académicos como Tran et al. (2015), MacLean y Behnam (2010) y Metzler (2001) demostraron a
través de sus trabajos este mismo efecto de la imagen sobre la legitimidad. Además, y en base a los argumentos descritos en el marco teórico, y de una forma menos explícita pero existente, los resultados alcanzados van en línea con la relación existente entre los tres activos intangibles propuesta por Rao (1994).

Al analizar los resultados relativos al efecto moderador de los grupos de interés en la relación entre los tres activos intangibles considerados, se pone de manifiesto que no existen diferencias significativas entre la forma en la que se relacionan la legitimidad, la imagen y la reputación de la Universidad Rey Juan Carlos al comparar las percepciones de estudiantes y profesores, por lo que las hipótesis de moderación se rechazarían. A pesar de que los niveles de imagen, legitimidad y reputación varían dependiendo del grupo de interés que realiza la evaluación, la relación existente entre dichas variables no presenta diferencias significativas.

La importancia de identificar la influencia que imagen, legitimidad y reputación tienen entre ellas recae principalmente en presentar más estudios empíricos sobre un tema relativamente novedoso ya que la relación entre los activos intangibles es un tema aún por explorar. Más aún cuando se incorporan más de dos activos intangibles a la investigación. Por ello, el objetivo de esta tesis doctoral, que no es otro que aportar más evidencias empíricas, se presenta como una aportación relevante a la disciplina académica. Asimismo, la mayoría de los trabajos existentes relacionados con la medida de los activos intangibles en el ámbito de la educación universitaria se han centrado únicamente en un grupo de interés (Alessandrini et al., 2006; Brewer & Zhao, 2010; Chapleo, 2004; Nguyen & LeBlanc, 2001), por lo que el introducir más grupos, tal y como se ha contemplado en esta investigación, aporta información relevante a este campo de conocimiento.

En cuanto a las implicaciones para la gestión, los siguientes puntos se extraen de esta investigación. En primer lugar, es importante recalcar que los niveles de imagen, legitimidad y reputación de la universidad son relativamente bajos, por lo que es fundamental desarrollar acciones para mejorar su nivel ya que teniendo en cuenta la competencia existente, la gestión de estos activos intangibles puede ser determinante para la supervivencia en el sector, por ejemplo, adoptando una estrategia de marketing en las universidades, el desarrollo de planes estratégicos o la incorporación de la responsabilidad social universitaria e investigadora en la agenda de los gestores universitarios.

En segundo lugar, los resultados obtenidos de las evaluaciones de los profesores son mayores para todas las variables, por lo que los gestores de la universidad deben prestar especial atención a los aspectos importantes para conseguir que sus estudiantes estén más comprometidos con su relación con la universidad para aumentar su imagen, legitimidad y reputación de la misma y conseguir también resultados más consistentes con los diversos grupos de interés existentes. Por ejemplo, mejorando los canales de comunicación con los estudiantes, informando de las funciones de los gestores (coordinadores, decanos, tutores, etc.) o fomentando su compromiso con la institución a través de órganos de representación como el claustro, la junta de facultad o la relevancia de contar con delegados de curso y titulación que transmitan las preocupaciones e intereses a los implicados.

En el caso de la legitimidad, la dimensión moral presenta los niveles más bajos, por lo que los gestores deben llevar a cabo acciones orientadas a justificar su derecho a existir y a mejorar su comportamiento para incrementar la confianza de sus grupos de interés en la institución. En relación a la imagen, el componente afectivo y cognitivo presentan resultados similares por lo que las estrategias deben ir encaminadas a mejorar aspectos que impacten las dos dimensiones. Sin embargo, siguiendo los argumentos propuestos por Kennedy (1997) el componente cognitivo es
un antecedente del afectivo. Teniendo en cuenta este argumento, los gestores deben inicialmente centrarse en mejorar los aspectos más tangibles con el fin de en el medio largo plazo incrementar los aspectos afectivos. Por último, en relación a la reputación de la universidad, la dimensión de gobierno aparece como la peor puntuada por estudiantes y profesores, por lo que es fundamental una mejora en el comportamiento de los órganos de gobierno para transmitir una sensación de confianza a los grupos de interés. Por ejemplo, mediante el desarrollo de acciones y estrategias que tengan en cuenta los intereses de sus grupos de interés o a través de la introducción de políticas que incrementen la transparencia.

Cuando se hace referencia a la relación entre imagen y legitimidad, y siguiendo la corriente establecida por Suchman (1995), que establece que las organizaciones pueden desarrollar estrategias para cambiar su nivel de legitimidad, los gestores pueden desarrollar acciones y estrategias para mejorar su imagen y como resultado incrementar el nivel de legitimidad de su universidad. Además, las acciones y estrategias diseñadas para incrementar la legitimidad tendrán también un efecto positivo en su reputación.

Cuando los gestores de las universidades desarrollen acciones para mejorar su imagen, si éstas son percibidas de forma correcta por sus grupos de interés, supondrán también un incremento en su reputación. Teniendo en cuenta que los recursos son limitados, y sobre todo considerando universidades públicas que dependen de la financiación de los gobiernos respectivos, resulta interesante identificar este tipo de relaciones ya que los gestores de las universidades podrán beneficiarse de sinergias al aplicar estrategias para mejorar sus activos intangibles y ello a su vez mejorará su posición competitiva en el sector.

Según los resultados alcanzados, al analizar las estrategias propuestas por los gestores de las universidades para gestionar sus activos intangibles, así como los efectos que éstas puedan tener en cada una de estas variables, se observa que son similares para estudiantes y profesores. Este aspecto podría facilitar el proceso de gestión de estos elementos, ya que pese a las diferencias existentes entre las características de estos dos grupos de interés la forma en la que reaccionarían según nuestros resultados sería bastante parecida en lo que respecta a la relación entre las variables. Por ello, es fundamental señalar la importancia de gestionar las relaciones con ambos grupos de interés para conseguir mejorar la legitimidad, imagen y reputación de la universidad en el conjunto de dichos grupos.

En cuanto a las limitaciones de esta investigación, cabe destacar dos aspectos fundamentales. Por un lado, la muestra está compuesta únicamente por una universidad pública española, a pesar de que el tamaño de la misma es suficientemente amplio, la introducción de un mayor número de universidades podría aportar más información. Por otro lado, las universidades tienen más de dos grupos de interés, y aunque los que se han considerado para este estudio podrían ser de los más relevantes y significativos, sería interesante considerar otros grupos de interés del ámbito de la educación universitaria, como el personal de administración y servicios, o los egresados que valoran el servicio ofrecido por la universidad una vez finalizada su relación. Además, en el caso de la relación entre imagen y reputación, el efecto moderador del grupo de interés no se pudo analizar ya que los resultados obtenidos al realizar el “measurement invariance of composite method” (MICOM) no lo permitían.

En base a lo anterior, una primera futura línea de investigación estaría encaminada a la realización de nuevas investigaciones que cubran estas dos limitaciones, es decir, incorporar un mayor número de universidades para entender mejor la gestión de los activos intangibles en el conjunto
del sistema universitario español, además de incorporar un mayor número de grupos de interés para realizar una comparación más exhaustiva de los resultados.

5. REFERENCIAS


CHAPTER 1: INTRODUCTION
1. INTRODUCTION

1.1 RELEVANCE

Nowadays, organizations operate in highly competitive markets where they need to adapt to changing and global markets. Under this situation, the correct management of intangible assets can be crucial in order to be successful and survive. Given the increased amount of organizations offering similar products and services and competing to attract customers, the ability to differentiate through tangible aspects as become a greater challenge, therefore the importance of introducing intangible assets’ management as part of the businesses core activities has become a determinant point in achieving a competitive position in almost any sector.

In the aim of highlighting the relevance that intangible assets have for today’s organizations the definition provided by the International Accounting Standards Committee (IASC) is presented: “an intangible asset is a non-monetary asset without physical substance that is maintained for its use in the production or supply of goods and services of with administrative purposes. This asset is a resource controlled by a company resulting from previous performance and future economic benefits are expected from it” (IASC, 1998).

Previous research has demonstrated the existing relationship between value creation and competitive advantage and these intangible assets, since their correct implementation created benefits for organizations (Hand & Lev, 2003; Lev & Zarowin, 1999). Therefore, intangible assets could be considered as crucial factors that have an increasing effect on organizations’ value, compared to the decreasing effect that physical and tangible assets represent.

The competitive landscape has strengthened its situation in almost any given sector therefore the relevance of implementing and managing intangible assets applies generally, however, when considering the service sector its importance could be even more intense due to its intangible nature and the fact that its quality might be difficult to evaluate before it is experienced.

Within the service sector, competition in the higher education sector has been increasing over the years. Factors such as globalization, degree of internationalization, changes in the market as well as reduction in government funding have motivated this increase (Hemsley-Brown et al., 2016; Verčič et al., 2016) at a global perspective. Furthermore, despite the existing criticism (Barron, 2017) stakeholder’s and society expectations regarding the scores hold by universities in quality and employability rankings are increasing, augmenting the pressure for these organizations.

In addition, the adaptation process to the new knowledge economy by higher education institutions has represented a relevant issue for these institutions (Rodriguez-Pomeda & Casani, 2016). Universities have had to experiment relevant changes in order to respond to several threats such as governance, the academic profession, quality, innovations as well as internationalization (Altbach et al., 2010; Van der Wende, 2003).

Universities are facing pressure from stakeholders and their environments to adopt certain structures and to follow specific procedures in order to be considered as legitimate and as a result survive and succeed in the market (Stensaker & Norgård, 2001). This adjustment remains a complex matter for higher education institutions, since external demands require adopting specific standards within the higher education “industry” and on the other hand offering relevant innovations.
The current situation faced by higher education institutions were the sector has been affected by the introduction of marketing techniques (Fairclough, 1993) and its reconfiguration, has motivated the fact that groups in the academic field consider that the role of universities is controversial, and they understand that these institutions need to renovate their legitimacy to gain the right to exist (Rodriguez-Pomeda & Casani, 2016). Moreover, some authors have considered that higher education institutions have been developing actions harming their identity and legitimacy since they have been straying from their original missions of serving the public good (Bennis & O’Toole, 2005; Khurana & Nohria, 2008). In addition, universities are no longer untouchable entities that could assume that society would trust them without being questioned (Rakovski & Levy, 2007; Verčič et al., 2016).

In Spain, the relevance of the higher education sector appears related to the effect that the development of this type of education can have on the decrease on unemployment rate as well as in access to more lucrative professional positions and as a result higher income per capita for citizens holding a higher education degree (Ministerio de Educación Cultura y Deporte, 2018). In addition, the number of citizens with higher education level has been increasing due to its importance. Moreover, due to the decrease in government funding, Spanish Public Universities are losing students to private institutions which have been increasing considerably (Ministerio de Educación Cultura y Deporte, 2018).

Under these circumstances, managing intangible assets in the correct manner can be a crucial element for Spanish public universities to achieve its social and economic objectives in the medium and long term (Christensen & Gornitzka, 2017; Farrugia & Lane, 2013; Hemsley-Brown et al., 2016; Plewa et al., 2016).

Legitimacy, defined as “the generalized perception or assumption that the actions of an entity are desirable, proper or appropriate within some socially constructed system of norms, values, beliefs and definitions” (Suchman 1995: 574), is considered as a crucial factor for the survival and success of organizations (Suchman, 1995; Zimmerman & Zeitz, 2002). Legitimate organizations are able to pursue their activities without being questioned and can avoid challenges from society (Meyer & Rowan, 1977). Organizations that are perceived as legitimate are in a better position to compete for resources and have unrestricted access to markets which enhances their survival (Brown & Dacin, 1997; Salancik & Pfeffer, 1978; Suchman, 1995). Deephouse et al. (2017) viewed legitimacy as an important factor because it has a defined effect on social and economic exchange for organizations. Most stakeholders and interest groups are willing to engage only with legitimate organizations and will avoid maintaining relationships with those that are questioned by the social system (Deephouse et al., 2017). Therefore, organizations seeking continuity and success in the market need to prove their viability and legitimacy to receive support from their stakeholders.

Additional intangible assets, such as reputation has been defined as perception of past actions and future expectations of a company that describes the firm’s overall appeal to all its key stakeholders when compared with other rivals (Fombrun & Shanley, 1990). It is considered as a valuable intangible asset for organizations due to its relationship with positive performance in the market (Rindova et al., 2005). Researchers believe that reputation affect the evaluations that stakeholders make about organizations (Abimbola & Valleester, 2007; Czinkota et al., 2014; Fombrun et al., 2000; Fombrun & Shanley, 1990; Gotsi & Wilson, 2001; Page & Fearn, 2005; Roberts & Dowling, 2002; Walker, 2010). Organizations that hold a good reputation status will have a competitive advantage compared to those that do not within their industries (Fombrun & Shanley, 1990) due to its unique and difficult to imitate characteristics (Fombrun & Van Riel, 1997;
that differentiate them and create entry barriers for future competitors (Feldman et al., 2014). Well-reputed firms could benefit from lowering the company’s costs (Deephouse, 2000), the possibility of charging higher prices (Deephouse 2000; Fombrun & Shanley, 1990; Rindova et al, 2005), attracting better employees (Turban & Greening, 1997) and investors (Srivastava et al., 1997), having better access to capital markets (Fombrun & Shanley, 1990) and creating competitive barriers (Deephouse, 2000; Milgrom & Roberts, 1982).

Finally, image has been defined as the sum of beliefs and attitudes towards an organization (Beerli Palacio et al., 2002), the result of all interactions based on experiences and feelings between the organization and the stakeholders (Worcester, 2009). The benefits associated with holding a positive image effect on stakeholder’s satisfaction is closely related to the image of the institution (Andreassen & Lindestad, 1998). When evaluating an organization, corporate image represents a sign of quality and has the ability to affect the degree of customers’ loyalty (Andreassen & Lindestad, 1998) Customer loyalty can be enhanced when the given company’s image is favorable (Fornell et al., 2010; Nguyen & LeBlanc, 2001; Andreassen & Lindestad, 1998). When facing information asymmetries, corporate image can help stakeholders by simplifying decision rules (Andreassen & Lindestad, 1998). Furthermore, stakeholders might be more forgiving when an organization with a strong image makes a mistake than on the contrary, since image can determine the customer’s perceptions and, as a result, their behavior towards the given entity (Melewar & Karaosmanoglu, 2006). A strong corporate image can help an entity to differentiate itself from its competitors through the development of competitive advantages, will could improve its position in the market (Melewar & Karaosmanoglu, 2006). In addition, the relationship with stakeholders can be improved, as well as the corporate reputation of the organization (Tran et al., 2015).

Apart from the importance of legitimacy, reputation and image as separate variables for the success and survival of organizations, the potential that identifying possible relationships between them could have on their management for institutions appears as a relevant matter. In fact, within the literature on image, legitimacy and reputation, and due to their importance, these intangible assets have been analyzed, however lack of clarity still exists since many authors have used them interchangeably (Kostova & Zaheer, 1999; Staw & Epstein, 2000), as completely different constructs (Semons, 1998; Brown & Dacin, 1997; Gotsi & Wilson, 2001) or as different variables but highlighting their relationships (Deephouse & Carter, 2005; Deephouse & Suchman, 2008; Fombrun & Shanley, 1990; Galaskiewicz, 1985; Oliver, 1990; Rao, 1994; Rindova et al., 2005; Zineldin et al., 2011). Due to this situation it is important to highlight the need of generating additional empirical research to clarify this matter. Since resources are limited, being able to identify the relationships between legitimacy, reputation and image could help organizations in their intangible assets’ management and benefit from synergies.

Furthermore, the current situation faced by organizations involves following the stakeholder theory where entities should be managing their relationships with their different stakeholders (Hörisch et al., 2014) in order to create value and mutual benefits with them. Under these circumstances, universities should be identifying their different stakeholder groups and adapting to their specific needs and demands when managing their legitimacy, image and reputation. Many authors have highlighted the complexity of this matter, due to the diverse characteristics that universities’ stakeholder groups have in terms of age, knowledge etc. In the literature, most of the research developed has focused on one stakeholder group (Brewer & Zhao, 2010; Chapleo, 2004; Nguyen & LeBlanc, 2001; Sung & Yang, 2008), only few of them have analyzed the legitimacy, image or reputation in the higher education field introducing more than one stakeholder (Suomi, 2014; Verčič et al., 2016). Many scholars emphasize the importance of increasing the number of
stakeholders (Chun, 2005; Suomi & Järvinen, 2013) under study to expand the knowledge on this issue.

Under these circumstances the relevance of managing intangible assets in the current competitive scenario faced by higher education institutions has motivated the need of introducing and improving the management of legitimacy, reputation and image considering their diverse stakeholder groups for their survival and success which determines the main objective of this research that emphasizes on measuring the existing relationships between the given variables and comparing different stakeholders’ perceptions.

1.2 OBJECTIVE

Given the current complexity and competitiveness of the markets, organizations have understood the need of developing different strategies to adapt to the current global markets and to identify diverse manners to differentiate themselves from competitors. Moreover, following the stakeholder theory where entities should be managing their relationships with their different stakeholders in order to create value and mutual benefits with them, institutions should be taking into consideration the service provided or the commitment to their stakeholders. Nowadays identifying the most relevant stakeholders and trying to meet their needs and demands has been proven to be a key element to survive in the markets.

As it has already been stated the competition in the higher education sector has been increasing and several changes have been occurring over the last decades motivated by factors such as globalization, degree of internationalization, changes in the market as well as reduction in government funding (Hemsley-Brown et al., 2016; Verčič et al., 2016).

Therefore, the importance of introducing intangible assets’ management such as legitimacy, reputation and image as part of the businesses has increased its importance over the last decade in order to survive and succeed in the markets through the achievement of stakeholders´ support, since due to the intangible nature of the higher education sector legitimacy, reputation and image would serve as a quality sign as well as an indicative of the institution’s capacity to respond to customer’s needs in the correct manner and therefore, will reduce uncertainty for stakeholders in their decision-making processes.

Due to the relevance of the factors mentioned above, the main objective of this research is to measure the relevance of intangible assets such as legitimacy, reputation and image as well as their relationships and the different stakeholders´ perceptions in the higher education field. Within this general objective, the following specific objectives expect to get covered through the development of this research:

- To quantify the image, legitimacy and reputation level for the Spanish public University under consideration.
- To identify the level of image, legitimacy and reputation depending on the stakeholder group for the Spanish Public University under consideration.
- To measure the relationship between legitimacy and reputation in a Spanish Public University.
- To identify the moderating effect of the stakeholder group in the relationship between legitimacy and reputation in a Spanish Public University.
• To calculate the relationship between image and reputation in a Spanish Public University.
• To identify the moderating effect of the stakeholder group in the relationship between image and reputation in a Spanish Public University.
• To measure the relationship between image and legitimacy in a Spanish Public University.
• To identify the moderating effect of the stakeholder group on the relationship between image and legitimacy in a Spanish Public University.
• To measure the relationships between legitimacy, reputation and image in a Spanish Public University.
• To identify the moderating effect of the stakeholder group on the relationship between legitimacy, reputation and image in a Spanish Public University.

To follow these objectives, the structure of the research will follow the next guideline: First of all, an introduction where the relevance as well as the description of the global objective will be offered; next, the different relationships between the variables will be presented in the following chapters where a theoretical review will be provided, followed by the description of the sample and methodology and the results and implications as well as the conclusions of each chapter. Finally, a last chapter on the global conclusions and implications as well as the main limitations and future research lines of this research will be included.

1.3 REFERENCES


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CHAPTER 2: THE RELATIONSHIP BETWEEN LEGITIMACY AND REPUTATION IN THE SPANISH PUBLIC UNIVERSITY
2. THE RELATIONSHIP BETWEEN LEGITIMACY AND REPUTATION IN THE SPANISH PUBLIC UNIVERSITY

2.1. INTRODUCTION

Competition in the higher education sector has been increasing over the years. Factors such as globalization, degree of internationalization, changes in the market as well as reduction in government funding have motivated this increase (Hemsley-Brown et al., 2016; Verčič et al., 2016).

Spanish public universities operate in this highly complex environment, competing for economic resources from the government as well as for talented students, prestigious professors and competent employees (Christensen & Gornitzka, 2017; Hemsley-Brown et al., 2016; Plewa, Ho et al., 2016). Moreover, due to global trends in student mobility, universities are nowadays competing not only nationally but at an international level fighting to attract international students and top academics (Hemsley-Brown et al., 2016), which increases the struggle in the sector. Furthermore, despite the existing criticism (Barron, 2017), stakeholder’s and society expectations regarding the scores hold by universities in quality and employability rankings are increasing, augmenting the pressure for these organizations.

Nowadays, most Spanish public universities are losing students to private universities. Up until know universities’ vision focused on the short term and did not almost take into consideration the service provided or the commitment to their stakeholders (students, professors, alumni, administrative personnel or managers). Under these circumstances, managing intangible assets in the correct manner can be a crucial element for Spanish public universities to achieve its social and economic objectives in the medium and long term (Christensen & Gornitzka, 2017; Farrugia & Lane, 2013; Hemsley-Brown et al., 2016; Plewa et al., 2016).

Legitimacy and reputation are considered as crucial intangible assets for the performance and survival of organizations given the existing competitive environment (Rindova et al., 2005; Suchman, 1995; Zimmerman & Zeit, 2002). Research on both constructs have proven that legitimate and well-reputed institutions have better access to resources since stakeholder’s assessments tend to be positive (Abimbola & Valleester, 2007; Czinkota et al., 2014; Fombrun & Shanley, 1990; Gotsi & Wilson, 2001; Page & Fearn, 2005; Roberts & Dowling, 2002; Walker, 2010). Given their relevance (Fombrun & Shanley, 1990), many scholars have analyzed these variables considering them as related constructs but highlighting the differences between them (Bitektine, 2011; Deephouse & Carter, 2005; Rindova et al., 2005) or using them interchangeably (Kostova & Zaheer, 1999; Staw & Epstein, 2000). However, clarity on this issue is still unexplored and further research is still needed in order to identify how legitimacy and reputation differ and relate.

Therefore, evaluating legitimacy and reputation as well as the relationship between them within the Spanish public university’s context will provide some insight on the strategies that managers should apply to manage both variables and as a result improve their competitive position within the higher education sector. The aim of this paper is to analyze the existing relationship between legitimacy and reputation as well as the importance of both constructs in the Spanish public universities. This evaluation will be made considering different stakeholders’ (students, alumni, professors, support personnel, managers) perceptions.
To follow this objective, a literature review on organizational legitimacy and reputation will be carried out, identifying their main common traits and differences as well as the possible relationships between them within the higher education sector. For this purpose, a Spanish public university will be analyzed as the sample where surveys will be developed to measure both variables.

2.2. LEGITIMACY

2.2.1. Concept and Importance

Legitimacy is a crucial factor for the survival and success of organizations (Suchman, 1995; Zimmerman & Zeitz, 2002). Legitimate organizations are able to pursue their activities without being questioned, and can avoid challenges from society (Meyer & Rowan, 1977). Organizations that are perceived as legitimate are in a better position to compete for resources and have unrestricted access to markets which enhances their survival (Brown & Dacin, 1997; Salancik & Pfeffer, 1978; Suchman, 1995). Deephouse et al. (2017) viewed legitimacy as an important factor because it has a defined effect on social and economic exchange for organizations. Most stakeholders are willing to engage only with legitimate organizations and will avoid maintaining relationships with those that are questioned by the social system (Deephouse et al., 2017). Therefore, organizations seeking continuity and success in the market need to prove their viability and legitimacy to receive support from their stakeholders.

Legitimate organizations are those considered desirable and accepted due to the congruence of their activities with the general norms, values and beliefs of their social system (Díez Martín et al., 2010). It can be viewed as the congruence and conformity of an organization with general social norms and formal laws (Dowling & Pfeffer, 1975; Salancik & Pfeffer, 1978). However, the most expanded definition of legitimacy was the one provided by Suchman (1995: 574); “Legitimacy is the generalized perception or assumption that the actions of an entity are desirable, proper or appropriate within some socially constructed system of norms, values, beliefs and definitions”. Deephouse and Suchman (2008) recommended to cease the use of the term “desirable” to avoid confusion with other similar constructs such as status and reputation. Bitektine (2011) offered a numerical definition of the concept, considering that organizational legitimacy covers the perceptions of organizations, the evaluation and judgment made based on these perceptions and the behavioural response based on these judgments made by the different stakeholders. Deephouse et al. (2017:9) proposed an updated definition of legitimacy, considering it as “the perceived appropriateness of an organization to a social system in terms of rules, values, norms and definition”. Moreover, in their research, instead of viewing legitimacy as a dichotomous variable (Deephouse & Suchman, 2008), they recognized four different stages or levels of organizational legitimacy, depending on the perception that stakeholders have on the organization: accepted, proper, debated and illegitimate.

2.2.2. Dimensions

The concept of legitimacy is viewed as a multidimensional variable by researchers. Meyer and Rowan (1977) considered that legitimacy could be assessed based on “rational effectiveness”, “legal mandates”, and social values or beliefs. Other authors, such as Aldrich and Fiol (1994) differentiated between the general knowledge about the subject under analysis, cognitive
legitimacy; and socio-political legitimacy as the acceptance of the subject as appropriate given the social norms. Despite the variety of dimensions or types of legitimacy identified by researchers in the field, most of them address to fulfilling the law, social values and the spread of their performance and actions, however when analysing types or dimensions of legitimacy, the ones provided by Suchman (1995) have been the most common ones when analysing legitimacy. He considered three main types of legitimacy: pragmatic, that focuses on the self-interests of the stakeholders of the organization; moral, which related to the fulfilment of the law and on “doing what is correct”; and cognitive that relies on the spread of knowledge about the firm’s structure, activities etc and the association to similar practices of legitimated known organizations. In his research he then divides legitimacy into smaller categories identifying twelve different types of legitimacy. Furthermore, Deephouse et al. (2017), considered these previous dimensions or types of legitimacy, as criteria used by stakeholders to make their assessments, considering that, for example, individuals when assessing moral legitimacy are considering moral criteria to evaluate the organization under study.

2.2.3. Sources and strategies

Legitimate organizations have better access to resources such as capital, technology, customers, business networks etc (Aldrich & Fiol, 1994; Meyer & Rowan, 1977) due to the support that they receive from stakeholders and interest groups. Therefore, if an organization wants to gain or maintain its level of legitimacy to survive, it has to be able to adapt to the expectations of the society (Brønn & Vidaver-Cohen, 2009). However, it is impossible for an organization to adapt and be consistent with every social system within which they operate, therefore, they must recognize their sources or legitimacy. Legitimacy can be granted or assessed by multiple sources, each one using a different routine for the evaluation (Deephouse et al, 2017). Certain sources have a greater impact on the assessment of legitimacy than others, depending on the type of organization under consideration (Deephouse & Suchman, 2008). Ruef & Scott (1998: 880), considered as sources of legitimacy “the internal and external audiences who observe organizations and make legitimacy assessments”.

Several authors have analysed the importance that the evaluations made by The State and its agencies have in conferring legitimacy (Dowling & Pfeffer, 1975; Reimann et al., 2012). Public opinion and the media have also been studied by researchers, given their importance and the existing link between them (Abrahamson & Fairchild, 1999; Bansal & Clelland, 2004; Deephouse et al., 2017; Lamin & Zaheer, 2012). Organizations should also consider social movements and interest groups, especially considering the current importance of social media, due to the influence that they have on public opinion and on government policies, having a direct effect on the legitimation process of organizations (Rao, 1994). Bitektine (2011) and Tost (2011) highlighted the interest on the individual level of analysis in the legitimation process since all evaluators are individuals or at least groups of individuals when conferring legitimacy.

Organizations must decide the most suitable strategies to manage their legitimacy to be considered appropriate in their social system (Suchman, 1995). Legitimacy is not a static element; it is a continuous process along which different situations and scenarios can be identified (Deephouse et al., 2017). Therefore, organizations need to decide which legitimization activities are more suitable for the scenario under which they are operating at every different moment (Deephouse et al., 2017). Ashforth and Gibbs (1990) considered that organizations purposes when managing legitimacy could be grouped under three main categories: extending, maintaining and defending
legitimacy. These categories are similar to the “challenges” proposed by Suchman (1995): gaining, maintaining and repairing legitimacy. Moreover, Deephouse et al. (2017) added two scenarios to the previous categories: challenged by and institutionally innovating.

2.2.4. Legitimacy in the Higher Education sector

Higher education institutions have faced numerous challenges over last decades, in terms of the decrease in governments funding, globalization (Altbach, 2013; Burnett & Huisman, 2010; Dodds, 2008), increase in international competitiveness, as well as a greater demand for quality and effectiveness in the offer provided by universities (Stensaker & Norgård, 2001). In addition, the adaptation process to the new knowledge economy by higher education institutions has represented a relevant issue for these institutions (Rodriguez-Pomeda & Casani, 2016). Universities have had to experiment relevant changes in order to respond to several threats such as governance, the academic profession, quality, innovations as well as internationalization (Altbach et al., 2010; Van der Wende, 2003).

Universities are facing pressure from stakeholders and their environments to adopt certain structures and to follow specific procedures in order to be considered as legitimate and as a result survive and succeed in the market (Stensaker & Norgård, 2001). This adjustment remains a complex matter for higher education institutions, since external demands require adopting specific standards within the higher education “industry” and at the same time offering relevant innovations.

The current situation faced by higher education institutions were the sector has been affected by the introduction of marketing techniques (Fairclough, 1993) and its reconfiguration, has motivated the fact that groups in the academic field consider that the role of universities is controversial, and they understand that these institutions need to renovate their legitimacy to gain the right to exist (Rodriguez-Pomeda & Casani, 2016).

Moreover, some authors have considered that higher education institutions and more specifically business schools, have been developing actions harming their identity and legitimacy since they have been straying from their original missions of serving the public good (Bennis & O’Toole, 2005; Khurana & Nohria, 2008). Due to this behaviour, they have raised questions about their legitimacy and if their actions and activities continue to be acceptable and desirable within their social system (Suchman, 1995). However, obtaining and maintaining legitimacy is a complex issue for higher education institutions due to the diverse audience and characteristics of the different stakeholders whose demands they try to meet (Fragueiro & Thomas, 2011).

When organizations aim to obtain legitimacy, they need to identify their diverse sources of legitimacy or stakeholders. In the case of higher education institution, the different characteristics of the stakeholders make it difficult for universities to adapt to their standards. Jongbloed et al. (2008), identified the following stakeholder groups in the higher education context: governing entities, administration, employees, clients, competitors, government regulators, nongovernmental regulators, financial intermediaries and joint venture partners. When trying to understand the needs and expectations of the given groups, universities understand that not every group has the same influence on assessing legitimacy (Bitektine, 2011; Ruef & Scott, 1998) therefore, the institution will not be equally responsive with every stakeholder group and they must make decisions depending on the relevance of each stakeholder for achieving their legitimacy levels (Farrugia & Lane, 2013).
Despite the relevance of legitimacy for higher education institutions, few empirical papers exist within the literature. In fact, most of the research on measuring legitimacy in the higher education field, appears related to specific practices more than to institutions. Alajoutsijärvi et al. (2015) analysed the legitimacy of Business Schools and identified the paradoxical nature associated with legitimacy (Smith & Lewis, 2011; Sonpar et al., 2010), since actions to increase legitimacy sometimes can have the opposite effect. In their research they focused on those business schools with accreditations since these certifications as well as rankings have increased the level of isomorphism in the higher education field.

Other authors, such as Farrugia and Lane (2012) analysed the relevance of obtaining legitimacy in the new location when universities develop branch campuses in other countries in order to survive and succeed, because despite having well establish legitimacy in their home country, it does not mean that this legitimacy will be carried to the new environment. Since stakeholders’ evaluations are determined by their environments and social contexts within other factors (Bitektine, 2011), it is crucial to understand these new stakeholders and identify their conditions to satisfy them for obtaining legitimacy.

Cruz-Suárez et al. (2014) measured the legitimacy of European Higher Education Area in the Spanish public universities through different stakeholder groups (students, professors and administrative personnel). In their findings they highlighted the lack of participation of the universities’ administrative personnel, as well as the different evaluations among stakeholder groups. This last fact goes in line with the different characteristics that these groups have in terms of training, culture or age. Many scholars have supported these arguments in their research regarding the different legitimacy evaluations that stakeholder groups can provide. Moreover, the research developed by Rodriguez-Pomeda and Casani (2016) analyzed how World Class Universities tried to increase their legitimacy through the discourses offered by their presidents by differentiating these universities from the rest.

Due to the competition and reconfiguration of the higher education sector, universities need to develop actions and activities to increase their legitimacy levels and as a result obtain more competitive positions in the sector in which they operate. However, despite the relevance of the matter, there are not a large number of papers measuring legitimacy in the higher education context, and even less research on measuring this variable for an academic institution, since as it has been presented previously, most of the empirical research, measures the legitimacy of specific actions or programs developed by universities to manage their legitimacy level.

2.3. REPUTATION

2.3.1. Concept and importance

Corporate reputation is considered as a valuable intangible asset for organizations due to its relationship with positive performance in the market (Rindova et al., 2005). Researchers believe that reputation affect the evaluations that stakeholders make about organizations (Abimbola & Valleester, 2007; Czinkota et al., 2014; Fombrun et al., 2000; Fombrun & Shanley, 1990; Gotsi & Wilson, 2001; Page & Fearn, 2005; Roberts & Dowling, 2002; Walker, 2010). Organizations that hold a good reputation status will have a competitive advantage compared to those that do not within their industries (Fombrun & Shanley, 1990) due to its unique and difficult to imitate characteristics (Fombrun & Van Riel, 1997; Roberts & Dowling, 2002), that differentiate them
and create entry barriers for future competitors (Feldman et al., 2014). Well-reputed firms could benefit from lowering the company’s costs (Deephouse, 2000), the possibility of charging higher prices (Deephouse 2000; Fombrun & Shanley, 1990; Rindova et al, 2005), attracting better employees (Turban & Greeneing, 1997) and investors (Srivastava et al., 1997), having better access to capital markets (Fombrun & Shanley, 1990), and creating competitive barriers (Deephouse, 2000; Milgrom & Roberts, 1982).

The definition of reputation continues to represent and issue within the field (Clardy, 2012; Dowling, 2016) due to the different theories applied to study the concept, the different disciplines as well as the confusion with other related terms such as image and identity, that result in the lack of an accepted definition and, as a consequence, the absence of a defined measure (Clardy, 2012). Many researchers have highlighted this frustration in their research (Barnett et al., 2006; Chun, 2005; Clardy, 2012; Dowling, 2016; Hemsley-Brown & Oplatka, 2006; Walker, 2010).

One of the most common reputation definitions is the one provided by Fombrun and Shanley (1990) who is considered as one of the main researchers in this field (Lange et al., 2011; Smaiziene & Jucevicius, 2009; Walker, 2010). He defined reputation as the perception of past actions and future expectations of a company that describes the firm’s overall appeal to all its key stakeholders when compared with other rivals. It is the stakeholder’s perceptions about the ability that an entity has to create value in comparison to its competitors (Deephouse, 2000; Elsbach & Kramer, 1996; Fombrun & Shanley, 1990; Hall, 1992; Rindova et al., 2005).

2.3.2. Dimensions

Stakeholders can assess the reputation of an organization based on a set of attributes, therefore reputation can be considered as a multidimensional variable (Dollinger et al., 1997; Fombrun et al., 2000; Fombrun & Shanley, 1990), in fact, it can be assessed on any attribute that can be used a source of comparison (Deephouse & Carter, 2005). For example, Weigelt et al. (1988) identified corporate reputation, product or service reputation and reputation of the organizational structure as the three main dimensions to measure the reputation of an entity; Dollinger et al. (1997) considered as dimensions the management reputation, financial reputation and product quality reputation. Other authors have focused on dimensions based on the different types of stakeholders perceiving the reputation of the firm, especially on internal and external groups (Chun, 2005; Deephouse, 2000; Iwu-Egwuonwu, 2011)

These variety of dimensions have also been reflected in the different measures used for reputation, where researchers have considered several dimensions to evaluate the reputation of a given organization (Fombrun et al., 2000; Ponzi et al., 2011) and have increased the argument of the existence of one global reputation or diverse reputations based on different dimensions. Under these circumstances, different approaches exist in the literature on measuring reputation, since some authors support a more detailed and multidimensional measure, while others argue that reputation should be measured using a simpler scale (Dowling, 2016).

2.3.3. Reputation in the Higher Education sector

The higher education sector has been experimenting important changes over the years. Universities operate in a highly complex environment, competing for economic resources from the government as well as for talented students, prestigious professors and competent employees
Moreover, due to global trends in student mobility, as well as the deregulation of higher education in several countries (Hemsley-Brown & Oplatka, 2006), universities are nowadays competing not only nationally but at an international level fighting to attract international students and top academics (Hemsley-Brown et al., 2016), which increases the struggle in the sector. Furthermore, despite the existing criticism (Barron, 2017), stakeholder’s and society expectations regarding the scores hold by universities in quality and employability rankings are increasing, augmenting the pressure for these organizations.

In addition, universities nowadays are no longer untouchable entities that could assume that society would trust them without being questioned (Rakovski & Levy, 2007; Verčič et al., 2016). Moreover, currently universities need to focus, not only on professors or a unique interest group, but on numerous groups of stakeholders whose support is a key element for their success and survival (Christensen & Gornitzka, 2017).

Several authors have analysed the higher education sector situation. In fact, Christensen and Gornitzka, (2017) highlighted some of the changes affecting the sector: first of all, the internal decision-making process has changed towards a more heterogeneous structure where a higher number of stakeholders are included (Christensen, 2011), also the importance of meeting student’s demands and requirements have increased considerably (Ramirez & Christensen, 2013) and finally, universities, are nowadays more socially concerned (Bleiklie & Michelsen, 2013).

Under this scenario, institutions in the higher education sector have been adopting more business-like practice in their management (Veloutsou et al, 2005) and a more market-orientated approach. In doing so, universities have understood that the correct management of intangible assets such as reputation is a key element for attracting and retaining stakeholders such as students, professors, economic resources etc (Hemsley-Brown et al., 2016; Plewa et al., 2016).

The literature has shown that favourable reputation has many benefits for organizations, and in the higher education sector due to its intangible nature and the fact that its quality might be difficult to evaluate before it is experienced (Jevons, 2006; Suomi, 2014) reputation will serve as a quality sign as well as an indicative of the institution’s capacity to respond to customer’s needs in the correct manner (Nguyen & LeBlanc, 2001) and therefore, will reduce uncertainty (Rindova et al., 2005) for stakeholders in their decision-making processes (Hemsley-Brown, 2012; Munisamy et al., 2014) when selecting which university to engage with. Therefore, obtaining a positive reputation will determine the university’s survival given the competition in the sector (Alves & Raposo, 2010; Aula & Tienari, 2011).

Due to the higher education sector current situation, the concept of reputation’s relevance in this field is increasing as it has already done in the corporate field (Verčič et al., 2016). However, despite the importance of achieving and maintaining a good reputation towards the different institution’s stakeholders, there is still lack of clarity in its management and it continues to be a challenge for universities (Gioia & Corley, 2002; Šontaitė & Bakanauskas, 2011; Vidaver-Cohen, 2007). Among the several reasons for this complexity the heterogeneity in terms of stakeholders and as a consequence the differences in their expectations (Suomi & Järvinen, 2013; Vidaver-Cohen, 2007) and the complexity related to the different types of educational institutions (Suomi, 2014) could be highlighted. Furthermore, research and empirical investigations on reputation within the higher education sector are still limited (Volkwein & Sweitzer, 2006; Watkins & Gonzenbach, 2013).
As it was previously mentioned, despite the importance of reputation within the higher education sector, there is still little empirical research that clarifies what the concept is and its implications (Watkins & Gonzenbach, 2013). However, several authors have tried to overcome this situation with their research. Some researchers have tried to find a more accurate definition of concept within the academic field, such as, Sontaite and Bakanauskas (2011) which defined it as a subjective and collective recognition of higher education institutions among all key stakeholders during a certain period, taking into consideration their past behaviour, communication and potential to satisfy expectations in comparison with the competition. Other authors such as Alessandri et al. (2006: 261) offered the following definition of reputation: it is “the collective representations that the university’s multiple constituents hold of the university over time”.

Despite the fact that the factors affecting reputation in the academic field are many, aspects such as size, together with faculty and students’ conditions such as salaries and graduation rates appear as relevant in the literature (Volkwein & Sweitzer, 2006). Some of the other dimensions that were identified in the literature were the quality of academic performance, quality of external performance and emotional engagement (Alessandri et al., 2006); leadership, teaching, research, the service offered and quality (Brewer & Zhao, 2010). In trying to identify the determinants and antecedents of reputation in the academic context, Vidaver-Cohen (2007) developed a conceptual model to measure reputation in the business school field. In her research she introduced as dimensions of reputation aspects such as performance, innovation, services, governance, citizenship and workplace climate. Suomi et al. (2014) performed a study to identify the dimensions that form reputation in a master’s degree program through the application of the conceptual model developed by Vidaver-Cohen (2007) and including a variety of internal and external stakeholder groups.

Plewa et al. (2015) used the resources-based view and configuration theory to develop their research around the optimal resources configuration when universities are trying to achieve a favorable reputation. In their research they focused on a unique university and on students but consider two groups within the same stakeholder group (students) which were domestic and international students.

Most of the research developed in the literature within the higher education field has considered limited stakeholders for their empirical research (Alessandri et al., 2006; Brewer & Zhao, 2010; Chapleo, 2004; Nguyen & LeBlanc, 2001). Ali et al. (2015) highlighted that fact that reputation value is moderated by the stakeholder group and country under consideration. In the literature it appears that reputation is based on both internal and external stakeholders’ perceptions (Chun, 2005; Suomi & Järvinen, 2013). However, some authors such as Vidaver-Cohen (2007) with the development of her conceptual model for measuring reputation in the business school context for different stakeholders, have tried to cover this existing gap. Following this line, Verčič et al. (2016) analysed and compared the consistency between different stakeholders’ evaluations of reputation in universities applying Vidaver-Cohen’s (2007) model. However, even though they found that diverse stakeholders applied similar criteria, they established that one dimensions was able to determine in a relevant degree what reputation is, so the multidimensional model was not confirmed in their research. Suomi et al. (2014) also considered various stakeholders for their research, where they examined the dilemmas that appear when managing reputation taking into consideration different stakeholder groups in the higher education sector arising from the complexity of meeting heterogenous demands.
2.4. RELATIONSHIPS AND DIFFERENCES BETWEEN LEGITIMACY AND REPUTATION

Many authors agreed on the importance that both intangible assets have for the organization (Fombrun & Shanley, 1990) and that they can be considered as organizational resources (Bitektine, 2011) due to the benefits that they provide. Organizational reputation and legitimacy highlight the relevance of social perceptions of conformity to social norms for the success and survival of institutions within the markets (Deephouse & Suchman, 2008). Czinkota et al., (2014) argued the key role that both, legitimacy and reputation play in the survival of organizations.

Legitimacy and reputation are related constructs and many researchers consider that they share common traits and sometimes they have been used interchangeably (Kostova & Zaheer, 1999; Staw & Epstein, 2000). Several authors argued that both variables share antecedents, such as the size of the organization, charitable work, regulatory compliance (Fombrun & Shanley, 1990; Galaskiewicz, 1985; Oliver, 1990) or diversification strategies (Fligstein, 1991; Fombrun & Shanley, 1990), social construction processes by being evaluated by stakeholders (Fombrun & Shanley, 1990), as well as consequences (Deephouse & Carter, 2005; Deephouse & Suchman, 2008) like the better access to resources in general (Hall, 1992; Suchman, 1995), and both are perceptions of approval of the organization’s stakeholders (Deephouse & Carter, 2005; Rao, 1994; Ruef & Scott, 1998).

Despite the similarities and common points shared by legitimacy and reputation, the literature also shows differences between them. As it has been mentioned previously, both concepts are related to and affected by success, however, Deephouse and Suchman (2008) considered that success affected reputation directly due to the importance for this construct of the relationship between past performance and future potential, whereas the effect on legitimacy is indirect as success can be a consequence from the cultural acceptance by the social system or from the company’s ability to commit to what they promise (Meyer & Rowan, 1977). Rindova et al. (2006) associated legitimacy as the congruence with values and beliefs and reputation with social perception of the ability of the organization to create value.

Deephouse and Suchman (2008) argued that on the one hand, legitimacy can be viewed as a dichotomous variable that focuses on reaching an acceptable level, where the absence of negative issues is more important than the presence of outstanding achievements; reputation, on the other hand, is a continuous variable that places each actor in a path from best to worse. One of the more important difference between these constructs is that legitimacy is non-rival and homogenizing, it relates to isomorphism (Deephouse & Carter, 2005) and focuses on similarity (Bitektine, 2011), most subjects achieve legitimacy by conforming to a collectively legitimated structure, in contrast reputation is contingent on relative standing and focuses on differentiation and comparison among organizations (Deephouse & Suchman, 2008). Deephouse and Carter (2005) concluded with their study on commercial US banks, that isomorphism increases legitimacy but the effect on reputation was not implied. In addition, in their research the results showed that higher financial performance affected the firm’s reputation but not legitimacy.

According to Ruef and Scott (1998) there are two main criteria to distinguish legitimacy and reputation: the nature of the assessment of each concept and the dimensions on which each variable can be assessed. Regarding the first criteria, legitimacy has been evaluated in terms of acceptance (Brown & Dacin, 1997; Meyer & Rowan, 1977), taken-for-grantedness (Meyer & Rowan, 1977) as well as in terms of appropriateness and concordance (Brown & Dacin, 1997; Dowling & Pfeffer, 1975) showing that the key for legitimacy assessments is meeting social
expectations in terms of norms, values and beliefs. In contrast, when analysing reputation it has been assessed in terms of relative standing (Shrum & Wuthnow, 1988), esteem (Dollinger et al., 1997; Hall, 1992; Heugens et al., 2004) and favorableness (Deephouse, 2000) which indicates that the central element for reputation is comparison within organizations to view their relative standing (Deephouse & Carter, 2005). Moreover, according to the dimensions considered when assessing legitimacy and reputation, Ruef and Scott (1998) recommended to evaluate the legitimacy of the subject regarding the main legitimacy dimensions. In contrast reputation can be evaluated considering plenty of other dimensions, it can be assessed on any attribute that can be used a source of comparison (Deephouse & Carter, 2005).

As it has been indicated previously, despite the differences between legitimacy and reputation, these two constructs share plenty of characteristics and several authors have highlighted the relationship between them. Deephouse and Suchman (2008) considered a bidirectional relationship between both constructs. First, legitimacy, defined as the congruence with social norms and values, affects reputation based on the obtained results and performance, because legitimate organizations are positioned as trustworthy and reliable within their social environment, therefore, this can affect reputation in a positive way. Secondly, reputation affects legitimacy because sources of legitimacy consider the reputation of the organization under evaluation to decide whether to support it or not.

King and Whetten (2008) considered that legitimacy and reputation were used by an organization’s stakeholders to evaluate if that entity is appropriate and its quality. Staw and Epstein (2000) viewed legitimacy as a value creation resource that results from the alignment to accepted values and norms within a social system, considering reputation as the result of the congruence between the organization’s behavior and these accepted values and norms. Within their research, they showed that organizations improved their reputation through the adoption of known and accepted management techniques, due to the reflection of the normative values and social beliefs associated to these practices by the audiences evaluating the reputation the firm. In this sense, reputation can be considered as the result from the legitimation process (Rao, 1994) or the extension of legitimacy (King & Whetten, 2008). Organizations gain legitimacy and cultural support within their institutional environment to develop their reputation (Deephouse & Carter, 2005; Rao, 1994; Staw & Epstein, 2000).

Bansal and Roth (2000) concluded on their empirical study about UK companies that legitimacy issues could have an effect on a firm’s reputation and long-term survival and success. Moreover, Thomas (2007) highlighted the relationship between both variables due to the social pressures for increasing reputation and being legitimate, that is, for differentiating as well as for being similar. In his paper, he argues that organizations can have a reputation for being legitimate, so both constructs overlap. In this sense, legitimate threats can affect the reputation level of a given firm (Thomas, 2007). Doh et al. (2010) argued that legitimacy could be considered as a potential requirement for reputation, understanding legitimacy as an antecedent of reputation (King & Whetten, 2008).

Authors have considered that the transmission of legitimacy values might enhance the company’s competitive advantage, and therefore, its reputation (Fan, 2005; Kaufman et al., 2012; Camilleri, 2008). Other researchers, such as Czinkota et al. (2014) viewed legitimacy as a requirement for the organization’s social acceptance as well as for the development of reputation strategies and they considered that organization’s visibility and reliability could increase by meeting social expectations. With their empirical analysis on the Italian company Parmalat, which committed illegitimate financial fraud, they showed that reputation maintained the legitimacy of the company.
under study and on the other hand, the actions performed by the company to improve their identity and personality, increased the firm’s legitimacy that result in the maintenance of its reputation level. Their research concluded, highlighting this mutual relationship between both variables, where behaving in congruence with social expectations (legitimacy) increased the visibility and credibility of the firm (reputation), and reputation affects legitimacy when competitive behavior is performed meeting social norms and values.

Considering the relationships between legitimacy and reputation identified in the literature and after taking into account the application in this paper to the Spanish Public Universities the following hypothesis are established to analyze since more references are found supporting the effect that legitimacy has on reputation:

- **Hypothesis 2.1: Universities with higher legitimacy, will have higher reputation**

Figure 2.1 shows the model to be tested as well as the established hypothesis for this chapter.

**Figure 2.1. Proposed model and hypothesis**

![Proposed Model and Hypothesis](source: Own elaboration)

### 2.5. SAMPLE AND METHODOLOGY

#### 2.5.1. Research setting

As it has been previously stated, universities need to compete at national and international levels with other entities to gain a better competitive position and attract resources. Under these circumstances, the selected research setting was the Spanish Public Universities, since at it is happening in the different countries, these institutions need to identify the best manner to manage their intangible assets such as reputation and legitimacy to improve their situation in their sector.
In fact, Spanish Public Universities are reducing their number of students in favour of private ones, since government funding has been decreasing. Within the Spanish Public Universities, Rey Juan Carlos University of Madrid has been the chosen one to develop the analysis of this paper, where information from different stakeholders (professors, current students and alumni, administrative personnel and managers) was gathered. Rey Juan Carlos University is a Public University which started its active 20 years ago and currently has 38,085 students and 1,543 professors.

2.5.2. Data collection

For collecting the data to develop this research paper, a questionnaire was developed. On an initial stage, a pre-test was developed with 300 online students to verify the scale used and to adapt the questions of the survey if it was necessary. After analysing the results of the pre-test, several questions where changed to offer a clearer meaning and a number of questions were taken out of the final version of the survey. In the final stage, a total number of 844 effective surveys were answered, were 73% were students, 0.6% alumni, 16% professors, 0.3% administrative personnel and 0.1% managers.

2.5.3. Measurement

All constructs were measured through adapted items from existing scales and used a 11-points Likert scale for their measurement in the survey with 0 referring to strongly disagree and 10 referring to strongly agree. The items used to measure reputation were taken from Vidaver-Cohen (2007) research, where she tried to adapt the existing measurement of reputation developed by the Corporate Reputation Review to the business schools’ field. Other authors such as Verčič et al. (2016) and Suomi (2014) have used the measure scale developed by Vidaver-Cohen (2007) since it is one of the few measurements that attempt to capture a multistakeholder approach. In the case of the items used to measure legitimacy the three dimensions proposed by Suchman (1995) were considered, and the items of each of these dimensions were taken from Suchman’s (1995) definitions and adapted from the research developed by Thomas (2005), Chung et al. (2016), Chaney et al. (2016). Table 2.1 presents the measurement model in English, although the questionnaire was distributed in Spanish.
Table 2.1. Measurement model

<table>
<thead>
<tr>
<th>Factor</th>
<th>Item</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Performance</td>
<td>RPPERF1</td>
<td>My university has a high research level</td>
</tr>
<tr>
<td></td>
<td>RPPERF2</td>
<td>It obtains lucrative job placements</td>
</tr>
<tr>
<td></td>
<td>RPPERF3</td>
<td>Has growth perspectives</td>
</tr>
<tr>
<td>Innovation</td>
<td>RPIN1</td>
<td>It adapts quickly to change</td>
</tr>
<tr>
<td></td>
<td>RPIN2</td>
<td>Uses innovative teaching methods</td>
</tr>
<tr>
<td>Citizenship</td>
<td>RFCSR1</td>
<td>Exerts positive influence on society</td>
</tr>
<tr>
<td></td>
<td>RFCSR2</td>
<td>Supports good causes</td>
</tr>
<tr>
<td></td>
<td>RFCSR3</td>
<td>My university cares about their stakeholders’ well being</td>
</tr>
<tr>
<td>Services</td>
<td>RPSER1</td>
<td>The formative offer responds to market trends</td>
</tr>
<tr>
<td></td>
<td>RPSER2</td>
<td>It trains competent students</td>
</tr>
<tr>
<td></td>
<td>RPSER3</td>
<td>It has good value for money</td>
</tr>
<tr>
<td>Governance</td>
<td>RPGOV1</td>
<td>There is a clear vision of the objectives that guide my university</td>
</tr>
<tr>
<td></td>
<td>RPGOV2</td>
<td>It is managed with ethics and transparency</td>
</tr>
<tr>
<td></td>
<td>RPGOV3</td>
<td>It takes into consideration its stakeholders in their management decisions</td>
</tr>
<tr>
<td>Workplace climate</td>
<td>RPWORK1</td>
<td>My university's professors are competent</td>
</tr>
<tr>
<td></td>
<td>RPWORK2</td>
<td>The administrative personnel is competent</td>
</tr>
<tr>
<td></td>
<td>RPWORK3</td>
<td>In general, my university is a good place to work</td>
</tr>
<tr>
<td>Pragmatic Legitimacy</td>
<td>LEGP1</td>
<td>My university offers me a personal benefit</td>
</tr>
<tr>
<td></td>
<td>LEGP2</td>
<td>It helps me to grow</td>
</tr>
<tr>
<td></td>
<td>LEGP3</td>
<td>My university satisfies my needs</td>
</tr>
<tr>
<td>Moral Legitimacy</td>
<td>LEGM1</td>
<td>My university follows the law</td>
</tr>
<tr>
<td></td>
<td>LEGM2</td>
<td>It behaves in an honest manner</td>
</tr>
<tr>
<td></td>
<td>LEGM3</td>
<td>It is socially responsible</td>
</tr>
<tr>
<td>Cognitive Legitimacy</td>
<td>LEGCOG1</td>
<td>I know the activities that my university does</td>
</tr>
<tr>
<td></td>
<td>LEGCOG2</td>
<td>I consider that these activities and actions are performed in the best possible manner</td>
</tr>
<tr>
<td></td>
<td>LEGCOG3</td>
<td>My university is well managed</td>
</tr>
</tbody>
</table>

Source: Own elaboration based on the research of Vidaver-Cohen (2007), Suchman (1995), Thomas (2005), Chung et al. (2016) and Chaney et al. (2016)

2.6. DATA ANALYSIS AND RESULTS

2.6.1. Descriptive analysis

First of all, in order to understand the values of the considered variables of legitimacy and reputation of the sample, the descriptive analysis was carried out. Table 2.2 present the results on the descriptive analysis, showing the different factors as well as their items with their mean and standard deviation obtained through the analysis of the results of the survey distributed to the different university’s stakeholders.

As it appears in the results, the average value for legitimacy is 5.66 over 10 and 6.10 for reputation. For the average results of the three different dimensions of legitimacy, it appears that the moral legitimacy represents the lowest values, while the pragmatic dimension represents the highest numbers. In the case of reputation, the dimensions which holds the highest values are performance followed by services and citizenship, while the worst valued dimension is governance.
Table 2.2. Descriptive analysis

<table>
<thead>
<tr>
<th>Factor</th>
<th>Item</th>
<th>Mean</th>
<th>Standard deviation</th>
<th>Average factor value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Performance</td>
<td>RPPERF1</td>
<td>6.311</td>
<td>2.379</td>
<td>6.513</td>
</tr>
<tr>
<td></td>
<td>RPPERF2</td>
<td>6.444</td>
<td>2.389</td>
<td></td>
</tr>
<tr>
<td></td>
<td>RPPERF3</td>
<td>6.783</td>
<td>2.314</td>
<td></td>
</tr>
<tr>
<td>Innovation</td>
<td>RPIN1</td>
<td>6.541</td>
<td>2.382</td>
<td>6.114</td>
</tr>
<tr>
<td></td>
<td>RPIN2</td>
<td>5.686</td>
<td>2.772</td>
<td></td>
</tr>
<tr>
<td>Citizenship</td>
<td>RPCSR1</td>
<td>6.493</td>
<td>2.588</td>
<td>6.280</td>
</tr>
<tr>
<td></td>
<td>RPCSR2</td>
<td>6.558</td>
<td>2.222</td>
<td></td>
</tr>
<tr>
<td></td>
<td>RPCSR3</td>
<td>5.788</td>
<td>2.763</td>
<td></td>
</tr>
<tr>
<td>Services</td>
<td>RPSER1</td>
<td>7.065</td>
<td>2.225</td>
<td>6.470</td>
</tr>
<tr>
<td></td>
<td>RPSER2</td>
<td>6.681</td>
<td>2.500</td>
<td></td>
</tr>
<tr>
<td></td>
<td>RPSER3</td>
<td>5.664</td>
<td>3.007</td>
<td></td>
</tr>
<tr>
<td>Governance</td>
<td>RPGOV1</td>
<td>5.576</td>
<td>2.638</td>
<td>4.818</td>
</tr>
<tr>
<td></td>
<td>RPGOV2</td>
<td>4.009</td>
<td>3.300</td>
<td></td>
</tr>
<tr>
<td></td>
<td>RPGOV3</td>
<td>4.869</td>
<td>2.976</td>
<td></td>
</tr>
<tr>
<td>Workplace climate</td>
<td>RPWORK1</td>
<td>6.459</td>
<td>2.500</td>
<td>6.158</td>
</tr>
<tr>
<td></td>
<td>RPWORK2</td>
<td>5.673</td>
<td>2.811</td>
<td></td>
</tr>
<tr>
<td></td>
<td>RPWORK3</td>
<td>6.343</td>
<td>2.644</td>
<td></td>
</tr>
<tr>
<td>Reputation</td>
<td>LEGP1</td>
<td>6.604</td>
<td>2.580</td>
<td>6.463</td>
</tr>
<tr>
<td></td>
<td>LEGP2</td>
<td>6.595</td>
<td>2.623</td>
<td></td>
</tr>
<tr>
<td></td>
<td>LEGP3</td>
<td>6.190</td>
<td>2.577</td>
<td></td>
</tr>
<tr>
<td>Legitimacy</td>
<td>LEGM1</td>
<td>4.822</td>
<td>3.370</td>
<td>4.972</td>
</tr>
<tr>
<td></td>
<td>LEGM2</td>
<td>4.501</td>
<td>3.297</td>
<td></td>
</tr>
<tr>
<td></td>
<td>LEGM3</td>
<td>5.592</td>
<td>2.995</td>
<td></td>
</tr>
<tr>
<td>Cognitive Legitimacy</td>
<td>LEGCOG1</td>
<td>5.880</td>
<td>2.637</td>
<td>5.544</td>
</tr>
<tr>
<td></td>
<td>LEGCOG2</td>
<td>5.858</td>
<td>2.637</td>
<td></td>
</tr>
<tr>
<td></td>
<td>LEGCOG3</td>
<td>4.895</td>
<td>3.009</td>
<td></td>
</tr>
<tr>
<td>Legitimacy</td>
<td></td>
<td></td>
<td></td>
<td>5.660</td>
</tr>
</tbody>
</table>

2.6.2. Reliability and validity evaluation

In order to analyse the established hypothesis and relationships structural modelling with SmartPLS system version 3 was used. This technique was chosen because it is a powerful method of analysis (Chin et al., 2003), presenting adequate advantages for the research to be carried out (Hair et al., 2014).

The first step carried out when managing the data was to verify the reliability and validity of the measurement model shown in Figure 2.1. In Table 2.3 the information regarding the model’s reliability and validity is presented. For legitimacy’s reflective items, it can be shown that all Cronbach's alphas surpassed the recommendation of 0,70 (Cronbach, 1951; Nunnally & Bernstein, 1994). The composite reliability over 0,60 can be considered appropriate (Bagozzi & Yi, 1988), therefore all items are within this scope since they all appear over this value. In addition, the average variance extracted (AVE) was calculated and presented with values over 0,50 which is consider acceptable (Fornell & Larcker, 1981). Furthermore, in Table 2.3 the standardized loadings of the reflective items are presented as well as their significant value.
(p<0.01) which showed that they were meaningfully linked to their respective dimensions and construct. In Table 2.4, aspects related to discriminant validity are presented, the HTMT ratio method recently proposed by (Henseler et al. 2015) was also applied to assess discriminant validity. Since every ratio was lower than 0.85 (Clark & Watson, 1995), no problems appear in the model.

Table 2.3. Measurement model reliability and validity

<table>
<thead>
<tr>
<th>Factor</th>
<th>Item</th>
<th>weights/loadings</th>
<th>t-value</th>
<th>VIF</th>
<th>CA</th>
<th>CR</th>
<th>AVE</th>
</tr>
</thead>
<tbody>
<tr>
<td>Performance</td>
<td>RPPERF1</td>
<td>0.424</td>
<td>7.880</td>
<td>1.874</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>RPPERF2</td>
<td>0.338</td>
<td>5.734</td>
<td>2.024</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>RPPERF3</td>
<td>0.383</td>
<td>6.260</td>
<td>2.252</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Innovation</td>
<td>RPIN1</td>
<td>0.387</td>
<td>7.145</td>
<td>2.064</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>RPIN2</td>
<td>0.685</td>
<td>13.513</td>
<td>2.064</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Citizenship</td>
<td>RPCSR1</td>
<td>0.436</td>
<td>11.335</td>
<td>2.011</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>RPCSR2</td>
<td>0.190</td>
<td>5.677</td>
<td>1.613</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>RPCSR3</td>
<td>0.538</td>
<td>15.267</td>
<td>1.645</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Services</td>
<td>RPSER1</td>
<td>0.141</td>
<td>2.599</td>
<td>2.329</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>RPSER2</td>
<td>0.440</td>
<td>8.019</td>
<td>2.897</td>
<td></td>
<td></td>
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<td></td>
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<td></td>
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<td></td>
<td>LEGM2</td>
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<td>0.903</td>
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<td></td>
<td>Innovation</td>
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<td>4.542</td>
<td>3.826</td>
<td></td>
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</tr>
</tbody>
</table>

Note: CA: Cronbach’s Alpha; CR: Composite Reliability; AVE: Average Variance Extended
Regarding the formative constructs, the collinearity (VIF) value is presented, showing that every item is under the appropriate level of VIF<5 (Hair et al., 2011). In addition, the standardized weights are shown in both tables as well as their significant values (p<0.01), showing that all formative values affect in a significant manner to their dimensions or construct in the case of the second-order. Only three dimensions of the construct reputation appear to have non-significant values over their construct, which are performance, innovation and services, with t-values under 2. However, since the loadings of these dimensions were high (over 0.50), the dimensions were maintained (Hair et al., 2014).

<table>
<thead>
<tr>
<th>Table 2.4. Measurement model discriminant validity (HTMT)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Factor</td>
</tr>
<tr>
<td>--------</td>
</tr>
<tr>
<td>Cognitive Legitimacy</td>
</tr>
<tr>
<td>Moral Legitimacy</td>
</tr>
<tr>
<td>Pragmatic Legitimacy</td>
</tr>
</tbody>
</table>

Under these circumstances, it was concluded that the proposed model offered appropriate evidence of reliability, convergent and discriminant validity in the case of the reflective constructs forming legitimacy dimensions, as well as in terms of collinearity and weight-loading relationship and significant levels. Reliability and convergent validity were tested at the first order level for legitimacy’s dimensions collinearity as well as weight-loading relationship and significance for the first order and second-order construct of reputation and for the second order of legitimacy of the model.

### 2.6.3. Hypothesis testing

The obtained results through the model show that legitimacy positively and significantly affect reputation (H 2.1; B=0.899; p<0.01), therefore the hypothesis established through the literature review can be confirmed. Table 2.5 and Figure 2.2 show the presented results.

<table>
<thead>
<tr>
<th>Table 2.5. Hypothesis testing</th>
</tr>
</thead>
<tbody>
<tr>
<td>Hypothesis</td>
</tr>
<tr>
<td>H.2.1 Legitimacy-Reputation</td>
</tr>
</tbody>
</table>

*R Square (Reputation)= 0.809
*Q Square (Reputation)= 0.571
2.7. DISCUSSION AND CONCLUSIONS

The correct management of intangible assets such as legitimacy and reputation (Rindova et al., 2005; Suchman, 1995; Zimmerman & Zeitz, 2002) has become a priority for higher education institutions given the increase in the competition that they face in the sector motivated by changes in the market, decrease in government funding, as well as globalization (Hemsley-Brown et al., 2016; Verčič et al., 2016). In addition, the lack of clarity on the common traits, differences and relationships between these two variables has increased the need for additional empirical demonstration on the field.

Under these circumstances, the aim of this paper was to offer empirical evidence and to test the hypothesis identified in the literature supporting the influence that legitimacy has on reputation. This relationship was tested in the higher education sector where, even though some studies on measuring legitimacy and reputation exist, there is no empirical studies on measuring the relationship between these two variables.

First of all, the obtained results show that the level of legitimacy of Rey Juan Carlos University is 5.66 over 10, which represents a relatively low value since its just at the middle of the scale. When analysing the obtained results on the value of reputation, the obtained level for the given university is 6.10 over 10. Due to the relevance of legitimacy and reputation in the higher education context, these values could be considered as relatively low, since even though the pass the middle line, they continue to be far away from the ideal situation.

When considering the different dimensions for legitimacy and reputation the following elements were discovered. In the case of the pragmatic, moral and cognitive dimensions considered for the construct of legitimacy, our finding confirm the significance of all three factors to measure the overall legitimacy of the university and the weights of each of them are similar. Therefore, the dimensions proposed by Suchman (1995) could be confirmed through this research. However, when taking into consideration the six dimensions developed by Vidaver-Cohen (2007) in her model of reputation for Business Schools, the results show that only three of the six dimensions where significant (citizenship, governance and workplace climate). These findings are supported by the research developed by Verčič et al. (2016) and Suomi (2014) which already tested this model and demonstrated that few dimensions where relevant for stakeholders when analysing the reputation of higher education institutions.
Regarding the structural model, our findings confirm the proposed hypothesis since a positive and significant relationship exists between legitimacy and reputation. The beta for this relationship is 0.899 which represents a very high value, showing that the relationship between legitimacy and reputation is so high that they even could be consider as very similar constructs. This confirmation was already supported by authors such as Deephouse and Muchman (2008), Staw and Epstein (2000), Rao, (1994), King and Whetten (2008), Deephouse and Carter (2005), Bansal and Roth (2000), Thomas (2007), Doh et al. (2010), Fan (2005), Czinkota et al. (2014), Martinez et al. (2018), etc. who establish theoretically and some, through their empirical research the influence that legitimacy has on reputation, considering the first as a requirement for the second.

The relevance of identifying the influence that legitimacy has on reputation appears, first of all, in presenting additional empirical evidence on a relatively innovative field, since as it has been stated previously, few papers cover this topic and there is no consensus on the academic field on the manner in which the two variables differ and relate. In fact, many scholars have highlighted the urgency of offering additional research on this matter. Second, due to the competitive scenario faced by higher education institution, measuring legitimacy and reputation as well as their relationship is this sector is important for universities in order improve their position in the market and survival opportunities. This relationship can serve as guidance to university managers when trying to manage their legitimacy and reputation. When reviewing the theory on organizational legitimacy, Suchman (1995) defended an approach where organizations can develop strategies and actions to change their legitimacy level. Under this scenario, identifying that legitimacy has a positive and significant effect over reputation could help university’s managers to clarify which strategies could be more suitable to manage these intangible assets. In the case of universities, especially for public ones, resources are limited, therefore being able to identify the relationship between legitimacy and reputation can be a useful tool to optimize these resources and benefit from potential synergies between both assets, since based on our findings, if universities invest on developing actions or strategies to improve their legitimacy level and these actions are perceived in a positive manner by its stakeholder groups, then their reputation will also be increased.

In relation to the suggestions and recommendations for university managers based on the obtained results of this research, the following points could be highlighted. First of all, the results on the value of legitimacy and reputation are relatively mediocre, therefore it is important that they start developing actions to try and improve their level, since given the competitive landscape in which they operate, obtaining high intangible assets’ levels could be determinant to survive in the sector. In the case of legitimacy, since the moral dimension is the lowest one, they should try and develop actions that relate more to improving their right to exists as well as their behavior in order to be considered as trustworthy. In addition, in the case of reputation, the governance dimension appears as the lowest factor, therefore the correct and appropriate university’s managers’ behavior remains as one of the most determinant elements to improve. As it can be observed through these results on the legitimacy and reputation level, in both cases the dimensions or aspects to improve require similar behaviors or actions. When considering the confirmed effect that legitimacy has on reputation, managers should take advantage and optimize their resources when managing these intangible assets, since due to how closely related they are, almost any action or strategy aimed at increasing the legitimacy level will have an impact of the reputation of their university.

Regarding the limitations of this research, two main points could be selected. First of all, the sample was a unique Spanish Public University, where even though the size of the sample was wide enough, a deeper understanding could be reached through an analysis of a higher number of
universities in the Spanish higher education context. Second, for this research, despite the fact that different stakeholders were considered to have a wider scope of the university’s perception, the differences between the perceptions of each of these groups were not analysed. Therefore, the future research lines regarding the analysis of the relationships between legitimacy and reputation in the Spanish higher education context relate to meeting these two points: a wider range of public universities are being analysed to compare results as well as a comparative analysis made by the diverse university’s stakeholders considered.

2.8. REFERENCES


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CHAPTER 3: THE RELATIONSHIP BETWEEN LEGITIMACY AND REPUTATION IN THE SPANISH PUBLIC UNIVERSITY COMPARING STUDENTS’ VERSUS PROFESSORS’ PERCEPTIONS
3. THE RELATIONSHIP BETWEEN LEGITIMACY AND REPUTATION IN THE SPANISH PUBLIC UNIVERSITY COMPARING STUDENTS´ VERSUS PROFESSORS´ PERCEPTIONS

3.1. INTRODUCTION

Higher education institutions operate in a highly complex environment, competing for economic resources from the government as well as for talented students, prestigious professors and competent employees (Christensen & Gornitzka, 2017; Hemsley-Brown et al., 2016; Plewa et al., 2016). Moreover, due to global trends in student mobility, universities are nowadays competing not only nationally but at an international level fighting to attract international students and top academics (Hemsley-Brown et al., 2016), which increases the struggle in the sector. Furthermore, despite the existing criticism (Barron, 2017), stakeholders´ and society´s expectations regarding the scores hold by universities in quality and employability rankings are increasing.

Nowadays, most Spanish public universities are losing students to private universities due to the decrease in government funding (Hemsley-Brown et al., 2016; Verčič et al., 2016). Up until know universities´ vision focused on the short term and did not almost take into consideration the service provided or the commitment to their stakeholders. These stakeholder groups were viewed as passive and receptive agents to any communication transmitted by the organization. However, identifying the most relevant stakeholders and trying to meet their needs and demands has been proven to be a key element to survive in the sector.

Legitimacy and reputation are considered as crucial intangible assets for the performance and survival of organizations (Rindova et al., 2005; Suchman, 1995; Zimmerman & Zeitz, 2002). Research on both constructs have proven that legitimate and well-reputed institutions have better access to resources since stakeholder´s assessments tend to be positive (Abimbola & Valleester, 2007; Czinkota et al., 2014; Fombrun & Shanley, 1990; Gotsi & Wilson, 2001; Page & Fearn, 2005; Roberts & Dowling, 2002; Walker, 2010). Given their relevance (Fombrun, 1999), many scholars have analyzed these variables considering them as related constructs but highlighting the differences between them (Bitektine, 2011; Deephouse & Carter, 2005; Deephouse & Suchman, 2008; Rindova et al., 2006) or using them interchangeably (Kostova & Zaheer, 1999; Staw & Epstein, 2000). However, further research is still needed in order to identify how legitimacy and reputation differ and relate.

Legitimate organizations have better access to resources (Aldrich & Fiol, 1994; Meyer & Rowan, 1977) due to the support that they receive from stakeholders. Therefore, if an organization wants to gain or maintain its level of legitimacy, it has to be able to adapt to the expectations of their social system (Brønn & Vidaver-Cohen, 2009). Legitimacy can be granted or assessed by multiple sources, each one using a different routine for the evaluation (Deephouse et al., 2017). Certain sources have a greater impact on the assessment of legitimacy than others (Deephouse & Suchman, 2008). A similar situation is faced when managing reputation since, as many authors have highlighted different corporate reputation´s dimensions that can be identified based on the diverse types of stakeholders perceiving the reputation of the firm (Chun, 2005; Deephouse, 2000; Iwu-Egwuonwu, 2011).
Furthermore, obtaining and maintaining legitimacy is a complex issue for higher education institutions due to the diverse audience and characteristics of the different stakeholders whose demands they try to meet (Fragueiro & Thomas, 2011; Whitley, 1998). Over the years, the correct management of intangible assets has increased its complexity for universities since the internal decision-making process has changed towards a more heterogeneous structure where a higher number of stakeholders are included (Christensen & Gornitzka, 2017), the importance of meeting student’s demands and requirements have increased considerably (Ramirez & Christensen, 2013) and universities commitment to society has expanded (Bleiklie & Michelsen, 2013).

Under these circumstances, evaluating legitimacy and reputation as well as the relationship between them within the Spanish public university’s context will provide some insight on the strategies that managers should apply to manage both variables and as a result improve their competitive position and achieve its social and economic objectives in the medium and long term (Christensen & Gornitzka, 2017; Farrugia & Lane, 2013; Hemsley-Brown et al., 2016; Plewa et al., 2016). Therefore, the aim of this research is to analyze the relationship between legitimacy and reputation in a Spanish public university, comparing the perceptions that two of the most relevant universities’ stakeholders have: students and professors. This research will provide relevant information within the field, since there is no empirical evidence demonstrating the relationship between legitimacy and reputation in the higher education context, and even fewer that have considered different stakeholder groups in their analysis.

To follow this objective, a review on the literature on organizational legitimacy and reputation will be carried out, identifying their main common traits and differences as well as the possible relationships between them within the higher education sector. For this purpose, a Spanish public university will be analyzed as the sample where surveys will be developed to measure both variables for students and professors.

3.2. LEGITIMACY

3.2.1. Concept and Importance

Legitimacy is a crucial factor for the survival and success of organizations (Suchman, 1995; Zimmerman & Zeit, 2002). Legitimate organizations are able to pursue their activities without being questioned, and can avoid challenges from society (Meyer & Rowan, 1977). Organizations that are perceived as legitimate are in a better position to compete for resources and have unrestricted access to markets which enhances their survival (Brown & Dacin, 1997; Salancik & Pfeffer, 1978; Suchman, 1995). Deephouse et al. (2017) viewed legitimacy as an important factor because it has a defined effect on social and economic exchange for organizations. Most stakeholders are willing to engage only with legitimate organizations and will avoid maintaining relationships with those that are questioned by the social system (Deephouse et al., 2017). Therefore, organizations seeking continuity and success in the market need to prove their viability and legitimacy to receive support from their stakeholders.

Legitimate organizations are those considered desirable and accepted due to the congruence of their activities with the general norms, values and beliefs of their social system (Díez Martín et al., 2010). It can be viewed as the congruence and conformity of an organization with general social norms and formal laws (Dowling & Pfeffer, 1975; Salancik & Pfeffer, 1978). However, the most expanded definition of legitimacy was the one provided by Suchman (1995: 574);
“Legitimacy is the generalized perception or assumption that the actions of an entity are desirable, proper or appropriate within some socially constructed system of norms, values, beliefs and definitions”. Deephouse and Suchman (2008) recommended to cease the use of the term “desirable” to avoid confusion with other similar constructs such as status and reputation. Bitektine (2011) offered a numerative definition of the concept, considering that organizational legitimacy covers the perceptions of organizations, the evaluation and judgment made based on these perceptions and the behavioural response based on these judgments made by the different stakeholders. Deephouse et al. (2017:9) proposed an updated definition of legitimacy, considering it as “the perceived appropriateness of an organization to a social system in terms of rules, values, norms and definition”. Moreover, in their research, instead of viewing legitimacy as a dichotomous variable (Deephouse & Suchman, 2008), they recognized four different stages or levels of organizational legitimacy, depending on the perception that stakeholders have on the organization: accepted, proper, debated and illegitimate.

### 3.2.2. Dimensions

The concept of legitimacy is viewed as a multidimensional variable by researchers. Meyer and Rowan (1977) considered that legitimacy could be assessed based on “rational effectiveness”, “legal mandates”, and social values or beliefs. Other authors, such as Aldrich and Fiol (1994) differentiated between the general knowledge about the subject under analysis, cognitive legitimacy; and socio-political legitimacy as the acceptance of the subject as appropriate given the social norms. Despite the variety of dimensions or types if legitimacy identified by researchers in the field, most of them address to fulfilling the law, social values and the spread of their performance and actions, however when analysing types or dimensions of legitimacy, the ones provided by Suchman (1995) have been the most common ones when analysing legitimacy. He considered three main types of legitimacy: pragmatic, that focuses on the self-interests of the stakeholders of the organization; moral, which related to the fulfilment of the law and on “doing what is correct”; and cognitive that relies on the spread of knowledge about the firm’s structure, activities etc and the association to similar practices of legitimated known organizations. In his research he then divides legitimacy into smaller categories identifying twelve different types of legitimacy. Furthermore, Deephouse et al. (2017), considered these previous dimensions or types of legitimacy, as criteria used by stakeholders to make their assessments, considering that, for example, individuals when assessing moral legitimacy are considering moral criteria to evaluate the organization under study.

### 3.2.3. Sources and strategies

Legitimate organizations have better access to resources such as capital, technology, customers, business networks etc (Aldrich & Fiol, 1994; Meyer & Rowan, 1977) due to the support that they receive from stakeholders and interest groups. Therefore, if an organization wants to gain or maintain its level of legitimacy to survive, it has to be able to adapt to the expectations of the society (Brønn & Vidaver-Cohen, 2009). However, it is impossible for an organization to adapt and be consistent with every social system within which they operate, therefore, they must recognize their sources or legitimacy. Legitimacy can be granted or assessed by multiple sources, each one using a different routine for the evaluation (Deephouse et al., 2017). Certain sources have a greater impact on the assessment of legitimacy than others, depending on the type of
organization under consideration (Deephouse & Suchman, 2008). Ruef & Scott (1998: 880), considered as sources of legitimacy “the internal and external audiences who observe organizations and make legitimacy assessments”.

Several authors have analysed the importance that the evaluations made by The State and its agencies have in conferring legitimacy (Dowling & Pfeffer, 1975; Reimann et al., 2012). Public opinion and the media have also been studied by researchers, given their importance and the existing link between them (Abrahamson & Fairchild, 1999; Bansal & Clelland, 2004; Deephouse et al., 2017; Lamin & Zaheer, 2012). Organizations should also consider social movements and interest groups, especially considering the current importance of social media, due to the influence that they have on public opinion and on government policies, having a direct effect on the legitimation process of organizations (Rao, 1994). Bitektine (2011) and Tost (2011) highlighted the interest on the individual level of analysis in the legitimation process since all evaluators are individuals or at least groups of individuals when conferring legitimacy.

Organizations must decide the most suitable strategies to manage their legitimacy to be considered appropriate in their social system (Suchman, 1995). Legitimacy is not a static element; it is a continuous process along which different situations and scenarios can be identified (Deephouse et al., 2017). Therefore, organizations need to decide which legitimation activities are more suitable for the scenario under which they are operating at every different moment (Deephouse et al., 2017). Ashforth and Gibbs (1990) considered that organizations purposes when managing legitimacy could be grouped under three main categories: extending, maintaining and defending legitimacy. Moreover, Deephouse et al. (2017) added two scenarios to the previous categories: challenged by and institutionally innovating.

### 3.2.4. Legitimacy in the Higher Education sector

Higher education institutions have faced numerous challenges over last decades, in terms of the decrease in governments funding, globalization (Altbach, 2013; Burnett & Huisman, 2010; Dodds, 2008), increase in international competitiveness, as well as a greater demand for quality and effectiveness in the offer provided by universities (Stensaker & Norgård, 2001). In addition, the adaptation process to the new knowledge economy by higher education institutions has represented a relevant issue for these institutions (Rodriguez-Pomeda & Casani, 2016). Universities have had to experiment relevant changes in order to respond to several threats such as governance, the academic profession, quality, innovations as well as internationalization (Altbach et al., 2010; Van der Wende, 2003).

Universities are facing pressure from stakeholders and their environments to adopt certain structures and to follow specific procedures in order to be considered as legitimate and as a result survive and succeed in the market (Stensaker & Norgård, 2001). This adjustment remains a complex matter for higher education institutions, since external demands require adopting specific standards within the higher education “industry” and at the same time offering relevant innovations.

The current situation faced by higher education institutions were the sector has been affected by the introduction of marketing techniques (Fairclough, 1993) and its reconfiguration, has motivated the fact that groups in the academic field consider that the role of universities is
controversial, and they understand that these institutions need to renovate their legitimacy to gain the right to exist (Rodriguez-Pomeda & Casani, 2016).

Moreover, some authors have considered that higher education institutions and more specifically business schools, have been developing actions harming their identity and legitimacy since they have been straying from their original missions of serving the public good (Bennis & O’Toole, 2005; Khurana & Nohria, 2008). Due to this behaviour, they have raised questions about their legitimacy and if their actions and activities continue to be acceptable and desirable within their social system (Suchman, 1995). However, obtaining and maintaining legitimacy is a complex issue for higher education institutions due to the diverse audience and characteristics of the different stakeholders whose demands they try to meet (Fragueiro & Thomas, 2011).

When organizations aim to obtain legitimacy, they need to identify their diverse sources of legitimacy or stakeholders. In the case of higher education institutions, the different characteristics of the stakeholders make it difficult for universities to adapt to their standards. Jongbloed et al. (2008), identified the following stakeholder groups in the higher education context: governing entities, administration, employees, clients, competitors, government regulators, nongovernmental regulators, financial intermediaries and joint venture partners. When trying to understand the needs and expectations of the given groups, universities understand that not every group has the same influence on assessing legitimacy (Bitektine, 2011; Ruef & Scott, 1998) therefore, the institution will not be equally responsive with every stakeholder group and they must make decisions depending on the relevance of each stakeholder for achieving their legitimacy levels (Farrugia & Lane, 2013).

Despite the relevance of legitimacy for higher education institutions, few empirical papers exist within the literature. In fact, most of the research on measuring legitimacy in the higher education field, appears related to specific practices more than to institutions. Alajoutsijärvi et al. (2015) analysed the legitimacy of Business Schools and identified the paradoxical nature associated with legitimacy (Smith & Lewis, 2011; Sonpar et al., 2010), since actions to increase legitimacy sometimes can have the opposite effect. In their research they focused on those business schools with accreditations since these certifications as well as rankings have increased the level of isomorphism in the higher education field.

Other authors, such as Farrugia and Lane (2012) analysed the relevance of obtaining legitimacy in the new location when universities develop branch campuses in other countries in order to survive and succeed, because despite having well establish legitimacy in their home country, it does not mean that this legitimacy will be carried to the new environment. Since stakeholders’ evaluations are determined by their environments and social contexts within other factors (Bitektine, 2011), it is crucial to understand these new stakeholders and identify their conditions to satisfy them for obtaining legitimacy.

Cruz-Suárez et al. (2014) measured the legitimacy of European Higher Education Area in the Spanish public universities through different stakeholder groups (students, professors and administrative personnel). In their findings they highlighted the lack of participation of the universities’ administrative personnel, as well as the different evaluations among stakeholder groups. This last fact goes in line with the different characteristics that these groups have in terms of training, culture or age. Many scholars have supported these arguments in their research regarding the different legitimacy evaluations that stakeholder groups can provide. Moreover, the research developed by Rodriguez-Pomeda and Casani (2016) analyzed how World Class
Universities tried to increase their legitimacy through the discourses offered by their presidents by differentiating these universities from the rest.

Due to the competition and reconfiguration of the higher education sector, universities need to develop actions and activities to increase their legitimacy levels and as a result obtain more competitive positions in the sector in which they operate. However, despite the relevance of the matter, there are not a large number of papers measuring legitimacy in the higher education context, and even less research on measuring this variable for an academic institution, since as it has been presented previously, most of the empirical research, measures the legitimacy of specific actions or programs developed by universities to manage their legitimacy level.

3.3. REPUTATION

3.3.1. Concept and importance

Corporate reputation is considered as a valuable intangible asset for organizations due to its relationship with positive performance in the market (Rindova et al., 2005). Researchers believe that reputation affect the evaluations that stakeholders make about organizations (Abimbola & Valleeester, 2007; Czinkota et al., 2014; Fombrun et al., 2000; Fombrun & Shanley, 1990; Gotsi & Wilson, 2001; Page & Fearn, 2005; Roberts & Dowling, 2002; Walker, 2010). Organizations that hold a good reputation status will have a competitive advantage compared to those that do not within their industries (Fombrun & Shanley, 1990) due to its unique and difficult to imitate characteristics (Fombrun & Van Riel, 1997; Roberts & Dowling, 2002), that differentiate them and create entry barriers for future competitors (Feldman et al., 2014). Well-reputed firms could benefit from lowering the company’s costs (Deephouse, 2000), the possibility of charging higher prices (Deephouse 2000; Fombrun & Shanley, 1990; Rindova et al., 2005), attracting better employees (Turban & Greening, 1997) and investors (Srivastava et al., 1997), having better access to capital markets (Fombrun and Shanley, 1990), and creating competitive barriers (Deephouse, 2000; Milgrom & Roberts, 1982).

The definition of reputation continues to represent and issue within the field (Clardy, 2012; Dowling, 2016) due to the different theories applied to study the concept, the different disciplines as well as the confusion with other related terms such as image and identity, that result in the lack of an accepted definition and, as a consequence, the absence of a defined measure (Clardy, 2012). Many researchers have highlighted this frustration in their research (Barnett et al., 2006; Chun, 2005; Clardy, 2012; Dowling, 2016; Hemsley-Brown & Oplatka, 2006; Walker, 2010).

One of the most common reputation definitions is the one provided by Fombrun and Shanley (1990) who is considered as one of the main researchers in this field (Lange et al., 2011; Smaiziene & Jucevicius, 2009; Walker, 2010). He defined reputation as the perception of past actions and future expectations of a company that describes the firm’s overall appeal to all its key stakeholders when compared with other rivals. It is the stakeholder’s perceptions about the ability that an entity has to create value in comparison to its competitors (Deephouse, 2000; Elsbach & Kramer, 1996; Fombrun & Shanley, 1990; Hall, 1992; Rindova et al., 2005).
3.3.2. Dimensions

Stakeholders can assess the reputation of an organizations based on a set of attributes, therefore reputation can be considered as a multidimensional variable (Dollinger et al., 1997; Fombrun et al., 2000; Fombrun & Shanley, 1990), in fact, it can be assessed on any attribute that can be used a source of comparison (Deephouse & Carter, 2005). For example, Weigelt et al. (1988) identified corporate reputation, product or service reputation and reputation of the organizational structure as the three main dimensions to measure the reputation of an entity; Dollinger et al. (1997) considered as dimensions the management reputation, financial reputation and product quality reputation. Other authors have focused on dimensions based on the different types of stakeholders perceiving the reputation of the firm, especially on internal and external groups (Chun, 2005; Deephouse, 2000; Iwu-Egwuonwu, 2011)

These variety of dimensions have also been reflected in the different measures used for reputation, where researchers have considered several dimensions to evaluate the reputation of a given organization (Fombrun et al., 2000; Ponzi et al., 2011) and have increased the argument of the existence of one global reputation or diverse reputations based on different dimensions. Under these circumstances, different approaches exist in the literature on measuring reputation, since some authors support a more detailed and multidimensional measure, while others argue that reputation should be measured using a simpler scale (Dowling, 2016).

3.3.3. Reputation in the Higher Education sector

The higher education sector has been experimenting important changes over the years. Universities operate in a highly complex environment, competing for economic resources from the government as well as for talented students, prestigious professors and competent employees (Christensen & Gornitzka, 2017; Hemsley-Brown et al., 2016; Plewa et al., 2016; Verčič et al., 2016). Moreover, due to global trends in student mobility, as well as the deregulation of higher education in several countries (Hemsley-Brown & Oplatka, 2006), universities are nowadays competing not only nationally but at an international level fighting to attract international students and top academics (Hemsley-Brown et al., 2016), which increases the struggle in the sector. Furthermore, despite the existing criticism (Barron, 2017), stakeholder’s and society expectations regarding the scores hold by universities in quality and employability rankings are increasing, augmenting the pressure for these organizations.

In addition, universities nowadays are no longer untouchable entities that could assume that society would trust them without being questioned (Rakovski & Levy, 2007; Verčič et al., 2016). Moreover, currently universities need to focus, not only on professors or a unique interest group, but on numerous groups of stakeholders whose support is a key element for their success and survival (Christensen & Gornitzka, 2017).

Several authors have analyzed the higher education sector situation. In fact, Christensen and Gornitzka, (2016) highlighted some of the changes affecting the sector: first of all, the internal decision-making process has changed towards a more heterogeneous structure where a higher number of stakeholders are included (Christensen, 2011), also the importance of meeting student’s demands and requirements have increased considerably (Ramirez & Christensen, 2013) and finally, universities, are nowadays more socially concerned (Bleiklie & Michelsen, 2013).
Under this scenario, institutions in the higher education sector have been adopting more business-like practice in their management (Veloutsou et al., 2005) and a more market-orientated approach. In doing so, universities have understood that the correct management of intangible assets such as reputation is a key element for attracting and retaining stakeholders such as students, professors, economic resources etc (Hemsley-Brown et al., 2016; Plewa et al., 2016).

The literature has shown that favourable reputation has many benefits for organizations, and in the higher education sector due to its intangible nature and the fact that its quality might be difficult to evaluate before it is experienced (Jevons, 2006; Suomi, 2014) reputation will serve as a quality sign as well as an indicative of the institution’s capacity to respond to customer’s needs in the correct manner (Nguyen & LeBlanc, 2001) and therefore, will reduce uncertainty (Rindova et al., 2005) for stakeholders in their decision-making processes (Hemsley-Brown, 2012; Munisamy et al., 2014) when selecting which university to engage with. Therefore, obtaining a positive reputation will determine the university’s survival given the competition in the sector (Alves & Raposo, 2010; Aula & Tienari, 2011).

Due to the higher education sector current situation, the concept of reputation’s relevance in this field is increasing as it has already done in the corporate field (Verčič et al., 2016). However, despite the importance of achieving and maintaining a good reputation towards the different institution’s stakeholders, there is still lack of clarity in its management and it continues to be a challenge for universities (Gioia & Corley, 2002; Šontaitė & Bakanauskas, 2011; Vidaver-Cohen, 2007). Among the several reasons for this complexity the heterogeneity in terms of stakeholders and as a consequence the differences in their expectations (Suomi & Järvinen, 2013; Vidaver-Cohen, 2007) and the complexity related to the different types of educational institutions (Suomi, 2014) could be highlighted. Furthermore, research and empirical investigations on reputation within the higher education sector are still limited (Volkwein & Sweitzer, 2006; Watkins & Gonzenbach, 2013).

As it was previously mentioned, despite the importance of reputation within the higher education sector, there is still little empirical research that clarifies what the concept is and its implications (Watkins & Gonzenbach, 2013). However, several authors have tried to overcome this situation with their research. Some researchers have tried to find a more accurate definition of concept within the academic field, such as, Šontaitė and Bakanauskas (2011) which defined it as a subjective and collective recognition of higher education institutions among all key stakeholders during a certain period, taking into consideration their past behaviour, communication and potential to satisfy expectations in comparison with the competition. Other authors such as Alessandri et al. (2006:261) offered the following definition of reputation: it is “the collective representations that the university’s multiple constituents hold of the university over time”.

Despite the fact that the factors affecting reputation in the academic field are many, aspects such as size, together with faculty and students’ conditions such as salaries and graduation rates appear as relevant in the literature (Volkwein & Sweitzer, 2006). Some of the other dimensions that were identified in the literature were the quality of academic performance, quality of external performance and emotional engagement (Alessandri et al., 2006); leadership, teaching, research, the service offered and quality (Brewer & Zhao, 2010). In trying to identify the determinants and antecedents of reputation in the academic context, Vidaver-Cohen (2007) developed a conceptual model to measure reputation in the business school field. In her research she introduced as dimensions of reputation aspects such as performance, innovation, services, governance, citizenship and workplace climate. Suomi et al. (2014) performed a study to identify the dimensions that form reputation in a master’s degree program through the application of the
conceptual model developed by Vidaver-Cohen (2007) and including a variety of internal and external stakeholder groups.

Plewa et al. (2015) used the resources-based view and configuration theory to develop their study around the optimal resources configuration when universities are trying to achieve a favorable reputation. In their research they focused on a unique university and on students but consider two groups within the same stakeholder group (students) which were domestic and international students.

Most of the research developed in the literature within the higher education field has considered limited stakeholders for their empirical research (Alessandri et al., 2006; Brewer & Zhao, 2010; Chapleo, 2004; Nguyen & LeBlanc, 2001). Ali et al. (2015) highlighted that fact that reputation value is moderated by the stakeholder group and country under consideration. In the literature it appears that reputation is based on both internal and external stakeholders´ perceptions (Chun, 2005; Suomi & Järvinen, 2013). However, some authors such as Vidaver-Cohen (2007) with the development of her conceptual model for measuring reputation in the business school context for different stakeholders, have tried to cover this existing gap. Following this line, Verčič et al. (2016) analysed and compared the consistency between different stakeholders´ evaluations of reputation in universities applying Vidaver-Cohen´s (2007) model. However, even though they found that diverse stakeholders applied similar criteria, they established that one dimensions was able to determine in a relevant degree what reputation is, so the multidimensional model was not confirmed in their research. Suomi et al. (2014) also considered various stakeholders for their research, where they examined the dilemmas that appear when managing reputation taking into consideration different stakeholder groups in the higher education sector arising from the complexity of meeting heterogenous demands.

3.4. RELATIONSHIPS AND DIFFERENCES BETWEEN LEGITIMACY AND REPUTATION

Many authors agreed on the importance that both intangible assets have for the organization (Fombrun & Shanley, 1990) and that they can be considered as organizational resources (Bitektine, 2011) due to the benefits that they provide. Organizational reputation and legitimacy highlight the relevance of social perceptions of conformity to social norms for the success and survival of institutions within the markets (Deephouse & Suchman, 2008). Czinkota et al. (2014) argued the key role that both, legitimacy and reputation play in the survival of organizations.

Legitimacy and reputation are related constructs and many researchers consider that they share common traits and sometimes they have been used interchangeably (Kostova & Zaheer, 1999; Staw & Epstein, 2000). Several authors argued that both variables share antecedents, such as the size of the organization, charitable work, regulatory compliance (Fombrun & Shanley, 1990; Galaskiewicz, 1985; Oliver, 1990) or diversification strategies (Fligstein, 1991; Fombrun & Shanley, 1990), social construction processes by being evaluated by stakeholders (Fombrun & Shanley, 1990), as well as consequences (Deephouse & Carter, 2005; Deephouse & Suchman, 2008) like the better access to resources in general (Hall, 1992; Suchman, 1995), and both are perceptions of approval of the organization´s stakeholders (Deephouse & Carter, 2005; Rao, 1994; Ruef & Scott, 1998).

Despite the similarities and common points shared by legitimacy and reputation, the literature also shows differences between them. As it has been mentioned previously, both concepts are
related to and affected by success, however, Deephouse and Suchman (2008) considered that success affected reputation directly due to the importance for this construct of the relationship between past performance and future potential, whereas the effect on legitimacy is indirect as success can be a consequence from the cultural acceptance by the social system or from the company’s ability to commit to what they promise (Meyer & Rowan, 1977). Rindova et al. (2006) associated legitimacy as the congruence with values and beliefs and reputation with social perception of the ability of the organization to create value.

Deephouse and Suchman (2008) argued that on the one hand, legitimacy can be viewed as a dichotomous variable that focuses on reaching an acceptable level, where the absence of negative issues is more important than the presence of outstanding achievements; reputation, on the other hand, is a continuous variable that places each actor in a path from best to worse. One of the more important difference between these constructs is that legitimacy is non-rival and homogenizing, it relates to isomorphism (Deephouse & Carter, 2005) and focuses on similarity (Bitektine, 2011), most subjects achieve legitimacy by conforming to a collectively legitimated structure, in contrast reputation is contingent on relative standing and focuses on differentiation and comparison among organizations (Deephouse & Suchman, 2008). Deephouse and Carter (2005) concluded with their study on commercial US banks, that isomorphism increases legitimacy but the effect on reputation was not implied. In addition, in their research the results showed that higher financial performance affected the firm’s reputation but not legitimacy.

According to Ruef and Scott (1998) there are two main criteria to distinguish legitimacy and reputation: the nature of the assessment of each concept and the dimensions on which each variable can be assessed. Regarding the first criteria, legitimacy has been evaluated in terms of acceptance (Brown & Dacin, 1997; Meyer & Rowan, 1977), taken-for-grantedness (Meyer & Rowan, 1977) as well as in terms of appropriateness and concordance (Brown & Dacin, 1997; Dowling & Pfeffer, 1975) showing that the key for legitimacy assessments is meeting social expectations in terms of norms, values and believes. In contrast, when analysing reputation it has been assessed in terms of relative standing (Shrum & Wuthnow, 1988), esteem (Dollinger et al., 1997; Hall, 1992; Heugens et al., 2004) and favorableness (Deephouse, 2000) which indicates that the central element for reputation is comparison within organizations to view their relative standing (Deephouse & Carter, 2005). Moreover, according to the dimensions considered when assessing legitimacy and reputation, Ruef and Scott (1998) recommended to evaluate the legitimacy of the subject regarding the main legitimacy dimensions. In contrast reputation can be evaluated considering plenty of other dimensions, it can be assessed on any attribute that can be used a source of comparison (Deephouse & Carter, 2005).

As it has been indicated previously, despite the differences between legitimacy and reputation, these two constructs share plenty of characteristics and several authors have highlighted the relationship between them. Deephouse and Suchman (2008) considered a bidirectional relationship between both constructs. First, legitimacy, defined as the congruence with social norms and values, affects reputation based on the obtained results and performance, because legitimate organizations are positioned as trustworthy and reliable within their social environment, therefore, this can affect reputation in a positive way. Secondly, reputation affects legitimacy because sources of legitimacy consider the reputation of the organization under evaluation to decide whether to support it or not.

King and Whetten (2008) considered that legitimacy and reputation were used by an organization’s stakeholders to evaluate if that entity is appropriate and its quality. Staw and Epstein (2000) viewed legitimacy as a value creation resource that results from the alignment to
accepted values and norms within a social system, considering reputation as the result of the congruence between the organization’s behavior and these accepted values and norms. Within their research, they showed that organizations improved their reputation through the adoption of known and accepted management techniques, due to the reflection of the normative values and social beliefs associated to these practices by the audiences evaluating the reputation the firm. In this sense, reputation can be considered as the result from the legitimation process (Rao, 1994) or the extension of legitimacy (King & Whetten, 2008). Organizations gain legitimacy and cultural support within their institutional environment to develop their reputation (Deephouse & Carter, 2005; Rao, 1994; Staw & Epstein, 2000).

Bansal and Roth (2000) concluded on their empirical study about UK companies that legitimacy issues could have an effect on a firm’s reputation and long-term survival and success. Moreover, Thomas (2007) highlighted the relationship between both variables due to the social pressures for increasing reputation and being legitimate, that is, for differentiating as well as for being similar. In his paper, he argues that organizations can have a reputation for being legitimate, so both constructs overlap. In this sense, legitimate threats can affect the reputation level of a given firm (Thomas, 2007). Doh et al. (2010) argued that legitimacy could be considered as a potential requirement for reputation, understanding legitimacy as an antecedent of reputation (King & Whetten, 2008).

Authors have considered that the transmission of legitimacy values might enhance the company’s competitive advantage, and therefore, its reputation (Fan, 2005; Kaufman et al., 2012; Camilleri, 2008). Other researchers, such as Czinkota et al. (2014) viewed legitimacy as a requirement for the organization’s social acceptance as well as for the development of reputation strategies and they considered that organization’s visibility and reliability could increase by meeting social expectations. With their empirical analysis on the Italian company Parmalat, which committed illegitimate financial fraud, they showed that reputation maintained the legitimacy of the company under study and on the other hand, the actions performed by the company to improve their identity and personality, increased the firm’s legitimacy that result in the maintenance of its reputation level. Their research concluded, highlighting this mutual relationship between both variables, where behaving in congruence with social expectations (legitimacy) increased the visibility and credibility of the firm (reputation), and reputation affects legitimacy when competitive behavior performed meeting social norms and values.

Considering the relationships between legitimacy and reputation identified in the literature and after taking into account the application in this paper to the Spanish Public Universities the following hypothesis are established to analyze since more references are found supporting the effect that legitimacy has on reputation:

- **Hypothesis 3.1: Universities with higher legitimacy, will have higher reputation**

In addition, the current situation faced by organizations involves following the stakeholder theory where entities should be managing their relationships with their different stakeholders (Hörisch et al., 2014) in order to create value and mutual benefits with them. Under these circumstances, universities should be identifying their different stakeholder groups and adapting to their specific needs and demands when managing their legitimacy and reputation. As it has been previously stated, many authors have highlighted the complexity of this matter, due to the diverse characteristics that universities’ stakeholder groups have in terms of age, knowledge etc. In the literature, most of the research developed has focused on one stakeholder group (Brewer & Zhao, 2010; Chapleo, 2004; Nguyen & LeBlanc, 2001; Sung & Yang, 2008), only few of them have
analyzed the legitimacy or reputation in the higher education field introducing more than one stakeholder (Suomi, 2014; Verčič et al., 2016). Ali, et al. (2015) highlighted the fact that reputation value is moderated by the stakeholder group, and many scholars emphasize the importance of increasing the number of stakeholders (Chun, 2005; Suomi & Järvinen, 2013) under study to expand the knowledge on this issue. Considering this situation, the following hypothesis is proposed as an extension of the first hypothesis on the effect that legitimacy has reputation in higher education institutions.

- Hypothesis 3.2: The relationship between legitimacy and reputation is moderated by the stakeholder group

Figure 3.1 shows the model to be tested as well as the established hypotheses for this chapter.

**Figure 3.1. Proposed model and hypothesis**

![Diagram of Proposed Model and Hypothesis](source)

Source: Own elaboration

### 3.5. SAMPLE AND METHODOLOGY

#### 3.5.1. Research setting

The selected research setting was the Spanish Public Universities, since at it is happening in the different countries, these institutions need to identify the best manner to manage their intangible assets such as reputation and legitimacy to improve their situation in their sector. In fact, Spanish Public Universities are reducing their number of students in favour of private ones, since government funding has been decreasing. Within the Spanish Public Universities, Rey Juan Carlos University of Madrid has been the chosen one to develop the analysis of this paper, where
information from students and professors was gathered. In Table 3.1 the number of students and professors of the given university are detailed

3.5.2. Data collection

For collecting the data to develop this research paper, a questionnaire was developed. On an initial stage, a pre-test was developed with 300 online students to verify the scale used and to adapt the questions of the survey if it was necessary. After analysing the results of the pre-test, several questions where changed to offer a clearer meaning and a number of questions were taken out of the final version of the survey. In the final stage, a total number of 751 effective surveys were answered, were 618 were students and 138 professors. Table 3.1 presents the information regarding the characteristic of the study.

<table>
<thead>
<tr>
<th>Table 3.1. Technical specifications of the study</th>
</tr>
</thead>
<tbody>
<tr>
<td>Population universe</td>
</tr>
<tr>
<td>Sampling technique</td>
</tr>
<tr>
<td>Method of collecting information</td>
</tr>
<tr>
<td>Person surveyed</td>
</tr>
<tr>
<td>Population</td>
</tr>
<tr>
<td></td>
</tr>
<tr>
<td>Sample size</td>
</tr>
<tr>
<td></td>
</tr>
<tr>
<td>Sample size (%)</td>
</tr>
<tr>
<td></td>
</tr>
<tr>
<td>Dates of information collection</td>
</tr>
</tbody>
</table>

3.5.3. Measurement

Both constructs were measured through adapted items from existing scales and used a 11-points Likert scale for their measurement in the survey with 0 referring to strongly disagree and 10 referring to strongly agree. The items used to measure reputation were taken from the study developed by Vidaver-Cohen (2007), where she tried to adapt the existing measurement of reputation developed by the Corporate Reputation Review to the business schools’ field and to offer a scale which could be applied for diverse stakeholder groups. Other authors such as Verčič et al. (2016) and Suomi (2014) have used the measure scale developed by Vidaver-Cohen (2007) since it is one of the few measurements that attempt to capture a multistakeholder approach. In the case of the items used to measure legitimacy the three dimensions proposed by Suchman (1995) were considered, and the items of each of these dimensions were taken from Suchman’s (1995) definitions and adapted from the research developed by Thomas (2005), Chung et al. (2016) and Chaney et al. (2016). Table 3.2 presents the model in English, although the questionnaire was distributed in Spanish.
Table 3.2. Measurement model

<table>
<thead>
<tr>
<th>Factor</th>
<th>Item</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Performance</td>
<td>RPPERF1</td>
<td>My university has a high research level</td>
</tr>
<tr>
<td></td>
<td>RPPERF2</td>
<td>It obtains lucrative job placements</td>
</tr>
<tr>
<td></td>
<td>RPPERF3</td>
<td>Has growth perspectives</td>
</tr>
<tr>
<td>Innovation</td>
<td>RPIN1</td>
<td>It adapts quickly to change</td>
</tr>
<tr>
<td></td>
<td>RPIN2</td>
<td>Uses innovative teaching methods</td>
</tr>
<tr>
<td>Citizenship</td>
<td>RPCSR1</td>
<td>Exerts positive influence on society</td>
</tr>
<tr>
<td></td>
<td>RPCSR2</td>
<td>Supports good causes</td>
</tr>
<tr>
<td></td>
<td>RPCSR3</td>
<td>My university cares about their stakeholders' well being</td>
</tr>
<tr>
<td>Services</td>
<td>RPSER1</td>
<td>The formative offer responds to market trends</td>
</tr>
<tr>
<td></td>
<td>RPSER2</td>
<td>It trains competent students</td>
</tr>
<tr>
<td></td>
<td>RPSER3</td>
<td>It has good value for money</td>
</tr>
<tr>
<td>Governance</td>
<td>RPGOV1</td>
<td>There is a clear vision of the objectives that guide my university</td>
</tr>
<tr>
<td></td>
<td>RPGOV2</td>
<td>It is managed with ethics and transparency</td>
</tr>
<tr>
<td></td>
<td>RPGOV3</td>
<td>It takes into consideration its stakeholders in their management decisions</td>
</tr>
<tr>
<td>Workplace climate</td>
<td>RPWORK1</td>
<td>My university's professors are competent</td>
</tr>
<tr>
<td></td>
<td>RPWORK2</td>
<td>The administrative personnel is competent</td>
</tr>
<tr>
<td></td>
<td>RPWORK3</td>
<td>In general, my university is a good place to work</td>
</tr>
<tr>
<td>Pragmatic Legitimacy</td>
<td>LEGP1</td>
<td>My university offers me a personal benefit</td>
</tr>
<tr>
<td></td>
<td>LEGP2</td>
<td>It helps me to grow</td>
</tr>
<tr>
<td></td>
<td>LEGP3</td>
<td>My university satisfies my needs</td>
</tr>
<tr>
<td>Moral Legitimacy</td>
<td>LEGM1</td>
<td>My university follows the law</td>
</tr>
<tr>
<td></td>
<td>LEGM2</td>
<td>It behaves in an honest manner</td>
</tr>
<tr>
<td></td>
<td>LEGM3</td>
<td>It is socially responsible</td>
</tr>
<tr>
<td>Cognitive Legitimacy</td>
<td>LEGCOG1</td>
<td>I know the activities that my university does</td>
</tr>
<tr>
<td></td>
<td>LEGCOG2</td>
<td>I consider that these activities and actions are performed in the best possible manner</td>
</tr>
<tr>
<td></td>
<td>LEGCOG3</td>
<td>My university is well managed</td>
</tr>
</tbody>
</table>

Source: Own elaboration based on the research of Vidaver-Cohen (2007), Suchman (1995), Thomas (2005), Chung et al. (2016) and Chaney et al. (2016)

3.6. DATA ANALYSIS AND RESULTS

3.6.1. Descriptive analysis

First of all, in order to understand the values of the considered variables of legitimacy and reputation of the sample, the descriptive analysis was carried out. Table 3.3 present the results on the descriptive analysis, showing the different factors as well as their items with their mean and standard deviation obtained through the analysis of the results of the survey distributed to the two different university’s stakeholders under consideration: students and professors.

As it appears in the results, the average value both variables differ when considering the evaluations made by students and the ones made by the professors. In the case of students, the value of the university’s legitimacy is 5.22 and 6.24 for reputation over 10. In contrast the
obtained results when analyzing professors are 7.02 for legitimacy and 7.41 for reputation. For the average results of the three different dimensions of legitimacy, the results also vary depending on the group under consideration. For students the dimension holding the highest score is pragmatic legitimacy, while the one with the lowest score is the moral dimension. Professors agree on the best legitimacy dimension for their university since it is also the pragmatic one but consider as the worst dimension the cognitive one. When analyzing the six reputation’s dimensions, students view as the best ones the workplace climate, performance and services. In the case of professors, the reputation’s dimensions holding the highest scores are services, workplace climate and innovation. When identifying the worst reputation’s dimension both stakeholders agree on the governance as the dimension holding the lowest score within the overall construct.

Table 3.3. Descriptive analysis

<table>
<thead>
<tr>
<th>Factor</th>
<th>Item</th>
<th>Students Mean</th>
<th>Students Standard deviation</th>
<th>Students Average factor value</th>
<th>Professors Mean</th>
<th>Professors Standard deviation</th>
<th>Professors Average factor value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Performance</td>
<td>RPPERF1</td>
<td>6.084</td>
<td>2.044</td>
<td>6.160</td>
<td>6.934</td>
<td>2.044</td>
<td>7.605</td>
</tr>
<tr>
<td></td>
<td>RPPERF2</td>
<td>5.939</td>
<td>1.724</td>
<td>6.160</td>
<td>7.948</td>
<td>1.724</td>
<td>7.654</td>
</tr>
<tr>
<td></td>
<td>RPPERF3</td>
<td>6.456</td>
<td>1.765</td>
<td>6.160</td>
<td>7.932</td>
<td>1.765</td>
<td>7.654</td>
</tr>
<tr>
<td>Innovation</td>
<td>RPIN1</td>
<td>6.167</td>
<td>2.098</td>
<td>5.660</td>
<td>7.835</td>
<td>2.098</td>
<td>7.654</td>
</tr>
<tr>
<td></td>
<td>RPIN2</td>
<td>5.152</td>
<td>1.993</td>
<td>5.660</td>
<td>7.472</td>
<td>1.993</td>
<td>7.453</td>
</tr>
<tr>
<td>Citizenship</td>
<td>RPCSR1</td>
<td>5.994</td>
<td>2.163</td>
<td>5.881</td>
<td>8.096</td>
<td>2.163</td>
<td>7.453</td>
</tr>
<tr>
<td></td>
<td>RPCSR3</td>
<td>5.355</td>
<td>2.286</td>
<td>5.881</td>
<td>6.923</td>
<td>2.286</td>
<td>7.453</td>
</tr>
<tr>
<td>Services</td>
<td>RPSER1</td>
<td>6.723</td>
<td>1.687</td>
<td>6.010</td>
<td>8.221</td>
<td>1.687</td>
<td>8.000</td>
</tr>
<tr>
<td></td>
<td>RPSER2</td>
<td>6.314</td>
<td>2.118</td>
<td>6.010</td>
<td>7.852</td>
<td>2.118</td>
<td>8.000</td>
</tr>
<tr>
<td></td>
<td>RPSER3</td>
<td>4.992</td>
<td>2.033</td>
<td>6.010</td>
<td>7.927</td>
<td>2.033</td>
<td>8.000</td>
</tr>
<tr>
<td>Governance</td>
<td>RPGOV1</td>
<td>5.480</td>
<td>2.641</td>
<td>5.860</td>
<td>5.645</td>
<td>2.666</td>
<td>5.915</td>
</tr>
<tr>
<td></td>
<td>RPGOV2</td>
<td>5.758</td>
<td>3.223</td>
<td>5.860</td>
<td>5.758</td>
<td>2.933</td>
<td>5.915</td>
</tr>
<tr>
<td></td>
<td>RPGOV3</td>
<td>6.342</td>
<td>2.907</td>
<td>5.860</td>
<td>6.342</td>
<td>2.762</td>
<td>5.915</td>
</tr>
<tr>
<td>Workplace climate</td>
<td>RPWORK1</td>
<td>8.107</td>
<td>2.478</td>
<td>7.839</td>
<td>8.107</td>
<td>1.680</td>
<td>7.839</td>
</tr>
<tr>
<td></td>
<td>RPWORK2</td>
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<td>7.839</td>
<td>7.636</td>
<td>1.868</td>
<td>7.839</td>
</tr>
<tr>
<td></td>
<td>RPWORK3</td>
<td>7.774</td>
<td>2.629</td>
<td>7.839</td>
<td>7.774</td>
<td>2.147</td>
<td>7.839</td>
</tr>
<tr>
<td>REPUTATION</td>
<td></td>
<td>6,235</td>
<td></td>
<td></td>
<td>7,411</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Pragmatic Legitimacy</td>
<td>LEGP1</td>
<td>6.279</td>
<td>2.552</td>
<td>6.123</td>
<td>7.635</td>
<td>2.429</td>
<td>7.485</td>
</tr>
<tr>
<td></td>
<td>LEGP2</td>
<td>6.272</td>
<td>2.634</td>
<td>6.123</td>
<td>7.600</td>
<td>2.470</td>
<td>7.485</td>
</tr>
<tr>
<td></td>
<td>LEGP3</td>
<td>5.819</td>
<td>2.609</td>
<td>6.123</td>
<td>7.219</td>
<td>2.200</td>
<td>7.485</td>
</tr>
<tr>
<td></td>
<td>LEGM3</td>
<td>5.035</td>
<td>3.002</td>
<td>4.380</td>
<td>7.154</td>
<td>2.488</td>
<td>6.814</td>
</tr>
<tr>
<td>Cognitive Legitimacy</td>
<td>LEGCOG1</td>
<td>5.508</td>
<td>2.628</td>
<td>5.147</td>
<td>7.078</td>
<td>2.166</td>
<td>6.765</td>
</tr>
<tr>
<td></td>
<td>LEGCOG2</td>
<td>5.433</td>
<td>2.629</td>
<td>5.147</td>
<td>7.080</td>
<td>2.203</td>
<td>6.765</td>
</tr>
<tr>
<td></td>
<td>LEGCOG3</td>
<td>4.500</td>
<td>2.991</td>
<td>5.147</td>
<td>6.136</td>
<td>2.705</td>
<td>6.765</td>
</tr>
<tr>
<td>LEGITIMACY</td>
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<td>5,217</td>
<td></td>
<td></td>
<td>7,021</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
3.6.2. Assessment of measurement model and invariance measurement across both groups

In order to analyse the established hypothesis and relationships structural modelling with SmartPLS system version 3 was used to estimate the model and to develop the multigroup analysis (MGA). This technique was chosen because it is a powerful method of analysis (Chin et al., 2003), presenting adequate advantages for the research to be carried out (Hair et al., 2014), in addition it supports carrying out multigroup analysis (Hair et al., 2017; Henseler et al., 2016; Sarstedt et al., 2011). The current samples of 618 and 138 seem adequate since previous studies have identified a sampling threshold for PLS SEM of 100 samples (Reinartz et al., 2009).

The first step carried out when managing the data was to verify the reliability and validity of the measurement model shown in Figure 3.1 for both stakeholder groups. In Table 3.4 the information regarding the model’s reliability and validity for students and professors is presented. For legitimacy’s reflective items, it can be shown that all the composite reliability over 0.60 can be considered appropriate (Bagozzi & Yi, 1988), therefore all items are within this scope since they all appear over this value. In addition, the average variance extracted (AVE) was calculated and presented with values over 0.50 which is consider acceptable (Fornell & Larcker, 1981). Furthermore, in Table 3.4 the standardized loadings of the reflective items are presented as well as their significant value (p<0,01) which showed that they were meaningfully linked to their respective dimensions and construct. In Table 3.5, aspects related to discriminant validity are presented, the HTMT ratio method recently proposed by Henseler et al. (2015) was also applied to assess discriminant validity. Since every ratio was lower than 0.85 (Clark & Watson, 1995), no problems appear in the model.

Regarding the formative constructs, the collinearity (VIF) value is presented, showing that every item is under the appropriate level of VIF<5 (Hair et al., 2011). In addition, the standardized weights are shown in both tables as well as their significant values (p<0.01), showing that all formative values affect in a significant manner to their dimensions in the case of students, while for professors some items’ weights are not significant. For the second order values, students show that performance, innovation and services are not significant dimensions with respect to the reputation construct, and in the case of the professors, the same dimensions appear as not significant showing, with t-values under 2. However, since the loadings of these dimensions were high (over 0.50), the dimensions were maintained (Hair et al., 2014).
<table>
<thead>
<tr>
<th>Factor</th>
<th>Item</th>
<th>Students</th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th>Professors</th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>weights/</td>
<td>t-value</td>
<td>VIF</td>
<td>CR</td>
<td>AVE</td>
<td></td>
<td>weights/</td>
<td>t-value</td>
<td>VIF</td>
<td>CR</td>
</tr>
<tr>
<td></td>
<td></td>
<td>load</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>load</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Performance</td>
<td>RPPERF1</td>
<td>0.417</td>
<td>6.464</td>
<td>1.921</td>
<td>0.741</td>
<td>5.418</td>
<td>1.736</td>
<td>0.329</td>
<td>4.404</td>
<td>2.087</td>
<td>0.283</td>
</tr>
<tr>
<td></td>
<td>RPPERF2</td>
<td>0.329</td>
<td>4.404</td>
<td>2.087</td>
<td>0.114</td>
<td>0.705</td>
<td>1.991</td>
<td>0.394</td>
<td>5.146</td>
<td>2.294</td>
<td>0.114</td>
</tr>
<tr>
<td></td>
<td>RPPERF3</td>
<td>0.394</td>
<td>5.146</td>
<td>2.294</td>
<td>0.537</td>
<td>2.703</td>
<td>2.833</td>
<td>0.705</td>
<td>12.564</td>
<td>1.807</td>
<td>0.515</td>
</tr>
<tr>
<td>Innovation</td>
<td>RPIN1</td>
<td>0.381</td>
<td>6.183</td>
<td>1.807</td>
<td>0.537</td>
<td>2.703</td>
<td>2.833</td>
<td>0.705</td>
<td>12.564</td>
<td>1.807</td>
<td>0.515</td>
</tr>
<tr>
<td></td>
<td>RPIN2</td>
<td>0.705</td>
<td>12.564</td>
<td>1.807</td>
<td>0.537</td>
<td>2.703</td>
<td>2.833</td>
<td>0.705</td>
<td>12.564</td>
<td>1.807</td>
<td>0.515</td>
</tr>
<tr>
<td>Citizenship</td>
<td>RPCSR1</td>
<td>0.444</td>
<td>8.945</td>
<td>1.918</td>
<td>0.389</td>
<td>2.691</td>
<td>2.269</td>
<td>0.201</td>
<td>4.970</td>
<td>1.546</td>
<td>0.158</td>
</tr>
<tr>
<td></td>
<td>RPCSR2</td>
<td>0.201</td>
<td>4.970</td>
<td>1.546</td>
<td>0.586</td>
<td>5.656</td>
<td>1.770</td>
<td>0.536</td>
<td>12.165</td>
<td>1.807</td>
<td>0.515</td>
</tr>
<tr>
<td></td>
<td>RPCSR3</td>
<td>0.536</td>
<td>12.165</td>
<td>1.550</td>
<td>0.586</td>
<td>5.656</td>
<td>1.770</td>
<td>0.536</td>
<td>12.165</td>
<td>1.807</td>
<td>0.515</td>
</tr>
<tr>
<td>Services</td>
<td>RPSER1</td>
<td>0.138</td>
<td>1.983</td>
<td>2.170</td>
<td>0.082</td>
<td>0.365</td>
<td>2.080</td>
<td>0.495</td>
<td>7.843</td>
<td>2.651</td>
<td>0.086</td>
</tr>
<tr>
<td></td>
<td>RPSER2</td>
<td>0.495</td>
<td>7.843</td>
<td>2.651</td>
<td>0.086</td>
<td>0.365</td>
<td>2.080</td>
<td>0.495</td>
<td>7.843</td>
<td>2.651</td>
<td>0.086</td>
</tr>
<tr>
<td></td>
<td>RPSER3</td>
<td>0.490</td>
<td>8.465</td>
<td>1.826</td>
<td>0.092</td>
<td>0.414</td>
<td>2.699</td>
<td>0.490</td>
<td>8.465</td>
<td>1.826</td>
<td>0.092</td>
</tr>
<tr>
<td>Governance</td>
<td>RPGOV1</td>
<td>0.470</td>
<td>10.518</td>
<td>1.611</td>
<td>0.203</td>
<td>1.653</td>
<td>1.929</td>
<td>0.470</td>
<td>10.518</td>
<td>1.611</td>
<td>0.203</td>
</tr>
<tr>
<td></td>
<td>RPGOV2</td>
<td>0.493</td>
<td>10.273</td>
<td>1.863</td>
<td>0.72</td>
<td>6.610</td>
<td>1.799</td>
<td>0.493</td>
<td>10.273</td>
<td>1.863</td>
<td>0.72</td>
</tr>
<tr>
<td></td>
<td>RPGOV3</td>
<td>0.207</td>
<td>4.861</td>
<td>2.027</td>
<td>0.198</td>
<td>1.645</td>
<td>2.112</td>
<td>0.207</td>
<td>4.861</td>
<td>2.027</td>
<td>0.198</td>
</tr>
<tr>
<td>Workplace</td>
<td>RPWORK1</td>
<td>0.360</td>
<td>6.379</td>
<td>2.122</td>
<td>0.118</td>
<td>0.967</td>
<td>3.105</td>
<td>0.360</td>
<td>6.379</td>
<td>2.122</td>
<td>0.118</td>
</tr>
<tr>
<td>Climate</td>
<td>RPWORK2</td>
<td>0.149</td>
<td>2.961</td>
<td>1.843</td>
<td>0.207</td>
<td>1.923</td>
<td>1.990</td>
<td>0.149</td>
<td>2.961</td>
<td>1.843</td>
<td>0.207</td>
</tr>
<tr>
<td></td>
<td>RPWORK3</td>
<td>0.601</td>
<td>10.324</td>
<td>2.428</td>
<td>0.762</td>
<td>6.633</td>
<td>2.519</td>
<td>0.601</td>
<td>10.324</td>
<td>2.428</td>
<td>0.762</td>
</tr>
</tbody>
</table>

Note: CR: Composite Reliability; AVE: Average Variance Extended
Table 3.5. Discriminant validity HTMT

<table>
<thead>
<tr>
<th>Factor</th>
<th>Students</th>
<th></th>
<th></th>
<th>Professors</th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Cognitive</td>
<td>Moral</td>
<td>Pragmatic</td>
<td>Cognitive</td>
<td>Moral</td>
<td>Pragmatic</td>
</tr>
<tr>
<td>Cognitive Legitimacy</td>
<td>0.823</td>
<td></td>
<td></td>
<td>0.801</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Moral Legitimacy</td>
<td>0.736</td>
<td>0.676</td>
<td></td>
<td>0.636</td>
<td>0.696</td>
<td></td>
</tr>
<tr>
<td>Pragmatic Legitimacy</td>
<td>0.524</td>
<td>0.376</td>
<td>0.456</td>
<td>0.574</td>
<td>0.536</td>
<td>0.586</td>
</tr>
</tbody>
</table>

Under these circumstances, it was concluded that the proposed model offered appropriate evidence of reliability, convergent and discriminant validity in the case of the reflective constructs forming legitimacy dimensions, as well as in terms of collinearity and weight-loading relationship and significant levels. Reliability and convergent validity were tested at the first order level for legitimacy’s dimensions collinearity as well as weight-loading relationship and significance for the first order and second-order construct of reputation and for the second order of legitimacy of the model for both groups, students and professors.

In order to develop the MGA to compare the path coefficients between students and professors, the acceptability of the models as well as the measurement invariance need to be established (Hair et al., 2017; Henseler et al., 2016; Sarstedt et al., 2011). For this purpose, Henseler et al. (2016) offered the measurement invariance of composite method (MICOM) for PLS-SEM which is applied in this study to assess measurement invariance. MICOM is a three-step process including 1, the configural invariance assessment, 2 the establishment of compositional invariance assessment and 3 the assessment of equal means and variances. Following MICOM procedure, Table 3.6 presents partial measurement invariance for both students and professors, which is a requirement for the comparison and interpretation of the MGA’s group differences using the results from PLS-SEM (Henseler et al., 2016).

Table 3.6. Results of Invariance Measurement Testing Using Permutation

<table>
<thead>
<tr>
<th>Constructs</th>
<th>Configural Invariance</th>
<th>Compositional Invariance</th>
<th>PMI</th>
<th>Equal Mean Assessment</th>
<th>Equal Variance Assessment</th>
<th>FMI</th>
</tr>
</thead>
<tbody>
<tr>
<td>Legitimacy</td>
<td>Yes</td>
<td>C=1</td>
<td>CI</td>
<td>Diff</td>
<td>Equal</td>
<td></td>
</tr>
<tr>
<td></td>
<td>0.998</td>
<td>(0.986; 1,000)</td>
<td>Yes</td>
<td>-0.702</td>
<td>(-0.175; 0.161)</td>
<td>No</td>
</tr>
<tr>
<td>Reputation</td>
<td>Yes</td>
<td>0.997</td>
<td>(0.975; 1,000)</td>
<td>Yes</td>
<td>-0.730</td>
<td>(-0.179; 0.169)</td>
</tr>
</tbody>
</table>

Note: PMI=Partial Measurement Invariance; FMI=Full Measurement Invariance; CI=Confidence Interval

3.6.3. Assessment of the structural model and multigroup analysis

Table 3.7 presents the results of the structural model assessment, for both stakeholder groups. The results show that for students and professor’s legitimacy affects positively and significantly affect reputation.
Table 3.7. Hypothesis testing

<table>
<thead>
<tr>
<th>Hypothesis</th>
<th>Students</th>
<th></th>
<th>Professors</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Beta</td>
<td>t/value</td>
<td>Beta</td>
<td>t/value</td>
</tr>
<tr>
<td>H 3.1 Legitimacy-Reputation</td>
<td>0.894</td>
<td>87.368</td>
<td>0.896</td>
<td>41.692</td>
</tr>
</tbody>
</table>

*R Square (Reputation) Students= 0.800
*Q Square (Reputation) Students= 0.558
*R Square (Reputation) Professors= 0.803
*Q Square (Reputation) Professors= 0.512

For the MGA outcome, the Parametric test was used considering the existing equal variances (Hair et al., 2017). In addition, two nonparametric method was used, the Henseler’s bootstrap-based MGA (Henseler et al., 2009), and the Permutation test (Chin & Dibbern, 2010) since these two techniques are the most conservative ones for PLS/SEM to assess differences between groups. For the parametric test differences between path coefficient lower than 0.05 represent significant differences between the considered groups. In the case of the nonparametric method, for the Henseler MGA method a p-value of differences between path coefficients lower than 0.05 or higher than 0.95 indicates at the 5% level significant differences between specific path coefficients across two groups (Henseler et al., 2009; Sarstedt et al., 2011), whereas for the Permutation test differences are only at the 5% level significant, if the p value is smaller than 0.05. Table 3.8 presents the results on the MGA path coefficients’ comparison and the findings show no significant differences between students and professors in regard to the effect that legitimacy has on reputation. In this study, all the methods used for the multigroup analysis support the same conclusion of not identifying significant different by stakeholder group in the relationship between legitimacy and reputation, thus providing a multimethod confirmation of our results.

Table 3.8. Hypothesis testing MGA

<table>
<thead>
<tr>
<th>Path Coefficient Difference</th>
<th>P-Value Difference</th>
<th>Supported</th>
</tr>
</thead>
<tbody>
<tr>
<td>H 3.2 Legitimacy-Reputation</td>
<td></td>
<td></td>
</tr>
<tr>
<td>0.002</td>
<td>0.939</td>
<td>0.555</td>
</tr>
</tbody>
</table>

3.7. DISCUSSION AND CONCLUSIONS

Competition in the higher education sector has been increasing in the last decades (Hemsley-Brown et al., 2016; Verčič et al., 2016), therefore, these institutions are adopting a more business-like orientation and are trying to introduce the management of intangible assets as core elements for their success. In addition, the complexity of managing these intangible assets has increased due to the difficulty of meeting the variety of universities’ stakeholders demands and requirements.

Legitimacy and reputation have been considered as crucial resources for organizations in order to survive and have competitive advantages in their sector (Rindova et al., 2005; Suchman, 1995;
Zimmerman & Zeitz, 2002). Due to their relevance many scholars have tried to analyse these concepts and their importance. However, lack of clarity still exists regarding their differences, common points and specially their relationship.

Under these circumstances, the aim of this research was to offer empirical evidence and to test the hypotheses identified in the literature supporting the influence that legitimacy has on reputation and to verify the moderating effect that the stakeholder group of the sample might have on the way that these two constructs relate. This relationship was tested in the higher education sector where, even though some studies on measuring legitimacy and reputation exist, there is no empirical research on measuring the relationship between these two variables and most of the studies have considered only one stakeholder group.

The first obtained results after developing the descriptive analysis show that the level of legitimacy of Rey Juan Carlos University varies depending on the stakeholder group under consideration. In the case of legitimacy students have considered that the level of legitimacy that their university has is 5.22, which represents a relatively low value since its just at the middle of the scale. In contrast, the evaluation made by professors is higher since they consider that the legitimacy level is 7.02 over 10 which represents a medium high level. When analysing the obtained results on the value of reputation, the obtained level for the given university in the case of the evaluation made by students is 6.24 and for professors 7.41 over 10. The differences between the evaluations made by each group could be mainly related to their diverse characteristics in terms of age, knowledge or degree of commitment with the institution. Since professors are internal stakeholders they might have a greater sense of belongingness and might be more informed on aspects related to the university compared to students. External stakeholders such as students might be more demanding with organizations. These results disagree with the findings identified by previous authors such as Verčič et al. (2016) which analysed and compare the consistency between different stakeholders´ evaluations of reputation in universities applying Vidaver-Cohen’s (2007) model and found that diverse stakeholders applied similar criteria for their assessments. Helm (2007) argued that stakeholders consider not only the aspects that relate to them to make their assessments of an organizations, but they extrapolate what they think that other groups might perceive, which might be true since the obtained results on the differences between the university’s legitimacy and reputation level between students and professors are not extremely different, however, the manner in which they understand these elements might vary, showing that some differences are always going to appear. In fact, the obtained results on the different evaluations made by students and professors, relate to the arguments supported by authors such as Fragueiro and Thomas (2011), Whitley (1998) or Christensen and Gornitzka (2017) that highlight the complexity of managing intangible assets in the higher education field due to the diversity of their stakeholders´ characteristics. Despite the diverse values on legitimacy and reputation across stakeholders, their level for Rey Juan Carlos University could be considered as medium, since even though the pass the middle line they continue to be far away from the ideal situation.

When considering the different dimensions for legitimacy and reputation the following elements were discovered. In the case of the pragmatic, moral and cognitive dimensions considered for the construct of legitimacy, our finding confirm the significance of all three factors to measure the overall legitimacy of the university and the weights of each of them are similar for both students and professors. Therefore, the dimensions proposed by Suchman (1995) could be confirmed through this research. However, when taking into consideration the six dimensions developed by Vidaver-Cohen (2007) in her model of reputation for Business Schools, the results show that only
three of the six dimensions where significant (citizenship, governance and workplace climate) for students. A similar scenario appears in the case of professors since only the same dimensions are significant based on the results. These findings are supported by the research developed by Verčič et al. (2016) and Suomi (2014) which already tested this model and demonstrated that few dimensions where relevant for stakeholders when analysing the reputation of higher education institutions.

Our findings confirm the proposed hypothesis 3.1 since a positive and significant relationship exists between legitimacy and reputation for both stakeholder groups, students and professors. This confirmation was already supported by authors such Deephouse and Suchman (2008), Staw and Epstein (2000), Rao (1994), King and Whetten (2008), Deephouse and Carter (2005), Bansal and Roth (2000), Thomas (2007), Doh et al. (2010), Reimann et al. (2012), Czinkota et al. (2014), Martínez et al. (2018), etc. who establish theoretically and some through their empirical demonstration the influence that legitimacy has on reputation.

Regarding the obtained results in terms of the moderating effect that the group has on the relationship between legitimacy and reputation, the hypothesis 3.2 was not confirmed since there are no significant differences in the way that legitimacy affects reputation for Rey Juan Carlos University. Therefore, even though the obtained results on the legitimacy and reputation level differ between students and professors, the effect that one variable has over the other follows a similar path.

The relevance of identifying the influence that legitimacy has on reputation appears, first of all, in presenting additional empirical evidence on a relatively innovative field, and second of all, these relationship can serve as guidance to university managers when trying to manage their legitimacy and reputation, since following Suchman´s (1995) approach where organizations can develop strategies to change their legitimacy level, managers can develop actions to improve their legitimacy and as a result improve their reputation. Moreover, since most of the studies developed on measuring reputation and legitimacy in the higher education field considered only one stakeholder group, this research offers additional empirical evidence on the manner that students and professors´ perceptions differ. Based on our findings, the proposed strategies by universities´ managers to change their legitimacy level and the effect that these actions could have on their reputation would be similar for students and professors, which might ease the process of managing these intangible assets, because despite their different characteristics, the way in which they would be affected if they perceive in a correct manner the actions aimed to increase the legitimacy level of the university regarding the institution´s reputation would be similar. However, it is important to understand that these two stakeholder groups might be affected by different criteria when making their legitimacy and reputation evaluations, since as it has been proven through this research they show some differences in the legitimacy and reputation level of their university. Under these circumstances, it is important to highlight the relevance of managing the relationship with both stakeholder groups in order to improve the university´s legitimacy and reputation.

In relation to the suggestions and recommendations for university managers based on the obtained results of this research, the following points could be highlighted. First of all, the results on the value of legitimacy and reputation are relatively mediocre and there is room for improvement, therefore it is important that they start developing actions to try and improve their level, since given the competitive landscape in which they operate, obtaining high intangible assets´ levels could be determinant to survive in the sector. As the evaluations made by professors are higher for both variables, managers should try to identify which aspects could be more relevant for their students in order to get them more involved in their relationship with their university and to
improve their legitimacy and reputation in order to obtain more similar and consistent assessment through stakeholder groups. In the case of legitimacy, since the moral dimension is the lowest one, they should try and develop actions that relate more to improving their right to exists as well as their behavior in order to be considered as trustworthy. In relation to the reputation level, the governance dimension appears as the lowest factor for both students and professors, therefore the correct and appropriate university’s managers’ behavior remains as one of the most determinant elements to improve. As it can be observed through these results on the legitimacy and reputation level, in both cases the dimensions or aspects to improve require similar behaviors or actions. When considering the confirmed effect that legitimacy has on reputation, managers should take advantage and optimize their resources when managing these intangible assets, since due to how closely related they are, almost any action or strategy aimed at increasing the legitimacy level will have an impact of the reputation of their university.

Regarding the limitations of this research, two main points could be selected. First of all, the sample was a unique Spanish Public University, where even though the size of the sample was wide enough, a deeper understanding could be reached through an analysis of a higher number of universities in the Spanish higher education context. Second, universities have more than two stakeholder groups, and for this research, only two of the most important groups where considered, without including additional stakeholders’ perspectives for the comparison of the results. Therefore, the future research lines regarding the analysis of the relationships between legitimacy and reputation in the Spanish higher education context relate to meeting these two points: a wider range of public universities are being analysed to compare results as well as a comparative analysis a greater number of stakeholder groups.

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CHAPTER 4: THE RELATIONSHIP BETWEEN IMAGE AND REPUTATION IN THE SPANISH PUBLIC UNIVERSITY
4. THE RELATIONSHIP BETWEEN IMAGE AND REPUTATION IN THE SPANISH PUBLIC UNIVERSITY

4.1. INTRODUCTION

Several changes have been occurring in the higher education sector over recent decades which have determined a consistent increase in the competition that higher education institutions face (Lafuente-Ruiz-de-Sabando et al., 2017). Factors such as globalization, degree of internationalization, changes in the market as well as reduction in government funding have enhanced this situation (Hemsley-Brown et al., 2016; Verčič et al., 2016). Increases in demand have motivated the expansion of the supply in terms of number as well as in variety of offer (Maringe, 2009). Furthermore, globalization has expanded this competition to attract resources, talented students and prestigious professors to international levels (Christensen & Gornitzka, 2017; Hemsley-Brown et al., 2016; Verčič et al., 2016). In addition, decrease in government funding has contributed to the development of private institutions (Lafuente-Ruiz-de-Sabando et al., 2017). Social expectations have also increased the pressure for higher education institutions to hold high positions in national and international rankings, since stakeholders consider these positions as relevant factors when deciding which university to engage with (Barron, 2017).

Apart from the increased competition, higher education institutions are facing additional problems. Universities nowadays are no longer untouchable entities that could assume that society would trust them without being questioned (Rakovski & Levy, 2007; Verčič et al., 2016). Stakeholders and society are skeptical on universities focusing their efforts on research instead of teaching, issues regarding how these institutions handle money or the lack of efforts to serve the public in the correct manner (Phair, 1992).

Under these circumstances, universities are implementing a more business-like approach in their management (Veloutsou et al., 2005). In this attempt to improve their position in the market, universities have understood that the correct management of intangible assets such as image and reputation is a key element for attracting and retaining stakeholders such as students, professors and economic resources. (Hemsley-Brown et al., 2016; Plewa et al., 2016).

Reputation and image have been considered as crucial resources for the survival and success of organizations (Gray & Balmer, 1998; Andreassen & Lindestad, 1998). Both variables will affect the evaluations that stakeholders make about organizations (Abimbola & Valleester, 2007; Czinkota et al., 2014; Fombrun et al., 2000; Fombrun & Shanley, 1990; Gotsi & Wilson, 2001; Roberts & Dowling, 2002) since their perceptions of quality will increase as well as their satisfaction levels and loyalty towards the given institution (Andreassen & Lindestad, 1998).

Well-reputed organizations and those with a positive image will have a competitive advantage in the market and a higher probability of survival (Fombrun & Shanley, 1990). Due to their relevance, numerous scholars have developed research on these constructs, however, there is still lack of clarity between the differences and relationships between both, since some authors have used them as synonymous or interchangeably (Furman, 2010), while others have highlighted their differences but considering them as related constructs (Fombrun & Shanley, 1990; Rindova et al., 2005; Zineldin et al., 2011).

In the higher education context, the benefits of holding a positive image and reputation appear in a variety of manners: it can improve the competitive position hold by the institution
(Parameswaran & Glowacka, 1995), help institutions to regain public trust through their correct management and communication with the different stakeholders in their environment, can serve as a quality sign (Nguyen & LeBlanc, 2001) and reduce uncertainty (Rindova et al., 2005) for stakeholders in their decision-making processes (Hemsley-Brown et al., 2016; Munisamy et al., 2014) when selecting which university to engage with. Under these circumstances, managing image and reputation in the correct manner can be a crucial element for universities to achieve its social and economic objectives in the medium and long term (Christensen & Gornitzka, 2017; Farrugia & Lane, 2013; Hemsley-Brown et al., 2016; Plewa et al., 2016).

The aim of this research is to analyze the relationship between image and reputation as well as the importance of both constructs for Spanish Public Universities. This evaluation will be made considering different stakeholders’ (students, alumni, professors, support personnel and managers) perceptions. To follow this objective, a review on the literature on image and reputation within the higher education sector will be carried out. Following this, a Spanish Public University will be analyzed as the sample where surveys will be made to measure the different stakeholders’ perceptions.

4.2. IMAGE

4.2.1. Concept and Importance

Corporate image is classified as a crucial resource for organizations (Gray & Balmer, 1998). The effect on stakeholder’s satisfaction is closely related to the image of the institution (Andreasen & Lindestad, 1998). When evaluating an organization, corporate image represents a sign of quality and has the ability to affect the degree of customers’ loyalty (Andreasen & Lindestad, 1998). Nowadays, organizations operate in highly competitive environments, therefore, the correct management of the entity’s corporate image can have important benefits. Customer loyalty can be enhanced when the given company’s image is favourable (Fornell et al., 2010; Nguyen & LeBlanc, 2001; Andreasen & Lindestad, 1998). When facing information asymmetries, corporate image can help stakeholders by simplifying decision rules (Andreasen & Lindestad, 1998). Furthermore, stakeholders might be more forgiving when an organization with a strong image makes a mistake than on the contrary, since image can determine the customer’s perceptions and, as a result, their behaviour towards the given entity (Melewar & Karaosmanoglu, 2006). A strong corporate image can help an entity to differentiate itself from its competitors through the development of competitive advantages, will could improve its position in the market (Melewar & Karaosmanoglu, 2006). In addition, the relationship with stakeholders can be improved, as well as the corporate reputation of the organization (Tran et al., 2015).

The concept of corporate image has been widely analysed in the literature, however, researchers have not reached a unique definition of the variable for the moment since it is a variable that suffers from a great degree of plurality (Foreman et al., 2012). Furthermore, an additional aspect that increases the complexity of this clarification is the fact that the distinction and relationship between image, identity and reputation remains unclear. Despite the lack of agreement between scholars on the definition of corporate image, the great majority of the definitions consider image as the sum of beliefs and attitudes towards an organization (Beerli Palacio et al., 2002), the result of all interactions based on experiences and feelings between the organization and the stakeholders (Worcester, 2009). Authors such as Tran et al. (2015) provided a holistic definition of the concept considering it as the as an interlinked concept with reputation which resulted from
the feelings, and impressions hold of an organization and that had an effect on stakeholders´ perceptions about the entity.

4.2.2. Dimensions

Taking into consideration that image is formed by stakeholders´ impressions (Bromley, 1993; Davies & Chun, 2012) and perceptions, it could be viewed as a multidimensional construct (Bolger, 1959; Spector, 1961). The relevance of identifying the dimensions that form image relates to the opportunity for organizations´ management to design actions and strategies to change customers´ perceptions in a positive manner to benefit from higher satisfaction and loyalty levels (He & Mukherjee, 2009; Andreassen & Lindestad, 1998). However, the difficulty on doing so lies on the variety of stakeholders with which an organization interacts, what can result in each of these groups holding a different perception and image of the company, indicating that the elements or dimensions affecting their assessments will vary between them (Dowling, 1988). In fact, some authors consider that an organization does not project a unique image, but that the institution´s image will vary depending on the stakeholder group assessing it, since each specific group will value some elements over others and will have a different experience with the company (Dowling, 1986).

Within the literature there is not a unique set of dimensions, however, many scholars have tried to identify the elements that form image in their studies. Worcester (2009) identified four categories for the image concept: product image, brand image, user image and corporate image, this last concept was divided into other elements such as product reputation, customers relationships, employer’s role etc. Nguyen and LeBlanc (2001) identified corporate identity, reputation, service offering, physical environment and contact personnel as the main dimensions contributing to a service firm´s corporate image. Kennedy (1977) identified the functional and the emotional component. The first one relates to tangible characteristics and elements which are easier to measure, while the emotional component refers to psychological aspects resulting from the feelings derived from stakeholders´ experiences with the organization. The functional aspects refer to physical elements such as range of products, price, layout etc, and physiological aspects relate with the client´s feelings and sense of belongingness (Mazursky & Jacoby, 1986). Other authors, such as Tran et al. (2015) reached an updated definition including seven dimensions: visual expressions, positive feelings, environments expressions, online appearance, employee´ appearance, attitude and behaviour, and external communication.

As it has been previously stated, individuals and different stakeholder groups will have different perceptions of an organization (Nguyen & LeBlanc, 2001) therefore in order to modify an entity´s corporate image, being able to identify and understand what forms each group´s perceptions is crucial (Dowling, 1986). The literature shows an agreement on the positive effect that communication can have on corporate image (Gray & Balmer, 1998) since it can represent the efforts that organizations make to align themselves with what stakeholders perceive (Dowling, 1986; Christensen & Askegaard, 2001).

4.2.3. Image in the Higher Education sector

The higher education sector has been experimenting important changes over recent decades. Increases in demand have motivated the expansion of the supply in terms of number and variety
of offer (Maringe, 2009). Furthermore, globalization has expanded this competition to international levels, since universities and higher education institutions have to compete at national and international levels to attract resources, students and professors (Altbach et al., 2010). In addition, decrease in government funding has contributed to the development of private institutions in the sector (Lafuente-Ruiz-de-Sabando et al., 2017). The existing competitive scenario has also increased the pressure for higher education institutions to hold high position in national and international rankings, since stakeholders consider these positions as relevant factors when they decide which university to engage with (Barron, 2017).

Higher education institutions are trying to implement a more business-like orientation approach (Milliken, 1990). They have understood the importance of managing intangible assets such as image to differentiate themselves over competitors and to improve the relationship with their stakeholders (Alves & Raposo, 2010; Nguyen & LeBlanc, 2001).

Universities are assigning more resources to manage their image and improve it in society’s and stakeholders’ eyes (Curtis et al, 2009) since in the higher education sector, intangible perceptions could be more relevant than measurable substances for stakeholders’ decisions. Holding a positive image could increase higher education institutions’ competitive position in their sector (Parameswaran & Glowacka, 1995) due to the clear effect that it can have on students’ decisions toward which university to attend as well as on other groups which can affect the funding received by the university (Ivy, 2001). However, it is important to understand that managing image is a complex matter since many times stakeholders’ perceptions differ from the image that universities aim to transmit (Lafuente-Ruiz-de-Sabando et al., 2017).

Additional problems that higher education institutions are currently facing relate to stakeholders and society’s perceptions that universities efforts focus on research instead of teaching, issues regarding how these institutions handle money and the lack of efforts to serve the public in the correct manner (Phair, 1992). Therefore, due to this crisis in confidence, the need to regain public trust through intangible assets’ management and correct communication with the different stakeholders in their environment increases its importance for these institutions.

Despite the relevance that holding a positive image has for higher education institutions, there is still lack of empirical research to understand in a deeper degree which elements and strategies might be crucial to manage it in an efficient manner (Aghaz et al., 2015; Duarte et al., 2010; Wilkins & Huisman, 2015). However, authors such as Sung and Yang (2008), considered a shift in the interest that analysing university image was attracting. Lafuente-Ruiz-de-Sabando et al., (2017) highlighted the lack of agreement on the dimensions forming both constructs, the lack of clarity on the similarities and differences between image and reputation for stakeholders, the limited measurement tools to include different stakeholders´ perceptions since most of the research focused only on one stakeholder group and the fact that most of the existing empirical research was centered in the US context as relevant aspects in the literature on the field.

University’s image has been defined in several ways, Alessandri et al. (2006: 259) considered it as “the public’s perception of the university”. Duarte et al. (2010: 23), as “the sum of all beliefs an individual has towards the university”. Arpan et al. (2003: p.100) defined image in the higher education context as “various beliefs about a university that contribute to an overall evaluation of the university”.

Image is considered a multidimensional and formative construct in the higher education context (Lafuente-Ruiz-de-Sabando et al., 2017). Higher education image formation will vary between
different stakeholder groups (Arpan et al., 2003) since they are affected by different stimuli and have different interests on the organization. Therefore, analysing different audiences’ perception and identifying the differences will be an interesting aspect to cover (Aghaz et al., 2015).

Despite the lack of agreement of the dimensions forming higher education image, many scholars have tried to clarify this aspect. For instance, Beeri Palacio et al. (2002) developed a study to identify university image components, for the cognitive and effective dimension. In their research they were able to confirm that the cognitive component was an antecedent of the affective one, and that both elements had a positive influence of students’ satisfaction level with their university. Other authors have tried to analyse the image formation process in their research, Kazoleas et al. (2001) analysed the organizational, personal and environmental factors that affected the university’s image perception, Parameswaran and Glowacka, (1995) analysed the relationship between university’s image and how employers perceived the graduated of the given institutions, and other authors such as Grady et al. (1996) viewed how different university audiences perceived its image according to each group’s characteristics and circumstances.

4.3. REPUTATION

4.3.1. Concept and importance

Corporate reputation is considered as a valuable intangible asset for organizations due to its relationship with positive performance in the market (Rindova et al., 2005). Researchers believe that reputation affect the evaluations that stakeholders make about organizations (Abimbola & Valleester, 2007; Czinkota et al., 2014; Fombrun et al., 2000; Fombrun & Shanley, 1990; Gotsi & Wilson, 2001; Page & Fearn, 2005; Roberts & Dowling, 2002; Walker, 2010). Organizations that hold a good reputation status will have a competitive advantage compared to those that do not within their industries (Fombrun & Shanley, 1990) due to its unique and difficult to imitate characteristics (Fombrun & Van Riel, 1997; Roberts & Dowling, 2002), that differentiate them and create entry barriers for future competitors (Feldman et al., 2014). Well-reputed firms could benefit from lowering the company’s costs (Deephouse, 2000), the possibility of charging higher prices (Deephouse 2000; Fombrun & Shanley, 1990; Rindova et al, 2005), attracting better employees (Turban & Greeening, 1997) and investors (Srivastava et al., 1997), having better access to capital markets (Fombrun & Shanley, 1990), and creating competitive barriers (Deephouse, 2000; Milgrom & Roberts, 1982).

The definition of reputation continues to represent and issue within the field (Clardy, 2012; Dowling, 2016) due to the different theories applied to study the concept, the different disciplines as well as the confusion with other related terms such as image and identity, that result in the lack of an accepted definition and, as a consequence, the absence of a defined measure (Clardy, 2012). Many researchers have highlighted this frustration in their research (Barnett et al., 2006; Chun, 2005; Clardy, 2012; Dowling, 2016; Hemsley-Brown & Oplatka, 2006; Walker, 2010).

One of the most common reputation definitions is the one provided by Fombrun (1990) who is considered as one of the main researchers in this field (Lange et al., 2011; Smaiziene & Jucevicius, 2009; Walker, 2010). He defined reputation as the perception of past actions and future expectations of a company that describes the firm’s overall appeal to all its key stakeholders when compared with other rivals. It is the stakeholder’s perceptions about the ability that an entity has
to create value in comparison to its competitors (Deephouse, 2000; Elsbach & Kramer, 1996; Fombrun & Shanley, 1990; Hall, 1992; Rindova et al., 2005).

4.3.2. Dimensions

Stakeholders can assess the reputation of an organization based on a set of attributes, therefore reputation can be considered as a multidimensional variable (Dollinger et al., 1997; Fombrun et al., 2000; Fombrun & Shanley, 1990), in fact, it can be assessed on any attribute that can be used a source of comparison (Dephouse & Carter, 2005). For example, Weigelt et al. (1988) identified corporate reputation, product or service reputation and reputation of the organizational structure as the three main dimensions to measure the reputation of an entity; Dollinger et al. (1997) considered as dimensions the management reputation, financial reputation and product quality reputation. Other authors have focused on dimensions based on the different types of stakeholders perceiving the reputation of the firm, especially on internal and external groups (Chun, 2005; Deephouse, 2000; Iwu-Egwuonwu, 2011)

These variety of dimensions have also been reflected in the different measures used for reputation, where researchers have considered several dimensions to evaluate the reputation of a given organization (Fombrun et al., 2000; Ponzi et al., 2011) and have increased the argument of the existence of one global reputation or diverse reputations based on different dimensions. Under these circumstances, different approaches exist in the literature on measuring reputation, since some authors support a more detailed and multidimensional measure, while others argue that reputation should be measured using a simpler scale (Dowling, 2016).

4.3.3. Reputation in the Higher Education sector

The higher education sector has been experimenting important changes over the years. Universities operate in a highly complex environment, competing for economic resources from the government as well as for talented students, prestigious professors and competent employees (Christensen & Gornitzka, 2017; Hemsley-Brown et al., 2016; Plewa et al., 2016; Verčič et al., 2016). Moreover, due to global trends in student mobility, as well as the deregulation of higher education in several countries (Hemsley-Brown & Oplatka, 2006), universities are nowadays competing not only nationally but at an international level fighting to attract international students and top academics (Hemsley-Brown et al., 2016), which increases the struggle in the sector. Furthermore, despite the existing criticism (Barron, 2017), stakeholder’s and society expectations regarding the scores hold by universities in quality and employability rankings are increasing, augmenting the pressure for these organizations.

In addition, universities nowadays are no longer untouchable entities that could assume that society would trust them without being questioned (Rakovski & Levy, 2007; Verčič et al., 2016). Moreover, currently universities need to focus, not only on professors or a unique interest group, but on numerous groups of stakeholders whose support is a key element for their success and survival (Christensen & Gornitzka, 2017).

Several authors have analysed the higher education sector situation. In fact, Christensen and Gornitzka, (2016) highlighted some of the changes affecting the sector: first of all, the internal decision-making process has changed towards a more heterogeneous structure where a higher number of stakeholders are included (Christensen, 2011), also the importance of meeting
student’s demands and requirements have increased considerably (Ramirez & Christensen, 2013) and finally, universities, are more socially concerned (Bleiklie & Michelsen, 2013).

Under this scenario, institutions in the higher education sector have been adopting more business-like practice in their management (Veloutsou et al., 2005) and a more market-orientated approach. In doing so, universities have understood that the correct management of intangible assets such as reputation is a key element for attracting and retaining stakeholders such as students, professors, economic resources etc (Hemsley-Brown et al., 2016; Plewa et al., 2016).

The literature has shown that favourable reputation has many benefits for organizations, and in the higher education sector due to its intangible nature and the fact that its quality might be difficult to evaluate before it is experienced (Jevons, 2006; Suomi, 2014) reputation will serve as a quality sign as well as an indicative of the institution’s capacity to respond to customer’s needs in the correct manner (Nguyen & LeBlanc, 2001) and therefore, will reduce uncertainty (Rindova et al., 2005) for stakeholders in their decision-making processes (Hemsley-Brown, 2012; Munisamy et al., 2014) when selecting which university to engage with. Therefore, obtaining a positive reputation will determine the university’s survival given the competition in the sector (Alves & Raposo, 2010; Aula & Tienari, 2011).

Due to the higher education sector current situation, the concept of reputation’s relevance in this field is increasing as it has already done in the corporate field (Verčič et al., 2016). However, despite the importance of achieving and maintaining a good reputation towards the different institution’s stakeholders, there is still lack of clarity in its management and it continues to be a challenge for universities (Gioia & Corley, 2002; Šontaitė & Bakanauskas, 2011; Vidaver-Cohen, 2007). Among the several reasons for this complexity the heterogeneity in terms of stakeholders and as a consequence the differences in their expectations (Suomi & Järvinen, 2013; Vidaver-Cohen, 2007) and the complexity related to the different types of educational institutions (Suomi, 2014) could be highlighted. Furthermore, research and empirical investigations on reputation within the higher education sector are still limited (Volkwein & Sweitzer, 2006; Watkins & Gonzenbach, 2013).

As it was previously mentioned, despite the importance of reputation within the higher education sector, there is still little empirical research that clarifies what the concept is and its implications (Watkins & Gonzenbach, 2013). However, several authors have tried to overcome this situation with their research. Some researchers have tried to find a more accurate definition of concept within the academic field, such as, Šontaitė and Bakanauskas (2011) which defined it as a subjective and collective recognition of higher education institutions among all key stakeholders during a certain period, taking into consideration their past behaviour, communication and potential to satisfy expectations in comparison with the competition. Other authors such as Alessandri et al. (2006: 261) offered the following definition of reputation: it is “the collective representations that the university’s multiple constituents hold of the university over time”.

Despite the fact that the factors affecting reputation in the academic field are many, aspects such as size, together with faculty and students’ conditions such as salaries and graduation rates appear as relevant in the literature (Volkwein & Sweitzer, 2006). Some of the other dimensions that were identified in the literature were the quality of academic performance, quality of external performance and emotional engagement (Alessandri et al., 2006); leadership, teaching, research, the service offered and quality (Brewer & Zhao, 2010). In trying to identify the determinants and antecedents of reputation in the academic context, Vidaver-Cohen (2007) developed a conceptual model to measure reputation in the business school field. In her research she introduced as
dimensions of reputation aspects such as performance, innovation, services, governance, citizenship and workplace climate. Suomi et al., (2014) performed a study to identify the dimensions that form reputation in a master’s degree program through the application of the conceptual model developed by Vidaver-Cohen (2007) and including a variety of internal and external stakeholder groups.

Plewa et al. (2015) used the resources-based view and configuration theory to develop their study around the optimal resources configuration when universities are trying to achieve a favorable reputation. In their research they focused on a unique university and on students but consider two groups within the same stakeholder group (students) which were domestic and international students.

Most of the research developed in the literature within the higher education field has considered limited stakeholders for their empirical research (Alessandri et al., 2006; Brewer & Zhao, 2010; Chapleo, 2004; Nguyen & LeBlanc, 2001). Ali et al. (2015) highlighted that fact that reputation value is moderated by the stakeholder group and country under consideration. In the literature it appears that reputation is based on both internal and external stakeholders´ perceptions (Chun, 2005; Suomi & Järvinen, 2013). However, some authors such as Vidaver-Cohen (2007) with the development of her conceptual model for measuring reputation in the business school context for different stakeholders, have tried to cover this existing gap. Following this line, Verčič et al. (2016) analysed and compared the consistency between different stakeholders´ evaluations of reputation in universities applying Vidaver-Cohen´s (2007) model. However, even though they found that diverse stakeholders applied similar criteria, they established that one dimensions was able to determine in a relevant degree what reputation is, so the multidimensional model was not confirmed in their research. Suomi et al. (2014) also considered various stakeholders for their research, where they examined the dilemmas that appear when managing reputation taking into consideration different stakeholder groups in the higher education sector arising from the complexity of meeting heterogenous demands.

4.4. RELATIONSHIPS AND DIFFERENCES BETWEEN IMAGE AND REPUTATION

When analysing the relationship and differences between corporate image and reputation, there is no consensus on how to use each construct. Some scholars separate both variables, while others consider them as synonymous. Gotsi and Wilson (2001) identified two different schools of thought regarding the use of image and reputation, those that consider them as different variables with relationships and those that consider them as the same thing. In their research, they consider that the different nature of both constructs has received more support in terms of the references in the literature. Many authors have used them interchangeably, as synonymous or as different concepts. LaFuente-Ruiz-de-Sabando et al. (2017) identified the lack of agreement of the relationship and differences between image and reputation in what stakeholders perceive. Some scholars have used them as synonymous (Furman, 2010) which can lead to confusion. Semons (1998), Brown and Dacin (1997) or Gotsi and Wilson, (2001) have treated both variables as completely independent concepts. Furthermore, in the attempt to clarify the confusion, image and reputation have been found to be different but related concepts in the literature (Bromley, 1993; Flavian et al., 2004; Fombrun & Shanley, 1990; Zineldin et al., 2011). Due to this situation, researchers face the challenge to clarify this matter and define the how image and reputation differ
and relate (Bennett & Kottasz, 2000; Brown et al., 2006; Gotsi & Wilson, 2001; Roberts & Dowling, 2002).

Within the literature several common traits shared by image and reputation have been identified. First of all, both variables can be considered as crucial strategic assets for organization’s survival and competitive position in the market (Gray & Balmer, 1998). Given the existing competitive environments, holding a positive reputation and image can determine the level of loyalty received from customers (Nguyen & LeBlanc, 2001) and can have a positive impact of the company’s sales and market share (Shapiro, 1982). In addition, image and reputation consider what external stakeholders perceive about the organization (Nguyen & LeBlanc, 2001). Therefore, within the common traits shared by both variables, the benefits that each of them provided the organizations as well as the nature of their assessment can be highlighted.

In the attempt to clarify that image and reputation are different variables, many scholars have tried to differentiate them according to several characteristics. Authors researching in the organizational behaviour field have defined image as internal stakeholders´ perceptions of what outsiders perceive (Dutton & Dukerich, 1991; Gioia & Thomas, 1996) while they consider as reputation what external stakeholders actually perceive about the firm (Dukerich & Carter, 2000). Furthermore, reputation is the result of a consistent behaviour, whereas image is managed and modified in an easier manner through communication campaigns (Gray & Balmer, 1998). Corporate image related more with the idea made in the consumer’s’ mind, but reputation is the level of trust or distrust that stakeholders have towards an organization based on the firm’s ability to meet their expectations (Nguyen & LeBlanc, 2001). Many scholars have highlighted as a relevant difference the temporality (Mahon, 2002; Rhee & Haunschild, 2006; Smaiziene & Jucevicius, 2009; Villafañe, 2012), since reputation can be the result of maintaining a consistent image over time, while image can be created in a shorter period of time and it is easier to change and requires less effort to build internally and externally compared to reputation (Chun, 2005; Ruiz et al., 2012).

Villafañe (2012) considers that image is built on perceptions, whereas reputation is the result of the firm’s behaviour. Therefore, image can be perceived with no real experience with the organization by being an immediate mental idea, but reputation requires a deeper contact and experience (Chun, 2005) since it indicates value judgment about the company (Gray & Balmer, 1998). Smaiziene and Jucevicius (2009) tried to identify and group the main differences between image and reputation in the literature. The first difference presented was duration of establishment, where several authors agree on the fact that image can be created in a shorter period of time, but reputation requires a consistent behaviour and it will be harder to shape (Bennett & Kottasz, 2000; Jackson, 2004), image can be created but reputation must be earned (Dalton, 2005). The next difference was related to each variable’s target, where image targets customers while reputation focuses on all main stakeholders (Jackson, 2004; Neville et al., 2005). In relation to the instruments to build each variable, corporate image is associated with concepts such as brand marketing and public relations, and reputation is related with character, credibility or esteem and favourability towards the organization (Smaiziene & Jucevicius, 2009; Weiss et al., 1999).

Despite the clear differences between image and reputation, most of the research developed by scholars to clarify this matter, agrees on the fact that both variables are different but related. Some authors, such as Lafuente-Ruiz-de-Sabando et al., (2017) considered that they should be analysed together due to their common traits: relationship with stakeholder groups’ perceptions and confusion in the conceptualization of both constructs (Barnett & Pollock, 2012; Cian & Cervai,
Gray and Balmer (1998) considered communication as the link between image and reputation. The images held by different stakeholder groups will result in the organization’s reputation over a longer period of time (Fombrun & Van Riel, 1997). Therefore, reputation will be the result of being able to maintain a strong image over time, so image will affect reputation (Dutton & Dukerich, 1991; Gray & Balmer, 1998; Tran et al., 2015). Tran et al. (2015) defined corporate image as the tangible and intangible aspects interconnected with reputation. Other authors have considered that better corporate image results in a better reputation (Fornell et al., 2010). Therefore, corporate reputation could be understood as the result and final outcome of building and maintaining corporate image since an organization’s reputation is shaped by the images of the given institution (Harvey et al., 2017).

One of the most common relationships between image and reputation identified in the literature, is that image is a dimension of reputation (Bromley, 1993; Fombrun & Shanley, 1990; Saxton, 1998). In line with this idea, other authors have considered reputation as the combination of image and identity (Barnett et al., 2006; Chun, 2005; Davies et al., 2001; Foreman et al., 2012; Wartick, 2002).

In conclusion, both variables can be viewed as interrelated concepts (Bromley, 1993; Fombrun & Shanley, 1990; Rindova, 1997). Maintaining a corporate image will move in a deeper manner into stakeholders’ minds and will shift from superficial awareness to deeper aspects such as favourability which is similar to aspects related to how corporate reputation is formed (Worcester, 2009), showing the clear connection between both constructs. Podnar and Golob (2017) support the idea of the dependence that an entity’s reputation has on the day-to-day- images held by its stakeholders and argues the need of additional research on the relationships and differences between image and reputation in order to clarify this matter.

Based on the literature review on the manner in which image and reputation relate, and identifying more arguments supporting the effect that image has on reputation, the following hypothesis is proposed:

- **Hypothesis 4.1**: Universities with higher image, will have higher reputation

Figure 4.1 shows the model to be tested as well as the established hypothesis for this chapter.
4.5. SAMPLE AND METHODOLOGY

4.5.1. Research setting

As it has been previously stated, universities need to compete at national and international levels with other entities to gain a better competitive position and attract resources. Under these circumstances, the selected research setting was the Spanish Public Universities, since at it is happening in the different countries, these institutions need to identify the best manner to manage their intangible assets such as reputation and image to improve their situation in their sector. In fact, Spanish Public Universities are reducing their number of students in favour of private ones, since government funding has been decreasing. Within the Spanish Public Universities, Rey Juan Carlos University of Madrid has been the chosen one to develop the analysis of this paper, where information from different stakeholders (professors, current students and alumni, administrative personnel and managers) was gathered. Rey Juan Carlos University is a Public University which started its active 20 years ago and currently has 38.085 students and 1.543 professors.

4.5.2. Data collection

For collecting the data to develop this research paper, a questionnaire was developed. On an initial stage, a pre-test was developed with 300 online students to verify the scale used and to adapt the questions of the survey if it was necessary. After analysing the results of the pre-test, several questions where changed to offer a clearer meaning and a number of questions were taken out of the final version of the survey. In the final stage, a total number of 844 effective surveys were
answered, were 73% were students, 0.6% alumni, 16% professors, 0.3% administrative personnel and 0.1% managers.

4.5.3. Measurement

All constructs were measured through adapted items from existing scales and used a 11-points Likert scale for their measurement in the survey with 0 referring to strongly disagree and 10 referring to strongly agree. The items used to measure reputation were taken from Vidaver-Cohen (2007) where she tried to adapt the existing measurement of reputation developed by the Corporate Reputation Review to the business schools’ field. Other authors such as Verčič et al. (2016) and Suomi (2014) have used the measure scale developed by Vidaver-Cohen (2007) since it is one of the few measurements that attempt to capture a multistakeholder approach. In the case of the items used to measure image they were taken from Beerli Palacio et al. (2002). Table 4.1 presents the measurement model in English, although the questionnaire was distributed in Spanish.

Table 4.1. Measurement model

<table>
<thead>
<tr>
<th>Factor</th>
<th>Item</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Performance</td>
<td>RPPERF1</td>
<td>My university has a high research level</td>
</tr>
<tr>
<td></td>
<td>RPPERF2</td>
<td>It obtains lucrative job placements</td>
</tr>
<tr>
<td></td>
<td>RPPERF3</td>
<td>Has growth perspectives</td>
</tr>
<tr>
<td>Innovation</td>
<td>RPIN1</td>
<td>It adapts quickly to change</td>
</tr>
<tr>
<td></td>
<td>RPIN2</td>
<td>Uses innovative teaching methods</td>
</tr>
<tr>
<td>Citizenship</td>
<td>RPCSR1</td>
<td>Exerts positive influence on society</td>
</tr>
<tr>
<td></td>
<td>RPCSR2</td>
<td>Supports good causes</td>
</tr>
<tr>
<td></td>
<td>RPCSR3</td>
<td>My university cares about their stakeholders' well being</td>
</tr>
<tr>
<td>Services</td>
<td>RPSER1</td>
<td>The formative offer responds to market trends</td>
</tr>
<tr>
<td></td>
<td>RPSER2</td>
<td>It trains competent students</td>
</tr>
<tr>
<td></td>
<td>RPSER3</td>
<td>It has good value for money</td>
</tr>
<tr>
<td>Governance</td>
<td>RPGOV1</td>
<td>There is a clear vision of the objectives that guide my university</td>
</tr>
<tr>
<td></td>
<td>RPGOV2</td>
<td>It is managed with ethics and transparency</td>
</tr>
<tr>
<td></td>
<td>RPGOV3</td>
<td>It takes into consideration its stakeholders in their management decisions</td>
</tr>
<tr>
<td>Workplace climate</td>
<td>RPWORK1</td>
<td>My university's professors are competent</td>
</tr>
<tr>
<td></td>
<td>RPWORK2</td>
<td>The administrative personnel is competent</td>
</tr>
<tr>
<td></td>
<td>RPWORK3</td>
<td>In general, my university is a good place to work</td>
</tr>
<tr>
<td>Cognitive Image</td>
<td>IMAGCOG1</td>
<td>My university has good facilities</td>
</tr>
<tr>
<td></td>
<td>IMAGCOG2</td>
<td>It offers a good range of courses</td>
</tr>
<tr>
<td></td>
<td>IMAGCOG3</td>
<td>It is orientated and concerned about its stakeholders' interests</td>
</tr>
<tr>
<td></td>
<td>IMAGCOG4</td>
<td>It is a prestigious university</td>
</tr>
<tr>
<td>Affective Image</td>
<td>IMAF1</td>
<td>My university is pleasant</td>
</tr>
<tr>
<td></td>
<td>IMAF2</td>
<td>It is stimulating</td>
</tr>
<tr>
<td></td>
<td>IMAF3</td>
<td>It is dynamic</td>
</tr>
</tbody>
</table>

Source: Own elaboration from Vidaver-Cohen (2007) and Beerli Palacio et al. (2002)
4.6. DATA ANALYSIS AND RESULTS

4.6.1. Descriptive analysis

First of all, in order to understand the values of the considered variables of image and reputation of the sample, the descriptive analysis was carried out. Table 4.2 present the results on the descriptive analysis, showing the different factors as well as their items with their mean and standard deviation obtained through the analysis of the results of the survey distributed to the different university’s stakeholders.

As it appears in the results, the average value for reputation is 6.10 and 6.22 for image. For the average results of the six different reputation dimensions, the ones that holds the highest values are performance followed by services and citizenship, while the worst valued dimension is governance. In the case of image, both the affective and cognitive dimension present similar values, however, the affective one is slightly higher.

<table>
<thead>
<tr>
<th>Factor</th>
<th>Item</th>
<th>Mean</th>
<th>Standard deviation</th>
<th>Average factor value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Performance</td>
<td>RPPERF1</td>
<td>6.311</td>
<td>2.379</td>
<td>6.513</td>
</tr>
<tr>
<td></td>
<td>RPPERF2</td>
<td>6.444</td>
<td>2.389</td>
<td></td>
</tr>
<tr>
<td></td>
<td>RPPERF3</td>
<td>6.783</td>
<td>2.314</td>
<td></td>
</tr>
<tr>
<td>Innovation</td>
<td>RPIN1</td>
<td>6.541</td>
<td>2.382</td>
<td>6.114</td>
</tr>
<tr>
<td></td>
<td>RPIN2</td>
<td>5.686</td>
<td>2.772</td>
<td></td>
</tr>
<tr>
<td>Citizenship</td>
<td>RPCSR1</td>
<td>6.493</td>
<td>2.588</td>
<td>6.280</td>
</tr>
<tr>
<td></td>
<td>RPCSR2</td>
<td>6.558</td>
<td>2.222</td>
<td></td>
</tr>
<tr>
<td></td>
<td>RPCSR3</td>
<td>5.788</td>
<td>2.763</td>
<td></td>
</tr>
<tr>
<td>Services</td>
<td>RPSER1</td>
<td>7.065</td>
<td>2.225</td>
<td>6.470</td>
</tr>
<tr>
<td></td>
<td>RPSER2</td>
<td>6.681</td>
<td>2.500</td>
<td></td>
</tr>
<tr>
<td></td>
<td>RPSER3</td>
<td>5.664</td>
<td>3.007</td>
<td></td>
</tr>
<tr>
<td>Governance</td>
<td>RPGOV1</td>
<td>5.576</td>
<td>2.638</td>
<td>4.818</td>
</tr>
<tr>
<td></td>
<td>RPGOV2</td>
<td>4.009</td>
<td>3.300</td>
<td></td>
</tr>
<tr>
<td></td>
<td>RPGOV3</td>
<td>4.869</td>
<td>2.976</td>
<td></td>
</tr>
<tr>
<td>Workplace climate</td>
<td>RPWORK1</td>
<td>6.459</td>
<td>2.500</td>
<td>6.158</td>
</tr>
<tr>
<td></td>
<td>RPWORK2</td>
<td>5.673</td>
<td>2.811</td>
<td></td>
</tr>
<tr>
<td></td>
<td>RPWORK3</td>
<td>6.343</td>
<td>2.644</td>
<td></td>
</tr>
<tr>
<td>REPUTATION</td>
<td></td>
<td></td>
<td></td>
<td>6.059</td>
</tr>
<tr>
<td>Cognitive Image</td>
<td>IMAGCOG1</td>
<td>7.172</td>
<td>2.018</td>
<td>6.176</td>
</tr>
<tr>
<td></td>
<td>IMAGCOG2</td>
<td>7.358</td>
<td>2.066</td>
<td></td>
</tr>
<tr>
<td></td>
<td>IMAGCOG3</td>
<td>5.533</td>
<td>2.861</td>
<td></td>
</tr>
<tr>
<td></td>
<td>IMAGCOG4</td>
<td>4.641</td>
<td>2.748</td>
<td></td>
</tr>
<tr>
<td>Affective Image</td>
<td>IMAF1</td>
<td>6.991</td>
<td>2.179</td>
<td>6.266</td>
</tr>
<tr>
<td></td>
<td>IMAF2</td>
<td>5.732</td>
<td>2.688</td>
<td></td>
</tr>
<tr>
<td></td>
<td>IMAF3</td>
<td>6.074</td>
<td>2.560</td>
<td></td>
</tr>
<tr>
<td>IMAGE</td>
<td></td>
<td></td>
<td></td>
<td>6.221</td>
</tr>
</tbody>
</table>
4.6.2. Reliability and validity evaluation

In order to analyse the established hypothesis and relationships structural modelling with SmartPLS system version 3 was used. This technique was chosen because it is a powerful method of analysis (Chin et al., 2003), presenting adequate advantages for the research to be carried out (Hair et al., 2014).

The first step carried out when managing the data was to verify the reliability and validity of the measurement model shown in Figure 4.1. In Table 4.3 the information regarding the model’s reliability and validity is presented. For both reputation and image constructs, , the collinearity (VIF) value is presented, showing that every item is under the appropriate level of VIF<5 (Hair et al., 2011). In addition, the standardized weights are shown in both tables as well as their significant values (p<0,01), showing that all formative values affect in a significant manner to their dimensions or construct in the case of the second-order.

**Table 4.3. Measurement model reliability and validity**

<table>
<thead>
<tr>
<th>Factor</th>
<th>Item</th>
<th>weights</th>
<th>t-value</th>
<th>VIF</th>
</tr>
</thead>
<tbody>
<tr>
<td>Performance</td>
<td>RPPERF1</td>
<td>0,463</td>
<td>9,830</td>
<td>1,874</td>
</tr>
<tr>
<td></td>
<td>RPPERF2</td>
<td>0,243</td>
<td>4,970</td>
<td>2,024</td>
</tr>
<tr>
<td></td>
<td>RPPERF3</td>
<td>0,434</td>
<td>8,280</td>
<td>2,252</td>
</tr>
<tr>
<td>Innovation</td>
<td>RPIN1</td>
<td>0,507</td>
<td>12,833</td>
<td>2,064</td>
</tr>
<tr>
<td></td>
<td>RPIN2</td>
<td>0,572</td>
<td>14,560</td>
<td>2,064</td>
</tr>
<tr>
<td>Citizenship</td>
<td>RPCSR1</td>
<td>0,504</td>
<td>12,453</td>
<td>2,011</td>
</tr>
<tr>
<td></td>
<td>RPCSR2</td>
<td>0,146</td>
<td>4,450</td>
<td>1,613</td>
</tr>
<tr>
<td></td>
<td>RPCSR3</td>
<td>0,505</td>
<td>12,297</td>
<td>1,645</td>
</tr>
<tr>
<td>Services</td>
<td>RPSER1</td>
<td>0,286</td>
<td>6,211</td>
<td>2,329</td>
</tr>
<tr>
<td></td>
<td>RPSER2</td>
<td>0,438</td>
<td>8,862</td>
<td>2,897</td>
</tr>
<tr>
<td></td>
<td>RPSER3</td>
<td>0,396</td>
<td>9,779</td>
<td>2,057</td>
</tr>
<tr>
<td>Governance</td>
<td>RPGOV1</td>
<td>0,396</td>
<td>9,599</td>
<td>1,609</td>
</tr>
<tr>
<td></td>
<td>RPGOV2</td>
<td>0,404</td>
<td>9,302</td>
<td>2,035</td>
</tr>
<tr>
<td></td>
<td>RPGOV3</td>
<td>0,365</td>
<td>8,563</td>
<td>2,206</td>
</tr>
<tr>
<td>Workplace climate</td>
<td>RWORK1</td>
<td>0,337</td>
<td>7,967</td>
<td>2,385</td>
</tr>
<tr>
<td></td>
<td>RWORK2</td>
<td>0,145</td>
<td>3,678</td>
<td>2,056</td>
</tr>
<tr>
<td></td>
<td>RWORK3</td>
<td>0,614</td>
<td>13,081</td>
<td>2,580</td>
</tr>
<tr>
<td>Cognitive Image</td>
<td>IMAGCOG1</td>
<td>0,187</td>
<td>6,045</td>
<td>1,639</td>
</tr>
<tr>
<td></td>
<td>IMAGCOG2</td>
<td>0,328</td>
<td>9,636</td>
<td>1,689</td>
</tr>
<tr>
<td></td>
<td>IMAGCOG3</td>
<td>0,471</td>
<td>15,256</td>
<td>1,447</td>
</tr>
<tr>
<td></td>
<td>IMAGCOG4</td>
<td>0,306</td>
<td>10,552</td>
<td>1,579</td>
</tr>
<tr>
<td>Affective Image</td>
<td>IMAF1</td>
<td>0,251</td>
<td>5,540</td>
<td>2,483</td>
</tr>
<tr>
<td></td>
<td>IMAF2</td>
<td>0,342</td>
<td>6,355</td>
<td>4,557</td>
</tr>
<tr>
<td></td>
<td>IMAF3</td>
<td>0,482</td>
<td>9,279</td>
<td>3,863</td>
</tr>
<tr>
<td>Image</td>
<td>Cognitive Image</td>
<td>0,663</td>
<td>19,210</td>
<td>2,763</td>
</tr>
<tr>
<td></td>
<td>Affective Image</td>
<td>0,387</td>
<td>10,415</td>
<td>2,763</td>
</tr>
<tr>
<td>Reputation</td>
<td>Performance</td>
<td>0,113</td>
<td>3,631</td>
<td>3,238</td>
</tr>
<tr>
<td></td>
<td>Innovation</td>
<td>0,100</td>
<td>2,797</td>
<td>4,493</td>
</tr>
<tr>
<td></td>
<td>Citizenship</td>
<td>0,297</td>
<td>8,053</td>
<td>4,575</td>
</tr>
<tr>
<td></td>
<td>Services</td>
<td>0,130</td>
<td>3,812</td>
<td>4,320</td>
</tr>
<tr>
<td></td>
<td>Governance</td>
<td>0,259</td>
<td>10,196</td>
<td>2,887</td>
</tr>
<tr>
<td></td>
<td>Workplace</td>
<td>0,212</td>
<td>5,827</td>
<td>3,802</td>
</tr>
</tbody>
</table>
Under these circumstances, it was concluded that the proposed model offered appropriate evidence of collinearity and weight-loading relationship and significant levels. Collinearity as well as weight-loading relationship and significance were tested at the first order level for reputation and image as well as for the second order constructs.

4.6.3. Hypothesis testing

The obtained results through the model show that image positively and significantly affect reputation (H 4.1; B=0,912; p<0,01), therefore the hypothesis established through the literature review can be confirmed. Table 4.4 and Figure 4.2 show the results.

<table>
<thead>
<tr>
<th>Hypothesis</th>
<th>Beta</th>
<th>t-value</th>
</tr>
</thead>
<tbody>
<tr>
<td>H.4.1 Image-Reputation</td>
<td>0,912</td>
<td>121,811</td>
</tr>
</tbody>
</table>

*R Square (Reputation)= 0,831  
*Q Square (Reputation)= 0,619

4.7. DISCUSSION AND CONCLUSIONS

Higher education institutions have started to consider the management of their image and reputation as crucial aspects for their survival in the competitive environment in which they operate. These institutions have understood that holding a positive image and reputation can improve their competitive position (Parameswaran & Glowacka, 1995), regain public trust and
could serve as a quality sign (Nguyen & LeBlanc, 2001), since it will reduce uncertainty (Rindova et al., 2005) for stakeholders in their decision-making processes (Hemsley-Brown, 2012; Munisamy et al., 2014). Furthermore, despite the existing literature on the importance that image, and reputation have for organizations, there is still lack of empirical evidence to clarify the differences, common points as well as the relationships between these two variables.

Therefore, the aim of this research is to improve the existing empirical evidence on measuring the relationship between image and reputation and to test the proposed hypothesis on the influence that image has on reputation. This hypothesis was tested on the higher education field, and more precisely on a Spanish Public University due to the lack of empirical research on this field and due to the importance of managing intangible assets in this sector to overcome the complex situation faced by universities.

First of all, the obtained results on the descriptive analysis show that the level of image of Rey Juan Carlos University is 6.22 over 10, which represents a medium value. When analysing the obtained results on the value of reputation, the obtained level for the given university is 6.10 over 10. Due to the relevance of image and reputation in the higher education context, these values could be considered as relatively low, since even though the pass the middle line, they continue to be mediocre and a lot of improvement could be made in the management of these intangible assets.

Regarding the different dimensions used to measure image and reputation the following elements were discovered. When taking into consideration the six dimensions developed by Vidaver-Cohen (2007) in her model of reputation for Business Schools, the results show that the six dimensions where significant, however, the values where very different between each other since governance or citizenship represent higher t-values compared to the rest of the dimensions. In the case of image, both the affective and cognitive components where significant for the overall measurement of the construct, which goes in line with authors such as Kennedy (1997) and Beerli Palacio et al. (2002). Therefore, in the relationship between image and reputation both elements’ dimensions where confirmed.

When considering the relationship between the selected variables, the results confirmed the proposed hypothesis since image has a positive and significant effect over reputation. This conclusion was already supported by and goes in line with the arguments presented by authors such as Zineldin et al. (2011), Rindova (1997), Fombrun and Shanley, (1990), Fombrun and Van Riel (1997), Tran, et al. (2015), Gray and Balmer (1998), Saxton (1998), among others, who have supported de the effect that image has on reputation for organizations.

The relevance of these findings lies, first of all, on offering additional empirical evidence on the relationships between image and reputation, which stills unclear in the literature. Moreover, an additional matter, are the implications that these results can have on the strategies that universities’ managers apply when managing these intangible assets. Knowing that image has a positive and significant effect on reputation will allow universities’ managers to understand that an action or strategy to increase their university’s image can have a positive effect on their reputation. Therefore, this analysis will serve as an important guidance for universities’ managers when managing these intangible assets.

In relation to the suggestions and recommendations for university managers based on the obtained results of this research, the following points could be highlighted. First of all, the results on the value of image and reputation are relatively mediocre, therefore it is important that they start
developing actions to try and improve their level, since given the competitive landscape in which they operate, obtaining high intangible assets’ levels could be determinant to survive in the sector. In the case of image, the value for the affective and cognitive component is similar, therefore the actions and strategies aimed at increasing the overall variable should be related to affecting both dimensions, however, in the literature, many authors have highlighted the fact that the cognitive component is a predecessor of the affective one (Kennedy, 1997), therefore initially university’s managers should be focusing more on the cognitive aspect and with time it could have an effect on the affective dimension. In addition, in the case of reputation, the governance dimension appears as the lowest factor, therefore the correct and appropriate university’s managers’ behavior remains as one of the most determinant elements to improve, since based on the results stakeholders have doubts on if this institution is managed in a transparent or ethical manner as well as if their own interests are taken into consideration in the university’s management. When considering the confirmed effect that image has on reputation, managers should take advantage and optimize their resources when managing these intangible assets, since due to how closely related they are, almost any action or strategy aimed at increasing the image level, if performed properly, will have an impact of the reputation of their university.

Within the limitations and future research lines of the given paper, two main points could be highlighted. First of all, the sample was a unique Spanish Public University, where even though the size of the sample was wide enough, a deeper understanding could be reached through an analysis of a higher number of universities in the Spanish higher education context. Second, for this research, despite the fact that different stakeholders were considered to have a wider scope of the university’s perception, the differences between the perceptions of each of these groups was not analysed. Therefore, the future research lines regarding the analysis of the relationships between image and reputation in the Spanish higher education context relate to meeting these two points: consider a higher number of public universities as the sample and make a comparison of the obtained results by stakeholder group.

4.8. REFERENCES


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CHAPTER 5: THE RELATIONSHIP BETWEEN IMAGE AND REPUTATION IN THE SPANISH PUBLIC UNIVERSITY COMPARING STUDENTS´ VERSUS PROFESSORS´ PERCEPTIONS
5. THE RELATIONSHIP BETWEEN IMAGE AND REPUTATION IN THE SPANISH PUBLIC UNIVERSITY COMPARING STUDENTS´ VERSUS PROFESSORS´ PERCEPTIONS

5.1. INTRODUCTION

Several changes have been occurring in the higher education sector over recent decades which have determined a consistent increase in the competition that higher education institutions face (Lafuente-Ruiz-de-Sabando et al., 2017). Factors such as globalization, degree of internationalization, changes in the market as well as reduction in government funding have enhanced this situation (Hemsley-Brown et al., 2016; Verčič et al., 2016). Increases in demand have motivated the expansion of the supply in terms of number as well as in variety of offer (Maringe, 2009). Furthermore, globalization has expanded this competition to attract resources, talented students and prestigious professors to international levels (Christensen & Gornitzka, 2017; Hemsley-Brown et al., 2016; Verčič et al., 2016). In addition, decrease in government funding has contributed to the development of private institutions (Lafuente-Ruiz-de-Sabando et al., 2017). Social expectations have also increased the pressure for higher education institutions to hold high positions in national and international rankings, since stakeholders consider these positions as relevant factors when deciding which university to engage with (Barron, 2017).

Apart from the increased competition, higher education institutions are facing additional problems. Universities nowadays are no longer untouchable entities that could assume that society would trust them without being questioned (Rakovski & Levy, 2007; Verčič et al., 2016b). Stakeholders and society are skeptical on universities focusing their efforts on research instead of teaching, issues regarding how these institutions handle money or the lack of efforts to serve the public in the correct manner (Phair, 1992).

Under these circumstances, universities are implementing a more business-like approach in their management (Veloutsou et al., 2005). In this attempt to improve their position in the market, universities have understood that the correct management of intangible assets such as image and reputation is a key element for attracting and retaining stakeholders such as students, professors and economic resources. (Hemsley-Brown et al., 2016; Plewa et al., 2016).

Reputation and image have been considered as crucial resources for the survival and success of organizations (Gray & Balmer, 1998; Andreassen & Lindestad, 1998). Both variables will affect the evaluations that stakeholders make about organizations (Abimbola & Valleester, 2007; Czinkota et al., 2014; Fombrun et al., 2000; C. Fombrun & Shanley, 1990; Gotsi & Wilson, 2001; Roberts & Dowling, 2002) since their perceptions of quality will increase as well as their satisfaction levels and loyalty towards the given institution (Andreassen & Lindestad, 1998). Well-reputed organizations and those with a positive image will have a competitive advantage in the market and a higher probability of survival (Fombrun & Shanley, 1990). Due to their relevance, numerous scholars have developed research on these constructs, however, there is still lack of clarity between the differences and relationships between both, since some authors have used them as synonymous or interchangeably (Furman, 2010), while others have highlighted their differences but considering them as related constructs (Fombrun & Shanley, 1990; Rindova et al., 2005; Zineldin et al., 2011).
In the higher education context, the benefits of holding a positive image and reputation appear in a variety of manners: it can improve the competitive position held by the institution (Parameswaran & Glowacka, 1995), help institutions to regain public trust through their correct management and communication with the different stakeholders in their environment, can serve as a quality sign (Nguyen & LeBlanc, 2001) and reduce uncertainty (Rindova et al., 2005) for stakeholders in their decision-making processes (Hemsley-Brown et al., 2016; Munisamy et al., 2014) when selecting which university to engage with. Under these circumstances, managing image and reputation in the correct manner can be a crucial element for universities to achieve its social and economic objectives in the medium and long term (Christensen & Gornitzka, 2017; Farrugia & Lane, 2013; Hemsley-Brown et al., 2016; Plewa et al., 2016).

Furthermore, managing intangible assets is a complex issue for higher education institutions due to the diverse audience and characteristics of the different stakeholders whose demands they try to meet (Fragueiro & Thomas, 2011; Whitley, 1998). Over the years, the correct management of intangible assets has increased its complexity for universities since the internal decision-making process has changed towards a more heterogeneous structure where a higher number of stakeholders are included (Christensen, 2011), the importance of meeting student’s demands and requirements have increased considerably (Ramirez & Christensen, 2013) and universities, are nowadays more socially committed (Bleiklie, 2013). Higher education image formation will vary between different stakeholder groups (Struckman-Johnson & Kinsley, 1985; Terkla & Pagano, 1993; Treadwell & Harrison, 1994; Arpan et al., 2003) since they are affected by different stimuli, they have different interests on the organization etc. Therefore, analyzing different audiences’ perception and identifying the differences will be an interesting aspect to cover (Arghaz et al., 2015).

The aim of this paper is to analyze the relationship between image and reputation as well as the importance of both constructs for Spanish Public Universities. This evaluation will be made comparing the perceptions that both an internal (professors) and external (students) stakeholder group have about the university under study. This research will provide relevant information within the field, since there is no empirical evidence demonstrating the relationship between image and reputation in the higher education context, and even fewer that have considered different stakeholder groups in their analysis (LaFuente-Ruiz-de-Sabando et al., 2017).

To follow this objective, a review on the literature on image and reputation within the higher education sector will be carried out. Following this, a Spanish Public University will be analyzed as the sample where surveys will be made to measure the two stakeholders’ perceptions.

5.2. IMAGE

5.2.1. Concept and Importance

Corporate image is classified as a crucial resource for organizations (Gray & Balmer, 1998). The effect on stakeholder’s satisfaction is closely related to the image of the institution (Andreassen & Lindestad, 1998). When evaluating an organization, corporate image represents a sign of quality and has the ability to affect the degree of customers’ loyalty (Andreassen & Lindestad, 1998). Nowadays, organizations operate in highly competitive environments, therefore, the correct management of the entity’s corporate image can have important benefits. Customer loyalty can be enhanced when the given company’s image is favourable (Fornell et al., 2010; Nguyen &
LeBlanc, 2001; Andreassen & Lindestad, 1998). When facing information asymmetries, corporate image can help stakeholders by simplifying decision rules (Andreassen & Lindestad, 1998). Furthermore, stakeholders might be more forgiving when an organization with a strong image makes a mistake than on the contrary, since image can determine the customer’s perceptions and, as a result, their behaviour towards the given entity (Melewar & Karaosmanoglu, 2006). A strong corporate image can help an entity to differentiate itself from its competitors through the development of competitive advantages, will could improve its position in the market (Melewar & Karaosmanoglu, 2006). In addition, the relationship with stakeholders can be improved, as well as the corporate reputation of the organization (Tran et al., 2015).

The concept of corporate image has been widely analyzed in the literature, however, researchers have not reached a unique definition of the variable for the moment since it is a variable that suffers from a great degree of plurality (Foreman et al., 2012). Furthermore, an additional aspect that increases the complexity of this clarification is the fact that the distinction and relationship between image, identity and reputation remains unclear. Despite the lack of agreement between scholars on the definition of corporate image, the great majority of the definitions consider image as the sum of beliefs and attitudes towards an organization (Beerli Palacio et al., 2002), the result of all interactions based on experiences and feelings between the organization and the stakeholders (Worcester, 2009). Authors such as Tran et al. (2015) provided a holistic definition of the concept considering it as the as an interlinked concept with reputation which resulted from the feelings, and impressions hold of an organization and that had an effect on stakeholders’ perceptions about the entity.

5.2.2. Dimensions

Taking into consideration that image is formed by stakeholders’ impressions (Bromley, 1993; Davies & Chun, 2012) and perceptions, it could be viewed as a multidimensional construct (Bolger, 1959; Spector, 1961). The relevance of identifying the dimensions that form image relates to the opportunity for organizations’ management to design actions and strategies to change customers’ perceptions in a positive manner to benefit from higher satisfaction and loyalty levels (He & Mukherjee, 2009; Andreassen & Lindestad, 1998). However, the difficulty on doing so lies on the variety of stakeholders with which an organization interacts, what can result in each of these groups holding a different perception and image of the company, indicating that the elements or dimensions affecting their assessments will vary between them (Dowling, 1988). In fact, some authors consider that an organization does not project a unique image, but that the institution’s image will vary depending on the stakeholder group assessing it, since each specific group will value some elements over others and will have a different experience with the company (Dowling, 1986).

Within the literature there is not a unique set of dimensions, however, many scholars have tried to identify the elements that form image in their studies. Worcester (2009) identified four categories for the image concept: product image, brand image, user image and corporate image, this last concept was divided into other elements such as product reputation, customers relationships, employer’s role etc. Nguyen and LeBlanc (2001) identified corporate identity, reputation, service offering, physical environment and contact personnel as the main dimensions contributing to a service firm’s corporate image. Kennedy (1977) identified the functional and the emotional component. The first one relates to tangible characteristics and elements which are easier to measure, while the emotional component refers to psychological aspects resulting from
the feelings derived from stakeholders´ experiences with the organization. The functional aspects refer to physical elements such as range of products, price, layout etc, and physiological aspects relate with the client’s feelings and sense of belonginess (Mazursky & Jacoby, 1986). Other authors, such as Tran et al. (2015) reached an updated definition including seven dimensions: visual expressions, positive feelings, environments expressions, online appearance, employee´ appearance, attitude and behavior, and external communication.

As it has been previously stated, individuals and different stakeholder groups will have different perceptions of an organization (Nguyen & LeBlanc, 2001) therefore in order to modify an entity’s corporate image, being able to identify and understand what forms each group’s perceptions is crucial (Dowling, 1986). The literature shows an agreement on the positive effect that communication can have on corporate image (Gray & Balmer, 1998) since it can represent the efforts that organizations make to align themselves with what stakeholders perceive (Dowling, 1986; Christensen & Askegaard, 2001).

5.2.3. Image in the Higher Education sector

The higher education sector has been experimenting important changes over recent decades. Increases in demand have motivated the expansion of the supply in terms of number and variety of offer (Maringe, 2009). Furthermore, globalization has expanded this competition to international levels, since universities and higher education institutions have to compete at national and international levels to attract resources, students and professors (Altbach et al., 2010). In addition, decrease in government funding has contributed to the development of private institutions in the sector (Lafuente-Ruiz-de-Sabando et al., 2017). The existing competitive scenario has also increased the pressure for higher education institutions to hold high position in national and international rankings, since stakeholders consider these positions as relevant factors when they decide which university to engage with (Barron, 2017).

Higher education institutions are trying to implement a more business-like orientation approach (Milliken, 1990). They have understood the importance of managing intangible assets such as image to differentiate themselves over competitors and to improve the relationship with their stakeholders (Alves & Raposo, 2010; Nguyen & LeBlanc, 2001).

Universities are assigning more resources to manage their image and improve it in society´s and stakeholders´ eyes (Curtis et al., 2009) since in the higher education sector, intangible perceptions could be more relevant than measurable substances for stakeholders’ decisions. Holding a positive image could increase higher education institutions’ competitive position in their sector (Parameswaran & Glowacka, 1995) due to the clear effect that it can have on students´ decisions toward which university to attend as well as on other groups which can affect the funding received by the university (Ivy, 2001). However, it is important to understand that managing image is a complex matter since many times stakeholders’ perceptions differ from the image that universities aim to transmit (Lafuente-Ruiz-de-Sabando et al., 2017).

Additional problems that higher education institutions are currently facing relate to stakeholders and society’s perceptions that universities efforts focus on research instead of teaching, issues regarding how these institutions handle money and the lack of efforts to serve the public in the correct manner (Phair, 1992). Therefore, due to this crisis in confidence, the need to regain public trust through intangible assets’ management and correct communication with the different stakeholders in their environment increases its importance for these institutions.
Despite the relevance that holding a positive image has for higher education institutions, there is still lack of empirical research to understand in a deeper degree which elements and strategies might be crucial to manage it in an efficient manner (Aghaz et al., 2015; Duarte et al., 2010; Wilkins & Huisman, 2015). However, authors such as Sung and Yang (2008), considered a shift in the interest that analysing university image was attracting. Lafuente-Ruiz-de-Sabando et al. (2017) highlighted the lack of agreement on the dimensions forming both constructs, the lack of clarity on the similarities and differences between image and reputation for stakeholders, the limited measurement tools to include different stakeholders’ perceptions since most of the research focused only on one stakeholder group and the fact that most of the existing empirical research was centered in the US context as relevant aspects in the literature on the field.

University’s image has been defined in several ways, Alessandri et al. (2006: 259) considered it as “the public’s perception of the university”. Duarte et al. (2010: 23), as “the sum of all beliefs an individual has towards the university”. Arpan et al. (2003: 100) defined image in the higher education context as “various beliefs about a university that contribute to an overall evaluation of the university”.

Image is considered a multidimensional and formative construct in the higher education context (Lafuente-Ruiz-de-Sabando et al., 2017). Higher education image formation will vary between different stakeholder groups (Arpan et al., 2003) since they are affected by different stimuli and have different interests on the organization. Therefore, analysing different audiences’ perception and identifying the differences will be an interesting aspect to cover (Aghaz et al., 2015).

Despite the lack of agreement of the dimensions forming higher education image, many scholars have tried to clarify this aspect. For instance, Beerli Palacio et al (2002) developed a study to identify university image components, for the cognitive and effective dimension. In their research they were able to confirm that the cognitive component was an antecedent of the affective one, and that both elements had a positive influence of students’ satisfaction level with their university. Other authors have tried to analyse the image formation process in their research, Kazoleas et al. (2001) analysed the organizational, personal and environmental factors that affected the university’s image perception, Parameswaran and Glowacka (1995) analysed the relationship between university’s image and how employers perceived the graduated of the given institutions, and other authors such as Grady et al. (1996) viewed how different university audiences perceived its image according to each group’s characteristics and circumstances.

5.3. REPUTATION

5.3.1. Concept and importance

Corporate reputation is considered as a valuable intangible asset for organizations due to its relationship with positive performance in the market (Rindova et al., 2005). Researchers believe that reputation affect the evaluations that stakeholders make about organizations (Abimbola & Valleeester, 2007; Czinkota et al., 2014; Fombrun et al., 2000; Fombrun & Shanley, 1990; Gotsi & Wilson, 2001; Page & Fearn, 2005; Roberts & Dowling, 2002; Walker, 2010). Organizations that hold a good reputation status will have a competitive advantage compared to those that do not within their industries (Fombrun & Shanley, 1990) due to its unique and difficult to imitate characteristics (Fombrun & Van Riel, 1997; Roberts & Dowling, 2002), that differentiate them and create entry barriers for future competitors (Feldman et al., 2014). Well-reputed firms could
benefit from lowering the company’s costs (Deephouse, 2000), the possibility of charging higher prices (Deephouse 2000; Fombrun & Shanley, 1990; Rindova et al, 2005), attracting better employees (Turban & Greening, 1997) and investors (Srivastava et al., 1997), having better access to capital markets (Fombrun and Shanley, 1990), and creating competitive barriers (Deephouse, 2000; Milgrom & Roberts, 1982).

The definition of reputation continues to represent and issue within the field (Clardy, 2012; Dowling, 2016) due to the different theories applied to study the concept, the different disciplines as well as the confusion with other related terms such as image and identity, that result in the lack of an accepted definition and, as a consequence, the absence of a defined measure (Clardy, 2012). Many researchers have highlighted this frustration in their research (Barnett et al., 2006; Chun, 2005; Clardy, 2012; Dowling, 2016; Hemsley-Brown & Oplatka, 2006; Walker, 2010).

One of the most common reputation definitions is the one provided by Fombrun (1990) who is considered as one of the main researchers in this field (Lange et al., 2011; Smaiziene & Jucevicius, 2009; Walker, 2010). He defined reputation as the perception of past actions and future expectations of a company that describes the firm’s overall appeal to all its key stakeholders when compared with other rivals. It is the stakeholder’s perceptions about the ability that an entity has to create value in comparison to its competitors (Deephouse, 2000; Elsbach & Kramer, 1996; Fombrun & Shanley, 1990; Hall, 1992; Rindova et al., 2005).

5.3.2. Dimensions

Stakeholders can assess the reputation of an organizations based on a set of attributes, therefore reputation can be considered as a multidimensional variable (Dollinger et al., 1997; Fombrun et al., 2000; Fombrun & Shanley, 1990), in fact, it can be assessed on any attribute that can be used a source of comparison (Deephouse & Carter, 2005). For example, Weigelt and Camerer (1988) identified corporate reputation, product or service reputation and reputation of the organizational structure as the three main dimensions to measure the reputation of an entity; Dollinger et al. (1997) considered as dimensions the management reputation, financial reputation and product quality reputation. Other authors have focused on dimensions based on the different types of stakeholders perceiving the reputation of the firm, especially on internal and external groups (Chun, 2005; Deephouse, 2000; Iwu-Egwuonwu, 2011)

These variety of dimensions have also been reflected in the different measures used for reputation, where researchers have considered several dimensions to evaluate the reputation of a given organization (Fombrun et al., 2000; Ponzi et al., 2011) and have increased the argument of the existence of one global reputation or diverse reputations based on different dimensions. Under these circumstances, different approaches exist in the literature on measuring reputation, since some authors support a more detailed and multidimensional measure, while others argue that reputation should be measured using a simpler scale (Dowling, 2016).

5.3.3. Reputation in the Higher Education sector

The higher education sector has been experimenting important changes over the years. Universities operate in a highly complex environment, competing for economic resources from the government as well as for talented students, prestigious professors and competent employees (Christensen & Gornitzka, 2017; Hemsley-Brown et al., 2016; Plewa et al., 2016; Verčič et al. 2017).
Moreover, due to global trends in student mobility, as well as the deregulation of higher education in several countries (Hemsley-Brown & Oplatka, 2006), universities are nowadays competing not only nationally but at an international level fighting to attract international students and top academics (Hemsley-Brown et al., 2016), which increases the struggle in the sector. Furthermore, despite the existing criticism (Barron, 2017), stakeholder’s and society expectations regarding the scores hold by universities in quality and employability rankings are increasing, augmenting the pressure for these organizations.

In addition, universities nowadays are no longer untouchable entities that could assume that society would trust them without being questioned (Rakovski & Levy, 2007; Verčič et al., 2016). Moreover, currently universities need to focus, not only on professors or a unique interest group, but on numerous groups of stakeholders whose support is a key element for their success and survival (Christensen & Gornitzka, 2017).

Several authors have analysed the higher education sector situation. In fact, Christensen and Gornitzka, (2017) highlighted some of the changes affecting the sector: first of all, the internal decision-making process has changed towards a more heterogeneous structure where a higher number of stakeholders are included (Christensen, 2011), also the importance of meeting student’s demands and requirements have increased considerably (Ramirez & Christensen, 2013) and finally, universities, are more socially concerned (Bleiklie & Michelsen, 2013).

Under this scenario, institutions in the higher education sector have been adopting more business-like practice in their management (Veloutsou et al., 2005) and a more market-orientated approach. In doing so, universities have understood that the correct management of intangible assets such as reputation is a key element for attracting and retaining stakeholders such as students, professors, economic resources etc (Hemsley-Brown et al., 2016; Plewa et al., 2016).

The literature has shown that favourable reputation has many benefits for organizations, and in the higher education sector due to its intangible nature and the fact that its quality might be difficult to evaluate before it is experienced (Jevons, 2006; Suomi, 2014) reputation will serve as a quality sign as well as an indicative of the institution’s capacity to respond to customer’s needs in the correct manner (Nguyen & LeBlanc, 2001) and therefore, will reduce uncertainty (Rindova et al., 2005) for stakeholders in their decision-making processes (Hemsley-Brown, 2012; Munisamy et al., 2014) when selecting which university to engage with. Therefore, obtaining a positive reputation will determine the university’s survival given the competition in the sector (Alves & Raposo, 2010; Aula & Tienari, 2011).

Due to the higher education sector current situation, the concept of reputation’s relevance in this field is increasing as it has already done in the corporate field (Verčič et al., 2016). However, despite the importance of achieving and maintaining a good reputation towards the different institution’s stakeholders, there is still lack of clarity in its management and it continues to be a challenge for universities (Gioia & Corley, 2002; Šontaitė & Bakanauskas, 2011; Vidaver-Cohen, 2007). Among the several reasons for this complexity the heterogeneity in terms of stakeholders and as a consequence the differences in their expectations (Suomi & Järvinen, 2013; Vidaver-Cohen, 2007) and the complexity related to the different types of educational institutions (Suomi, 2014) could be highlighted. Furthermore, research and empirical investigations on reputation within the higher education sector are still limited (Volkwein & Sweitzer, 2006; Watkins & Gonzenbach, 2013).
As it was previously mentioned, despite the importance of reputation within the higher education sector, there is still little empirical research that clarifies what the concept is and its implications (Watkins & Gonzenbach, 2013). However, several authors have tried to overcome this situation with their research. Some researchers have tried to find a more accurate definition of concept within the academic field, such as, Sontaite and Bakanauskas (2011) which defined it as a subjective and collective recognition of higher education institutions among all key stakeholders during a certain period, taking into consideration their past behaviour, communication and potential to satisfy expectations in comparison with the competition. Other authors such as Alessandri et al. (2006:261) offered the following definition of reputation: it is “the collective representations that the university’s multiple constituents hold of the university over time”.

Despite the fact that the factors affecting reputation in the academic field are many, aspects such as size, together with faculty and students’ conditions such as salaries and graduation rates appear as relevant in the literature (Volkwein & Sweitzer, 2006). Some of the other dimensions that were identified in the literature were the quality of academic performance, quality of external performance and emotional engagement (Alessandri et al., 2006); leadership, teaching, research, the service offered and quality (Brewer & Zhao, 2010). In trying to identify the determinants and antecedents of reputation in the academic context, Vidaver-Cohen (2007) developed a conceptual model to measure reputation in the business school field. In her research she introduced as dimensions of reputation aspects such as performance, innovation, services, governance, citizenship and workplace climate. Suomi et al. (2014) performed a study to identify the dimensions that form reputation in a master’s degree program through the application of the conceptual model developed by Vidaver-Cohen (2007) and including a variety of internal and external stakeholder groups.

Plewa et al. (2015) used the resources-based view and configuration theory to develop their study around the optimal resources configuration when universities are trying to achieve a favorable reputation. In their research they focused on a unique university and on students but consider two groups within the same stakeholder group (students) which were domestic and international students.

Most of the research developed in the literature within the higher education field has considered limited stakeholders for their empirical research (Alessandri et al., 2006; Brewer & Zhao, 2010; Chapleo, 2004; Nguyen & LeBlanc, 2001). Ali et al. (2015) highlighted that fact that reputation value is moderated by the stakeholder group and country under consideration. In the literature it appears that reputation is based on both internal and external stakeholders’ perceptions (Chun, 2005; Suomi & Järvinen, 2013). However, some authors such as Vidaver-Cohen (2007) with the development of her conceptual model for measuring reputation in the business school context for different stakeholders, have tried to cover this existing gap. Following this line, Verčič et al. (2016) analysed and compared the consistency between different stakeholders´ evaluations of reputation in universities applying Vidaver-Cohen’s (2007) model. However, even though they found that diverse stakeholders applied similar criteria, they established that one dimensions was able to determine in a relevant degree what reputation is, so the multidimensional model was not confirmed in their research. Suomi et al. (2014) also considered various stakeholders for their research, where they examined the dilemmas that appear when managing reputation taking into consideration different stakeholder groups in the higher education sector arising from the complexity of meeting heterogenous demands.
5.4. RELATIONSHIPS AND DIFFERENCES BETWEEN IMAGE AND REPUTATION

When analysing the relationship and differences between corporate image and reputation, there is no consensus on how to use each construct. Some scholars separate both variables, while others consider them as synonymous. (Gotsi & Wilson, 2001) identified two different schools of thought regarding the use of image and reputation, those that consider them as different variables with relationships and those that consider them as the same thing. In their research, they consider that the different nature of both constructs has received more support in terms of the references in the literature. Many authors have used them interchangeably, as synonymous or as different concepts. LaFuente-Ruiz-de-Sabando et al. (2017) identified the lack of agreement of the relationship and differences between image and reputation in what stakeholders perceive. Some scholars have used them as synonymous (Furman, 2010) which can lead to confusion. Semons (1998), Brown and Dacin (1997) or Gotsi and Wilson (2001) have treated both variables as completely independent concepts. Furthermore, in the attempt to clarify the confusion, image and reputation have been found to be different but related concepts in the literature (Bromley, 1993; Flavian et al., 2004; Fombrun & Shanley, 1990; Zineldin et al., 2011). Due to this situation, researchers face the challenge to clarify this matter and define the how image and reputation differ and relate (Bennett & Kottasz, 2000; Brown et al., 2006; Gotsi & Wilson, 2001; Roberts & Dowling, 2002).

Within the literature several common traits shared by image and reputation have been identified. First of all, both variables can be considered as crucial strategic assets for organization’s survival and competitive position in the market (Gray & Balmer, 1998). Given the existing competitive environments, holding a positive reputation and image can determine the level of loyalty received from customers (Nguyen & LeBlanc, 2001) and can have a positive impact of the company’s sales and market share (Shapiro, 1982). In addition, image and reputation consider what external stakeholders perceive about the organization (Nguyen & LeBlanc, 2001). Therefore, within the common traits shared by both variables, the benefits that each of them provided the organizations as well as the nature of their assessment can be highlighted.

In the attempt to clarify that image and reputation are different variables, many scholars have tried to differentiate them according to several characteristics. Authors researching in the organizational behaviour field have defined image as internal stakeholders’ perceptions of what outsiders perceive (Dutton & Dukerich, 1991; Gioia & Thomas, 1996) while they consider as reputation what external stakeholders actually perceive about the firm (Dukerich & Carter, 2000). Furthermore, reputation is the result of a consistent behaviour, whereas image is managed and modified in an easier manner through communication campaigns (Gray & Balmer, 1998). Corporate image related more with the idea made in the consumer’s mind, but reputation is the level of trust or distrust that stakeholders have towards an organization based on the firm’s ability to meet their expectations (Nguyen & LeBlanc, 2001). Many scholars have highlighted as a relevant difference the temporality (Mahon, 2002; Rhee & Haunschild, 2006; Smaiziene & Jucevicius, 2009; Villafañe, 2012), since reputation can be the result of maintaining a consistent image over time, while image can be created in a shorter period of time and it is easier to change and requires less effort to build internally and externally compared to reputation (Chun, 2005; Ruiz et al., 2012).

Villafañe (2012) considers that image is built on perceptions, whereas reputation is the result of the firm’s behaviour. Therefore, image can be perceived with no real experience with the organization by being an immediate mental idea, but reputation requires a deeper contact and
experience (Chun, 2005) since it indicates value judgment about the company (Gray & Balmer, 1998). Smaiziene and Jucevicius (2009) tried to identify and group the main differences between image and reputation ion the literature. The first difference presented was duration of establishment, where several authors agree on the fact that image can be created in a shorter period of time, but reputation requires a consistent behaviour and it will be harder to shape (Bennett & Kottasz, 2000; Jackson, 2004), image can be created but reputation must be earned (Dalton, 2005). The next difference was related to each variable’s target, where image targets customers while reputation focuses on all main stakeholders (Jackson, 2004; Neville et al., 2005). In relation to the instruments to build each variable, corporate image is associated with concepts such as brand marketing and public relations, and reputation is related with character, credibility or esteem and favourability towards the organization (Smaiziene & Jucevicius, 2009; Weiss et al., 1999).

Despite the clear differences between image and reputation, most of the research developed by scholars to clarify this matter, agrees on the fact that both variables are different but related. Some authors, such as Lafuente-Ruiz-de-Sabando et al., (2017) considered that they should be analysed together due to their common traits: relationship with stakeholder groups´ perceptions and confusion in the conceptualization of both constructs (Barnett & Pollock, 2012; Cian & Cervai, 2014; Clardy, 2012), since they appear interchangeably, as synonyms or different variables in the literature (Fombrun, 2012; Walker, 2010).

Gray and Balmer (1998) considered communication as the link between image and reputation. The images held by different stakeholder groups will result in the organization’s reputation over a longer period of time (Fombrun & Van Riel, 1997). Therefore, reputation will be the result of being able to maintain a strong image over time, so image will affect reputation (Dutton & Dukerich, 1991; Gray & Balmer, 1998; Tran et al., 2015). Tran et al. (2015) defined corporate image as the tangible and intangible aspects interconnected with reputation. Other authors have considered that better corporate image results in a better reputation (Fornell et al., 2010). Therefore, corporate reputation could be understood as the result and final outcome of building and maintaining corporate image since an organization’s reputation is shaped by the images of the given institution (Harvey et al., 2017).

One of the most common relationships between image and reputation identified in the literature, is that image is a dimension of reputation (Bromley, 1993; Fombrun & Shanley, 1990; Saxton, 1998). In line with this idea, other authors have considered reputation as the combination of image and identity (Barnett et al., 2006; Chun, 2005; Davies et al., 2001; Foreman et al., 2012; Wartick, 2002).

In conclusion, both variables can be viewed as interrelated concepts (Bromley, 1993; Fombrun & Shanley, 1990; Rindova, 1997). Maintaining a corporate image will move in a deeper manner into stakeholders´ minds and will shift from superficial awareness to deeper aspects such as favourability which is similar to aspects related to how corporate reputation is formed (Worcester, 2009), showing the clear connection between both constructs. Podnar and Golob (2017) support the idea of the dependence that an entity’s reputation has on the day-to-day- images held by its stakeholders and argues the need of additional research on the relationships and differences between image and reputation in order to clarify this matter.
Based on the literature review on the manner in which image and reputation relate, and identifying more arguments supporting the effect that image has on reputation, the following hypothesis is proposed:

- **Hypothesis 5.1: Universities with higher image, will have higher reputation**

Moreover, nowadays, most organizations take into consideration the principles of the stakeholder theory where entities should be managing their relationships with their different stakeholders (Hörisch et al., 2014) in order to create value and mutual benefits with them. Therefore, universities should be identifying their different stakeholder groups and adapting to their specific needs and demands when managing their image and reputation. As it has been previously stated, many authors have highlighted the complexity of this matter, due to the diverse characteristics that universities’ stakeholder groups have in terms of age, knowledge etc. In the literature on the field, most of the research developed has focused on one stakeholder group (Brewer & Zhao, 2010; Chapleo, 2004; Nguyen & LeBlanc, 2001), only few of them have analyzed the image or reputation in the higher education field introducing more than one stakeholder (Suomi, 2014; Verčič et al., 2016). Ali et al. (2015) highlighted that fact that reputation value is moderated by the stakeholder group, and many scholars emphasize the importance of increasing the number of stakeholders (Chun, 2005; Suomi & Järvinen, 2013) under study to expand the knowledge on this issue. In the case of higher education image, its formation will vary between different stakeholder groups (Arpan et al., 2003; Struckman-Johnson & Kinsley, 1985; Terkla & Pagano, 1993; Treadwell & Harrison, 1994) since they are affected by different stimuli, they have different interests on the organization etc. Therefore, analyzing different audiences’ perception and identifying the differences will be an interesting aspect to cover (Aghaz et al., 2015). Under this scenario, the following hypothesis is proposed as an extension of the first hypothesis on the effect that image has reputation in higher education institutions:

- **Hypothesis 5.2: The relationship between image and reputation is moderated by the stakeholder group**

Figure 5.1 shows the model to be tested as well as the established hypothesis for this chapter.
5.5. SAMPLE AND METHODOLOGY

5.5.1. Research setting

As it has been previously stated, universities need to compete at national and international levels with other entities to gain a better competitive position and attract resources. Under these circumstances, the selected research setting was the Spanish Public Universities, since at it is happening in the different countries, these institutions need to identify the best manner to manage their intangible assets such as reputation and image to improve their situation in their sector. In fact, Spanish Public Universities are reducing their number of students in favour of private ones, since government funding has been decreasing. Within the Spanish Public Universities, Rey Juan Carlos University of Madrid has been the chosen one to develop the analysis of this research, where information from students and professors was gathered. Table 5.1 shows the number of students and professors of the given university.

5.5.2. Data collection

For collecting the data to develop this research paper, a questionnaire was developed. On an initial stage, a pre-test was developed with 300 online students to verify the scale used and to adapt the questions of the survey if it was necessary. After analysing the results of the pre-test, several questions were changed to offer a clearer meaning and a number of questions were taken out of the final version of the survey. In the final stage, a total number of 751 effective surveys were answered, were 618 were students and 138 professors. Table 5.1 presents the information regarding the characteristic of the study.
Table 5.1. Technical specifications of the study

<table>
<thead>
<tr>
<th>Population universe</th>
<th>Spanish Public University</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sampling technique</td>
<td>Random: questionnaire sent to students and professor of Rey Juan Carlos University</td>
</tr>
<tr>
<td>Method of collecting information</td>
<td>Online survey</td>
</tr>
<tr>
<td>Person surveyed</td>
<td>Students and professors from Rey Juan Carlos University</td>
</tr>
<tr>
<td>Population</td>
<td>Students = 38,035</td>
</tr>
<tr>
<td></td>
<td>Professors = 1,543</td>
</tr>
<tr>
<td>Sample size</td>
<td>Students = 618</td>
</tr>
<tr>
<td></td>
<td>Professors = 138</td>
</tr>
<tr>
<td>Sample size (%)</td>
<td>Students = 1.6%</td>
</tr>
<tr>
<td></td>
<td>Professors = 8.9%</td>
</tr>
<tr>
<td>Dates of information collection</td>
<td>From May 1st 2018 to July 1st 2018</td>
</tr>
</tbody>
</table>

5.5.3. Measurement

All constructs were measured through adapted items from existing scales and used a 11-points Likert scale for their measurement in the survey with 0 referring to strongly disagree and 10 referring to strongly agree. The items used to measure reputation were taken from Vidaver-Cohen (2007) where she tried to adapt the existing measurement of reputation developed by the Corporate Reputation Review to the business schools’ field. Other authors such as Verčič et al. (2016) and Suomi (2014) have used the measure scale developed by Vidaver-Cohen (2007) since it is one of the few measurements that attempt to capture a multistakeholder approach. In the case of the items used to measure image they were taken from Beerli Palacio et al. (2002). Table 5.2 presents the measurement model in English, although the questionnaire was distributed in Spanish.
Table 5.2. Measurement model

<table>
<thead>
<tr>
<th>Factor</th>
<th>Item</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Performance</td>
<td>RPPERF1</td>
<td>My university has a high research level</td>
</tr>
<tr>
<td></td>
<td>RPPERF2</td>
<td>It obtains lucrative job placements</td>
</tr>
<tr>
<td></td>
<td>RPPERF3</td>
<td>Has growth perspectives</td>
</tr>
<tr>
<td>Innovation</td>
<td>RPIN1</td>
<td>It adapts quickly to change</td>
</tr>
<tr>
<td></td>
<td>RPIN2</td>
<td>Uses innovative teaching methods</td>
</tr>
<tr>
<td>Citizenship</td>
<td>RPCSR1</td>
<td>Exerts positive influence on society</td>
</tr>
<tr>
<td></td>
<td>RPCSR2</td>
<td>Supports good causes</td>
</tr>
<tr>
<td></td>
<td>RPCSR3</td>
<td>My university cares about their stakeholders' well being</td>
</tr>
<tr>
<td>Services</td>
<td>RPSER1</td>
<td>The formative offer responds to market trends</td>
</tr>
<tr>
<td></td>
<td>RPSER2</td>
<td>It trains competent students</td>
</tr>
<tr>
<td></td>
<td>RPSER3</td>
<td>It has good value for money</td>
</tr>
<tr>
<td>Governance</td>
<td>RPGOV1</td>
<td>There is a clear vision of the objectives that guide my university</td>
</tr>
<tr>
<td></td>
<td>RPGOV2</td>
<td>It is managed with ethics and transparency</td>
</tr>
<tr>
<td></td>
<td>RPGOV3</td>
<td>It takes into consideration its stakeholders in their management decisions</td>
</tr>
<tr>
<td>Workplace climate</td>
<td>RPWORK1</td>
<td>My university's professors are competent</td>
</tr>
<tr>
<td></td>
<td>RPWORK2</td>
<td>The administrative personnel is competent</td>
</tr>
<tr>
<td></td>
<td>RPWORK3</td>
<td>In general, my university is a good place to work</td>
</tr>
<tr>
<td>Cognitive Image</td>
<td>IMAGCOG1</td>
<td>My university has good facilities</td>
</tr>
<tr>
<td></td>
<td>IMAGCOG2</td>
<td>It offers a good range of courses</td>
</tr>
<tr>
<td></td>
<td>IMAGCOG3</td>
<td>It is orientated and concerned about its stakeholders' interests</td>
</tr>
<tr>
<td></td>
<td>IMAGCOG4</td>
<td>It is a prestigious university</td>
</tr>
<tr>
<td>Affective Image</td>
<td>IMAF1</td>
<td>My university is pleasant</td>
</tr>
<tr>
<td></td>
<td>IMAF2</td>
<td>It is stimulating</td>
</tr>
<tr>
<td></td>
<td>IMAF3</td>
<td>It is dynamic</td>
</tr>
</tbody>
</table>

Source: Own elaboration from the studies developed by Vidaver-Cohen (2007) and Beeli-Palacio et al. (2002)

5.6. DATA ANALYSIS AND RESULTS

5.6.1. Descriptive analysis

First of all, in order to understand the values of the considered variables of image and reputation of the sample, the descriptive analysis was carried out. Table 5.3 present the results on the descriptive analysis, showing the different factors as well as their items with their mean and standard deviation obtained through the analysis of the results of the survey distributed to the two different university’s stakeholders under consideration: students and professors.

As it appears in the results, the average value for reputation and image vary depending on the stakeholder group. For students the, values are 5,92 for image and 6,24 por reputation, while professors evaluate the image of the university in 7,23 and the reputation in 7,41 over 10. When analyzing the six reputation’s dimensions, students view as the best ones the workplace climate, performance and services. In the case of professors, the reputation’s dimensions holding the highest scores are services, workplace climate and innovation. When identifying the worst reputation’s dimension both stakeholders agree on the governance as the dimension holding the lowest score within the overall construct. In the case of image, both the affective and cognitive
...dimension present similar values, however, the affective one is slightly higher in both stakeholder groups.

Table 5.3. Descriptive analysis

<table>
<thead>
<tr>
<th>Factor</th>
<th>Item</th>
<th>Students</th>
<th></th>
<th></th>
<th></th>
<th>Professionals</th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Performance</td>
<td>RPPERF1</td>
<td>6.084</td>
<td>2.044</td>
<td>6.160</td>
<td>6.934</td>
<td>2.044</td>
<td>7.605</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>RPPERF2</td>
<td>5.939</td>
<td>1.724</td>
<td></td>
<td>7.948</td>
<td>1.724</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>RPPERF3</td>
<td>6.456</td>
<td>1.765</td>
<td></td>
<td>7.932</td>
<td>1.765</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Innovation</td>
<td>RPIN1</td>
<td>6.167</td>
<td>2.098</td>
<td>5.660</td>
<td>7.835</td>
<td>2.098</td>
<td>7.654</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>RPIN2</td>
<td>5.152</td>
<td>1.993</td>
<td></td>
<td>7.472</td>
<td>1.993</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Citizenship</td>
<td>RPCSR1</td>
<td>5.994</td>
<td>2.163</td>
<td>5.881</td>
<td>8.096</td>
<td>2.163</td>
<td>7.453</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>RPCSR2</td>
<td>6.294</td>
<td>2.129</td>
<td></td>
<td>7.341</td>
<td>2.129</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>RPCSR3</td>
<td>5.355</td>
<td>2.286</td>
<td></td>
<td>6.923</td>
<td>2.286</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Services</td>
<td>RPSER1</td>
<td>6.723</td>
<td>1.687</td>
<td>6.010</td>
<td>8.221</td>
<td>1.687</td>
<td>8.000</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>RPSER2</td>
<td>6.314</td>
<td>2.118</td>
<td></td>
<td>7.852</td>
<td>2.118</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>RPSER3</td>
<td>4.992</td>
<td>2.033</td>
<td></td>
<td>7.927</td>
<td>2.033</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Governance</td>
<td>RPGOV1</td>
<td>5.480</td>
<td>2.641</td>
<td>5.860</td>
<td>5.645</td>
<td>2.666</td>
<td>5.915</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>RPGOV2</td>
<td>5.758</td>
<td>3.223</td>
<td></td>
<td>5.758</td>
<td>2.933</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>RPGOV3</td>
<td>6.342</td>
<td>2.907</td>
<td></td>
<td>6.342</td>
<td>2.762</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Workplace</td>
<td>RPWORK1</td>
<td>8.107</td>
<td>2.478</td>
<td>7.839</td>
<td>8.107</td>
<td>1.680</td>
<td>7.839</td>
<td></td>
<td></td>
</tr>
<tr>
<td>climate</td>
<td>RPWORK2</td>
<td>7.636</td>
<td>2.769</td>
<td></td>
<td>7.636</td>
<td>1.868</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>RPWORK3</td>
<td>7.774</td>
<td>2.629</td>
<td></td>
<td>7.774</td>
<td>2.147</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>REPUTATION</td>
<td></td>
<td>6,235</td>
<td></td>
<td></td>
<td></td>
<td>7,411</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cognitive</td>
<td>IMAGCOG1</td>
<td>6.886</td>
<td>2.007</td>
<td>5.862</td>
<td>8.145</td>
<td>1.654</td>
<td>7.142</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Image</td>
<td>IMAGCOG2</td>
<td>7.049</td>
<td>2.091</td>
<td></td>
<td>8.420</td>
<td>1.587</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>IMAGCOG3</td>
<td>5.072</td>
<td>2.891</td>
<td></td>
<td>6.683</td>
<td>2.548</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>IMAGCOG4</td>
<td>4.439</td>
<td>2.800</td>
<td></td>
<td>5.321</td>
<td>2.355</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Affective</td>
<td>IMAF1</td>
<td>6.797</td>
<td>2.183</td>
<td>5.979</td>
<td>7.603</td>
<td>2.037</td>
<td>7.308</td>
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</tr>
<tr>
<td>Image</td>
<td>IMAF2</td>
<td>5.450</td>
<td>2.612</td>
<td></td>
<td>6.818</td>
<td>2.480</td>
<td></td>
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<tr>
<td></td>
<td>IMAF3</td>
<td>5.690</td>
<td>2.521</td>
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<td>7.504</td>
<td>2.198</td>
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<td></td>
</tr>
<tr>
<td>IMAGE</td>
<td></td>
<td>5,920</td>
<td></td>
<td></td>
<td></td>
<td>7,225</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

5.6.2. Assessment of measurement model and invariance measurement across both groups

In order to analyse the established hypothesis and relationships structural modelling with SmartPLS system version 3 was used to estimate the model and to develop the multigroup analysis (MGA). This technique was chosen because it is a powerful method of analysis (Chin et al., 2003), presenting adequate advantages for the research to be carried out (Hair et al., 2014), in addition it supports carrying out multigroup analysis (Hair et al., 2017; Henseler et al., 2016; Sarstedt et al., 2011). The current samples of 618 and 138 seem adequate since previous studies have identified a sampling threshold for PLS SEM of 100 samples (Reinartz et al., 2009).
The first step carried out when managing the data was to verify the reliability and validity of the measurement model shown in Figure 5.1 for both stakeholder groups. In Table 5.4 the information regarding the model’s reliability and validity for students and professors is presented. For both reputation and image constructs, the collinearity (VIF) value is presented, showing that every item is under the appropriate level of VIF<5 (Hair et al., 2011), except for item IMAF2 for professors. In addition, the standardized weights are shown in both tables as well as their significant values (p<0,01).

Table 5.4. Measurement model reliability and validity

<table>
<thead>
<tr>
<th>Factor</th>
<th>Item</th>
<th>Students</th>
<th>Professors</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>weights</td>
<td>t-value</td>
<td>VIF</td>
</tr>
<tr>
<td>Performance</td>
<td>RPPERF1</td>
<td>0,472</td>
<td>8,838</td>
</tr>
<tr>
<td></td>
<td>RPPERF2</td>
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</tr>
<tr>
<td></td>
<td>RPPERF3</td>
<td>0,406</td>
<td>6,709</td>
</tr>
<tr>
<td>Innovation</td>
<td>RPIN1</td>
<td>0,501</td>
<td>11,510</td>
</tr>
<tr>
<td></td>
<td>RPIN2</td>
<td>0,593</td>
<td>13,944</td>
</tr>
<tr>
<td>Citizenship</td>
<td>RPCSR1</td>
<td>0,503</td>
<td>11,005</td>
</tr>
<tr>
<td></td>
<td>RPCSR2</td>
<td>0,160</td>
<td>4,157</td>
</tr>
<tr>
<td></td>
<td>RPCSR3</td>
<td>0,508</td>
<td>10,716</td>
</tr>
<tr>
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<td>RPSER1</td>
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<td>5,055</td>
</tr>
<tr>
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<td>RPSER2</td>
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</tr>
<tr>
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<td>RPSER3</td>
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<td>8,802</td>
</tr>
<tr>
<td>Governance</td>
<td>RPGOV1</td>
<td>0,508</td>
<td>12,004</td>
</tr>
<tr>
<td></td>
<td>RPGOV2</td>
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<td>8,873</td>
</tr>
<tr>
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</tr>
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</tr>
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</tr>
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<td>11,689</td>
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</tr>
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<td>IMAGCOG3</td>
<td>0,510</td>
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</tr>
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<td>8,606</td>
</tr>
<tr>
<td>Image</td>
<td>IMAF1</td>
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</tr>
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<td>IMAF2</td>
<td>0,399</td>
<td>6,627</td>
</tr>
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<td>IMAF3</td>
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<td>7,574</td>
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<td>Cognitive</td>
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</tr>
<tr>
<td>Image</td>
<td>Affective</td>
<td>0,413</td>
<td>8,935</td>
</tr>
<tr>
<td></td>
<td>Performance</td>
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<td>Innovation</td>
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<td>4,083</td>
</tr>
<tr>
<td>Citizenship</td>
<td>0,223</td>
<td>5,492</td>
<td>4,273</td>
</tr>
<tr>
<td>Services</td>
<td>0,139</td>
<td>3,550</td>
<td>3,941</td>
</tr>
<tr>
<td>Governance</td>
<td>0,271</td>
<td>8,591</td>
<td>3,112</td>
</tr>
<tr>
<td>Workplace</td>
<td>0,212</td>
<td>4,559</td>
<td>3,764</td>
</tr>
</tbody>
</table>
Regarding these results in the case of students all reputation’s first order items are significant, however in the case of professors some items appear as not significant, but they are maintained since they loadings are high (>0.50) (Hair et al., 2014). When analysing the results on the first order items of image, for students every item is significant, and for professors some items appear as not significant but due to their high loadings they are maintained too (Hair et al., 2014). For the second order dimensions, in the case of reputation every dimension is significant for students, but in the case of professors the performance, innovation and workplace climate appear as not significant, however, their loadings remain high (Hair et al., 2014). For the second order elements of image both dimensions are significant for both stakeholder groups.

Under these circumstances, it was concluded that the proposed model offered appropriate evidence of collinearity and weight-loading relationship and significant levels. Collinearity as well as weight-loading relationship and significance were tested at the first order level for reputation and image as well as for the second order constructs.

In order to develop the MGA to compare the path coefficients between students and professors, the acceptability of the models as well as the measurement invariance need to be established (Hair et al., 2017, Henseler et al., 2016; Sarstedt et al., 2011). For this purpose, Henseler et al. (2016) offered the measurement invariance of composite method (MICOM) for PLS-SEM which is applied in this study to assess measurement invariance. MICOM is a three-step process including 1, the configural invariance assessment, 2 the establishment of compositional invariance assessment and 3 the assessment of equal means and variances. Following MICOM procedure, Table 5.5 presents the negative results on the partial measurement invariance for both students and professors, which since it is a requirement for the comparison and interpretation of the MGA’s group differences using the results from PLS/SEM (Henseler et al., 2016) it shows that the multigroup comparison cannot be developed for the university’s students and professors.

<table>
<thead>
<tr>
<th>Constructs</th>
<th>Configural Invariance</th>
<th>Compositional Invariance</th>
<th>Equal Mean Assessment</th>
<th>Equal Variance Assessment</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>C=1</td>
<td>PMI</td>
<td>Diff</td>
<td>CI</td>
</tr>
<tr>
<td></td>
<td>CI</td>
<td>Equal</td>
<td>Diff</td>
<td>CI</td>
</tr>
<tr>
<td>Image</td>
<td>Yes</td>
<td>1.000 (0.992;1.000)</td>
<td>Yes</td>
<td>-</td>
</tr>
<tr>
<td>Reputation</td>
<td>Yes</td>
<td>0.981 (0.986;1.000)</td>
<td>No</td>
<td>-</td>
</tr>
</tbody>
</table>

Note: PMI=Partial Measurement Invariance; FMI=Full Measurement Invariance; CI=Confidence Interval

### 5.6.3. Hypothesis testing

The obtained results through the model show that image positively and significantly affect reputation for students (H 5.1; B=0.904; p<0.01) and professors (H 5.1; B=0.918; p<0.01), therefore the hypothesis 5.1 established through the literature review can be confirmed. Table 5.6 shows the results.
### Table 5.6. Hypothesis testing

<table>
<thead>
<tr>
<th>Hypothesis</th>
<th>Students Beta</th>
<th>t/value</th>
<th>Professors Beta</th>
<th>t/value</th>
</tr>
</thead>
<tbody>
<tr>
<td>H 5.1 Image-Reputation</td>
<td>0.904</td>
<td>90.985</td>
<td>0.918</td>
<td>55.450</td>
</tr>
</tbody>
</table>

* R Square (Reputation) Student= 0.817
* Q Square (Reputation) Students= 0.606
* R Square (Reputation) Professors= 0.842
* Q Square (Reputation) Professors= 0.559

Since the partial measurement invariance of the MICOM (step 2) was not approved for one of the variables under consideration, the comparison and interpretation of the MGA’s group differences using the results from PLS-SEM is not possible. Therefore, the proposed hypothesis number 5.2 could not be tested.

### 5.7. DISCUSSION AND CONCLUSIONS

Higher education institutions have started to consider the management of their image and reputation as crucial aspects for their survival in the competitive environment in which they operate. These institutions have understood that holding a positive image and reputation can improve their competitive position (Parameswaran & Glowacka, 1995), regain public trust and could serve as a quality sign (Nguyen & LeBlanc, 2001), since it will reduce uncertainty (Rindova et al., 2005) for stakeholders in their decision-making processes (Hemsley-Brown, 2012; Munisamy et al., 2014). Furthermore, despite the existing literature on the importance that image, and reputation have for organizations, there is still lack of empirical evidence to clarify the differences, common points as well as the relationships between these two variables.

Therefore, the aim of this research is to improve the existing empirical evidence on measuring the relationship between image and reputation and to test the proposed hypothesis on the influence that image has on reputation as well as to identify the moderating effect of the stakeholder group on the given relationship. This hypothesis was tested on the higher education field, and more precisely on a Spanish Public University due to the lack of empirical research on this field and due to the importance of managing intangible assets in this sector to overcome the complex situation faced by universities. In addition, most of the research on the field has considered only one stakeholder group, therefore introducing the comparison between students’ and professors’ perceptions appears a relevant matter.

First of all, the obtained results on the descriptive analysis show that the level of image of Rey Juan Carlos University varies depending on the stakeholder group under consideration and that both variables obtain better scores in the evaluations made by professors. The value for students 5,92 and for professors 7,23 over 10. When analysing the obtained results on the value of reputation, the obtained level for the students is 6,24 and 7,41 for professors over 10. The differences between the evaluations made by each group could be mainly related to their diverse characteristics in terms of age, knowledge or degree of commitment with the institution. Since professors are internal stakeholders they might have a greater sense of belongingness and might be more informed on aspects related to the university compared to students. External stakeholders such as students might be more demanding with organizations. These results disagree with the findings identified by previous authors such as Verčič et al. (2016) which analysed and compare
the consistency between different stakeholders´ evaluations of reputation in universities applying Vidaver-Cohen´s (2007) model and found that diverse stakeholders applied similar criteria for their assessments. Helm (2007) argued that stakeholders consider not only the aspects that relate to them to make their assessments of an organizations, but they extrapolate what they think that other groups might perceive, which might be true since the obtained results on the differences between the university´s image and reputation level between students and professors are not extremely different, however, the manner in which they understand these elements might vary, showing that some differences are always going to appear. In fact, the obtained results on the different evaluations made by students and professors, relate to the arguments supported by authors such as Fragueiro and Thomas (2011), Whitley (1998) or Christensen and Gornitzka (2017) that highlight the complexity of managing intangible assets in the higher education field due to the diversity of their stakeholders´ characteristics. Due to the relevance of image and reputation in the higher education context, these values could be considered as relatively low, especially in the case of the evaluations made by students, since even though they pass the middle line, they continue to be mediocre and a lot of improvement could be made in the management of these intangible assets.

Regarding the different dimensions used to measure image and reputation the following elements were discovered. When taking into consideration the six dimensions developed by Vidaver-Cohen (2007) in her model of reputation for Business Schools, the results show that the significant level of the six dimensions varied across stakeholders. For students, the six proposed dimensions where significant, therefore the model developed by Vidaver-Cohen (2007) could be confirmed. However, when considering professors, only the dimensions of citizenship and governance appeared as significant. In the case of image, both the affective and cognitive components where significant for the overall measurement of the construct for both stakeholder groups, which goes in line with authors such as Beerli Palacio et al. (2002) and Kennedy (1977).

When considering the relationship between the selected variables, the results confirmed the proposed hypothesis since image has a positive and significant effect over reputation. This conclusion was already supported by and goes in line with the arguments presented by authors such as Zineldin et al. (2011), Rindova (1997), Fombrun and Shanley, (1990), Fombrun and Van Riel (1997), Tran, et al. (2015), Gray and Balmer (1998), Saxton (1998), among others, who have supported the effect that image has on reputation for organizations.

Regarding the obtained results in terms of the moderating effect that the group has on the relationship between image and reputation, the hypothesis 5.2 could not be analyzed nor confirmed, since the partial measurement invariance of the MICOM (step 2) was not approved for one of the variables under consideration, therefore the comparison and interpretation of the MGA’s group differences using the results from PLS-SEM was not possible.

The relevance of these findings lies, first of all, on offering additional empirical evidence on the relationships between image and reputation, which stills unclear in the literature. Moreover, an additional matter, are the implications that these results can have on the strategies that universities´ managers apply when managing these intangible assets. Knowing that image has a positive and significant effect on reputation will allow universities´ managers to understand that an action or strategy to increase their university’s image can have a positive effect on their reputation. Therefore, this analysis will serve as an important guidance for universities´ managers when managing these intangible assets since nowadays and specially for public universities, resources are limited.
In relation to the suggestions and recommendations for university managers based on the obtained results of this research, the following points could be highlighted. First of all, the results on the value of image and reputation are relatively mediocre, therefore it is important that they start developing actions to try and improve their level, since given the competitive landscape in which they operate, obtaining high intangible assets’ levels could be determinant to survive in the sector. As the evaluations made by professors are higher for both variables, managers should try to identify which aspects could be more relevant for their students in order to get them more involved in their relationship with their university and to improve their image and reputation in order to obtain more similar and consistent assessment through stakeholder groups. In the case of image, the value for the affective and cognitive component is similar, therefore the actions and strategies aimed at increasing the overall variable should be related to affecting both dimensions, however, in the literature, many authors have highlighted the fact that the cognitive component is a predecessor of the affective one (Kennedy, 1997), therefore initially university’s managers should be focusing more on the cognitive aspect and with time it could have an effect on the affective dimension. This explanation could be applied for both students and professors, since even though the values of the image dimensions are higher for the later, the proportion of the scores of each dimension within stakeholder group is similar. In the case of reputation, the governance dimension appears as the lowest factor for professors, therefore the correct and appropriate university’s managers’ behavior remains as one of the most determinant elements to improve, since based on the results this stakeholders have doubts on if this institution is managed in a transparent or ethical manner as well as if their own interests are taken into consideration in the university’s management. In the case of students, they understand that the university should improve more in aspects related to innovation, citizenship and governance. When considering the confirmed effect that image has on reputation, managers should take advantage and optimize their resources when managing these intangible assets, since due to how closely related they are, almost any action or strategy aimed at increasing the image level, if performed properly, will have an impact of the reputation of their university.

Within the limitations and future research lines of the given paper, two main points could be highlighted. First of all, the sample was a unique Spanish Public University, where even though the size of the sample was wide enough, a deeper understanding could be reached through an analysis of a higher number of universities in the Spanish higher education context. Second, universities have more than two stakeholder groups, and for this research, only two of the most important groups where considered, without including additional stakeholders’ perspectives for the comparison of the results. In addition, due to the negative results on obtaining the partial measurement invariance of the MICOM, the moderating effect of the stakeholder group was not possible to test. Therefore, the future research lines regarding the analysis of the relationships between image and reputation in the Spanish higher education context relate to meeting these two points: a wider range of public universities are being analysed to compare results as well as a comparative analysis a greater number of stakeholder groups.

5.8. REFERENCES


Brown, T. J., & Dacin, P. A. (1997). The company and the product: Corporate associations and


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CHAPTER 6: THE RELATIONSHIP BETWEEN IMAGE AND LEGITIMACY IN THE SPANISH PUBLIC UNIVERSITY
6. THE RELATIONSHIP BETWEEN IMAGE AND LEGITIMACY IN THE SPANISH PUBLIC UNIVERSITY

6.1. INTRODUCTION

The higher education sector has been experimenting relevant changes over the last decades. Universities and higher education institutions operate in a highly competitive markets (Lafuente-Ruiz-de-Sabando et al., 2017), where attracting resources has become a complicated task. Globalization has expanded the pressure and the competition to international levels since universities need to compete globally to attract talented students, prestigious professors and employees (Altbach et al., 2010; Christensen & Gornitzka, 2017; Hemsley-Brown et al., 2016; Plewa et al., 2016; Verčič et al., 2016). Furthermore, despite the existing criticism (Barron, 2017), stakeholder´s and society expectations regarding the scores hold by universities in quality and employability rankings are increasing, augmenting the pressure in the sector.

In addition, the decrease in government funding has motivated the increase of private universities and institutions, which has determined the loss of students of public universities in favor of the private ones. Under these circumstances, Spanish Public Universities are facing a complicated situation in the higher education sector.

Image and legitimacy are considered as relevant variables for organization´s survival and success (Gray & Balmer, 1998; Suchman, 1995; Andreassen & Lindestad, 1998; Zimmerman & Zeitz, 2002). Scholars have shown in their research that legitimacy increase organizations´ access to crucial resources (Czinkota et al., 2014) and that stakeholders are willing to engage with legitimated institutions. Moreover, holding a positive image increases the loyalty and satisfaction level of stakeholders (Andreassen & Lindestad, 1998) as well as the overall perception of the organization. Despite the clear relevance that both variables can provide organizations, there is still lack of clarify and confusion in the way that image and legitimacy interact, therefore further research on this matter remains important.

Under these circumstances, evaluating legitimacy and image as well as the relationship between them within the Spanish Public University seems relevant in order to obtain some guideline on the strategies that managers should apply to manage both variables and as a result improve their competitive position within the higher education sector. The aim of this paper is to analyze the existing relationship between legitimacy and image as well as the importance of both constructs in the Spanish Public Universities. This evaluation will be made considering different stakeholders (students, alumni, professors, support personnel and managers) since it has been stated in the literature the importance of understanding that each stakeholder group can have different perceptions and experiences towards the same organization.

To meet this objective, a review on the literature on image and legitimacy, as well as on their differences and relationships will be carried out in the higher education sector, followed by an empirical analysis using Spanish Public Universities as sample, where surveys will be developed to understand the diverse stakeholders´ perceptions (students, alumni, professors, administrative personnel and managers). Finally, the main conclusions, limitations and future research lines will be presented.
6.2. IMAGE

6.2.1. Concept and Importance

Corporate image is classified as a crucial resource for organizations (Gray & Balmer, 1998). The effect on stakeholder’s satisfaction is closely related to the image of the institution (Andreassen & Lindestad, 1998). When evaluating an organization, corporate image represents a sign of quality and has the ability to affect the degree of customers’ loyalty (Andreassen & Lindestad, 1998). Nowadays, organizations operate in highly competitive environments, therefore, the correct management of the entity’s corporate image can have important benefits. Customer loyalty can be enhanced when the given company’s image is favourable (Fornell et al., 2010; Nguyen & LeBlanc, 2001; Andreassen & Lindestad, 1998). When facing information asymmetries, corporate image can help stakeholders by simplifying decision rules (Andreassen & Lindestad, 1998). Furthermore, stakeholders might be more forgiving when an organization with a strong image makes a mistake than on the contrary, since image can determine the customer’s perceptions and, as a result, their behaviour towards the given entity (Melewar & Karaosmanoglu, 2006). A strong corporate image can help an entity to differentiate itself from its competitors through the development of competitive advantages, will could improve its position in the market (Melewar & Karaosmanoglu, 2006). In addition, the relationship with stakeholders can be improved, as well as the corporate reputation of the organization (Tran et al., 2015).

The concept of corporate image has been widely analysed in the literature, however, researchers have not reached a unique definition of the variable for the moment since it is a variable that suffers from a great degree of plurality (Foreman et al., 2012). Furthermore, an additional aspect that increases the complexity of this clarification is the fact that the distinction and relationship between image, identity and reputation remains unclear. Despite the lack of agreement between scholars on the definition of corporate image, the great majority of the definitions consider image as the sum of beliefs and attitudes towards an organization (Beerli Palacio et al., 2002), the result of all interactions based on experiences and feelings between the organization and the stakeholders (Worcester, 2009). Authors such as Tran et al. (2015) provided a holistic definition of the concept considering it as the as an interlinked concept with reputation which resulted from the feelings, and impressions hold of an organization and that had an effect on stakeholders’ perceptions about the entity.

6.2.2. Dimensions

Taking into consideration that image is formed by stakeholders’ impressions (Bromley, 1993; Davies & Chun, 2012) and perceptions, it could be viewed as a multidimensional construct (Bolger, 1959; Spector, 1961). The relevance of identifying the dimensions that form image relates to the opportunity for organizations’ management to design actions and strategies to change customers’ perceptions in a positive manner to benefit from higher satisfaction and loyalty levels (He & Mukherjee, 2009; Andreassen & Lindestad, 1998). However, the difficulty on doing so lies on the variety of stakeholders with which an organization interacts, what can result in each of these groups holding a different perception and image of the company, indicating that the elements or dimensions affecting their assessments will vary between them (Dowling, 1988). In fact, some authors consider that an organization does not project a unique image, but that the institution’s image will vary depending on the stakeholder group assessing it, since each specific
group will value some elements over others and will have a different experience with the company (Dowling, 1986).

Within the literature there is not a unique set of dimensions, however, many scholars have tried to identify the elements that form image in their research. Worcester (2009) identified four categories for the image concept: product image, brand image, user image and corporate image, this last concept was divided into other elements such as product reputation, customers relationships, employer’s role etc. Nguyen and LeBlanc (2001) identified corporate identity, reputation, service offering, physical environment and contact personnel as the main dimensions contributing to a service firm’s corporate image. Kennedy (1977) identified the functional and the emotional component. The first one relates to tangible characteristics and elements which are easier to measure, while the emotional component refers to psychological aspects resulting from the feelings derived from stakeholders’ experiences with the organization. The functional aspects refer to physical elements such as range of products, price, layout etc, and physiological aspects relate with the client’s feelings and sense of belongingness (Mazursky & Jacoby, 1986). Other authors, such as Tran et al. (2015) reached an updated definition including seven dimensions: visual expressions, positive feelings, environments expressions, online appearance, employee’ appearance, attitude and behaviour, and external communication.

As it has been previously stated, individuals and different stakeholder groups will have different perceptions of an organization (Nguyen & LeBlanc, 2001) therefore in order to modify an entity’s corporate image, being able to identify and understand what forms each group’s perceptions is crucial (Dowling, 1986). The literature shows an agreement on the positive effect that communication can have on corporate image (Gray & Balmer, 1998) since it can represent the efforts that organizations make to align themselves with what stakeholders perceive (Dowling, 1986; Christensen & Askegaard, 2001).

6.2.3. Image in the Higher Education sector

The higher education sector has been experimenting important changes over recent decades. Increases in demand have motivated the expansion of the supply in terms of number and variety of offer (Maringe, 2009). Furthermore, globalization has expanded this competition to international levels, since universities and higher education institutions have to compete at national and international levels to attract resources, students and professors (Altbach et al., 2010). In addition, decrease in government funding has contributed to the development of private institutions in the sector (Lafuente-Ruiz-de-Sabando et al., 2017). The existing competitive scenario has also increased the pressure for higher education institutions to hold high position in national and international rankings, since stakeholders consider these positions as relevant factors when they decide which university to engage with (Barron, 2017).

Higher education institutions are trying to implement a more business-like orientation approach (Milliken, 1990). They have understood the importance of managing intangible assets such as image to differentiate themselves over competitors and to improve the relationship with their stakeholders (Alves & Raposo, 2010; Nguyen & LeBlanc, 2001).

Universities are assigning more resources to manage their image and improve it in society’s and stakeholders´ eyes (Curtis et al., 2009) since in the higher education sector, intangible perceptions could be more relevant than measurable substances for stakeholders’ decisions. Holding a positive
image could increase higher education institutions´ competitive position in their sector (Parameswaran & Glowacka, 1995) due to the clear effect that it can have on students´ decisions toward which university to attend as well as on other groups which can affect the funding received by the university (Ivy, 2001). However, it is important to understand that managing image is a complex matter since many times stakeholders´ perceptions differ from the image that universities aim to transmit (Lafuente-Ruiz-de-Sabando et al., 2017).

Additional problems that higher education institutions are currently facing relate to stakeholders and society’s perceptions that universities efforts focus on research instead of teaching, issues regarding how these institutions handle money and the lack of efforts to serve the public in the correct manner (Phair, 1992). Therefore, due to this crisis in confidence, the need to regain public trust through intangible assets´ management and correct communication with the different stakeholders in their environment increases its importance for these institutions.

Despite the relevance that holding a positive image has for higher education institutions, there is still lack of empirical research to understand in a deeper degree which elements and strategies might be crucial to manage it in an efficient manner (Aghaz et al., 2015; Duarte et al., 2010; Wilkins & Huisman, 2015). However, authors such as Sung and Yang (2008), considered a shift in the interest that analysing university image was attracting. Lafuente-Ruiz-de-Sabando et al. (2017) highlighted the lack of agreement on the dimensions forming both constructs, the lack of clarity on the similarities and differences between image and reputation for stakeholders, the limited measurement tools to include different stakeholders´ perceptions since most of the research focused only on one stakeholder group and the fact that most of the existing empirical research was centred in the US context as relevant aspects in the literature on the field.

University’s image has been defined in several ways, Alessandri et al. (2006: 259) considered it as “the public’s perception of the university”. Duarte et al. (2010: 23), as “the sum of all beliefs an individual has towards the university”. Arpan et al. (2003; p.100) defined image in the higher education context as “various beliefs about a university that contribute to an overall evaluation of the university”.

Image is considered a multidimensional and formative construct in the higher education context (Lafuente-Ruiz-de-Sabando et al., 2017). Higher education image formation will vary between different stakeholder groups (Arpan et al., 2003) since they are affected by different stimuli and have different interests on the organization. Therefore, analysing different audiences’ perception and identifying the differences will be an interesting aspect to cover (Aghaz et al., 2015).

Despite the lack of agreement of the dimensions forming higher education image, many scholars have tried to clarify this aspect. For instance, Beeri Palacio et al. (2002) developed a study to identify university image components, for the cognitive and effective dimension. In their research they were able to confirm that the cognitive component was an antecedent of the affective one, and that both elements had a positive influence of students’ satisfaction level with their university. Other authors have tried to analyse the image formation process in their research, Kazoleas et al. (2001) analysed the organizational, personal and environmental factors that affected the university’s image perception, Parameswaran and Glowacka, (1995) analysed the relationship between university’s image and how employers perceived the graduated of the given institutions, and other authors such as Grady et al. (1996) viewed how different university audiences perceived its image according to each group’s characteristics and circumstances.
6.3. LEGITIMACY

6.3.1. Concept and importance

Legitimacy is a crucial factor for the survival and success of organizations (Suchman, 1995; Zimmerman & Zeitz, 2002). Legitimate organizations are able to pursue their activities without being questioned, and can avoid challenges from society (Meyer & Rowan, 1977). Organizations that are perceived as legitimate are in a better position to compete for resources and have unrestricted access to markets which enhances their survival (Brown & Dacin, 1997; Salancik & Pfeffer, 1978; Suchman, 1995). Deephouse et al. (2017) viewed legitimacy as an important factor because it has a defined effect on social and economic exchange for organizations. Most stakeholders and interest groups are willing to engage only with legitimate organizations and will avoid maintaining relationships with those that are questioned by the social system (Deephouse et al., 2017). Therefore, organizations seeking continuity and success in the market need to prove their viability and legitimacy to receive support from their stakeholders.

Legitimate organizations are those considered desirable and accepted due to the congruence of their activities with the general norms, values and beliefs of their social system (Díez Martín et al., 2010). It can be viewed as the congruence and conformity of an organization with general social norms and formal laws (Dowling & Pfeffer, 1975; Salancik & Pfeffer, 1978). However, the most expanded definition of legitimacy was the one provided by Suchman (1995: 574); “Legitimacy is the generalized perception or assumption that the actions of an entity are desirable, proper or appropriate within some socially constructed system of norms, values, beliefs and definitions”. Deephouse and Suchman (2008) recommended to cease the use of the term “desirable” to avoid confusion with other similar constructs such as status and reputation.

Bitektine (2011) offered a numerative definition of the concept, considering that organizational legitimacy covers the perceptions of organizations, the evaluation and judgment made based on these perceptions and the behavioural response based on these judgments made by the different stakeholders. Deephouse et al. (2017:9) proposed an updated definition of legitimacy, considering it as “the perceived appropriateness of an organization to a social system in terms of rules, values, norms and definition”. Moreover, in their research, instead of viewing legitimacy as a dichotomous variable (Deephouse & Suchman, 2008), they recognized four different stages or levels of organizational legitimacy, depending on the perception that stakeholders have on the organization: accepted, proper, debated and illegitimate.

6.3.2. Dimensions

The concept of legitimacy is viewed as a multidimensional variable by researchers. Meyer and Rowan (1977) considered that legitimacy could be assessed based on “rational effectiveness”, “legal mandates”, and social values or beliefs. Other authors, such as Aldrich and Fiol (1994) differentiated between the general knowledge about the subject under analysis, cognitive legitimacy; and socio-political legitimacy as the acceptance of the subject as appropriate given the social norms. Despite the variety of dimensions or types if legitimacy identified by researchers in the field, most of them address to fulfilling the law, social values and the spread of their performance and actions, however when analysing types or dimensions of legitimacy, the ones provided by Suchman (1995) have been the most common ones when analysing legitimacy. He considered three main types of legitimacy: pragmatic, that focuses on the self-interests of the stakeholders of the organization; moral, which related to the fulfilment of the law and on “doing
what is correct”; and cognitive that relies on the spread of knowledge about the firm’s structure, activities etc and the association to similar practices of legitimated known organizations. In his research he then divides legitimacy into smaller categories identifying twelve different types of legitimacy. Furthermore, Deephouse et al. (2017), considered these previous dimensions or types of legitimacy, as criteria used by stakeholders to make their assessments, considering that, for example, individuals when assessing moral legitimacy are considering moral criteria to evaluate the organization under study.

6.3.3. Sources and Strategies

Legitimate organizations have better access to resources such as capital, technology, customers, business networks etc (Aldrich & Fiol, 1994; Meyer & Rowan, 1977) due to the support that they receive from stakeholders and interest groups. Therefore, if an organization wants to gain or maintain its level of legitimacy to survive, it has to be able to adapt to the expectations of the society (Brønn & Vidaver-Cohen, 2009). However, it is impossible for an organization to adapt and be consistent with every social system within which they operate, therefore, they must recognize their sources or legitimacy. Legitimacy can be granted or assessed by multiple sources, each one using a different routine for the evaluation (Deephouse et al., 2017). Certain sources have a greater impact on the assessment of legitimacy than others, depending on the type of organization under consideration (Deephouse & Suchman, 2008). Ruef and Scott (1998: 880), considered as sources of legitimacy “the internal and external audiences who observe organizations and make legitimacy assessments”.

Several authors have analysed the importance that the evaluations made by The State and its agencies have in conferring legitimacy (Dowling & Pfeffer, 1975; Reimann et al., 2012). Public opinion and the media have also been studied by researchers, given their importance and the existing link between them (Abrahamson & Fairchild, 1999; Bansal & Clelland, 2004; Deephouse et al., 2017; Lamin & Zaheer, 2012). Organizations should also consider social movements and interest groups, especially considering the current importance of social media, due to the influence that they have on public opinion and on government policies, having a direct effect on the legitimation process of organizations (Rao, 1994). Bitektine (2011) and Tost (2011) highlighted the interest on the individual level of analysis in the legitimation process since all evaluators are individuals or at least groups of individuals when conferring legitimacy.

Organizations must decide the most suitable strategies to manage their legitimacy to be considered appropriate in their social system (Suchman, 1995). Legitimacy is not a static element; it is a continuous process along which different situations and scenarios can be identified (Deephouse et al., 2017). Therefore, organizations need to decide which legitimation activities are more suitable for the scenario under which they are operating at every different moment (Deephouse et al., 2017). Ashforth and Gibbs (1990) considered that organizations purposes when managing legitimacy could be grouped under three main categories: extending, maintaining and defending legitimacy. These categories are similar to the “challenges” proposed by Suchman (1995): gaining, maintaining and repairing legitimacy. Moreover, Deephouse et al. (2017) added two scenarios to the previous categories: challenged by and institutionally innovating.
6.3.4. Legitimacy in the Higher Education sector

Higher education institutions have faced numerous challenges over last decades, in terms of the decrease in governments funding, globalization (Altbach, 2013; Burnett & Huisman, 2010; Dodds, 2008), increase in international competitiveness, as well as a greater demand for quality and effectiveness in the offer provided by universities (Stensaker & Norgård, 2001). In addition, the adaptation process to the new knowledge economy by higher education institutions has represented a relevant issue for these institutions (Rodriguez-Pomeda & Casani, 2016). Universities have had to experiment relevant changes in order to respond to several threats such as governance, the academic profession, quality, innovations as well as internationalization (Altbach et al., 2010; Van der Wende, 2003).

Universities are facing pressure from stakeholders and their environments to adopt certain structures and to follow specific procedures in order to be considered as legitimate and as a result survive and succeed in the market (Stensaker & Norgård, 2001). This adjustment remains a complex matter for higher education institutions, since external demands require adopting specific standards within the higher education “industry” and at the same time offering relevant innovations.

The current situation faced by higher education institutions were the sector has been affected by the marketization (Fairclough, 1993) and its reconfiguration, has motivated the fact that groups in the academic field consider that the role of universities is controversial, and they understand that these institutions need to renovate their legitimacy to gain the right to exist (Rodriguez-Pomeda & Casani, 2016).

Moreover, some authors have considered that higher education institutions and more specifically business schools, have been developing actions harming their identity and legitimacy since they have been straying from their original missions of serving the public good (Bennis & O’Toole, 2005; Khurana & Nohria, 2008). Due to this behaviour, they have raised questions about their legitimacy and if their actions and activities continue to be acceptable and desirable within their social system (Suchman, 1995). However, obtaining and maintaining legitimacy is a complex issue for higher education institutions due to the diverse audience and characteristics of the different stakeholders whose demands they try to meet (Fragueiro & Thomás, 2011).

When organizations aim to obtain legitimacy, they need to identify their diverse sources of legitimacy or stakeholders. In the case of higher education institution, the different characteristics of the stakeholders make it difficult for universities to adapt to their standards. Jongbloed et al. (2008), identified the following stakeholder groups in the higher education context: governing entities, administration, employees, clients, competitors, government regulators, nongovernmental regulators, financial intermediaries and joint venture partners. When trying to understand the needs and expectations of the given groups, universities understand that not every group has the same influence on assessing legitimacy (Bitektine, 2011; Ruef & Scott, 1998) therefore, the institution will not be equally responsive with every stakeholder group and they must make decisions depending on the relevance of each stakeholder for achieving their legitimacy levels (Farrugia & Lane, 2013).

Despite the relevance of legitimacy for higher education institutions, few empirical papers exist within the literature. In fact, most of the research on measuring legitimacy in the higher education field, appears related to specific practices more than to institutions. Alajoutsijärvi et al. (2015) analysed the legitimacy of Business Schools and identified the paradoxical nature associated with
legitimacy (Smith & Lewis, 2011; Sonpar et al., 2010), since actions to increase legitimacy sometimes can have the opposite effect. In their research they focused on those business schools with accreditations since these certifications as well as rankings have increased the level of isomorphism in the higher education field.

Other authors, such as Farrugia and Lane (2012) analysed the relevance of obtaining legitimacy in the new location when universities develop branch campuses in other countries in order to survive and succeed, because despite having well establish legitimacy in their home country, it does not mean that this legitimacy will be carried to the new environment. Since stakeholders’ evaluations are determined by their environments and social contexts within other factors (Bitektine, 2011), it is crucial to understand these new stakeholders and identify their conditions to satisfy them for obtaining legitimacy.

Cruz-Suárez et al. (2014) measured the legitimacy of European Higher Education Area in the Spanish public universities through different stakeholder groups (students, professors and administrative personnel). In their findings they highlighted the lack of participation of the universities’ administrative personnel, as well as the different evaluations among stakeholder groups. This last fact goes in line with the different characteristics that these groups have in terms of training, culture or age. Many scholars have supported these arguments in their research regarding the different legitimacy evaluations that stakeholder groups can provide. Moreover, the research developed by Rodríguez-Pomeda and Casani (2016) analyzed how World Class Universities tried to increase their legitimacy through the discourses offered by their presidents by differentiating these universities from the rest.

Due to the competition and reconfiguration of the higher education sector, universities need to develop actions and activities to increase their legitimacy levels and as a result obtain more competitive positions in the sector in which they operate. However, despite the relevance of the matter, there are not a large number of papers measuring legitimacy in the higher education context, and even less research on measuring this variable for an academic institution, since as it has been presented previously, most of the empirical studies, measures the legitimacy of specific actions or programs developed by universities to manage their legitimacy level.

6.4. RELATIONSHIPS AND DIFFERENCES BETWEEN IMAGE AND LEGITIMACY

The relevance of intangible assets such as image and legitimacy for organizations due to the highly competitive environments in which they operate have been highlighted in the literature. However, lack of clarity still exists in defining the differences and relationships between these variables. Despite their relevance, there are not enough empirical research identifying if there is a clear relationship between both variables. It is clear that within some of the common traits between image and legitimacy the benefits that they provide to those organizations holding positive levels of both variables as well as the consideration of stakeholders’ perceptions for their formation can be highlighted (Foreman et al., 2012).

Some authors such as Tran et al. (2015) defined image as the execution of corporate strategy aimed at stimulating and establishing a positive corporate image, which was obtained by delivering ethically and socially acceptable outcomes for the different stakeholders over 7 main dimensions, including visual expressions, positive feelings, environments expression, online appearance, staff/employees’ appearance, attitude and behavior, and external communications.
Based on this definition of the concept, a relationship between legitimacy and image can be identified, since image is achieved by the delivery of ethically and socially acceptable outcomes, which is similar to the definition of legitimacy provided by Suchman (1995).

In the research developed by MacLean and Behnam (2010) they analyzed the relationship between the compliance programs developed by the company Acme and the legitimacy perceptions. They showed how Acme´s compliance program was able to project an acceptable and appropriate image for external stakeholders which allowed Acme to maintain organizational legitimacy. Therefore, this empirical research supports the effect that image has on legitimacy.

Additional research on measuring the relationship between image and legitimacy exists in the literature. In fact, Metzler (2001) developed a paper where he tried to analyze the effect that repair image campaigns had on the legitimacy of tobacco company Philip Morris. In their study, they identified the social legitimacy crisis that Philip Morris was facing and the need of developing image repair and restoration strategies to face this crisis. They viewed organizational legitimacy and image repair as complementary theories since both focused on issues of understanding and addressing norms, values and concerns of organizational public to succeed and survive. The theory of organizational legitimacy explains why image repair is necessary, and image repair explains one set of strategies for defending organizational legitimacy. The objective pursued by Philip Morris´ image repair campaign is to show stakeholders the positive aspects and good corporate character of the organization, since providing benefits to society is a crucial aspect of legitimacy. In this empirical research the author supports that image repair can be viewed as a correct response to the legitimacy challenges organizations face because the strategies, when employed ethically, can have a positive influence on the way people think about an organization. Under these circumstances it can be said that an improve in an organization´s image can have a positive impact on its legitimacy as well.

Furthermore, Rao (1994) established a relationship between image, reputation and legitimacy in his research. Following this approach, and due to the bidirectional relationship between image and reputation and between legitimacy and reputation it can be assumed that a relationship between legitimacy and image exists through these variables´ relationship with reputation. If image affects reputation (Bromley, 1993; Fombrun & Van Riel, 1997; Fombrun & Shanley, 1990; Gray & Balmer, 1998; Saxton, 1998; Tran et al., 2015) and reputation has an effect on legitimacy (Czinkota et al., 2014; Deephouse & Suchman, 2008; Rindova et al., 2005) it can be argued that an organization´s image will have an impact on its legitimacy. As well, on the other hand, if legitimacy affects reputation (Bansal & Roth, 2000; Czinkota et al., 2014; Deephouse & Suchman, 2008; Doh et al., 2010; Fan, 2005; Rao, 1994; Reimann et al., 2012; Thomas, 2007) and image is influenced by reputation (Harvey et al., 2017; Nguyen & LeBlanc, 2001; Zineldin et al., 2011) it could be possible to consider an existing effect of an institution´s legitimacy on its image.

Under these circumstances and considering the previous mentioned arguments, the following hypothesis is established for the Spanish Public Universities´ context:

- **Hypothesis 6.1**: Universities with higher image, will have higher legitimacy

Figure 6.1 shows the model to be tested as well as the established hypothesis for this chapter.
6.5. SAMPLE AND METHODOLOGY

6.5.1. Research setting

As it has been previously stated, universities need to compete at national and international levels with other entities to gain a better competitive position and attract resources. Under these circumstances, the selected research setting was the Spanish Public Universities, since at it is happening in the different countries, these institutions need to identify the best manner to manage their intangible assets such as image and legitimacy to improve their situation in their sector. In fact, Spanish Public Universities are reducing their number of students in favour of private ones, since government funding has been decreasing. Within the Spanish Public Universities, Rey Juan Carlos University of Madrid has been the chosen one to develop the analysis of this paper, where information from different stakeholders (professors, current students and alumni, administrative personnel and managers) was gathered. Rey Juan Carlos University is a Public University which started its active 20 years ago and currently has 38,085 students and 1,543 professors.

6.5.2. Data collection

For collecting the data to develop this research paper, a questionnaire was developed. On an initial stage, a pre-test was developed with 300 online students to verify the scale used and to adapt the questions of the survey if it was necessary. After analysing the results of the pre-test, several questions where changed to offer a clearer meaning and a number of questions were taken out of the final version of the survey. In the final stage, a total number of 844 effective surveys were answered, were 73% were students, 0,6% alumni, 16% professors, 0,3% administrative personnel and 0,1% managers.

6.5.3. Measurement

All constructs were measured through adapted items from existing scales and used a 11-points Likert scale for their measurement in the survey with 0 referring to strongly disagree and 10 referring to strongly agree. The items used to measure legitimacy the three dimensions proposed by Suchman (1995) were considered, and the items of each of these dimensions were taken from
Suchman’s (1995) definitions and adapted from the research developed by Thomas (2005), Chung et al. (2016), Chaney et al., (2016). In the case of the items used to measure image they were taken from Beerli Palacio et al. (2002). Table 6.1 presents the model in English, although the questionnaire was distributed in Spanish.

### Table 6.1. Measurement model

<table>
<thead>
<tr>
<th>Factor</th>
<th>Item</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Pragmatic Legitimacy</td>
<td>LEGP1</td>
<td>My university offers me a personal benefit</td>
</tr>
<tr>
<td></td>
<td>LEGP2</td>
<td>It helps me to grow</td>
</tr>
<tr>
<td></td>
<td>LEGP3</td>
<td>My university satisfies my needs</td>
</tr>
<tr>
<td>Moral Legitimacy</td>
<td>LEM1</td>
<td>My university follows the law</td>
</tr>
<tr>
<td></td>
<td>LEM2</td>
<td>It behaves in an honest manner</td>
</tr>
<tr>
<td></td>
<td>LEM3</td>
<td>It is socially responsible</td>
</tr>
<tr>
<td>Cognitive Legitimacy</td>
<td>LECOG1</td>
<td>I know the activities that my university does</td>
</tr>
<tr>
<td></td>
<td>LECOG2</td>
<td>I consider that these activities and actions are performed in the best possible manner</td>
</tr>
<tr>
<td></td>
<td>LECOG3</td>
<td>My university is well managed</td>
</tr>
<tr>
<td>Cognitive Image</td>
<td>IMAGCOG1</td>
<td>My university has good facilities</td>
</tr>
<tr>
<td></td>
<td>IMAGCOG2</td>
<td>It offers a good range of courses</td>
</tr>
<tr>
<td></td>
<td>IMAGCOG3</td>
<td>It is orientated and concerned about its stakeholders' interests</td>
</tr>
<tr>
<td></td>
<td>IMAGCOG4</td>
<td>It is a prestigious university</td>
</tr>
<tr>
<td>Affective Image</td>
<td>IMAF1</td>
<td>My university is pleasant</td>
</tr>
<tr>
<td></td>
<td>IMAF2</td>
<td>It is stimulating</td>
</tr>
<tr>
<td></td>
<td>IMAF3</td>
<td>It is dynamic</td>
</tr>
</tbody>
</table>


### 6.6. DATA ANALYSIS AND RESULTS

#### 6.6.1. Descriptive analysis

First of all, in order to understand the values of the considered variables of image and legitimacy of the sample, the descriptive analysis was carried out. Table 6.2 present the results on the descriptive analysis, showing the different factors as well as their items with their mean and standard deviation obtained through the analysis of the results of the survey distributed to the different university’s stakeholders.

As it appears in the results, the average value for legitimacy is 5.66 and 6.22 for image. For the average results of the three different dimensions of legitimacy, it appears that the moral legitimacy represents the lowest values, while the pragmatic dimension represents the highest numbers. In the case of image, both the affective and cognitive dimension present similar values, however, the affective one is slightly higher.
Table 6.2. Descriptive analysis

<table>
<thead>
<tr>
<th>Factor</th>
<th>Item</th>
<th>Mean</th>
<th>Standard deviation</th>
<th>Average factor value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Pragmatic Legitimacy</td>
<td>LEGP1</td>
<td>6,604</td>
<td>2,580</td>
<td>6,463</td>
</tr>
<tr>
<td></td>
<td>LEGP2</td>
<td>6,595</td>
<td>2,623</td>
<td></td>
</tr>
<tr>
<td></td>
<td>LEGP3</td>
<td>6,190</td>
<td>2,577</td>
<td></td>
</tr>
<tr>
<td>Moral Legitimacy</td>
<td>LEGM1</td>
<td>4,822</td>
<td>3,370</td>
<td>4,972</td>
</tr>
<tr>
<td></td>
<td>LEGM2</td>
<td>4,501</td>
<td>3,297</td>
<td></td>
</tr>
<tr>
<td></td>
<td>LEGM3</td>
<td>5,592</td>
<td>2,995</td>
<td></td>
</tr>
<tr>
<td>Cognitive Legitimacy</td>
<td>LEGCOG1</td>
<td>5,880</td>
<td>2,637</td>
<td>5,544</td>
</tr>
<tr>
<td></td>
<td>LEGCOG2</td>
<td>5,858</td>
<td>2,637</td>
<td></td>
</tr>
<tr>
<td></td>
<td>LEGCOG3</td>
<td>4,895</td>
<td>3,009</td>
<td></td>
</tr>
<tr>
<td>Legitimacy</td>
<td></td>
<td></td>
<td></td>
<td>5,660</td>
</tr>
<tr>
<td>Cognitive Image</td>
<td>IMAGCOG1</td>
<td>7,172</td>
<td>2,018</td>
<td>6,176</td>
</tr>
<tr>
<td></td>
<td>IMAGCOG2</td>
<td>7,358</td>
<td>2,066</td>
<td></td>
</tr>
<tr>
<td></td>
<td>IMAGCOG3</td>
<td>5,533</td>
<td>2,861</td>
<td></td>
</tr>
<tr>
<td></td>
<td>IMAGCOG4</td>
<td>4,641</td>
<td>2,748</td>
<td></td>
</tr>
<tr>
<td>Affective Image</td>
<td>IMAF1</td>
<td>6,991</td>
<td>2,179</td>
<td>6,266</td>
</tr>
<tr>
<td></td>
<td>IMAF2</td>
<td>5,732</td>
<td>2,688</td>
<td></td>
</tr>
<tr>
<td></td>
<td>IMAF3</td>
<td>6,074</td>
<td>2,560</td>
<td></td>
</tr>
<tr>
<td>Image</td>
<td></td>
<td></td>
<td></td>
<td>6,221</td>
</tr>
</tbody>
</table>

6.6.2. Reliability and validity evaluation

In order to analyse the established hypothesis and relationships structural modelling with SmartPLS system version 3 was used. This technique was chosen because it is a powerful method of analysis (Chin et al., 2003), presenting adequate advantages for the research to be carried out (Hair et al., 2014).

The first step carried out when managing the data was to verify the reliability and validity of the measurement model shown in Figure 6.1. In Table 6.3 the information regarding the model’s reliability and validity is presented.

For legitimacy’s reflective items, it can be shown that all Cronbach's alphas surpassed the recommendation of 0.70 (Cronbach, 1951; Nunnally & Bernstein, 1994). The composite reliability over 0.60 can be considered appropriate (Bagozzi & Yi, 1988), therefore all items are within this scope since they all appear over this value. In addition, the average variance extracted (AVE) was calculated and presented with values over 0.50 which is consider acceptable (Fornell & Larcker, 1981). Furthermore, in Table 6.3 the standardized loadings of the reflective items are presented as well as their significant value (p<0.01) which showed that they were meaningfully linked to their respective dimensions and construct. In Table 6.4, aspects related to discriminant validity are presented, the HTMT ratio method recently proposed by (Henseler et al., 2015) was also applied to assess discriminant validity. Since every ratio was lower than 0.85 (Clark & Watson, 1995), no problems appear in the model.

For the formative constructs, image and legitimacy’s second order items, the collinearity (VIF) value is presented, showing that every item is under the appropriate level of VIF<5 (Hair et al., 2011). In addition, the standardized weights are shown in both tables as well as their significant
values (p<0,01), showing that all formative values affect in a significant manner to their
dimensions or construct in the case of the second-order.

Table 6.3. Measurement model reliability and validity

<table>
<thead>
<tr>
<th>Factor</th>
<th>Item</th>
<th>weights/loadings</th>
<th>t-value</th>
<th>VIF</th>
<th>CA</th>
<th>CR</th>
<th>AVE</th>
</tr>
</thead>
<tbody>
<tr>
<td>Pragmatic Legitimacy</td>
<td>LEGP1</td>
<td>0,934</td>
<td>110,990</td>
<td>0,929</td>
<td>0,955</td>
<td>0,875</td>
<td></td>
</tr>
<tr>
<td></td>
<td>LEGP2</td>
<td>0,945</td>
<td>128,745</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>LEGP3</td>
<td>0,927</td>
<td>111,702</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Moral Legitimacy</td>
<td>LEGM1</td>
<td>0,944</td>
<td>157,516</td>
<td>0,927</td>
<td>0,954</td>
<td>0,873</td>
<td></td>
</tr>
<tr>
<td></td>
<td>LEGM2</td>
<td>0,960</td>
<td>280,667</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>LEGM3</td>
<td>0,898</td>
<td>99,701</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cognitive Legitimacy</td>
<td>LEGCOG1</td>
<td>0,822</td>
<td>43,927</td>
<td>0,839</td>
<td>0,903</td>
<td>0,756</td>
<td></td>
</tr>
<tr>
<td></td>
<td>LEGCOG2</td>
<td>0,922</td>
<td>141,541</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>LEGCOG3</td>
<td>0,862</td>
<td>74,645</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cognitive Image</td>
<td>IMAGCOG1</td>
<td>0,195</td>
<td>5,492</td>
<td>1,639</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>IMAGCOG2</td>
<td>0,177</td>
<td>4,859</td>
<td>1,689</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>IMAGCOG3</td>
<td>0,578</td>
<td>17,793</td>
<td>1,447</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>IMAGCOG4</td>
<td>0,320</td>
<td>8,796</td>
<td>1,579</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Affective Image</td>
<td>IMAF1</td>
<td>0,276</td>
<td>4,654</td>
<td>2,483</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>IMAF2</td>
<td>0,467</td>
<td>6,290</td>
<td>4,557</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>IMAF3</td>
<td>0,334</td>
<td>4,816</td>
<td>3,863</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Image Legitimacy</td>
<td>Cognitive Image</td>
<td>0,750</td>
<td>18,582</td>
<td>2,496</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Affective Image</td>
<td>0,299</td>
<td>6,559</td>
<td>2,496</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Table 6.4. Measurement model discriminant validity (HTMT)

<table>
<thead>
<tr>
<th>Factor</th>
<th>Cognitive Legitimacy</th>
<th>Moral Legitimacy</th>
<th>Pragmatic Legitimacy</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cognitive Legitimacy</td>
<td>0,845</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Moral Legitimacy</td>
<td></td>
<td>0,740</td>
<td>0,709</td>
</tr>
<tr>
<td>Pragmatic Legitimacy</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Under these circumstances, it was concluded that the proposed model offered appropriate
evidence of reliability, convergent and discriminant validity in the case of the reflective constructs
forming legitimacy dimensions, as well as in terms of collinearity and weight-loading relationship
and significant levels. Reliability and convergent validity were tested at the first order level for
legitimacy’s dimensions collinearity as well as weight-loading relationship and significance for
the first order and second-order construct of image and for the second order of legitimacy of the
model.
6.6.3. Hypothesis testing

The obtained results through the model show that image positively and significantly affect legitimacy (H 6.1; B=0.851; p<0.01), therefore the hypothesis established through the literature review can be confirmed. Table 6.5 and Figure 6.2 show the results.

<table>
<thead>
<tr>
<th>Hypothesis</th>
<th>Beta</th>
<th>t-value</th>
</tr>
</thead>
<tbody>
<tr>
<td>H 6.1 Image-Legitimacy</td>
<td>0.851</td>
<td>75.174</td>
</tr>
</tbody>
</table>

*R Square (Legitimacy)= 0.723
*Q Square (Legitimacy)= 0.542

6.7. DISCUSSION AND CONCLUSIONS

Due to the current competitive scenario faced by higher education institution, the introduction of intangible assets’ management has become a crucial aspect for universities. These institutions have understood the multiple benefits that holding a positive image and legitimacy can provide. In addition, despite the relevance that image and legitimacy have for organizations, there is still lack of empirical evidence to clarify the possible existing relationships that could exists between them.

Under these circumstances, the objective of this research is to empirically demonstrate the proposed hypothesis based on the literature review, where several references have supported the effect that image has on legitimacy. This hypothesis was tested in the higher education field since due to the current competition faced in this sector, evaluating the relationship between these two intangible assets can be considered as a relevant matter. Furthermore, applying this hypothesis in the Spanish Public University sector is important, since currently these institutions are facing problems in gaining students compared to private institutions, which increases the relevance of managing intangible assets for them.

The first step carried out when analysing the results was the descriptive analysis in order to understand the image and legitimacy levels. The obtained results show that the level of legitimacy...
of Rey Juan Carlos University is 5.66 over 10, which represents a relatively low value since its just at the middle of the scale. When analysing the obtained results on the value of image, the level of image of Rey Juan Carlos University is 6.22 over 10, which also represents a medium value. Due to the relevance of legitimacy and image in the higher education context, these values could be considered as relatively low, since even though the pass the middle line, they continue to be far away from the ideal situation.

When considering the different dimensions for legitimacy and image the following elements were discovered. In the case of the pragmatic, moral and cognitive dimensions considered for the construct of legitimacy, our finding confirm the significance of all three factors to measure the overall legitimacy of the university and the weights of each of them are similar. Therefore, the dimensions proposed by Suchman (1995) could be confirmed through this research. In the case of image, both the affective and cognitive components where significant for the overall measurement of the construct, which goes in line with authors such as Kennedy (1997) and Beerli Palacio et al. (2002). However, the weight of the cognitive dimension was higher than the one hold by the affective component. Therefore, in the relationship between image and legitimacy both elements’ dimensions where confirmed.

Our findings confirm the proposed hypothesis on the effect that image has on legitimacy since a positive and significant relationship exists between the given constructs. This confirmation was already supported by authors such as Tran et al. (2015), Maclean and Behnam (2010), Metzler (2009). Moreover, and based on the arguments suggested previously, in a less explicit manner, our findings go in line with the existing relationship that both variables, image and legitimacy have with another intangible assets that is reputation (Rao, 1994).

The relevance of identifying the influence that image has on legitimacy is related, first of all, with presenting additional empirical evidence on a relatively innovative field since the relationship between image and legitimacy is even more unexplored than the relationship between other intangible assets and therefore a more exploratory analysis was required, and second of all, these relationship can serve as guidance to university managers when trying to manage their legitimacy and image, since following Suchman´s (1995) approach where organizations can develop strategies to change their legitimacy level, managers can develop these type of actions and strategies to improve their image and as a result these actions will also have a positive impact on the legitimacy of the given university. Considering that resources are limited it is interesting to identify these types of relationships since university´s manager can benefit from synergies when applying one strategy to increase their competitive position in the sector.

Regarding the implications and recommendations for university managers based on the obtained results of this research, the following points could be highlighted. First of all, the results on the value of legitimacy and image for Rey Juan Carlos University are relatively regular, therefore it is important that they start developing actions to try and improve their level, since given the competitive landscape in which they operate, obtaining high intangible assets´ levels could be determinant to survive in the sector. In the case of legitimacy, since the moral dimension is the lowest one, they should try and develop actions that relate more to improving their right to exists as well as their behavior in order to be considered as trustworthy. When analyzing the obtained results for the image variable, the average value obtained in the descriptive numbers for the affective and cognitive component is similar, therefore the actions and strategies aimed at increasing the overall variable should be related to affecting both dimensions, however, in the literature, many authors have highlighted the fact that the cognitive component is a predecessor of the affective one (Kennedy, 1997), therefore initially university´s managers should be focusing
more on the cognitive aspect and with time it could have an effect on the affective dimension. Finally, in relation to the confirmed effect that image has on legitimacy, managers should take advantage and optimize their resources when managing these intangible assets, since due to how closely related they are, almost any action or strategy aimed at increasing the image level will have an impact of the legitimacy level of their university.

Within the limitations and future research lines of the given paper, two main points could be highlighted. First of all, the sample was a unique Spanish Public University, where even though the size of the sample was wide enough, a deeper understanding could be reached through an analysis of a higher number of universities in the Spanish higher education context. Second, for this research, despite the fact that different stakeholders were considered to have a wider scope of the university’s perception, the differences between the perceptions of each of these groups was not analysed. Therefore, the future research lines regarding the analysis of the relationships between image and legitimacy in the Spanish higher education context relate to meeting these two points: consider a higher number of public universities as the sample and make a comparison of the obtained results by stakeholder group.

6.8. REFERENCES


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7. THE RELATIONSHIP BETWEEN IMAGE AND LEGITIMACY IN THE SPANISH PUBLIC UNIVERSITY COMPARING STUDENTS´ VERSUS PROFESSORS´ PERCEPTIONS

7.1. INTRODUCTION

The higher education sector has been experimenting relevant changes over the last decades. Universities and higher education institutions operate in highly competitive markets (Lafuente-Ruiz-de-Sabando et al., 2017), where attracting resources has become a complicated task. Globalization has expanded the pressure and the competition to international levels since universities need to compete globally to attract talented students, prestigious professors and employees (Altbach et al., 2010; Christensen & Gornitzka, 2017; Hemsley-Brown et al., 2016; Plewa et al., 2016; Verčič et al., 2016). Furthermore, despite the existing criticism (Barron, 2017), stakeholder´s and society expectations regarding the scores hold by universities in quality and employability rankings are increasing, augmenting the pressure in the sector.

In addition, the decrease in government funding has motivated the increase of private universities and institutions, which has determined the loss of students of public universities in favor of the private ones. Under these circumstances, Spanish Public Universities are facing a complicated situation in the higher education sector. Up until know universities´ vision focused on the short term and did not almost take into consideration the service provided or the commitment to their stakeholders (students, professors, alumni, employers and managers). These stakeholder groups were viewed as anonymous, passive and receptive agents to any communication transmitted by the organization. However, nowadays identifying the most relevant stakeholders and trying to meet their needs and demands has been proven to be a key element to survive in the sector.

Image and legitimacy are considered as relevant variables for organization´s survival and success (Gray & Balmer, 1998; Suchman, 1995; Andreassen & Lindestad, 1998; Zimmerman & Zeitz, 2002). Scholars have shown in their research that legitimacy increase organizations´ access to crucial resources (Czinkota et al., 2014) and that stakeholders are willing to engage with legitimated institutions. Moreover, holding a positive image increases the loyalty and satisfaction level of stakeholders (Andreassen & Lindestad, 1998) as well as the overall perception of the organization. Despite the clear relevance that both variables can provide organizations, there is still lack of clarify and confusion in the way that image and legitimacy interact, therefore further research on this matter remains important.

In addition, obtaining and maintaining legitimacy is a complex issue for higher education institutions due to the diverse audience and characteristics of the different stakeholders whose demands they try to meet (Fragueiro & Thomas, 2011; Whitley, 1998). Many authors have highlighted the fact that higher education image formation will vary between different stakeholder groups (Arpan et al., 2003; Struckman-Johnson et al., 1985; Terkla & Pagano, 1993; Treadwell & Harrison, 1994) since they are affected by different stimuli, they have different interests on the organization etc. Therefore, it is important to understand the relevance of analyzing different audiences´ perceptions (Aghaz et al., 2015).

Under these circumstances, evaluating legitimacy and image as well as the relationship between them within the Spanish Public University seems relevant in order to obtain some guideline on the strategies that managers should apply to manage both variables and as a result improve their
competitive position within the higher education sector. Therefore, the aim of this research is to analyze the existing relationship between image and legitimacy and to compare students and professors’ perceptions in the Spanish Public University context since each stakeholder group can have different perceptions and experiences towards the same organization.

To meet this objective, a review on the literature on image and legitimacy, as well as on their differences and relationships will be carried out in the higher education sector, followed by an empirical analysis using a Spanish Public Universities as sample, where surveys will be developed to understand the two stakeholder groups’ perceptions. Finally, the main conclusions, limitations and future research lines will be presented.

7.2. IMAGE

7.2.1. Concept and Importance

Corporate image is classified as a crucial resource for organizations (Gray & Balmer, 1998). The effect on stakeholder’s satisfaction is closely related to the image of the institution (Andreassen & Lindestad, 1998). When evaluating an organization, corporate image represents a sign of quality and has the ability to affect the degree of customers’ loyalty (Andreassen & Lindestad, 1998). Nowadays, organizations operate in highly competitive environments, therefore, the correct management of the entity’s corporate image can have important benefits. Customer loyalty can be enhanced when the given company’s image is favourable (Fornell et al., 2010; Nguyen & LeBlanc, 2001; Andreassen & Lindestad, 1998). When facing information asymmetries, corporate image can help stakeholders by simplifying decision rules (Andreassen & Lindestad, 1998). Furthermore, stakeholders might be more forgiving when an organization with a strong image makes a mistake than on the contrary, since image can determine the customer’s perceptions and, as a result, their behaviour towards the given entity (Melewar & Karaosmanoglu, 2006). A strong corporate image can help an entity to differentiate itself from its competitors through the development of competitive advantages, will could improve its position in the market (Melewar & Karaosmanoglu, 2006). In addition, the relationship with stakeholders can be improved, as well as the corporate reputation of the organization (Tran et al., 2015).

The concept of corporate image has been widely analyzed in the literature, however, researchers have not reached a unique definition of the variable for the moment since it is a variable that suffers from a great degree of plurality (Foreman et al., 2012). Furthermore, an additional aspect that increases the complexity of this clarification is the fact that the distinction and relationship between image, identity and reputation remains unclear. Despite the lack of agreement between scholars on the definition of corporate image, the great majority of the definitions consider image as the sum of beliefs and attitudes towards an organization (Beerli Palacio et al., 2002), the result of all interactions based on experiences and feelings between the organization and the stakeholders (Worcester, 2009). Authors such as Tran et al. (2015) provided a holistic definition of the concept considering it as the as an interlinked concept with reputation which resulted from the feelings, and impressions hold of an organization and that had an effect on stakeholders’ perceptions about the entity.
7.2.2. Dimensions

Taking into consideration that image is formed by stakeholders’ impressions (Bromley, 1993; Davies & Chun, 2012) and perceptions, it could be viewed as a multidimensional construct (Bolger, 1959; Spector, 1961). The relevance of identifying the dimensions that form image relates to the opportunity for organizations’ management to design actions and strategies to change customers’ perceptions in a positive manner to benefit from higher satisfaction and loyalty levels (He & Mukherjee, 2009; Andreassen & Lindestad, 1998). However, the difficulty on doing so lies on the variety of stakeholders with which an organization interacts, what can result in each of these groups holding a different perception and image of the company, indicating that the elements or dimensions affecting their assessments will vary between them (Dowling, 1988). In fact, some authors consider that an organization does not project a unique image, but that the institution’s image will vary depending on the stakeholder group assessing it, since each specific group will value some elements over others and will have a different experience with the company (Dowling, 1986).

Within the literature there is not a unique set of dimensions, however, many scholars have tried to identify the elements that form image in their research. Worcester (2009) identified four categories for the image concept: product image, brand image, user image and corporate image, this last concept was divided into other elements such as product reputation, customers relationships, employer’s role etc. Nguyen and LeBlanc (2001) identified corporate identity, reputation, service offering, physical environment and contact personnel as the main dimensions contributing to a service firm’s corporate image. Kennedy (1977) identified the functional and the emotional component. The first one relates to tangible characteristics and elements which are easier to measure, while the emotional component refers to psychological aspects resulting from the feelings derived from stakeholders’ experiences with the organization. The functional aspects refer to physical elements such as range of products, price, layout etc, and physiological aspects relate with the client’s feelings and sense of belongingness (Mazursky & Jacoby, 1986). Other authors, such as Tran et al. (2015) reached an updated definition including seven dimensions: visual expressions, positive feelings, environments expressions, online appearance, employee’s appearance, attitude and behavior, and external communication.

As it has been previously stated, individuals and different stakeholder groups will have different perceptions of an organization (Nguyen & LeBlanc, 2001) therefore in order to modify an entity’s corporate image, being able to identify and understand what forms each group’s perceptions is crucial (Dowling, 1986). The literature shows an agreement on the positive effect that communication can have on corporate image (Gray & Balmer, 1998) since it can represent the efforts that organizations make to align themselves with what stakeholders perceive (Dowling, 1986; Christensen & Askegaard, 2001).

7.2.3. Image in the Higher Education sector

The higher education sector has been experimenting important changes over recent decades. Increases in demand have motivated the expansion of the supply in terms of number and variety of offer (Maringe, 2009). Furthermore, globalization has expanded this competition to international levels, since universities and higher education institutions have to compete at national and international levels to attract resources, students and professors (Altbach et al., 2010). In addition, decrease in government funding has contributed to the development of private
institutions in the sector (Lafuente-Ruiz-de-Sabando et al., 2017). The existing competitive scenario has also increased the pressure for higher education institutions to hold high position in national and international rankings, since stakeholders consider these positions as relevant factors when they decide which university to engage with (Barron, 2017).

Higher education institutions are trying to implement a more business-like orientation approach (Milliken, 1990). They have understood the importance of managing intangible assets such as image to differentiate themselves over competitors and to improve the relationship with their stakeholders (Alves & Raposo, 2010; Nguyen & LeBlanc, 2001).

Universities are assigning more resources to manage their image and improve it in society’s and stakeholders’ eyes (Curtis et al, 2009) since in the higher education sector, intangible perceptions could be more relevant than measurable substances for stakeholders’ decisions. Holding a positive image could increase higher education institutions’ competitive position in their sector (Parameswaran & Glowacka, 1995) due to the clear effect that it can have on students’ decisions toward which university to attend as well as on other groups which can affect the funding received by the university (Ivy, 2001). However, it is important to understand that managing image is a complex matter since many times stakeholders’ perceptions differ from the image that universities aim to transmit (Lafuente-Ruiz-de-Sabando et al., 2017).

Additional problems that higher education institutions are currently facing relate to stakeholders and society’s perceptions that universities efforts focus on research instead of teaching, issues regarding how these institutions handle money and the lack of efforts to serve the public in the correct manner (Phair, 1992). Therefore, due to this crisis in confidence, the need to regain public trust through intangible assets’ management and correct communication with the different stakeholders in their environment increases its importance for these institutions.

Despite the relevance that holding a positive image has for higher education institutions, there is still lack of empirical research to understand in a deeper degree which elements and strategies might be crucial to manage it in an efficient manner (Aghaz et al., 2015; Duarte et al., 2010; Wilkins & Huisman, 2015). However, authors such as Sung and Yang (2008), considered a shift in the interest that analysing university image was attracting. Lafuente-Ruiz-de-Sabando et al. (2017) highlighted the lack of agreement on the dimensions forming both constructs, the lack of clarity on the similarities and differences between image and reputation for stakeholders, the limited measurement tools to include different stakeholders’ perceptions since most of the research focused only on one stakeholder group and the fact that most of the existing empirical research was centered in the US context as relevant aspects in the literature on the field.

University’s image has been defined in several ways, Alessandri et al. (2006: 259) considered it as “the public’s perception of the university”. Duarte et al. (2010: 23), as “the sum of all beliefs an individual has towards the university”. Arpan et al. (2003; p.100) defined image in the higher education context as “various beliefs about a university that contribute to an overall evaluation of the university”.

Image is considered a multidimensional and formative construct in the higher education context (Lafuente-Ruiz-de-Sabando et al., 2017). Higher education image formation will vary between different stakeholder groups (Arpan et al., 2003) since they are affected by different stimuli and have different interests on the organization. Therefore, analysing different audiences’ perception and identifying the differences will be an interesting aspect to cover (Aghaz et al., 2015).
Despite the lack of agreement of the dimensions forming higher education image, many scholars have tried to clarify this aspect. For instance, Beerli Palacio et al. (2002) developed a study to identify university image components, for the cognitive and effective dimension. In their research they were able to confirm that the cognitive component was an antecedent of the affective one, and that both elements had a positive influence of students’ satisfaction level with their university. Other authors have tried to analyse the image formation process in their research, Kazoleas et al. (2001) analysed the organizational, personal and environmental factors that affected the university’s image perception, Parameswaran and Glowacka, (1995) analysed the relationship between university’s image and how employers perceived the graduated of the given institutions, and other authors such as Grady et al. (1996) viewed how different university audiences perceived its image according to each group’s characteristics and circumstances.

7.3. LEGITIMACY

7.3.1. Concept and importance

Legitimacy is a crucial factor for the survival and success of organizations (Suchman, 1995; Zimmerman & Zeitz, 2002). Legitimate organizations are able to pursue their activities without being questioned, and can avoid challenges from society (Meyer & Rowan, 1977). Organizations that are perceived as legitimate are in a better position to compete for resources and have unrestricted access to markets which enhances their survival (Brown & Dacin, 1997; Salancik & Pfeffer, 1978; Suchman, 1995). Deephouse et al. (2017) viewed legitimacy as an important factor because it has a defined effect on social and economic exchange for organizations. Most stakeholders and interest groups are willing to engage only with legitimate organizations and will avoid maintaining relationships with those that are questioned by the social system (Deephouse et al., 2017). Therefore, organizations seeking continuity and success in the market need to prove their viability and legitimacy to receive support from their stakeholders.

Legitimate organizations are those considered desirable and accepted due to the congruence of their activities with the general norms, values and beliefs of their social system (Díez Martín et al., 2010). It can be viewed as the congruence and conformity of an organization with general social norms and formal laws (Dowling & Pfeffer, 1975; Salancik & Pfeffer, 1978). However, the most expanded definition of legitimacy was the one provided by Suchman (1995: 574); “Legitimacy is the generalized perception or assumption that the actions of an entity are desirable, proper or appropriate within some socially constructed system of norms, values, beliefs and definitions”. Deephouse and Suchman (2008) recommended to cease the use of the term “desirable” to avoid confusion with other similar constructs such as status and reputation. Bitektine (2011) offered a numerative definition of the concept, considering that organizational legitimacy covers the perceptions of organizations, the evaluation and judgment made based on these perceptions and the behavioural response based on these judgments made by the different stakeholders. Deephouse et al. (2017:9) proposed an updated definition of legitimacy, considering it as “the perceived appropriateness of an organization to a social system in terms of rules, values, norms and definition”. Moreover, in their research, instead of viewing legitimacy as a dichotomous variable (Deephouse & Suchman, 2008), they recognized four different stages or levels of organizational legitimacy, depending on the perception that stakeholders have on the organization: accepted, proper, debated and illegitimate.
7.3.2. Dimensions

The concept of legitimacy is viewed as a multidimensional variable by researchers. Meyer and Rowan (1977) considered that legitimacy could be assessed based on “rational effectiveness”, “legal mandates”, and social values or beliefs. Other authors, such as Aldrich and Fiol (1994) differentiated between the general knowledge about the subject under analysis, cognitive legitimacy; and socio-political legitimacy as the acceptance of the subject as appropriate given the social norms. Despite the variety of dimensions or types if legitimacy identified by researchers in the field, most of them address to fulfilling the law, social values and the spread of their performance and actions, however when analysing types or dimensions of legitimacy, the ones provided by Suchman (1995) have been the most common ones when analysing legitimacy. He considered three main types of legitimacy: pragmatic, that focuses on the self-interests of the stakeholders of the organization; moral, which related to the fulfilment of the law and on “doing what is correct”; and cognitive that relies on the spread of knowledge about the firm’s structure, activities etc and the association to similar practices of legitimated known organizations. In his research he then divides legitimacy into smaller categories identifying twelve different types of legitimacy. Furthermore, Deephouse et al. (2017), considered these previous dimensions or types of legitimacy, as criteria used by stakeholders to make their assessments, considering that, for example, individuals when assessing moral legitimacy are considering moral criteria to evaluate the organization under study.

7.3.3. Sources and Strategies

Legitimate organizations have better access to resources such as capital, technology, customers, business networks etc (Aldrich & Fiol, 1994; Meyer & Rowan, 1977) due to the support that they receive from stakeholders and interest groups. Therefore, if an organization wants to gain or maintain its level of legitimacy to survive, it has to be able to adapt to the expectations of the society (Brønn & Vidaver-Cohen, 2009). However, it is impossible for an organization to adapt and be consistent with every social system within which they operate, therefore, they must recognize their sources or legitimacy. Legitimacy can be granted or assessed by multiple sources, each one using a different routine for the evaluation (Deephouse et al, 2017). Certain sources have a greater impact on the assessment of legitimacy than others, depending on the type of organization under consideration (Deephouse & Suchman, 2008). Ruef and Scott (1998: 880), considered as sources of legitimacy “the internal and external audiences who observe organizations and make legitimacy assessments”.

Several authors have analysed the importance that the evaluations made by The State and its agencies have in conferring legitimacy (Dowling & Pfeffer, 1975; Reimann et al., 2012). Public opinion and the media have also been studied by researchers, given their importance and the existing link between them (Abrahamson & Fairchild, 1999; Bansal & Clelland, 2004; Deephouse et al., 2017; Lamin & Zaheer, 2012). Organizations should also consider social movements and interest groups, especially considering the current importance of social media, due to the influence that they have on public opinion and on government policies, having a direct effect on the legitimation process of organizations (Rao, 1994). Bitektine (2011) and Tost (2011) highlighted the interest on the individual level of analysis in the legitimation process since all evaluators are individuals or at least groups of individuals when conferring legitimacy.
Organizations must decide the most suitable strategies to manage their legitimacy to be considered appropriate in their social system (Suchman, 1995). Legitimacy is not a static element; it is a continuous process along which different situations and scenarios can be identified (Deephouse et al., 2017). Therefore, organizations need to decide which legitimation activities are more suitable for the scenario under which they are operating at every different moment (Deephouse et al., 2017). Ashforth and Gibbs (1990) considered that organizations purposes when managing legitimacy could be grouped under three main categories: extending, maintaining and defending legitimacy. These categories are similar to the “challenges” proposed by Suchman (1995): gaining, maintaining and repairing legitimacy. Moreover, Deephouse et al. (2017) added two scenarios to the previous categories: challenged by and institutionally innovating.

7.3.4. Legitimacy in the Higher Education sector

Higher education institutions have faced numerous challenges over last decades, in terms of the decrease in governments funding, globalization (Altbach, 2013; Burnett & Huisman, 2010; Dodds, 2008), increase in international competitiveness, as well as a greater demand for quality and effectiveness in the offer provided by universities (Stensaker & Norgård, 2001). In addition, the adaptation process to the new knowledge economy by higher education institutions has represented a relevant issue for these institutions (Rodriguez-Pomeda & Casani, 2016). Universities have had to experiment relevant changes in order to respond to several threats such as governance, the academic profession, quality, innovations as well as internationalization (Altbach et al., 2010; Van der Wende, 2003).

Universities are facing pressure from stakeholders and their environments to adopt certain structures and to follow specific procedures in order to be considered as legitimate and as a result survive and succeed in the market (Stensaker & Norgård, 2001). This adjustment remains a complex matter for higher education institutions, since external demands require adopting specific standards within the higher education “industry” and at the same time offering relevant innovations.

The current situation faced by higher education institutions were the sector has been affected by the marketization (Fairclough, 1993) and its reconfiguration, has motivated the fact that groups in the academic field consider that the role of universities is controversial, and they understand that these institutions need to renovate their legitimacy to gain the right to exist (Rodriguez-Pomeda & Casani, 2016).

Moreover, some authors have considered that higher education institutions and more specifically business schools, have been developing actions harming their identity and legitimacy since they have been straying from their original missions of serving the public good (Bennis & O’Toole, 2005; Khurana & Nohria, 2008). Due to this behaviour, they have raised questions about their legitimacy and if their actions and activities continue to be acceptable and desirable within their social system (Suchman, 1995). However, obtaining and maintaining legitimacy is a complex issue for higher education institutions due to the diverse audience and characteristics of the different stakeholders whose demands they try to meet (Fragueiro & Thomas, 2011).

When organizations aim to obtain legitimacy, they need to identify their diverse sources of legitimacy or stakeholders. In the case of higher education institution, the different characteristics of the stakeholders make it difficult for universities to adapt to their standards. Jongbloed et al. (2008), identified the following stakeholder groups in the higher education context: governing
entities, administration, employees, clients, competitors, government regulators, nongovernmental regulators, financial intermediaries and joint venture partners. When trying to understand the needs and expectations of the given groups, universities understand that not every group has the same influence on assessing legitimacy (Bitektine, 2011; Ruef & Scott, 1998) therefore, the institution will not be equally responsive with every stakeholder group and they must make decisions depending on the relevance of each stakeholder for achieving their legitimacy levels (Farrugia & Lane, 2013).

Despite the relevance of legitimacy for higher education institutions, few empirical papers exist within the literature. In fact, most of the research on measuring legitimacy in the higher education field, appears related to specific practices more than to institutions. Alajoutsijärvi et al. (2015) analysed the legitimacy of Business Schools and identified the paradoxical nature associated with legitimacy (Smith & Lewis, 2011; Sonpar et al., 2010), since actions to increase legitimacy sometimes can have the opposite effect. In their research they focused on those business schools with accreditations since these certifications as well as rankings have increased the level of isomorphism in the higher education field.

Other authors, such as Farrugia and Lane (2012) analysed the relevance of obtaining legitimacy in the new location when universities develop branch campuses in other countries in order to survive and succeed, because despite having well establish legitimacy in their home country, it does not mean that this legitimacy will be carried to the new environment. Since stakeholders’ evaluations are determined by their environments and social contexts within other factors (Bitektine, 2011), it is crucial to understand these new stakeholders and identify their conditions to satisfy them for obtaining legitimacy.

Cruz-Suárez et al. (2014) measured the legitimacy of European Higher Education Area in the Spanish public universities through different stakeholder groups (students, professors and administrative personnel). In their findings they highlighted the lack of participation of the universities’ administrative personnel, as well as the different evaluations among stakeholder groups. This last fact goes in line with the different characteristics that these groups have in terms of training, culture or age. Many scholars have supported these arguments in their research regarding the different legitimacy evaluations that stakeholder groups can provide. Moreover, the research developed by Rodriguez-Pomeda and Casani (2016) analyzed how World Class Universities tried to increase their legitimacy through the discourses offered by their presidents by differentiating these universities from the rest.

Due to the competition and reconfiguration of the higher education sector, universities need to develop actions and activities to increase their legitimacy levels and as a result obtain more competitive positions in the sector in which they operate. However, despite the relevance of the matter, there are not a large number of papers measuring legitimacy in the higher education context, and even less research on measuring this variable for an academic institution, since as it has been presented previously, most of the empirical studies, measures the legitimacy of specific actions or programs developed by universities to manage their legitimacy level.
7.4. RELATIONSHIPS AND DIFFERENCES BETWEEN IMAGE AND LEGITIMACY

The relevance of intangible assets such as image and legitimacy for organizations due to the highly competitive environments in which they operate have been highlighted in the literature. However, lack of clarity still exists in defining the differences and relationships between these variables. Despite their relevance, there are not enough empirical research identifying if there is a clear relationship between both variables. It is clear that within some of the common traits between image and legitimacy the benefits that they provide to those organizations holding positive levels of both variables as well as the consideration of stakeholders’ perceptions for their formation can be highlighted (Foreman et al., 2012).

Some authors such as Tran et al. (2015) defined image as the execution of corporate strategy aimed at stimulating and establishing a positive corporate image, which was obtained by delivering ethically and socially acceptable outcomes for the different stakeholders over 7 main dimensions, including visual expressions, positive feelings, environments expression, online appearance, staff/employees’ appearance, attitude and behavior, and external communications. Based on this definition of the concept, a relationship between legitimacy and image can be identified, since image is achieved by the delivery of ethically and socially acceptable outcomes, which is similar to the definition of legitimacy provided by Suchman (1995).

In the study developed by MacLean and Behnam (2010) they analyzed the relationship between the compliance programs developed by the company Acme and the legitimacy perceptions. They showed how Acme’s compliance program was able to project an acceptable and appropriate image for external stakeholders which allowed Acme to maintain organizational legitimacy. Therefore, this empirical research supports the effect that image has on legitimacy.

Additional research on measuring the relationship between image and legitimacy exists in the literature. In fact, Metzler (2001) developed a paper where he tried to analyze the effect that repair image campaigns had on the legitimacy of tobacco company Philip Morris. In their study, they identified the social legitimacy crisis that Philip Morris was facing and the need of developing image repair and restoration strategies to face this crisis. They viewed organizational legitimacy and image repair as complementary theories since both focused on issues of understanding and addressing norms, values and concerns of organizational public to succeed and survive. The theory of organizational legitimacy explains why image repair is necessary, and image repair explains one set of strategies for defending organizational legitimacy. The objective pursued by Philip Morris’ image repair campaign is to show stakeholders the positive aspects and good corporate character of the organization, since providing benefits to society is a crucial aspect of legitimacy. In this empirical research the author supports that image repair can be viewed as a correct response to the legitimacy challenges organizations face because the strategies, when employed ethically, can have a positive influence on the way people think about an organization. Under these circumstances it can be said that an improve in an organization’s image can have a positive impact on its legitimacy as well.

Furthermore, Rao (1994) established a relationship between image, reputation and legitimacy in his research. Following this approach, and due to the bidirectional relationship between image and reputation and between legitimacy and reputation it can be assumed that a relationship between legitimacy and image exists through these variables’ relationship with reputation. If image affects reputation (Bromley, 1993; Fombrun & Van Riel, 1997; Fombrun & Shanley, 1990; Gray & Balmer, 1998; Saxton, 1998; Tran et al., 2015) and reputation has an effect on legitimacy
(Czinkota et al., 2014; Deephouse & Suchman, 2008; Rindova et al., 2005) it can be argued that an organization’s image will have an impact on its legitimacy. As well, on the other hand, if legitimacy affects reputation (Bansal & Roth, 2000; Czinkota et al., 2014; Deephouse & Suchman, 2008; Doh et al., 2010; Fan, 2005; Rao, 1994; Reimann et al., 2012; Thomas, 2007) and image is influenced by reputation (Harvey et al., 2017; Nguyen & LeBlanc, 2001; Zineldin et al., 2011) it could be possible to consider an existing effect of an institution’s legitimacy on its image.

Under these circumstances and considering the previous mentioned arguments, the following hypothesis is established for the Spanish Public Universities’ context:

- **Hypothesis 7.1**: Universities with higher image, will have higher legitimacy

The current situation faced by organizations involves following the stakeholder theory where entities should be managing their relationships with their different stakeholders (Hörisch et al., 2014) in order to create value and mutual benefits with them. Legitimacy can be granted or assessed by multiple sources, each one using a different routine for the evaluation (Deephouse et al, 2017). Under these circumstances, universities should be identifying their different stakeholder groups and adapting to their specific needs and demands when managing their legitimacy and image. As it has been previously stated, many authors have highlighted the complexity of this matter, due to the diverse characteristics that universities’ stakeholder groups have in terms of age, knowledge etc (Fraguero and Thomas, 2011; Whitley, 1998). In the literature on the field, most of the research developed has focused on one stakeholder group and only few of them have analyzed legitimacy and image in the higher education field introducing more than one stakeholder LaFuente-Ruiz-de-Sabando (2018). Higher education image formation will vary between different stakeholder groups (Struckman-Johnson & Kinsley, 1985; Terkla & Pagano, 1993; Treadwell & Harrison, 1994; Arpan et al., 2003) since they are affected by different stimuli, they have different interests on the organization etc. Therefore, analyzing different audiences’ perception and identifying the differences will be an interesting aspect to cover (Aghaz et al., 2015). Considering this situation, the following hypothesis is proposed as an extension of the first hypothesis on the effect that image has on legitimacy in higher education institutions.

- **Hypothesis 7.2**: The relationship between image and legitimacy is moderated by the stakeholder group

Figure 7.1 shows the model to be tested as well as the established hypothesis for this chapter.
7.5. SAMPLE AND METHODOLOGY

7.5.1. Research setting

As it has been previously stated, universities need to compete at national and international levels with other entities to gain a better competitive position and attract resources. Under these circumstances, the selected research setting was the Spanish Public Universities, since at it is happening in the different countries, these institutions need to identify the best manner to manage their intangible assets such as image and legitimacy to improve their situation in their sector. In fact, Spanish Public Universities are reducing their number of students in favour of private ones, since government funding has been decreasing. Within the Spanish Public Universities, Rey Juan Carlos University of Madrid has been the chosen one to develop the analysis of this paper, where information from students and professors was gathered. In Table 7.1 the number of students and professors of the given university are detailed.

7.5.2. Data collection

For collecting the data to develop this research paper, a questionnaire was developed. On an initial stage, a pre-test was developed with 300 online students to verify the scale used and to adapt the questions of the survey if it was necessary. After analysing the results of the pre-test, several questions where changed to offer a clearer meaning and a number of questions were taken out of the final version of the survey. In the final stage, a total number of 751 effective surveys were answered, 618 students and 138 professors. Table 7.1 presents the information regarding the characteristic of the study.
Table 7.1. Technical specifications of the study

<table>
<thead>
<tr>
<th>Population universe</th>
<th>Spanish Public University</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sampling technique</td>
<td>Random: questionnaire sent to students and professor of Rey Juan Carlos University</td>
</tr>
<tr>
<td>Method of collecting information</td>
<td>Online survey</td>
</tr>
<tr>
<td>Person surveyed</td>
<td>Students and professors from Rey Juan Carlos University</td>
</tr>
<tr>
<td>Population</td>
<td>Students = 38.035</td>
</tr>
<tr>
<td></td>
<td>Professors = 1.543</td>
</tr>
<tr>
<td>Sample size</td>
<td>Students = 618</td>
</tr>
<tr>
<td></td>
<td>Professors = 138</td>
</tr>
<tr>
<td>Sample size (%)</td>
<td>Students = 1.6%</td>
</tr>
<tr>
<td></td>
<td>Professors = 8.9%</td>
</tr>
<tr>
<td>Dates of information collection</td>
<td>From May 1st 2018 to July 1st 2018</td>
</tr>
</tbody>
</table>

7.5.3. Measurement

All constructs were measured through adapted items from existing scales and used a 11-points Likert scale for their measurement in the survey with 0 referring to strongly disagree and 10 referring to strongly agree. The items used to measure legitimacy the three dimensions proposed by Suchman (1995) were considered, and the items of each of these dimensions were taken from Suchman’s (1995) definitions and adapted from the research developed by Thomas (2005), Chung et al. (2016), Chaney et al. (2016). In the case of the items used to measure image they were taken from Beerli Palacio et al. (2002). Table 7.2 presents the measurement model in English, although the questionnaire was distributed in Spanish.

Table 7.2. Measurement model

<table>
<thead>
<tr>
<th>Factor</th>
<th>Item</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Pragmatic Legitimacy</td>
<td>LEGP1</td>
<td>My university offers me a personal benefit</td>
</tr>
<tr>
<td></td>
<td>LEGP2</td>
<td>It helps me to grow</td>
</tr>
<tr>
<td></td>
<td>LEGP3</td>
<td>My university satisfies my needs</td>
</tr>
<tr>
<td>Moral Legitimacy</td>
<td>LEGM1</td>
<td>My university follows the law</td>
</tr>
<tr>
<td></td>
<td>LEGM2</td>
<td>It behaves in an honest manner</td>
</tr>
<tr>
<td></td>
<td>LEGM3</td>
<td>It is socially responsible</td>
</tr>
<tr>
<td>Cognitive Legitimacy</td>
<td>LEGCOG1</td>
<td>I know the activities that my university does</td>
</tr>
<tr>
<td></td>
<td>LEGCOG2</td>
<td>I consider that these activities and actions are performed in the best possible manner</td>
</tr>
<tr>
<td></td>
<td>LEGCOG3</td>
<td>My university is well managed</td>
</tr>
<tr>
<td>Cognitive Image</td>
<td>IMAGCOG1</td>
<td>My university has good facilities</td>
</tr>
<tr>
<td></td>
<td>IMAGCOG2</td>
<td>It offers a good range of courses</td>
</tr>
<tr>
<td></td>
<td>IMAGCOG3</td>
<td>It is orientated and concerned about its stakeholders’ interests</td>
</tr>
<tr>
<td></td>
<td>IMAGCOG4</td>
<td>It is a prestigious university</td>
</tr>
<tr>
<td>Affective Image</td>
<td>IMAF1</td>
<td>My university is pleasant</td>
</tr>
<tr>
<td></td>
<td>IMAF2</td>
<td>It is stimulating</td>
</tr>
<tr>
<td></td>
<td>IMAF3</td>
<td>It is dynamic</td>
</tr>
</tbody>
</table>

Source: Own elaboration based on Beerli Palacio et al. (2002), Suchman (1995), Thomas (2005), Chung et al. (2016) and Chaney et al. (2016).
7.6. DATA ANALYSIS AND RESULTS

7.6.1. Descriptive analysis

In order to understand the values of the considered variables of legitimacy and image of the sample, the descriptive analysis was carried out. Table 7.3 present the results on the descriptive analysis, showing the different factors as well as their items with their mean and standard deviation obtained through the analysis of the results of the survey distributed to the two different university´s stakeholders under consideration: students and professors.

As it appears in the results, the average value both variables differ when considering the evaluations made by students and the ones made by the professors. In the case of students, the value of the university´s legitimacy is 5.22 and 5.92 for image over 10. In contrast the obtained results when analyzing professors are 7.02 for legitimacy and 7.23 for image. For the average results of the three different dimensions of legitimacy, the results also vary depending on the group under consideration. For students the dimension holding the highest score is pragmatic legitimacy, while the one with the lowest score is the moral dimension. Professors agree on the best legitimacy dimension for their university since it is also the pragmatic one but consider as the worst dimension the cognitive one. When analyzing the two image dimensions, students view as the affective and cognitive components with similar values. In the case of professors, a similar scenario is viewed, since both dimensions hold similar scores. However, in both stakeholder groups´evaluations the affective dimension is slightly higher than the cognitive one.
Table 7.3. Descriptive analysis

<table>
<thead>
<tr>
<th>Factor</th>
<th>Item</th>
<th>Students</th>
<th>Professors</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>Mean</td>
<td>Standard deviation</td>
</tr>
<tr>
<td>Pragmatic Legitimacy</td>
<td>LEGP1</td>
<td>6,279</td>
<td>2,552</td>
</tr>
<tr>
<td></td>
<td>LEGP2</td>
<td>6,272</td>
<td>2,634</td>
</tr>
<tr>
<td></td>
<td>LEGP3</td>
<td>5,819</td>
<td>2,609</td>
</tr>
<tr>
<td>Moral Legitimacy</td>
<td>LEMG1</td>
<td>4,205</td>
<td>3,299</td>
</tr>
<tr>
<td></td>
<td>LEMG2</td>
<td>3,899</td>
<td>3,247</td>
</tr>
<tr>
<td></td>
<td>LEMG3</td>
<td>5,035</td>
<td>3,002</td>
</tr>
<tr>
<td>Cognitive Legitimacy</td>
<td>LEGCOG1</td>
<td>5,508</td>
<td>2,628</td>
</tr>
<tr>
<td></td>
<td>LEGCOG2</td>
<td>5,433</td>
<td>2,629</td>
</tr>
<tr>
<td></td>
<td>LEGCOG3</td>
<td>4,500</td>
<td>2,991</td>
</tr>
<tr>
<td>LEGITIMACY</td>
<td></td>
<td>5,217</td>
<td></td>
</tr>
<tr>
<td>Cognitive Image</td>
<td>IMAGCOG1</td>
<td>6,886</td>
<td>2,007</td>
</tr>
<tr>
<td></td>
<td>IMAGCOG2</td>
<td>7,049</td>
<td>2,091</td>
</tr>
<tr>
<td></td>
<td>IMAGCOG3</td>
<td>5,072</td>
<td>2,891</td>
</tr>
<tr>
<td></td>
<td>IMAGCOG4</td>
<td>4,439</td>
<td>2,800</td>
</tr>
<tr>
<td>Affective Image</td>
<td>IMAF1</td>
<td>6,797</td>
<td>2,183</td>
</tr>
<tr>
<td></td>
<td>IMAF2</td>
<td>5,450</td>
<td>2,612</td>
</tr>
<tr>
<td></td>
<td>IMAF3</td>
<td>5,690</td>
<td>2,521</td>
</tr>
<tr>
<td>IMAGE</td>
<td></td>
<td>5,920</td>
<td></td>
</tr>
</tbody>
</table>

7.6.2. Assessment of measurement model and invariance measurement across both groups

In order to analyse the established hypothesis and relationships structural modelling with SmartPLS system version 3 was used to estimate the model and to develop the multigroup analysis (MGA). This technique was chosen because it is a powerful method of analysis (Chin et al., 2003), presenting adequate advantages for the research to be carried out (Hair et al., 2014), in addition it supports carrying out multigroup analysis (Hair et al., 2017; Henseler et al., 2016; Sarstedt et al., 2011). The current samples of 618 and 138 seem adequate since previous studies have identified a sampling threshold for PLS SEM of 100 samples (Reinartz et al., 2009).

The first step carried out when managing the data was to verify the reliability and validity of the measurement model shown in Figure 7.1 for both stakeholder groups. In Table 7.4 the information regarding the model’s reliability and validity for students and professors is presented. For legitimacy’s reflective items, it can be shown that all the composite reliability over 0,60 can be considered appropriate (Bagozzi & Yi, 1988), therefore all items are within this scope since they all appear over this value. In addition, the average variance extracted (AVE) was calculated and presented with values over 0,50 which is consider acceptable (Fornell & Larcker, 1981). Furthermore, in Table 7.4 the standardized loadings of the reflective items are presented as well.
as their significant value (p<0,01) which showed that they were meaningfully linked to their respective dimensions and construct. In Table 7.5, aspects related to discriminant validity are presented, the HTMT ratio method recently proposed by Henseler et al. (2016) was also applied to assess discriminant validity. Since every ratio was lower than 0.85 (Clark & Watson, 1995) no problems appear in the model.

Table 7.4. Measurement model reliability and validity

<table>
<thead>
<tr>
<th>Factor</th>
<th>Item</th>
<th>Students</th>
<th></th>
<th></th>
<th>Professors</th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>weights/</td>
<td></td>
<td></td>
<td></td>
<td>weights/</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>loadings</td>
<td></td>
<td></td>
<td></td>
<td>loadings</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>t-value</td>
<td></td>
<td></td>
<td></td>
<td>t-value</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>VIF</td>
<td></td>
<td></td>
<td></td>
<td>VIF</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>CR</td>
<td></td>
<td></td>
<td></td>
<td>CR</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>AVE</td>
<td></td>
<td></td>
<td></td>
<td>AVE</td>
<td></td>
</tr>
<tr>
<td>Pragmatic</td>
<td>LEGP1</td>
<td>0.943</td>
<td>133.906</td>
<td>0.957</td>
<td>0.882</td>
<td>0.922</td>
<td>33.609</td>
</tr>
<tr>
<td>Legitimacy</td>
<td>LEGP2</td>
<td>0.945</td>
<td>99.672</td>
<td></td>
<td>0.926</td>
<td>36.395</td>
<td></td>
</tr>
<tr>
<td></td>
<td>LEGP3</td>
<td>0.93</td>
<td>113.797</td>
<td></td>
<td>0.906</td>
<td>30.371</td>
<td></td>
</tr>
<tr>
<td>Moral Legitimacy</td>
<td>LEMG1</td>
<td>0.934</td>
<td>112.585</td>
<td>0.948</td>
<td>0.859</td>
<td>0.949</td>
<td>77.237</td>
</tr>
<tr>
<td></td>
<td>LEMG2</td>
<td>0.957</td>
<td>211.249</td>
<td></td>
<td>0.952</td>
<td>84.126</td>
<td></td>
</tr>
<tr>
<td></td>
<td>LEMG3</td>
<td>0.889</td>
<td>75.353</td>
<td></td>
<td>0.896</td>
<td>35.607</td>
<td></td>
</tr>
<tr>
<td>Cognitive</td>
<td>LEGCOG1</td>
<td>0.792</td>
<td>29.948</td>
<td>0.892</td>
<td>0.734</td>
<td>0.847</td>
<td>21.411</td>
</tr>
<tr>
<td>Legitimacy</td>
<td>LEGCOG2</td>
<td>0.917</td>
<td>112.622</td>
<td></td>
<td>0.918</td>
<td>64.083</td>
<td></td>
</tr>
<tr>
<td></td>
<td>LEGCOG3</td>
<td>0.857</td>
<td>62.046</td>
<td></td>
<td>0.835</td>
<td>22.11</td>
<td></td>
</tr>
<tr>
<td>Cognitive</td>
<td>IMAGCOG1</td>
<td>0.201</td>
<td>5.183</td>
<td>1.544</td>
<td></td>
<td>0.205</td>
<td>1.615</td>
</tr>
<tr>
<td>Image</td>
<td>IMAGCOG2</td>
<td>0.139</td>
<td>3.345</td>
<td>1.564</td>
<td></td>
<td>0.274</td>
<td>2.027</td>
</tr>
<tr>
<td></td>
<td>IMAGCOG3</td>
<td>0.599</td>
<td>17.656</td>
<td>1.457</td>
<td></td>
<td>0.45</td>
<td>4.562</td>
</tr>
<tr>
<td></td>
<td>IMAGCOG4</td>
<td>0.33</td>
<td>8.107</td>
<td>1.633</td>
<td></td>
<td>0.434</td>
<td>4.82</td>
</tr>
<tr>
<td>Affective</td>
<td>IMAF1</td>
<td>0.263</td>
<td>4.193</td>
<td>2.339</td>
<td></td>
<td>0.459</td>
<td>3.791</td>
</tr>
<tr>
<td>Image</td>
<td>IMAF2</td>
<td>0.542</td>
<td>6.792</td>
<td>4.334</td>
<td></td>
<td>0.364</td>
<td>1.922</td>
</tr>
<tr>
<td></td>
<td>IMAF3</td>
<td>0.271</td>
<td>3.409</td>
<td>3.764</td>
<td></td>
<td>0.247</td>
<td>1.382</td>
</tr>
<tr>
<td>Legitimacy</td>
<td>Cognitive Image</td>
<td>0.726</td>
<td>15.095</td>
<td>2.453</td>
<td></td>
<td>0.583</td>
<td>5.714</td>
</tr>
<tr>
<td></td>
<td>Affective Image</td>
<td>0.327</td>
<td>6.095</td>
<td>2.453</td>
<td></td>
<td>0.490</td>
<td>4.448</td>
</tr>
<tr>
<td></td>
<td>Pragmatic Legitimacy</td>
<td>0.490</td>
<td>11.795</td>
<td>1.911</td>
<td></td>
<td>0.513</td>
<td>5.435</td>
</tr>
<tr>
<td></td>
<td>Moral</td>
<td>0.337</td>
<td>8.009</td>
<td>2.341</td>
<td></td>
<td>0.171</td>
<td>1.492</td>
</tr>
<tr>
<td>Legitimacy</td>
<td>Cognitive Legitimacy</td>
<td>0.306</td>
<td>6.859</td>
<td>2.455</td>
<td></td>
<td>0.456</td>
<td>5.714</td>
</tr>
</tbody>
</table>

Note: CR: Composite Reliability; AVE: Average Variance Extended

For the formative constructs, image and legitimacy’s second order items, the collinearity (VIF) value is presented, showing that every item is under the appropriate level of VIF<5 (Hair et al., 2011). In addition, the standardized weights are shown in both tables as well as their significant values (p<0,01), showing that all formative values affect in a significant manner to their dimensions or construct in the case of the second-order. However, in the case of professors some items from both cognitive and affective image show a non-significant weight, as well as moral legitimacy which weight over legitimacy is not significant also. Nevertheless, since the loadings of the given items are high (>0,50) they are maintained (Hair et al., 2014).
Under these circumstances, it was concluded that the proposed model offered appropriate evidence of reliability, convergent and discriminant validity in the case of the reflective constructs forming legitimacy dimensions, as well as in terms of collinearity and weight-loading relationship and significant levels for the formative constructs. Reliability and convergent validity were tested at the first order level for legitimacy’s dimensions collinearity as well as weight-loading relationship and significance for the first order and second-order construct of image and for the second order of legitimacy of the model.

In order to develop the MGA to compare the path coefficients between students and professors, the acceptability of the models as well as the measurement invariance need to be established (Hair et al., 2017, Henseler et al., 2016; Sarstedt et al., 2011). For this purpose, Henseler et al (2016) offered the measurement invariance of composite method (MICOM) for PLS-SEM which is applied in this study to assess measurement invariance. MICOM is a three-step process including 1, the configural invariance assessment, 2 the establishment of compositional invariance assessment and 3 the assessment of equal means and variances. Following MICOM procedure, Table 7.6 presents partial measurement invariance for both students and professors, which is a requirement for the comparison and interpretation of the MGA’s group differences using the results from PLS/SEM (Henseler et al., 2016).

### Table 7.5. Discriminant validity HTMT

<table>
<thead>
<tr>
<th>Factor</th>
<th>Cognitive Legitimacy</th>
<th>Moral Legitimacy</th>
<th>Pragmatic Legitimacy</th>
<th>Cognitive Legitimacy</th>
<th>Moral Legitimacy</th>
<th>Pragmatic Legitimacy</th>
</tr>
</thead>
<tbody>
<tr>
<td>Students</td>
<td></td>
<td></td>
<td></td>
<td>Professors</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cognitive Legitimacy</td>
<td>0.823</td>
<td></td>
<td></td>
<td>0.801</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Moral Legitimacy</td>
<td>0.736</td>
<td>0.676</td>
<td></td>
<td>0.636</td>
<td>0.676</td>
<td>0.696</td>
</tr>
<tr>
<td>Pragmatic Legitimacy</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

### Table 7.6. Results of Invariance Measurement Testing Using Permutation

<table>
<thead>
<tr>
<th>Constructs</th>
<th>Configural Invariance</th>
<th>Compositional Invariance</th>
<th>Equal Mean Assessment</th>
<th>Equal Variance Assessment</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>C=1</td>
<td>CI</td>
<td>PMI</td>
<td>Diff</td>
</tr>
<tr>
<td>Image</td>
<td>Yes</td>
<td>0.995</td>
<td>(0.986; 1.000)</td>
<td>Yes</td>
</tr>
<tr>
<td>Legitimacy</td>
<td>Yes</td>
<td>0.994</td>
<td>(0.984; 1.000)</td>
<td>Yes</td>
</tr>
</tbody>
</table>

Note: PMI=Partial Measurement Invariance; FMI=Full Measurement Invariance; CI=Confidence Interval
7.6.3. Assessment of the structural model and multigroup analysis

Table 7.7 presents the results of the structural model assessment (Hair et al., 2011), for both stakeholder groups. It represents the results of the hypothesis testing using 5000 bootstrapping re/samples. The results show that for students and professors image affects legitimacy positively and significantly.

Table 7.7. Hypothesis testing

<table>
<thead>
<tr>
<th>Hypothesis</th>
<th>Students</th>
<th>Professors</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Beta</td>
<td>t/value</td>
</tr>
<tr>
<td>H 7.1 Image-Legitimacy</td>
<td>0.852</td>
<td>67.454</td>
</tr>
</tbody>
</table>

*R Square (Legitimacy) Students= 0,726
*R Square (Legitimacy) Professors= 0,532
*R Square (Legitimacy) Professors= 0,683
*R Square (Legitimacy) Professors= 0,474

For the MGA outcome, the Parametric test was used considering the existing equal variances (Hair, 2018). In addition, two nonparametric method was used, the Henseler’s bootstrap-based MGA (Henseler et al., 2009), and the Permutation test (Chin & Dibbern, 2010) since these two techniques are the most conservative ones for PLS/SEM to assess differences between groups. For the parametric test differences between path coefficient lower than 0,05 represent significant differences between the considered groups. In the case of the nonparametric method, for the Henseler MGA method a p value of differences between path coefficients lower than 0,05 or higher than 0,95 indicates at the 5% level significant differences between specific path coefficients across two groups (Henseler et al., 2009; Sarstedt et al., 2011), whereas for the Permutation test differences are only at the 5% level significant, if the p value is smaller than 0,05. Table 7.8 presents the results on the MGA path coefficients’ comparison and the findings show no significant differences between students and professors in regard to the effect that image has on legitimacy. In this study, all the methods used for the multigroup analysis support the same conclusion of not identifying significant different by stakeholder group in the relationship between image and legitimacy, thus providing a multimethod confirmation of our results.

Table 7.8. Hypothesis testing MGA

<table>
<thead>
<tr>
<th>Path Coefficient Difference</th>
<th>P-Value Difference</th>
<th>Supported</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Parametric Test</td>
<td>Henseler MGA</td>
</tr>
<tr>
<td>H 7.2 Image-Legitimacy</td>
<td>0,024</td>
<td>0,431</td>
</tr>
</tbody>
</table>

**7.7. DISCUSSION AND CONCLUSIONS**

Due to the current competitive scenario faced by higher education institution, the introduction of intangible assets’ management has become a crucial aspect for universities. These institutions
have understood the multiple benefits that holding a positive image and legitimacy can provide. In addition, despite the relevance that image and legitimacy have for organizations, there is still lack of empirical evidence to clarify the possible existing relationships that could exist between them.

Under these circumstances, the aim of this research was to offer empirical evidence and to test the hypotheses identified in the literature supporting the influence that image has on reputation and to verify the moderating effect that the stakeholder group of the sample might have on the way that these two constructs relate. These hypotheses were tested in the higher education field since due to the current competition faced in this sector, evaluating the relationship between these two intangible assets can be considered as a relevant matter and there is still lack of empirical studies measuring this relationship, and even less considering more than one stakeholder group. Furthermore, applying these hypotheses in the Spanish Public University sector is important, since currently these institutions are facing problems in gaining students compared to private institutions, which increases the relevance of managing intangible assets for them.

The first obtained results after developing the descriptive analysis show that the level of legitimacy of Rey Juan Carlos University varies depending on the stakeholder group under consideration. Students have considered that the level of legitimacy that their university has is 5.22, which represents a relatively low value since its just at the middle of the scale. In contrast, the evaluation made by professors is higher since they consider that the legitimacy level is 7.02 over 10 which represents a medium high level. When analysing the obtained results on the value of image, the obtained level for the given university in the case of the evaluation made by students is 5.92 and for professors 7.23 over 10. The differences between the evaluations made by each group could be mainly related to their diverse characteristics in terms of age, knowledge or degree of commitment with the institution. Since professors are internal stakeholders they might have a greater sense of belongingness and might be more informed on aspects related to the university compared to students. External stakeholders such as students might be more demanding with organizations. These results go in line with the arguments supported by authors such as Fragueiro and Thomas (2011), Whitley (1998) or Christensen and Gornitzka (2017) that highlight the complexity of managing intangible assets in the higher education field due to the diversity of their stakeholders’ characteristics. Despite the diverse values on legitimacy and image across stakeholders, which represents a problem in terms of consistency, their level for Rey Juan Carlos University could be considered as medium, since even though they pass the middle line, they continue to be far away from the ideal situation.

When considering the different dimensions for legitimacy and image the following elements were discovered. In the case of the pragmatic, moral and cognitive dimensions considered for the construct of legitimacy, our finding confirm the significance of all three factors to measure the overall legitimacy of the university for students. However, in the case of professors the moral dimensions appeared as not significant for the measurement of the variable. and the weights of each of them are similar for both students and professors. Therefore, the dimensions proposed by Suchman (1995) could be confirmed through this research for students but not for professors. When taking into consideration the cognitive and affective dimension considered for the university’s image dimensions both elements appear as significant for students and professors. For both stakeholder groups the weight of the cognitive component is higher than the one of the affective dimensions, however, in the case of students this difference is more expanded. Under this situation, the model developed by Beerli Palacio (2002) on measuring the university’s image could be confirmed through our research.
Our findings confirm the proposed hypothesis on the effect that image has on legitimacy since a positive and significant relationship exists between the given constructs. This confirmation was already supported by authors such as Tran et al. (2015), Mclean and Behnam (2010), Metzler (2009). Moreover, and based on the arguments suggested previously, in a less explicit manner, our findings go in line with the existing relationship that both variables, image and legitimacy have with another intangible assets that is reputation. When analysing the obtained results in terms of the moderating effect that the group has on the relationship between image and legitimacy, the hypothesis 7.2 was not confirmed since there are no significant differences in the way that image affects legitimacy for Rey Juan Carlos University when comparing the results for students and professors. Therefore, even though the obtained results on the legitimacy and image level differ between students and professors, the effect that one variable has over the other follows a similar path.

The relevance of identifying the influence that image has on legitimacy is related, first of all, with presenting additional empirical evidence on a relatively innovative field since the relationship between image and legitimacy is even more unexplored than the relationship between other intangible assets and therefore a more exploratory analysis was required, and second of all, these relationship can serve as guidance to university managers when trying to manage their legitimacy and image, since following Suchman’s (1995) approach where organizations can develop strategies to change their legitimacy level, managers can develop these type of actions and strategies to improve their image and as a result these actions will also have a positive impact on the legitimacy of the given university. Considering that resources are limited it is interesting to identify these types of relationships since university’s manager can benefit from synergies when applying one strategy to increase their competitive position in the sector. In addition, since most of the research developed on measuring intangible assets such as image and legitimacy in the higher education field considered only one stakeholder group, this research offers additional empirical evidence on the manner that students and professors´ perceptions differ. Based on our findings, the proposed strategies by universities´ managers to change their image and the effect that these actions could have on their legitimacy would be similar for students and professors, which might ease the process of managing these intangible assets, because despite their different characteristics, the way in which they would be affected if they perceive in a correct manner the actions aimed to increase the image level of the university regarding the institution’s legitimacy would be similar. However, it is important to understand that these two stakeholder groups might be affected by different criteria when making their legitimacy and image evaluations, since as it has been proven through this research they show some differences in the legitimacy and image level of their university. Under these circumstances, it is important to highlight the relevance of managing the relationship with both stakeholder groups in order to improve the university’s image and legitimacy.

In relation to the suggestions and recommendations for university managers based on the obtained results of this research, the following points could be highlighted. First of all, the results on the value of legitimacy and image are relatively mediocre and there is room for improvement, therefore it is important that they start developing actions to try and improve their level, since given the competitive landscape in which they operate, obtaining high intangible assets’ levels could be determinant to survive in the sector. As the evaluations made by professors are higher for both variables, managers should try to identify which aspects could be more relevant for their students in order to get them more involved in their relationship with their university and to improve their image and legitimacy in order to obtain more similar and consistent assessment through stakeholder groups. In the case of legitimacy, since the moral dimension is the lowest
one, they should try and develop actions that relate more to improving their right to exist as well as their behavior in order to be considered as trustworthy. In relation to the image level, both dimensions have a similar score therefore it would be important to continue improving aspects that affect both elements, however, in the literature, many authors have highlighted the fact that the cognitive component is a predecessor of the affective one (Kennedy, 1997), therefore initially university’s managers should be focusing more on the cognitive aspect and with time it could have an effect on the affective dimension. When considering the confirmed effect that image has on legitimacy, managers should take advantage and optimize their resources when managing these intangible assets, since due to how closely related they are, almost any action or strategy aimed at increasing the image level will have an impact of the legitimacy of their university.

Within the limitations and future research lines of the given research, two main points could be highlighted. First of all, the sample was a unique Spanish Public University, where even though the size of the sample was wide enough, a deeper understanding could be reached through an analysis of a higher number of universities in the Spanish higher education context. Second, universities have more than two stakeholder groups, and for this research, only two groups where considered. Therefore, the future research lines regarding the analysis of the relationships between image and legitimacy in the Spanish higher education context relate to meeting these two points: a wider range of public universities are being analysed to compare results as well as a comparative analysis using additional stakeholder groups.

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CHAPTER 8: THE RELATIONSHIP BETWEEN IMAGE, LEGITIMACY AND REPUTATION IN THE SPANISH PUBLIC UNIVERSITY
8. THE RELATIONSHIP BETWEEN IMAGE, LEGITIMACY AND REPUTATION IN THE SPANISH PUBLIC UNIVERSITY

8.1. INTRODUCTION

The higher education sector has been experimenting relevant changes over the last decades. Universities and higher education institutions operate in a highly competitive markets (Lafuente-Ruiz-de-Sabando et al., 2017), where attracting resources has become a complicated task. Globalization has expanded the pressure and the competition to international levels since universities need to compete globally to attract talented students, prestigious professors and employees (Altbach et al., 2010; Christensen & Gornitzka, 2017; Hemsley-Brown et al., 2016; Plewa et al., 2016; Verčič et al., 2016). Furthermore, despite the existing criticism (Barron, 2017), stakeholder’s and society expectations regarding the scores hold by universities in quality and employability rankings are increasing, augmenting the pressure in the sector.

In addition, the decrease in government funding has motivated the increase of private universities and institutions, which has determined the loss of students of public universities in favor of the private ones. Under these circumstances, Spanish Public Universities are facing a complicated situation in the higher education sector.

Apart from the increased competition, higher education institutions are facing additional problems. Due to several scandals, universities nowadays are no longer untouchable entities that could assume that society would trust them without being questioned (Rakovski & Levy, 2007; Verčič et al., 2016). Stakeholders and society are skeptical on universities focusing their efforts on research instead of teaching, issues regarding how these institutions handle money or the lack of efforts to serve the public in the correct manner (Phair, 1992).

Under these circumstances, universities are implementing a more business-like approach in their management (Veloutsou et al., 2005). In this attempt to improve their position in the market, universities have understood that the correct management of intangible assets such as image, legitimacy and reputation is a key element for attracting and retaining stakeholders such as students, professors and economic resources (Hemsley-Brown et al., 2016; Plewa et al., 2016).

Image, legitimacy and reputation have been considered as relevant variables for organization’s survival and success (Gray & Balmer, 1998; Suchman, 1995; Andreasen & Lindestad, 1998; Zimmerman & Zeitz, 2002). Scholars have shown in their research that legitimacy increase organizations’ access to crucial resources (Czinkota et al., 2014) and that stakeholders are willing to engage with legitimated institutions. Moreover, holding a positive image increases the loyalty and satisfaction level of stakeholders (Andreasen & Lindestad, 1998) as well as the overall perception of the organization. Well-reputed organizations and those with a positive image will have a competitive advantage in the market and a higher probability of survival (Fombrun & Shanley, 1990). Due to their relevance, numerous scholars have developed research on these constructs, however, there is still lack of clarity between the differences and relationships between these intangible assets and further research on this matter remains important.

In the higher education context, the benefits of holding a positive image, legitimacy and reputation appear in a variety of manners: it can improve the competitive position hold by the institution (Parameswaran & Glowacka, 1995), regain public trust through their correct management and
communication with the different stakeholders in their environment, will serve as a quality sign (Nguyen & LeBlanc, 2001), will reduce uncertainty (Rindova et al., 2005) for stakeholders in their decision-making processes (Hemsley-Brown et al., 2016; Munisamy et al., 2014) when selecting which university to engage with, etc.

Under these circumstances, managing these intangible assets in the correct manner can be a crucial element for universities to achieve its social and economic objectives in the medium and long term (Christensen & Gornitzka, 2017; Farrugia & Lane, 2013; Hemsley-Brown et al., 2016; Plewa et al., 2016).

The aim of this research is to analyze the existing relationship between image, legitimacy and reputation as well as the importance that all three intangible assets have within the Spanish Public Universities. This evaluation will be made considering different stakeholders (students, professors, support personnel, managers, alumni) since it has been stated in the literature the importance of understanding that each stakeholder group can have different perceptions and experiences towards the same organization. To meet this objective, a review on the literature on image, legitimacy and reputation as well as on their differences and relationships will be carried out in the higher education sector, followed by an empirical analysis using Spanish Public Universities as sample, where surveys will be developed to understand the diverse stakeholders’ perceptions (students, alumni, professors, administrative personnel and managers). Finally, the main conclusions, limitations and future research lines will be presented.

8.2. IMAGE

8.2.1. Concept and Importance

Corporate image is classified as a crucial resource for organizations (Gray & Balmer, 1998). The effect on stakeholder’s satisfaction is closely related to the image of the institution (Andreassen & Lindestad, 1998). When evaluating an organization, corporate image represents a sign of quality and has the ability to affect the degree of customers’ loyalty (Andreassen & Lindestad, 1998). Nowadays, organizations operate in highly competitive environments, therefore, the correct management of the entity’s corporate image can have important benefits. Customer loyalty can be enhanced when the given company’s image is favourable (Fornell et al., 2010; Nguyen & LeBlanc, 2001; Andreassen & Lindestad, 1998). When facing information asymmetries, corporate image can help stakeholders by simplifying decision rules (Andreassen & Lindestad, 1998). Furthermore, stakeholders might be more forgiving when an organization with a strong image makes a mistake than on the contrary, since image can determine the customer’s perceptions and, as a result, their behaviour towards the given entity (Melewar & Karaosmanoglu, 2006). A strong corporate image can help an entity to differentiate itself from its competitors through the development of competitive advantages, will could improve its position in the market (Melewar & Karaosmanoglu, 2006). In addition, the relationship with stakeholders can be improved, as well as the corporate reputation of the organization (Tran et al., 2015).

The concept of corporate image has been widely analysed in the literature, however, researchers have not reached a unique definition of the variable for the moment since it is a variable that suffers from a great degree of plurality (Foreman et al., 2012). Furthermore, an additional aspect that increases the complexity of this clarification is the fact that the distinction and relationship between image, identity and reputation remains unclear. Despite the lack of agreement between
scholars on the definition of corporate image, the great majority of the definitions consider image as the sum of beliefs and attitudes towards an organization (Beerli Palacio et al., 2002), the result of all interactions based on experiences and feelings between the organization and the stakeholders (Worcester, 2009). Authors such as Tran et al. (2015) provided a holistic definition of the concept considering it as the as an interlinked concept with reputation which resulted from the feelings, and impressions hold of an organization and that had an effect on stakeholders´ perceptions about the entity.

8.2.2. Dimensions

Taking into consideration that image is formed by stakeholders´ impressions (Bromley, 1993; Davies & Chun, 2012) and perceptions, it could be viewed as a multidimensional construct (Bolger, 1959; Spector, 1961). The relevance of identifying the dimensions that form image relates to the opportunity for organizations´ management to design actions and strategies to change customers´ perceptions in a positive manner to benefit from higher satisfaction and loyalty levels (He & Mukherjee, 2009; Andreassen & Lindestad, 1998). However, the difficulty on doing so lies on the variety of stakeholders with which an organization interacts, what can result in each of these groups holding a different perception and image of the company, indicating that the elements or dimensions affecting their assessments will vary between them (Dowling, 1988). In fact, some authors consider that an organization does not project a unique image, but that the institution´s image will vary depending on the stakeholder group assessing it, since each specific group will value some elements over others and will have a different experience with the company (Dowling, 1986).

Within the literature there is not a unique set of dimensions, however, many scholars have tried to identify the elements that form image in their research. Worcester (2009) identified four categories for the image concept: product image, brand image, user image and corporate image, this last concept was divided into other elements such as product reputation, customers relationships, employer’s role etc. Nguyen and LeBlanc (2001) identified corporate identity, reputation, service offering, physical environment and contact personnel as the main dimensions contributing to a service firm´s corporate image. Kennedy (1977) identified the functional and the emotional component. The first one relates to tangible characteristics and elements which are easier to measure, while the emotional component refers to psychological aspects resulting from the feelings derived from stakeholders´ experiences with the organization. The functional aspects refer to physical elements such as range of products, price, layout etc, and physiological aspects relate with the client’s feelings and sense of belongingness (Mazursky & Jacoby, 1986). Other authors, such as Tran et al. (2015) reached an updated definition including seven dimensions: visual expressions, positive feelings, environments expressions, online appearance, employee´ appearance, attitude and behavior, and external communication.

As it has been previously stated, individuals and different stakeholder groups will have different perceptions of an organization (Nguyen & LeBlanc, 2001) therefore in order to modify an entity´s corporate image, being able to identify and understand what forms each group´s perceptions is crucial (Dowling, 1986). The literature shows an agreement on the positive effect that communication can have on corporate image (Gray & Balmer, 1998) since it can represent the efforts that organizations make to align themselves with what stakeholders perceive (Dowling, 1986; Christensen & Askegaard, 2001).
8.2.3. Image in the Higher Education sector

The higher education sector has been experimenting important changes over recent decades. Increases in demand have motivated the expansion of the supply in terms of number and variety of offer (Maringe, 2009). Furthermore, globalization has expanded this competition to international levels, since universities and higher education institutions have to compete at national and international levels to attract resources, students and professors (Altbach et al., 2010). In addition, decrease in government funding has contributed to the development of private institutions in the sector (Lafuente-Ruiz-de-Sabando et al., 2017). The existing competitive scenario has also increased the pressure for higher education institutions to hold high position in national and international rankings, since stakeholders consider these positions as relevant factors when they decide which university to engage with (Barron, 2017).

Higher education institutions are trying to implement a more business-like orientation approach (Milliken, 1990). They have understood the importance of managing intangible assets such as image to differentiate themselves over competitors and to improve the relationship with their stakeholders (Alves & Raposo, 2010; Nguyen & LeBlanc, 2001).

Universities are assigning more resources to manage their image and improve it in society’s and stakeholders’ eyes (Curtis et al., 2009) since in the higher education sector, intangible perceptions could be more relevant than measurable substances for stakeholders’ decisions. Holding a positive image could increase higher education institutions’ competitive position in their sector (Parameswaran & Glowacka, 1995) due to the clear effect that it can have on students’ decisions toward which university to attend as well as on other groups which can affect the funding received by the university (Ivy, 2001). However, it is important to understand that managing image is a complex matter since many times stakeholders’ perceptions differ from the image that universities aim to transmit (Lafuente-Ruiz-de-Sabando et al., 2017).

Additional problems that higher education institutions are currently facing relate to stakeholders and society’s perceptions that universities efforts focus on research instead of teaching, issues regarding how these institutions handle money and the lack of efforts to serve the public in the correct manner (Phair, 1992). Therefore, due to this crisis in confidence, the need to regain public trust through intangible assets’ management and correct communication with the different stakeholders in their environment increases its importance for these institutions.

Despite the relevance that holding a positive image has for higher education institutions, there is still lack of empirical research to understand in a deeper degree which elements and strategies might be crucial to manage it in an efficient manner (Aghaz et al., 2015; Duarte et al., 2010; Wilkins & Huisman, 2015). However, authors such as Sung and Yang (2008), considered a shift in the interest that analysing university image was attracting. Lafuente-Ruiz-de-Sabando et al. (2017) highlighted the lack of agreement on the dimensions forming both constructs, the lack of clarity on the similarities and differences between image and reputation for stakeholders, the limited measurement tools to include different stakeholders´ perceptions since most of the research focused only on one stakeholder group and the fact that most of the existing empirical research was centered in the US context as relevant aspects in the literature on the field.

University’s image has been defined in several ways, Alessandri et al. (2006: 259) considered it as “the public’s perception of the university”. Duarte et al. (2010: 23), as “the sum of all beliefs an individual has towards the university”. Arpan et al. (2003: 100) defined image in the higher
education context as “various beliefs about a university that contribute to an overall evaluation of the university”.

Image is considered a multidimensional and formative construct in the higher education context (Lafuente-Ruiz-de-Sabando et al., 2017). Higher education image formation will vary between different stakeholder groups (Arpan et al., 2003) since they are affected by different stimuli and have different interests on the organization. Therefore, analysing different audiences’ perception and identifying the differences will be an interesting aspect to cover (Aghaz et al., 2015).

Despite the lack of agreement of the dimensions forming higher education image, many scholars have tried to clarify this aspect. For instance, Beerli Palacio et al. (2002) developed a study to identify university image components, for the cognitive and effective dimension. In their research they were able to confirm that the cognitive component was an antecedent of the affective one, and that both elements had a positive influence of students’ satisfaction level with their university. Other authors have tried to analyse the image formation process in their research, Kazoleas et al. (2001) analysed the organizational, personal and environmental factors that affected the university’s image perception, Parameswaran and Glowacka, (1995) analysed the relationship between university’s image and how employers perceived the graduated of the given institutions, and other authors such as Grady et al. (1996) viewed how different university audiences perceived its image according to each group’s characteristics and circumstances.

8.3. LEGITIMACY

8.3.1. Concept and importance

Legitimacy is a crucial factor for the survival and success of organizations (Suchman, 1995; Zimmerman & Zeitz, 2002). Legitimate organizations are able to pursue their activities without being questioned, and can avoid challenges from society (Meyer & Rowan, 1977). Organizations that are perceived as legitimate are in a better position to compete for resources and have unrestricted access to markets which enhances their survival (Brown & Dacin, 1997; Salancik & Pfeffer, 1978; Suchman, 1995). Deephouse et al. (2017) viewed legitimacy as an important factor because it has a defined effect on social and economic exchange for organizations. Most stakeholders and interest groups are willing to engage only with legitimate organizations and will avoid maintaining relationships with those that are questioned by the social system (Deephouse et al., 2017). Therefore, organizations seeking continuity and success in the market need to prove their viability and legitimacy to receive support from their stakeholders.

Legitimate organizations are those considered desirable and accepted due to the congruence of their activities with the general norms, values and beliefs of their social system (Díez Martín et al., 2010). It can be viewed as the congruence and conformity of an organization with general social norms and formal laws (Dowling & Pfeffer, 1975; Salancik & Pfeffer, 1978). However, the most expanded definition of legitimacy was the one provided by Suchman (1995: 574); “Legitimacy is the generalized perception or assumption that the actions of an entity are desirable, proper or appropriate within some socially constructed system of norms, values, beliefs and definitions”. Deephouse and Suchman (2008) recommended to cease the use of the term “desirable” to avoid confusion with other similar constructs such as status and reputation. Bitektine (2011) offered a numerative definition of the concept, considering that organizational legitimacy covers the perceptions of organizations, the evaluation and judgment made based on
these perceptions and the behavioural response based on these judgments made by the different stakeholders. Deephouse et al. (2017:9) proposed an updated definition of legitimacy, considering it as “the perceived appropriateness of an organization to a social system in terms of rules, values, norms and definition”. Moreover, in their research, instead of viewing legitimacy as a dichotomous variable (Deephouse & Suchman, 2008), they recognized four different stages or levels of organizational legitimacy, depending on the perception that stakeholders have on the organization: accepted, proper, debated and illegitimate.

8.3.2. Dimensions

The concept of legitimacy is viewed as a multidimensional variable by researchers. Meyer and Rowan (1977) considered that legitimacy could be assessed based on “rational effectiveness”, “legal mandates”, and social values or beliefs. Other authors, such as Aldrich and Fiol (1994) differentiated between the general knowledge about the subject under analysis, cognitive legitimacy; and socio-political legitimacy as the acceptance of the subject as appropriate given the social norms. Despite the variety of dimensions or types if legitimacy identified by researchers in the field, most of them address to fulfilling the law, social values and the spread of their performance and actions, however when analysing types or dimensions of legitimacy, the ones provided by Suchman (1995) have been the most common ones when analysing legitimacy. He considered three main types of legitimacy: pragmatic, that focuses on the self-interests of the stakeholders of the organization; moral, which related to the fulfilment of the law and on “doing what is correct”; and cognitive that relies on the spread of knowledge about the firm’s structure, activities etc and the association to similar practices of legitimated known organizations. In his research he then divides legitimacy into smaller categories identifying twelve different types of legitimacy. Furthermore, Deephouse et al. (2017), considered these previous dimensions or types of legitimacy, as criteria used by stakeholders to make their assessments, considering that, for example, individuals when assessing moral legitimacy are considering moral criteria to evaluate the organization under study.

8.3.3. Sources and Strategies

Legitimate organizations have better access to resources such as capital, technology, customers, business networks etc (Aldrich & Fiol, 1994; Meyer & Rowan, 1977) due to the support that they receive from stakeholders and interest groups. Therefore, if an organization wants to gain or maintain its level of legitimacy to survive, it has to be able to adapt to the expectations of the society (Brønn & Vidaver-Cohen, 2009). However, it is impossible for an organization to adapt and be consistent with every social system within which they operate, therefore, they must recognize their sources or legitimacy. Legitimacy can be granted or assessed by multiple sources, each one using a different routine for the evaluation (Deephouse et al., 2017). Certain sources have a greater impact on the assessment of legitimacy than others, depending on the type of organization under consideration (Deephouse & Suchman, 2008). Ruef and Scott (1998: 880), considered as sources of legitimacy “the internal and external audiences who observe organizations and make legitimacy assessments”.

Several authors have analysed the importance that the evaluations made by The State and its agencies have in conferring legitimacy (Dowling & Pfeffer, 1975; Reimann et al., 2012). Public opinion and the media have also been studied by researchers, given their importance and the
existing link between them (Abrahamson & Fairchild, 1999; Bansal & Clelland, 2004; Deephouse et al., 2017; Lamin & Zaheer, 2012). Organizations should also consider social movements and interest groups, especially considering the current importance of social media, due to the influence that they have on public opinion and on government policies, having a direct effect on the legitimation process of organizations (Rao, 1994). Bitektine (2011) and Tost (2011) highlighted the interest on the individual level of analysis in the legitimation process since all evaluators are individuals or at least groups of individuals when conferring legitimacy.

Organizations must decide the most suitable strategies to manage their legitimacy to be considered appropriate in their social system (Suchman, 1995). Legitimacy is not a static element; it is a continuous process along which different situations and scenarios can be identified (Deephouse et al., 2017). Therefore, organizations need to decide which legitimation activities are more suitable for the scenario under which they are operating at every different moment (Deephouse et al., 2017). Ashforth and Gibbs (1990) considered that organizations purposes when managing legitimacy could be grouped under three main categories: extending, maintaining and defending legitimacy. These categories are similar to the “challenges” proposed by Suchman (1995): gaining, maintaining and repairing legitimacy. Moreover, Deephouse et al. (2017) added two scenarios to the previous categories: challenged by and institutionally innovating.

8.3.4. Legitimacy in the Higher Education sector

Higher education institutions have faced numerous challenges over last decades, in terms of the decrease in governments funding, globalization (Altbach, 2013; Burnett & Huisman, 2010; Dodds, 2008), increase in international competitiveness, as well as a greater demand for quality and effectiveness in the offer provided by universities (Stensaker & Norgård, 2001). In addition, the adaptation process to the new knowledge economy by higher education institutions has represented a relevant issue for these institutions (Rodriguez-Pomeda & Casani, 2016).

Universities have had to experiment relevant changes in order to respond to several threats such as governance, the academic profession, quality, innovations as well as internationalization (Altbach et al., 2010; Van der Wende, 2003).

Universities are facing pressure from stakeholders and their environments to adopt certain structures and to follow specific procedures in order to be considered as legitimate and as a result survive and succeed in the market (Stensaker & Norgård, 2001). This adjustment remains a complex matter for higher education institutions, since external demands require adopting specific standards within the higher education “industry” and at the same time offering relevant innovations.

The current situation faced by higher education institutions were the sector has been affected by the marketization (Fairclough, 1993) and its reconfiguration, has motivated the fact that groups in the academic field consider that the role of universities is controversial, and they understand that these institutions need to renovate their legitimacy to gain the right to exist (Rodriguez-Pomeda & Casani, 2016).

Moreover, some authors have considered that higher education institutions and more specifically business schools, have been developing actions harming their identity and legitimacy since they have been straying from their original missions of serving the public good (Bennis & O’Toole, 2005; Khurana & Nohria, 2008). Due to this behaviour, they have raised questions about their legitimacy and if their actions and activities continue to be acceptable and desirable within their
social system (Suchman, 1995). However, obtaining and maintaining legitimacy is a complex issue for higher education institutions due to the diverse audience and characteristics of the different stakeholders whose demands they try to meet (Fragueiro & Thomas, 2011).

When organizations aim to obtain legitimacy, they need to identify their diverse sources of legitimacy or stakeholders. In the case of higher education institutions, the different characteristics of the stakeholders make it difficult for universities to adapt to their standards. Jongbloed et al. (2008), identified the following stakeholder groups in the higher education context: governing entities, administration, employees, clients, competitors, government regulators, nongovernmental regulators, financial intermediaries and joint venture partners. When trying to understand the needs and expectations of the given groups, universities understand that not every group has the same influence on assessing legitimacy (Bitektine, 2011; Ruef & Scott, 1998) therefore, the institution will not be equally responsive with every stakeholder group and they must make decisions depending on the relevance of each stakeholder for achieving their legitimacy levels (Farrugia & Lane, 2013).

Despite the relevance of legitimacy for higher education institutions, few empirical papers exist within the literature. In fact, most of the research on measuring legitimacy in the higher education field, appears related to specific practices more than to institutions. Alajoutsijärv et al. (2015) analysed the legitimacy of Business Schools and identified the paradoxical nature associated with legitimacy (Smith & Lewis, 2011; Sonpar et al., 2010), since actions to increase legitimacy sometimes can have the opposite effect. In their research they focused on those business schools with accreditations since these certifications as well as rankings have increased the level of isomorphism in the higher education field.

Other authors, such as Farrugia and Lane (2012) analysed the relevance of obtaining legitimacy in the new location when universities develop branch campuses in other countries in order to survive and succeed, because despite having well establish legitimacy in their home country, it does not mean that this legitimacy will be carried to the new environment. Since stakeholders’ evaluations are determined by their environments and social contexts within other factors (Bitektine, 2011), it is crucial to understand these new stakeholders and identify their conditions to satisfy them for obtaining legitimacy.

Cruz-Suárez et al. (2014) measured the legitimacy of European Higher Education Area in the Spanish public universities through different stakeholder groups (students, professors and administrative personnel). In their findings they highlighted the lack of participation of the universities’ administrative personnel, as well as the different evaluations among stakeholder groups. This last fact goes in line with the different characteristics that these groups have in terms of training, culture or age. Many scholars have supported these arguments in their research regarding the different legitimacy evaluations that stakeholder groups can provide. Moreover, the research developed by Rodriguez-Pomeda and Casani (2016) analyzed how World Class Universities tried to increase their legitimacy through the discourses offered by their presidents by differentiating these universities from the rest.

Due to the competition and reconfiguration of the higher education sector, universities need to develop actions and activities to increase their legitimacy levels and as a result obtain more competitive positions in the sector in which they operate. However, despite the relevance of the matter, there are not a large number of papers measuring legitimacy in the higher education context, and even less research on measuring this variable for an academic institution, since as it
has been presented previously, most of the empirical studies, measures the legitimacy of specific actions or programs developed by universities to manage their legitimacy level.

8.4. REPUTATION

8.4.1. Concept and importance

Corporate reputation is considered as a valuable intangible asset for organizations due to its relationship with positive performance in the market (Rindova et al., 2005). Researchers believe that reputation affect the evaluations that stakeholders make about organizations (Abimbola & Valleester, 2007; Czinkota et al., 2014; Fombrun et al., 2000; Fombrun & Shanley, 1990; Gotsi & Wilson, 2001; Page & Fearn, 2005; Roberts & Dowling, 2002; Walker, 2010). Organizations that hold a good reputation status will have a competitive advantage compared to those that do not within their industries (Fombrun & Shanley, 1990) due to its unique and difficult to imitate characteristics (Fombrun & Van Riel, 1997; Roberts & Dowling, 2002), that differentiate them and create entry barriers for future competitors (Feldman et al., 2014). Well-reputed firms could benefit from lowering the company’s costs (Deephouse, 2000), the possibility of charging higher prices (Deephouse 2000; Fombrun & Shanley, 1990; Rindova et al, 2005), attracting better employees (Turban & Greeening, 1997) and investors (Srivastava et al., 1997), having better access to capital markets (Fombrun and Shanley, 1990), and creating competitive barriers (Deephouse, 2000; Milgrom & Roberts, 1982).

The definition of reputation continues to represent and issue within the field (Clardy, 2012; Dowling, 2016) due to the different theories applied to study the concept, the different disciplines as well as the confusion with other related terms such as image and identity, that result in the lack of an accepted definition and, as a consequence, the absence of a defined measure (Clardy, 2012). Many researchers have highlighted this frustration in their research (Barnett et al., 2006; Chun, 2005; Clardy, 2012; Dowling, 2016; Hemsley-Brown & Oplatka, 2006; Walker, 2010).

One of the most common reputation definitions is the one provided by Fombrun and Shanley (1990) who is considered as one of the main researchers in this field (Lange et al., 2011; Smaiziene & Jucevicius, 2009; Walker, 2010). He defined reputation as the perception of past actions and future expectations of a company that describes the firm’s overall appeal to all its key stakeholders when compared with other rivals. It is the stakeholder’s perceptions about the ability that an entity has to create value in comparison to its competitors (Deephouse, 2000; Elsbach & Kramer, 1996; Fombrun & Shanley, 1990; Hall, 1992; Rindova et al., 2005).

8.4.2. Dimensions

Stakeholders can assess the reputation of an organizations based on a set of attributes, therefore reputation can be considered as a multidimensional variable (Dollinger et al., 1997; Fombrun et al., 2000; Fombrun & Shanley, 1990), in fact, it can be assessed on any attribute that can be used as a source of comparison (Deephouse & Carter, 2005). For example, Weigelt et al. (1988) identified corporate reputation, product or service reputation and reputation of the organizational structure as the three main dimensions to measure the reputation of an entity; Dollinger et al. (1997) considered as dimensions the management reputation, financial reputation and product quality reputation. Other authors have focused on dimensions based on the different types of stakeholders
perceiving the reputation of the firm, especially on internal and external groups (Chun, 2005; Deephouse, 2000; Iwu-Egwuonwu, 2011)

These variety of dimensions have also been reflected in the different measures used for reputation, where researchers have considered several dimensions to evaluate the reputation of a given organization (Fombrun et al., 2000; Ponzi et al., 2011) and have increased the argument of the existence of one global reputation or diverse reputations based on different dimensions. Under these circumstances, different approaches exist in the literature on measuring reputation, since some authors support a more detailed and multidimensional measure, while others argue that reputation should be measured using a simpler scale (Dowling, 2016).

8.4.3. Reputation in the Higher Education sector

The higher education sector has been experimenting important changes over the years. Universities operate in a highly complex environment, competing for economic resources from the government as well as for talented students, prestigious professors and competent employees (Christensen & Gornitzka, 2017; Hemsley-Brown et al., 2016; Plewa et al., 2016; Verčič et al., 2016). Moreover, due to global trends in student mobility, as well as the deregulation of higher education in several countries (Hemsley-Brown & Oplatka, 2006), universities are nowadays competing not only nationally but at an international level fighting to attract international students and top academics (Hemsley-Brown et al., 2016), which increases the struggle in the sector. Furthermore, despite the existing criticism (Barron, 2017), stakeholder’s and society expectations regarding the scores hold by universities in quality and employability rankings are increasing, augmenting the pressure for these organizations.

In addition, and due to important scandals associated with the academic field, universities nowadays are no longer untouchable entities that could assume that society would trust them without being questioned (Rakovski & Levy, 2007; Verčič et al., 2016). Moreover, currently universities need to focus, not only on professors or a unique interest group, but on numerous groups of stakeholders whose support is a key element for their success and survival (Christensen & Gornitzka, 2017).

Several authors have analysed the higher education sector situation. In fact, Christensen and Gornitzka, (2017) highlighted some of the changes affecting the sector: first of all, the internal decision-making process has changed towards a more heterogeneous structure where a higher number of stakeholders are included (Christensen, 2011), also the importance of meeting student’s demands and requirements have increased considerably (Ramirez & Christensen, 2013) and finally, universities, are nowadays more socially concerned (Bleiklie & Michelsen, 2013).

Under this scenario, institutions in the higher education sector have been adopting more business-like practice in their management (Veloutsou et al., 2005) and a more market-orientated approach. In doing so, universities have understood that the correct management of intangible assets such as reputation is a key element for attracting and retaining stakeholders such as students, professors, economic resources etc (Hemsley-Brown et al., 2016; Plewa et al., 2016).

The literature has shown that favourable reputation has many benefits for organizations, and in the higher education sector due to its intangible nature and the fact that its quality might be difficult to evaluate before it is experienced (Jevons, 2006; Suomi, 2014) reputation will serve as a quality sign as well as an indicative of the institution’s capacity to respond to customer’s needs.
in the correct manner (Nguyen & LeBlanc, 2001) and therefore, will reduce uncertainty (Rindova et al., 2005) for stakeholders in their decision-making processes (Hemsley-Brown, 2012; Munisamy et al., 2014) when selecting which university to engage with. Therefore, obtaining a positive reputation will determine the university’s survival given the competition in the sector (Alves & Raposo, 2010; Aula & Tienari, 2011).

Due to the higher education sector current situation, the concept of reputation’s relevance in this field is increasing as it has already done in the corporate field (Verčič et al., 2016). However, despite the importance of achieving and maintaining a good reputation towards the different institution’s stakeholders, there is still lack of clarity in its management and it continues to be a challenge for universities (Gioia & Corley, 2002; Šontaitė & Bakanauskas, 2011; Vidaver-Cohen, 2007). Among the several reasons for this complexity the heterogeneity in terms of stakeholders and as a consequence the differences in their expectations (Suomi & Järvinen, 2013; Vidaver-Cohen, 2007) and the complexity related to the different types of educational institutions (Suomi, 2014) could be highlighted. Furthermore, research and empirical investigations on reputation within the higher education sector are still limited (Volkwein & Sweitzer, 2006; Watkins & Gonzenbach, 2013).

As it was previously mentioned, despite the importance of reputation within the higher education sector, there is still little empirical research that clarifies what the concept is and its implications (Watkins & Gonzenbach, 2013). However, several authors have tried to overcome this situation with their research. Some researchers have tried to find a more accurate definition of concept within the academic field, such as, Sontaite and Bakanauskas (2011) which defined it as a subjective and collective recognition of higher education institutions among all key stakeholders during a certain period, taking into consideration their past behaviour, communication and potential to satisfy expectations in comparison with the competition. Other authors such as Alessandri et al. (2006: 261) offered the following definition of reputation: it is “the collective representations that the university’s multiple constituents hold of the university over time”.

Despite the fact that the factors affecting reputation in the academic field are many, aspects such as size, together with faculty and students’ conditions such as salaries and graduation rates appear as relevant in the literature (Volkwein & Sweitzer, 2006). Some of the other dimensions that were identified in the literature were the quality of academic performance, quality of external performance and emotional engagement (Alessandri et al., 2006); leadership, teaching, research, the service offered and quality (Brewer & Zhao, 2010). In trying to identify the determinants and antecedents of reputation in the academic context, Vidaver-Cohen (2007) developed a conceptual model to measure reputation in the business school field. In her research she introduced as dimensions of reputation aspects such as performance, innovation, services, governance, citizenship and workplace climate. Suomi et al. (2014) performed a study to identify the dimensions that form reputation in a master’s degree program through the application of the conceptual model developed by Vidaver-Cohen (2007) and including a variety of internal and external stakeholder groups.

Plewa et al. (2015) used the resources-based view and configuration theory to develop their research around the optimal resources configuration when universities are trying to achieve a favorable reputation. In their research they focused on a unique university and on students but consider two groups within the same stakeholder group (students) which were domestic and international students.
Most of the research developed in the literature within the higher education field has considered limited stakeholders for their empirical research (Alessandri et al., 2006; Brewer & Zhao, 2010; Chapleo, 2004; Nguyen & LeBlanc, 2001). Ali et al. (2015) highlighted that fact that reputation value is moderated by the stakeholder group and country under consideration. In the literature it appears that reputation is based on both internal and external stakeholders´ perceptions (Chun, 2005; Suomi & Järvinen, 2013). However, some authors such as Vidaver-Cohen (2007) with the development of her conceptual model for measuring reputation in the business school context for different stakeholders, have tried to cover this existing gap. Following this line, Verčič et al. (2016) analysed and compared the consistency between different stakeholders´ evaluations of reputation in universities applying Vidaver-Cohen’s (2007) model. However, even though they found that diverse stakeholders applied similar criteria, they established that one dimensions was able to determine in a relevant degree what reputation is, so the multidimensional model was not confirmed in their research. Suomi et al. (2014) also considered various stakeholders for their research, where they examined the dilemmas that appear when managing reputation taking into consideration different stakeholder groups in the higher education sector arising from the complexity of meeting heterogenous demands.

8.5. RELATIONSHIPS AND DIFFERENCES BETWEEN IMAGE, LEGITIMACY AND REPUTATION

The relevance of intangible assets for organizations due to the highly competitive environments in which they operate have been highlighted in the literature. However, lack of clarity still exists in defining the differences and relationships between these variables. Despite their relevance, there are not enough empirical research identifying if there is a clear relationship between all three variables.

It is clear that within some of the common traits between image, legitimacy and reputation, the benefits that they provide to those organizations holding positive levels them as well as the consideration of stakeholders´ perceptions for their formation can be highlighted (Foreman et al., 2012). Several authors argued that these constructs share antecedents, such as the size of the organization, charitable work, regulatory compliance (Fombrun & Shanley, 1990; Galaskiewicz, 1985; Oliver, 1990) social construction processes by being evaluated by stakeholders (Fombrun & Shanley, 1990), as well as consequences (Deephouse & Carter, 2005; Deephouse & Suchman, 2008) like the better access to resources in general (Hall, 1992; Suchman, 1995), and both are perceptions of approval of the organization’s stakeholders (Deephouse & Carter, 2005; Rao, 1994; Ruef & Scott, 1998).

On the other hand, many scholars have tried to clarify the differences between image, legitimacy and reputation. Reputation has been considered as the result of a consistent behaviour, whereas image as a variable which could be managed and modified in an easier manner through communication campaigns (Gray & Balmer, 1998). Corporate image related more with the idea made in the consumer’s mind, but reputation is the level of trust or distrust that stakeholders have towards an organization based on the firm’s ability to meet their expectations (Nguyen & LeBlanc, 2001). Many scholars have highlighted as a relevant difference the temporality (Mahon, 2002; Rhee & Haunschild, 2006; Smaiziene & Jucevicius, 2009; Villafañe, 2012), since reputation can be the result of maintaining a consistent image over time, while image can be created in a shorter period of time and it is easier to change and requires less effort to build internally and externally compared to reputation (Chun, 2005; Ruiz et al., 2012). Rindova et al.
associated legitimacy as the congruence with values and beliefs and reputation with social perception of the ability of the organization to create value. Deephouse and Suchman (2008) argued that legitimacy can be viewed as a dichotomous variable that focuses on reaching an acceptable level, where the absence of negative issues is more important than the presence of outstanding achievements; reputation, on the other hand, is a continuous variable that places each actor in a path from best to worse. One of the more important differences between these constructs is that legitimacy is non-rival and homogenizing, it relates to isomorphism (Deephouse & Carter, 2005) and focuses on similarity (Bitektine, 2011).

Despite the differences between these three intangible assets, most of the research developed on the field, supports the fact that they are different variables but related. When considering image and legitimacy some authors such as Tran et al. (2015) defined image as “the execution of corporate strategy aimed at stimulating and establishing a positive corporate image, achieves by delivering ethically and socially acceptable outcomes for stakeholders over 7 key dimensions, including visual expressions, positive feelings, environments expression, online appearance, staff/employees’ appearance, attitude and behavior, and external communications”. Based on this definition of the concept, a relationship between legitimacy and image can be identified, since image is achieved by the delivery of ethically and socially acceptable outcomes, which is similar to the definition of legitimacy provided by Suchman (1995). MacLean and Behnam (2010) analyzed the relationship between the compliance programs developed by the company Acme and the legitimacy perceptions and showed how Acme’s compliance program was able to project an acceptable and appropriate image for external stakeholders which allowed Acme to maintain organizational legitimacy. Therefore, this empirical research supports the effect that image has on legitimacy. In addition, Metzler (2001) developed a paper where he tried to analyze the effect that repair image campaigns had on the legitimacy of tobacco company Philip Morris. In their study, they identified the social legitimacy crisis that Philip Morris was facing and the need of developing image repair and restoration strategies to face this crisis. They viewed organizational legitimacy and image repair as complementary theories since both focused on issues of understanding and addressing norms, values and concerns of organizational public to succeed and survive. The objective pursued by Philip Morris’ image repair campaign is to show stakeholders the positive aspects and good corporate character of the organization, since providing benefits to society is a crucial aspect of legitimacy. In this empirical research the author supports that image repair can be viewed as a correct response to the legitimacy challenges organizations face because the strategies, when employed ethically, can have a positive influence on the way people think about an organization. Under these circumstances it can be said that an improve in an organization’s image can have a positive impact on its legitimacy as well.

In the case of image and reputation, despite the clear differences between image and reputation, most of the research developed by scholars to clarify this matter, agrees on the fact that both variables are different but related. The images held by different stakeholder groups will result in the organization’s reputation over a longer period of time (Fombrun & Van Riel, 1997). Therefore, reputation will be the result of being able to maintain a strong image over time, so image will affect reputation (Dutton & Dukerich, 1991; Gray & Balmer, 1998; Tran et al., 2015). Other authors have considered that better corporate image results in a better reputation (Fornell et al., 2010). Therefore, corporate reputation could be understood as the result and final outcome of building and maintaining corporate image since an organization’s reputation is shaped by the images of the given institution (Harvey et al., 2017). In conclusion, both variables can be viewed as interrelated concepts (Bromley, 1993; Fombrun & Shanley, 1990; Rindova, 1997). Maintaining a corporate image will move in a deeper manner into stakeholders’ minds and will shift from
superficial awareness to deeper aspects such as favourability which is similar to aspects related
to how corporate reputation is formed (Worcester, 2009), showing the clear connection between
both constructs. Podnar and Golob (2017) supports the idea of the dependence that an entity’s
reputation has on the day-to-day images held by its stakeholders and argues the need of additional
research on the relationships and differences between image and reputation in order to clarify this
matter.

When analysing the legitimacy and reputation, Deephouse and Suchman (2008) considered a
bidirectional relationship between both constructs. First, legitimacy, defined as the congruence
with social norms and values, affects reputation based on the obtained results and performance,
because legitimate organizations are positioned as trustworthy and reliable within their social
environment, therefore, this can affect reputation in a positive way. Secondly, reputation affects
legitimacy because sources of legitimacy consider the reputation of the organization under
evaluation to decide whether to support it or not. King and Whetten (2008) considered that
legitimacy and reputation were used by an organization’s stakeholders to evaluate if that entity is
appropriate and its quality. Staw and Epstein (2000) viewed legitimacy as a value creation
resource that results from the alignment to accepted values and norms within a social system,
considering reputation as the result of the congruence between the organization’s behavior and
these accepted values and norms. Within their research, they showed that organizations improved
their reputation through the adoption of known and accepted management techniques, due to the
reflection of the normative values and social beliefs associated to these practices by the audiences
evaluating the reputation the firm. In this sense, reputation can be considered as the result from
the legitimation process (Rao, 1994) or the extension of legitimacy (King & Whetten, 2008). Organizations gain legitimacy and cultural support within their institutional environment to
develop their reputation (Deephouse & Carter, 2005; Rao, 1994; Staw & Epstein, 2000).
Bansal and Roth (2000) concluded on their empirical study about UK companies that legitimacy
issues could have an effect on a firm’s reputation and long-term survival and success. Moreover,
Thomas (2007) highlighted the relationship between both variables due to the social pressures for
increasing reputation and being legitimate, that is, for differentiating as well as for being similar.
In his paper, he argues that organizations can have a reputation for being legitimate, so both
constructs overlap. In this sense, legitimate threats can affect the reputation level of a given firm
(Thomas, 2007). Doh et al. (2010) argued that legitimacy could be considered as a potential
requirement for reputation, understanding legitimacy as an antecedent of reputation (King &
Whetten, 2008).

Authors have considered that the transmission of legitimacy values might enhance the company’s
competitive advantage, and therefore, its reputation (Fan, 2005; Kaufman et al., 2012; Camilleri,
2008). Other researchers, such as Czinkota et al. (2014) viewed legitimacy as a requirement for
the organization’s social acceptance as well as for the development of reputation strategies and
they considered that organization’s visibility and reliability could increase by meeting social
expectations. With their empirical analysis on the Italian company Parmalat, which committed
illegitimate financial fraud, they showed that reputation maintained the legitimacy of the company
under study and on the other hand, the actions performed by the company to improve their identity
and personality, increased the firm’s legitimacy that result in the maintenance of its reputation
level. Their research concluded, highlighting this mutual relationship between both variables,
where behaving in congruence with social expectations (legitimacy) increased the visibility and
credibility of the firm (reputation), and reputation affects legitimacy when competitive behavior
id performed meeting social norms and values.
Furthermore, Rao (1994) established a relationship between image, reputation and legitimacy in his study, therefore analyzing the three constructs together appears as relevant and could serve as additional empirical research on a matter that continues to be relatively unexplored.

Under these circumstances and considering the previous mentioned arguments, the following hypotheses are established for the Spanish Public Universities’ context:

- **Hypothesis 8.1:** Universities with higher image, will have higher legitimacy.
- **Hypothesis 8.2:** Universities with higher legitimacy, will have higher reputation.
- **Hypothesis 8.3:** Universities with higher image, will have higher reputation.

Figure 8.1 shows the model to be tested as well as the established hypothesis for this chapter.

**Figure 8.1. Proposed model and hypothesis**

8.6. SAMPLE AND METHODOLOGY

8.6.1. Research setting

As it has been previously stated, universities need to compete at national and international levels with other entities to gain a better competitive position and attract resources. Under these circumstances, the selected research setting was the Spanish Public Universities, since at it is happening in the different countries, these institutions need to identify the best manner to manage their intangible assets in order to improve their situation in their sector. In fact, Spanish Public Universities are reducing their number of students in favour of private ones, since government funding has been decreasing. Within the Spanish Public Universities, Rey Juan Carlos University of Madrid has been the chosen one to develop the analysis of this paper, where information from different stakeholders (professors, current students and alumni, administrative personnel and
managers) was gathered. Rey Juan Carlos University is a Public University which started its active 20 years ago and currently has 38,085 students and 1,543 professors.

8.6.2. Data collection

For collecting the data to develop this research paper, a questionnaire was developed. On an initial stage, a pre-test was developed with 300 online students to verify the scale used and to adapt the questions of the survey if it was necessary. After analysing the results of the pre-test, several questions where changed to offer a clearer meaning and a number of questions were taken out of the final version of the survey. In the final stage, a total number of 844 effective surveys were answered, were 73% were students, 0.6% alumni, 16% professors, 0.3% administrative personnel and 0.1% managers.

8.6.3. Measurement

All constructs were measured through adapted items from existing scales and used a 11-points Likert scale for their measurement in the survey with 0 referring to strongly disagree and 10 referring to strongly agree. The items used to measure legitimacy the three dimensions proposed by Suchman (1995) were considered, and the items of each of these dimensions were taken from Suchman´s (1995) definitions and adapted from the research developed by Thomas (2005), Chung et al. (2016) and Chaney et al. (2016). In the case of the items used to measure image they were taken from Beerli Palacio et al. (2002). For measuring the reputation construct the model developed by Vidaver-Cohen (2007) was used, where she tried to adapt the existing measurement of reputation developed by the Corporate Reputation Review to the business schools’ field. Other authors such as Verčič et al. (2016) and Suomi (2014) have used the measure scale developed by Vidaver-Cohen (2007) since it is one of the few measurements that attempt to capture a multistakeholder approach Table 8.1 presents the model in English, although the questionnaire was distributed in Spanish.
### Table 8.1. Measurement model

<table>
<thead>
<tr>
<th>Factor</th>
<th>Item</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Pragmatic Legitimacy</td>
<td>LEGP1</td>
<td>My university offers me a personal benefit</td>
</tr>
<tr>
<td></td>
<td>LEGP2</td>
<td>It helps me to grow</td>
</tr>
<tr>
<td></td>
<td>LEGP3</td>
<td>My university satisfies my needs</td>
</tr>
<tr>
<td>Moral Legitimacy</td>
<td>LEGM1</td>
<td>My university follows the law</td>
</tr>
<tr>
<td></td>
<td>LEGM2</td>
<td>It behaves in an honest manner</td>
</tr>
<tr>
<td></td>
<td>LEGM3</td>
<td>It is socially responsible</td>
</tr>
<tr>
<td>Cognitive Legitimacy</td>
<td>LEGCOG1</td>
<td>I know the activities that my university does</td>
</tr>
<tr>
<td></td>
<td>LEGCOG2</td>
<td>I consider that these activities and actions are performed in the best possible manner</td>
</tr>
<tr>
<td></td>
<td>LEGCOG3</td>
<td>My university is well managed</td>
</tr>
<tr>
<td>Performance</td>
<td>RPPERF1</td>
<td>My university has a high research level</td>
</tr>
<tr>
<td></td>
<td>RPPERF2</td>
<td>It obtains lucrative job placements</td>
</tr>
<tr>
<td></td>
<td>RPPERF3</td>
<td>Has growth perspectives</td>
</tr>
<tr>
<td>Innovation</td>
<td>RPIN1</td>
<td>It adapts quickly to change</td>
</tr>
<tr>
<td></td>
<td>RPIN2</td>
<td>Uses innovative teaching methods</td>
</tr>
<tr>
<td>Citizenship</td>
<td>RPCSR1</td>
<td>Exerts positive influence on society</td>
</tr>
<tr>
<td></td>
<td>RPCSR2</td>
<td>Supports good causes</td>
</tr>
<tr>
<td></td>
<td>RPCSR3</td>
<td>My university cares about their stakeholders' well being</td>
</tr>
<tr>
<td>Services</td>
<td>RPSER1</td>
<td>The formative offer responds to market trends</td>
</tr>
<tr>
<td></td>
<td>RPSER2</td>
<td>It trains competent students</td>
</tr>
<tr>
<td></td>
<td>RPSER3</td>
<td>It has good value for money</td>
</tr>
<tr>
<td>Governance</td>
<td>RPGOV1</td>
<td>There is a clear vision of the objectives that guide my university</td>
</tr>
<tr>
<td></td>
<td>RPGOV2</td>
<td>It is managed with ethics and transparency</td>
</tr>
<tr>
<td></td>
<td>RPGOV3</td>
<td>It takes into consideration its stakeholders in their management decisions</td>
</tr>
<tr>
<td>Workplace climate</td>
<td>RPWORK1</td>
<td>My university's professors are competent</td>
</tr>
<tr>
<td></td>
<td>RPWORK2</td>
<td>The administrative personnel is competent</td>
</tr>
<tr>
<td></td>
<td>RPWORK3</td>
<td>In general, my university is a good place to work</td>
</tr>
<tr>
<td>Cognitive Image</td>
<td>IMAGCOG1</td>
<td>My university has good facilities</td>
</tr>
<tr>
<td></td>
<td>IMAGCOG2</td>
<td>It offers a good range of courses</td>
</tr>
<tr>
<td></td>
<td>IMAGCOG3</td>
<td>It is orientated and concerned about its stakeholders' interests</td>
</tr>
<tr>
<td></td>
<td>IMAGCOG4</td>
<td>It is a prestigious university</td>
</tr>
<tr>
<td>Affective Image</td>
<td>IMAF1</td>
<td>My university is pleasant</td>
</tr>
<tr>
<td></td>
<td>IMAF2</td>
<td>It is stimulating</td>
</tr>
<tr>
<td></td>
<td>IMAF3</td>
<td>It is dynamic</td>
</tr>
</tbody>
</table>


### 8.7. DATA ANALYSIS AND RESULTS

#### 8.7.1. Descriptive analysis

On an initial stage, in order to understand the values of the considered variables of image, legitimacy and reputation of the sample, the descriptive analysis was carried out. Table 8.2 present
the results on the descriptive analysis, showing the different factors as well as their items with their mean and standard deviation obtained through the analysis of the results of the survey distributed to the different university’s stakeholders.

As it appears in the results, the average value for image is 6.22, for legitimacy 5.66 and 6.10 for reputation, all values over 10 as maximum possible score. In the case of image, both the affective and cognitive dimension present similar values, however, the affective one is slightly higher. For the average results of the three different dimensions of legitimacy, it appears that the moral legitimacy represents the lowest values, while the pragmatic dimension represents the highest numbers. In the case of reputation, the dimensions which holds the highest values are performance followed by services and citizenship, while the worst valued dimension is governance.

Table 8.2. Descriptive analysis

<table>
<thead>
<tr>
<th>Factor</th>
<th>Item</th>
<th>Mean</th>
<th>Standard deviation</th>
<th>Average factor value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Pragmatic Legitimacy</td>
<td>LEGP1</td>
<td>6.604</td>
<td>2.580</td>
<td>6.463</td>
</tr>
<tr>
<td></td>
<td>LEGP2</td>
<td>6.595</td>
<td>2.623</td>
<td></td>
</tr>
<tr>
<td></td>
<td>LEGP3</td>
<td>6.190</td>
<td>2.577</td>
<td></td>
</tr>
<tr>
<td>Moral Legitimacy</td>
<td>LEGM1</td>
<td>4.822</td>
<td>3.370</td>
<td>4.972</td>
</tr>
<tr>
<td></td>
<td>LEGM2</td>
<td>4.501</td>
<td>3.297</td>
<td></td>
</tr>
<tr>
<td></td>
<td>LEGM3</td>
<td>5.592</td>
<td>2.995</td>
<td></td>
</tr>
<tr>
<td>Cognitive Legitimacy</td>
<td>LEGCOG1</td>
<td>5.880</td>
<td>2.637</td>
<td>5.544</td>
</tr>
<tr>
<td></td>
<td>LEGCOG2</td>
<td>5.858</td>
<td>2.637</td>
<td></td>
</tr>
<tr>
<td></td>
<td>LEGCOG3</td>
<td>4.895</td>
<td>3.009</td>
<td></td>
</tr>
<tr>
<td>LEGITIMACY</td>
<td></td>
<td></td>
<td></td>
<td>5.660</td>
</tr>
<tr>
<td>Cognitive Image</td>
<td>IMAGCOG1</td>
<td>7.172</td>
<td>2.018</td>
<td>6.176</td>
</tr>
<tr>
<td></td>
<td>IMAGCOG2</td>
<td>7.358</td>
<td>2.066</td>
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8.7.2. Reliability and validity evaluation

In order to analyse the established hypothesis and relationships structural modelling with SmartPLS system version 3 was used. This technique was chosen because it is a powerful method of analysis (Chin et al., 2003), presenting adequate advantages for the research to be carried out (Hair et al., 2014).

The first step carried out when managing the data was to verify the reliability and validity of the measurement model shown in Figure 8.1. In Table 8.3 the information regarding the model’s reliability and validity is presented.

For legitimacy’s reflective items, it can be shown that all Cronbach's alphas surpassed the recommendation of 0.70 (Cronbach, 1951; Nunnally & Bernstein, 1994). The composite reliability over 0.60 can be considered appropriate (Bagozzi & Yi, 1988), therefore all items are within this scope since they all appear over this value. In addition, the average variance extracted (AVE) was calculated and presented with values over 0.50 which is consider acceptable (Fornell & Larcker, 1981). Furthermore, in Table 8.3 the standardized loadings of the reflective items are presented as well as their significant value (p<0.01) which showed that they were meaningfully linked to their respective dimensions and construct. In Table 8.4, aspects related to discriminant validity are presented, the HTMT ratio method recently proposed by (Henseler et al., 2015) was also applied to assess discriminant validity. Since every ratio was lower than 0.85 (Clark & Watson, 1995), no problems appear in the model.

For the formative constructs, image, reputation and legitimacy’s second order items, the collinearity (VIF) value is presented, showing that every item is under the appropriate level of VIF<5 (Hair et al., 2011). In addition, the standardized weights are shown in both tables as well as their significant values (p<0.01), showing that all formative values affect in a significant manner to their dimensions or construct in the case of the second-order. Only in the case of the reputation construct, the innovation dimension appears as not significant for the second order of the variable, however, since its loading is high (>0.50) it is maintained (Hair et al., 2014).
Table 8.3. Measurement model reliability and validity

<table>
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<tr>
<th>Factor</th>
<th>Item</th>
<th>weights/loadings</th>
<th>t-value</th>
<th>VIF</th>
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<th>CR</th>
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</table>

Note: CA: Cronbach's Alpha; CR: Composite Reliability; AVE: Average Variance Extended
Table 8.4. Measurement model discriminant validity (HTMT)

<table>
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<tr>
<th>Factor</th>
<th>Cognitive Legitimacy</th>
<th>Moral Legitimacy</th>
<th>Pragmatic Legitimacy</th>
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</thead>
<tbody>
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<td>Cognitive Legitimacy</td>
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</tr>
<tr>
<td>Moral Legitimacy</td>
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</tr>
<tr>
<td>Pragmatic Legitimacy</td>
<td>0.740</td>
<td>0.709</td>
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</tr>
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</table>

Under these circumstances, it was concluded that the proposed model offered appropriate evidence of reliability, convergent and discriminant validity in the case of the reflective constructs forming legitimacy dimensions, as well as in terms of collinearity and weight-loading relationship and significant levels. Reliability and convergent validity were tested at the first order level for legitimacy’s dimensions collinearity as well as weight-loading relationship and significance for the first order and second-order construct of image and reputation, as well as for the second order of legitimacy of the model.

8.7.3. Hypothesis testing

The obtained results through the model show that image positively and significantly affect legitimacy (H_8.1; B=0.844; p<0.01), that legitimacy positively and significantly affects reputation (H_8.2; B=0.438; p<0.01), as well as the fact that image positively and significantly affects reputation (H_8.3; B=0.542; p<0.01) therefore the hypothesis established through the literature review can be confirmed. Table 8.5 and Figure 8.2 show the results.

Table 8.5. Hypotheses testing

<table>
<thead>
<tr>
<th>Hypotheses</th>
<th>Beta</th>
<th>t-value</th>
</tr>
</thead>
<tbody>
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<td>H 8.1 Image-Legitimacy</td>
<td>0.844</td>
<td>72,102</td>
</tr>
<tr>
<td>H 8.2 Legitimacy-Reputation</td>
<td>0.438</td>
<td>15,659</td>
</tr>
<tr>
<td>H 8.3 Image-Reputation</td>
<td>0.542</td>
<td>19,410</td>
</tr>
</tbody>
</table>

* R Square (Legitimacy)= 0.713
* Q Square (Legitimacy)= 0.534
* R Square (Reputation)= 0.887
* Q Square (Reputation)= 0.646
DISCUSSION AND CONCLUSIONS

Due to the current competitive scenario faced by higher education institution, the introduction of intangible assets´ management has become a crucial aspect for universities. These institutions have understood the multiple benefits that holding a positive image, legitimacy and reputation can provide in terms of improving their competitive position (Parameswaran & Glowacka, 1995), regaining public trust and offering a quality sign (Nguyen & LeBlanc, 2001) to reduce uncertainty (Rindova et al., 2005) for stakeholders in their decision-making processes (Hemsley-Brown, 2012; Munisamy et al., 2014). In addition, despite the relevance these intangible assets have for organizations, there is still lack of empirical evidence to clarify the possible existing relationships that could exist between them.

Under these circumstances, the objective of this research is to empirically demonstrate the proposed hypotheses based on the literature review. These hypotheses were tested in the higher education field since due to the current competition faced in this sector, evaluating the relationship between these intangible assets can be considered as a relevant matter. Furthermore, applying these hypotheses in the Spanish Public University sector is important, since currently these institutions are facing problems in gaining students compared to private institutions, which increases the relevance of managing intangible assets for them.

First of all, regarding the obtained value of the three intangible assets under consideration the following results were gathered. The level of image of Rey Juan Carlos University is 6.22 over 10, which represents a medium value. When analysing the obtained results on the value of reputation, the obtained level for the given university is 6.10 over 10. In the case of the university’s legitimacy the obtained result is the lowest one which is 5.66 over 10. Due to the relevance of image, legitimacy and reputation in the higher education context, these values could be considered as relatively low, since even though the pass the middle line, they continue to be mediocre and a lot of improvement could be made in the management of these intangible assets.
In relation to the different dimensions used to measure image, legitimacy and reputation the following elements were discovered. When taking into consideration the six dimensions developed by Vidaver-Cohen (2007) in her model of reputation for Business Schools, the results show that only five of the six dimensions were significant, since the innovation one appeared with t-values under 2. In the case of image, both the affective and cognitive components were significant for the overall measurement of the construct, which goes in line with authors such as Kennedy (1997) and Beeri Palacio et al. (2002). Finally, when analysing the dimensions forming the legitimacy construct, the findings confirm the significance of all three factors to measure the overall legitimacy of the university and the weights of each of them are similar. Therefore, the dimensions proposed by Suchman (1995) could be confirmed through this research.

The obtained results on the structural model relating all three variables, confirm the three proposed hypotheses since a positive and significant relationship exists between image and legitimacy, legitimacy and reputation as well as between image and reputations. This confirmation was already supported by authors in the field. Authors such as Tran et al. (2015), Maclean and Behnam (2010), Metzler (2009) already demonstrated in their empirical study the effect that image has on legitimacy. When considering the second hypothesis on the effect that legitimacy has on reputation, the obtained results meet the research developed by Deephouse and Suchman (2008), Staw and Epstein (2000), Rao, (1994), King and Whetten (2008), Deephouse and Carter (2005), Bansal and Roth (2000), Thomas (2007), Doh et al. (2010), Fan, (2005), Czinkota et al. (2014), Martínez et al. (2018), etc. who establish theoretically and some, through their empirical research the influence that legitimacy has on reputation, considering the first as a requirement for the second. Finally, when analyzing the results on the third proposed hypothesis (the effect that image has on reputation) our findings were already supported by other scholars such as Zineldin et al. (2011), Rindova (1997), Fombrun and Shanley, (1990), Fombrun and Van Riel (1997), Tran, et al. (2015), Gray and Balmer (1998), Saxton (1998), among others. Moreover, and based on the arguments suggested previously, in a less explicit manner, our findings go in line with the existing relationship between the three variables as Rao (1994) already augmented in his study.

The relevance of identifying the influence that image, legitimacy and reputation have on each other is related, first of all, with presenting additional empirical evidence on a relatively innovative field since the relationship between intangible assets is relatively unexplored, and even more considering more than two constructs, and therefore a more exploratory analysis was required, and second of all, these relationship can serve as guidance to university managers when trying to manage intangible assets. When considering the first proposed hypothesis and following Suchman’s (1995) approach where organizations can develop strategies to change their legitimacy level, managers can develop these types of actions and strategies to improve their image and as a result these actions will also have a positive impact on the legitimacy of the given university. In addition, all actions and strategies aimed to increase legitimacy will have an impact on the institution’s reputation as well. Finally, when universities are developing actions to improve their image, if performed properly they will improve the institution’s image and reputation. Considering that resources are limited it is interesting to identify these types of relationships since university’s manager can benefit from synergies when applying one strategy to increase their competitive position in the sector.

In relation to the suggestions and recommendations for university managers based on the obtained results of this research, the following points could be highlighted. First of all, the results on the value of image, legitimacy and reputation are relatively mediocre, therefore it is important that
they start developing actions to try and improve their level, since given the competitive landscape in which they operate, obtaining high intangible assets’ levels could be determinant to survive in the sector. In the case of image, the value for the affective and cognitive component is similar, therefore the actions and strategies aimed at increasing the overall variable should be related to affecting both dimensions, however, in the literature, many authors have highlighted the fact that the cognitive component is a predecessor of the affective one (Kennedy, 1997), therefore initially university’s managers should be focusing more on the cognitive aspect and with time it could have an effect on the affective dimension. In the case of legitimacy, since the moral dimension is the lowest one, they should try and develop actions that relate more to improving their right to exists as well as their behavior in order to be considered as trustworthy. In the case of reputation, the governance dimension appears as the lowest factor, therefore the correct and appropriate university’s managers’ behavior remains as one of the most determinant elements to improve, since based on the results stakeholders have doubts on if this institution is managed in a transparent or ethical manner as well as if their own interests are taken into consideration in the university’s management. Finally, in relation to the confirmed effect that image has on legitimacy, legitimacy has on reputation and image has on reputation, managers should take advantage and optimize their resources when managing these intangible assets, since due to how closely related they are, almost any action or strategy aimed at increasing one of them, will have an impact on the rest of the intangible assets under consideration.

Within the limitations and future research lines of the given paper, two main points could be highlighted. First of all, the sample was a unique Spanish Public University, where even though the size of the sample was wide enough, a deeper understanding could be reached through an analysis of a higher number of universities in the Spanish higher education context. Second, for this research, despite the fact that different stakeholders were considered to have a wider scope of the university’s perception, the differences between the perceptions of each of these groups was not analysed. Therefore, the future research lines regarding the analysis of the relationships between image, legitimacy and reputation in the Spanish higher education context relate to meeting these two points: consider a higher number of public universities as the sample and make a comparison of the obtained results by stakeholder group.

8.9. REFERENCES


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CHAPTER 9: THE RELATIONSHIP BETWEEN IMAGE, LEGITIMACY AND REPUTATION IN THE SPANISH PUBLIC UNIVERSITY COMPARING STUDENTS´ VERSUS PROFESSORS´ PERCEPTIONS
9. THE RELATIONSHIP BETWEEN IMAGE, LEGITIMACY AND REPUTATION IN THE SPANISH PUBLIC UNIVERSITY COMPARING STUDENTS’ VERSUS PROFESSORS’ PERCEPTIONS

9.1. INTRODUCTION

The higher education sector has been experimenting relevant changes over the last decades. Universities and higher education institutions operate in a highly competitive market (Lafuente-Ruiz-de-Sabando et al., 2017), where attracting resources has become a complicated task. Globalization has expanded the pressure and the competition to international levels since universities need to compete globally to attract talented students, prestigious professors and employees (Altbach et al., 2010; Christensen & Gornitzka, 2017; Hemsley-Brown et al., 2016; Plewa et al., 2016; Verčič et al., 2016). Furthermore, despite the existing criticism (Barron, 2017), stakeholder’s and society expectations regarding the scores held by Universities in quality and employability rankings are increasing, augmenting the pressure in the sector.

In addition, the decrease in government funding has motivated the increase of private universities and institutions, which has determined the loss of students of public universities in favor of the private ones. Under these circumstances, Spanish Public Universities are facing a complicated situation in the higher education sector.

Apart from the increased competition, higher education institutions are facing additional problems. Universities nowadays are no longer untouchable entities that could assume that society would trust them without being questioned (Rakovski & Levy, 2007; Verčič et al., 2016). Stakeholders and society are skeptical on universities focusing their efforts on research instead of teaching, issues regarding how these institutions handle money or the lack of efforts to serve the public in the correct manner (Phair, 1992).

Under these circumstances, universities are implementing a more business-like approach in their management (Veloutou et al., 2005). In this attempt to improve their position in the market, universities have understood that the correct management of intangible assets such as image, legitimacy and reputation is a key element for attracting and retaining stakeholders such as students, professors or economic resources (Hemsley-Brown et al., 2016; Plewa et al., 2016).

Image, legitimacy and reputation are considered as relevant variables for organization’s survival and success (Gray & Balmer, 1998; Suchman, 1995; Andreassen & Lindestad, 1998; Zimmerman & Zeitz, 2002). Scholars have shown in their research that legitimacy increase organizations’ access to crucial resources (Czinkota et al., 2014) and that stakeholders are willing to engage with legitimated institutions. Moreover, holding a positive image increases the loyalty and satisfaction level of stakeholders (Andreassen & Lindestad, 1998) as well as the overall perception of the organization. Well-reputed organizations and those with a positive image will have a competitive advantage in the market and a higher probability of survival (Fombrun & Shanley, 1990). Due to their relevance, numerous scholars have developed research on these constructs, however, there is still lack of clarity between the differences and relationships between these intangible assets and further research on this matter remains important.
In the higher education context, the benefits of holding a positive image, legitimacy and reputation appear in a variety of manners: it can improve the competitive position held by the institution (Parameswaran & Glowacka, 1995), regain public trust through their correct management and communication with the different stakeholders in their environment, will serve as a quality sign (Nguyen & LeBlanc, 2001), will reduce uncertainty (Rindova et al., 2005) for stakeholders in their decision-making processes (Hemsley-Brown et al., 2016; Munisamy et al., 2014) when selecting which university to engage with.

Legitimate organizations have better access to resources (Aldrich & Fiol, 1994; Meyer & Rowan, 1977) due to the support that they receive from stakeholders. Therefore, if an organization wants to gain or maintain its level of legitimacy, it has to be able to adapt to the expectations of their social system (Brønn & Vidaver-Cohen, 2009). Legitimacy can be granted or assessed by multiple sources, each one using a different routine for the evaluation (Deephouse et al., 2017). Certain sources have a greater impact on the assessment of legitimacy than others (Deephouse & Suchman, 2008). A similar situation is faced when managing reputation since, as many authors have highlighted different corporate reputation’s dimensions that can be identified based on the diverse types of stakeholders perceiving the reputation of the firm (Chun, 2005; Deephouse, 2000; Iwu-Egwuonwu, 2011). Many authors have highlighted the fact that higher education image formation will vary between different stakeholder groups (Arpan, Raney, & Zivnuska, 2003; Struckman-Johnson & Kinsley, 1985; Terkla & Pagano, 1993; Treadwell & Harrison, 1994) since they are affected by different stimuli, they have different interests on the organization etc. Therefore, it is important to understand the relevance of analyzing different audiences’ perceptions (Aghaz et al., 2015).

Over the years, the correct management of intangible assets has increased its complexity for universities since the internal decision-making process has changed towards a more heterogeneous structure where a higher number of stakeholders are included (Christensen & Gornitzka, 2017), the importance of meeting student’s demands and requirements have increased considerably (Ramirez & Christensen, 2013) and universities commitment to society has expanded (Bleiklie & Michelsen, 2013).

Under these circumstances, managing these intangible assets in the correct manner can be a crucial element for universities to achieve its social and economic objectives in the medium and long term (Christensen & Gornitzka, 2017; Farrugia & Lane, 2013; Hemsley-Brown et al., 2016; Plewa et al., 2016).

The aim of this research is to analyze the existing relationship between image, legitimacy and reputation and to compare students’ versus professors’ perceptions since it has been stated in the literature the importance of understanding that each stakeholder group can have different perceptions and experiences towards the same organization. To meet this objective, a review on the literature on image, legitimacy and reputation as well as on their differences and relationships will be carried out in the higher education sector, followed by an empirical analysis using Spanish Public Universities as sample, where surveys will be developed to gather information from the two stakeholder groups under consideration. Finally, the main conclusions, limitations and future research lines will be presented.
9.2. Image

9.2.1. Concept and Importance

Corporate image is classified as a crucial resource for organizations (Gray & Balmer, 1998). The effect on stakeholder’s satisfaction is closely related to the image of the institution (Andreassen & Lindestad, 1998). When evaluating an organization, corporate image represents a sign of quality and has the ability to affect the degree of customers’ loyalty (Andreassen & Lindestad, 1998). Nowadays, organizations operate in highly competitive environments, therefore, the correct management of the entity’s corporate image can have important benefits. Customer loyalty can be enhanced when the given company’s image is favourable (Fornell et al., 2010; Nguyen & LeBlanc, 2001; Andreassen & Lindestad, 1998). When facing information asymmetries, corporate image can help stakeholders by simplifying decision rules (Andreassen & Lindestad, 1998). Furthermore, stakeholders might be more forgiving when an organization with a strong image makes a mistake than on the contrary, since image can determine the customer’s perceptions and, as a result, their behaviour towards the given entity (Melewar & Karaosmanoglu, 2006). A strong corporate image can help an entity to differentiate itself from its competitors through the development of competitive advantages, will could improve its position in the market (Melewar & Karaosmanoglu, 2006). In addition, the relationship with stakeholders can be improved, as well as the corporate reputation of the organization (Tran et al., 2015).

The concept of corporate image has been widely analysed in the literature, however, researchers have not reached a unique definition of the variable for the moment since it is a variable that suffers from a great degree of plurality (Foreman et al., 2012). Furthermore, an additional aspect that increases the complexity of this clarification is the fact that the distinction and relationship between image, identity and reputation remains unclear. Despite the lack of agreement between scholars on the definition of corporate image, the great majority of the definitions consider image as the sum of beliefs and attitudes towards an organization (Beerli Palacio et al., 2002), the result of all interactions based on experiences and feelings between the organization and the stakeholders (Worcester, 2009). Authors such as Tran et al. (2015) provided a holistic definition of the concept considering it as the as an interlinked concept with reputation which resulted from the feelings, and impressions hold of an organization and that had an effect on stakeholders’ perceptions about the entity.

9.2.2. Dimensions

Taking into consideration that image is formed by stakeholders’ impressions (Bromley, 1993; Davies & Chun, 2012) and perceptions, it could be viewed as a multidimensional construct (Bolger, 1959; Spector, 1961). The relevance of identifying the dimensions that form image relates to the opportunity for organizations’ management to design actions and strategies to change customers’ perceptions in a positive manner to benefit from higher satisfaction and loyalty levels (He & Mukherjee, 2009; Andreassen & Lindestad, 1998). However, the difficulty on doing so lies on the variety of stakeholders with which an organization interacts, what can result in each of these groups holding a different perception and image of the company, indicating that the elements or dimensions affecting their assessments will vary between them (Dowling, 1988). In fact, some authors consider that an organization does not project a unique image, but that the institution’s image will vary depending on the stakeholder group assessing it, since each specific
group will value some elements over others and will have a different experience with the company (Dowling, 1986).

Within the literature there is not a unique set of dimensions, however, many scholars have tried to identify the elements that form image in their research. Worcester (2009) identified four categories for the image concept: product image, brand image, user image and corporate image, this last concept was divided into other elements such as product reputation, customers relationships, employer’s role etc. Nguyen and LeBlanc (2001) identified corporate identity, reputation, service offering, physical environment and contact personnel as the main dimensions contributing to a service firm’s corporate image. Kennedy (1977) identified the functional and the emotional component. The first one relates to tangible characteristics and elements which are easier to measure, while the emotional component refers to psychological aspects resulting from the feelings derived from stakeholders’ experiences with the organization. The functional aspects refer to physical elements such as range of products, price, layout etc, and physiological aspects relate with the client’s feelings and sense of belongingness (Mazursky & Jacoby, 1986). Other authors, such as Tran et al. (2015) reached an updated definition including seven dimensions: visual expressions, positive feelings, environments expressions, online appearance, employee’s appearance, attitude and behaviour, and external communication.

As it has been previously stated, individuals and different stakeholder groups will have different perceptions of an organization (Nguyen & LeBlanc, 2001) therefore in order to modify an entity’s corporate image, being able to identify and understand what forms each group’s perceptions is crucial (Dowling, 1986). The literature shows an agreement on the positive effect that communication can have on corporate image (Gray & Balmer, 1998) since it can represent the efforts that organizations make to align themselves with what stakeholders perceive (Dowling, 1986; Christensen & Askegaard, 2001).

9.2.3. Image in the Higher Education sector

The higher education sector has been experimenting important changes over recent decades. Increases in demand have motivated the expansion of the supply in terms of number and variety of offer (Maringe, 2009). Furthermore, globalization has expanded this competition to international levels, since universities and higher education institutions have to compete at national and international levels to attract resources, students and professors (Altbach et al., 2010). In addition, decrease in government funding has contributed to the development of private institutions in the sector (Lafuente-Ruiz-de-Sabando et al., 2017). The existing competitive scenario has also increased the pressure for higher education institutions to hold high position in national and international rankings, since stakeholders consider these positions as relevant factors when they decide which university to engage with (Barron, 2017).

Higher education institutions are trying to implement a more business-like orientation approach (Milliken, 1990). They have understood the importance of managing intangible assets such as image to differentiate themselves over competitors and to improve the relationship with their stakeholders (Alves & Raposo, 2010; Nguyen & LeBlanc, 2001).

Universities are assigning more resources to manage their image and improve it in society’s and stakeholders’ eyes (Curtis et al, 2009) since in the higher education sector, intangible perceptions could be more relevant than measurable substances for stakeholders’ decisions. Holding a positive
image could increase higher education institutions’ competitive position in their sector (Parameswaran & Glowacka, 1995) due to the clear effect that it can have on students’ decisions toward which university to attend as well as on other groups which can affect the funding received by the university (Ivy, 2001). However, it is important to understand that managing image is a complex matter since many times stakeholders’ perceptions differ from the image that universities aim to transmit (Lafuente-Ruiz-de-Sabando et al., 2017).

Additional problems that higher education institutions are currently facing relate to stakeholders and society’s perceptions that universities efforts focus on research instead of teaching, issues regarding how these institutions handle money and the lack of efforts to serve the public in the correct manner (Phair, 1992). Therefore, due to this crisis in confidence, the need to regain public trust through intangible assets’ management and correct communication with the different stakeholders in their environment increases its importance for these institutions.

Despite the relevance that holding a positive image has for higher education institutions, there is still lack of empirical research to understand in a deeper degree which elements and strategies might be crucial to manage it in an efficient manner (Aghaz et al., 2015; Duarte et al., 2010; Wilkins & Huisman, 2015). However, authors such as Sung and Yang (2008), considered a shift in the interest that analysing university image was attracting. Lafuente-Ruiz-de-Sabando et al., (2017) highlighted the lack of agreement on the dimensions forming both constructs, the lack of clarity on the similarities and differences between image and reputation for stakeholders, the limited measurement tools to include different stakeholders’ perceptions since most of the research focused only on one stakeholder group and the fact that most of the existing empirical research was centered in the US context as relevant aspects in the literature on the field.

University’s image has been defined in several ways, Alessandri et al. (2006: 259) considered it as “the public’s perception of the university”. Duarte et al. (2010: 23), as “the sum of all beliefs an individual has towards the university”. Arpan et al. (2003: 100) defined image in the higher education context as “various beliefs about a university that contribute to an overall evaluation of the university”.

Image is considered a multidimensional and formative construct in the higher education context (Lafuente-Ruiz-de-Sabando et al., 2017). Higher education image formation will vary between different stakeholder groups (Arpan et al., 2003) since they are affected by different stimuli and have different interests on the organization. Therefore, analysing different audiences’ perception and identifying the differences will be an interesting aspect to cover (Aghaz et al., 2015).

Despite the lack of agreement of the dimensions forming higher education image, many scholars have tried to clarify this aspect. For instance, Beerli Palacio et al. (2002) developed a study to identify university image components, for the cognitive and effective dimension. In their research they were able to confirm that the cognitive component was an antecedent of the affective one, and that both elements had a positive influence of students’ satisfaction level with their university. Other authors have tried to analyse the image formation process in their research, Kazoleas et al. (2001) analysed the organizational, personal and environmental factors that affected the university’s image perception, Parameswaran and Glowacka, (1995) analysed the relationship between university’s image and how employers perceived the graduated of the given institutions, and other authors such as Grady et al. (1996) viewed how different university audiences perceived its image according to each group’s characteristics and circumstances.
9.3. LEGITIMACY

9.3.1. Concept and importance

Legitimacy is a crucial factor for the survival and success of organizations (Suchman, 1995; Zimmerman & Zeitz, 2002). Legitimate organizations are able to pursue their activities without being questioned, and can avoid challenges from society (Meyer & Rowan, 1977). Organizations that are perceived as legitimate are in a better position to compete for resources and have unrestricted access to markets which enhances their survival (Brown & Dacin, 1997; Salancik & Pfeffer, 1978; Suchman, 1995). Deephouse et al. (2017) viewed legitimacy as an important factor because it has a defined effect on social and economic exchange for organizations. Most stakeholders and interest groups are willing to engage only with legitimate organizations and will avoid maintaining relationships with those that are questioned by the social system (Deephouse et al., 2017). Therefore, organizations seeking continuity and success in the market need to prove their viability and legitimacy to receive support from their stakeholders.

Legitimate organizations are those considered desirable and accepted due to the congruence of their activities with the general norms, values and beliefs of their social system (Díez Martín et al., 2010). It can be viewed as the congruence and conformity of an organization with general social norms and formal laws (Dowling & Pfeffer, 1975; Salancik & Pfeffer, 1978). However, the most expanded definition of legitimacy was the one provided by Suchman (1995: 574); “Legitimacy is the generalized perception or assumption that the actions of an entity are desirable, proper or appropriate within some socially constructed system of norms, values, beliefs and definitions”. Deephouse and Suchman (2008) recommended to cease the use of the term “desirable” to avoid confusion with other similar constructs such as status and reputation. Bitektine (2011) offered a numerative definition of the concept, considering that organizational legitimacy covers the perceptions of organizations, the evaluation and judgment made based on these perceptions and the behavioural response based on these judgments made by the different stakeholders. Deephouse et al. (2017:9) proposed an updated definition of legitimacy, considering it as “the perceived appropriateness of an organization to a social system in terms of rules, values, norms and definition”. Moreover, in their research, instead of viewing legitimacy as a dichotomous variable (Deephouse & Suchman, 2008), they recognized four different stages or levels of organizational legitimacy, depending on the perception that stakeholders have on the organization: accepted, proper, debated and illegitimate.

9.3.2. Dimensions

The concept of legitimacy is viewed as a multidimensional variable by researchers. Meyer and Rowan (1977) considered that legitimacy could be assessed based on “rational effectiveness”, “legal mandates”, and social values or beliefs. Other authors, such as Aldrich and Fiol (1994) differentiated between the general knowledge about the subject under analysis, cognitive legitimacy; and socio-political legitimacy as the acceptance of the subject as appropriate given the social norms. Despite the variety of dimensions or types if legitimacy identified by researchers in the field, most of them address to fulfilling the law, social values and the spread of their performance and actions, however when analysing types or dimensions of legitimacy, the ones provided by Suchman (1995) have been the most common ones when analysing legitimacy. He considered three main types of legitimacy: pragmatic, that focuses on the self-interests of the stakeholders of the organization; moral, which related to the fulfilment of the law and on “doing
what is correct”; and cognitive that relies on the spread of knowledge about the firm’s structure, activities etc and the association to similar practices of legitimated known organizations. In his research he then divides legitimacy into smaller categories identifying twelve different types of legitimacy. Furthermore, Deephouse et al. (2017), considered these previous dimensions or types of legitimacy, as criteria used by stakeholders to make their assessments, considering that, for example, individuals when assessing moral legitimacy are considering moral criteria to evaluate the organization under study.

9.3.3. Sources and Strategies

Legitimate organizations have better access to resources such as capital, technology, customers, business networks etc (Aldrich & Fiol, 1994; Meyer & Rowan, 1977) due to the support that they receive from stakeholders and interest groups. Therefore, if an organization wants to gain or maintain its level of legitimacy to survive, it has to be able to adapt to the expectations of the society (Brønn & Vidaver-Cohen, 2009). However, it is impossible for an organization to adapt and be consistent with every social system within which they operate, therefore, they must recognize their sources or legitimacy. Legitimacy can be granted or assessed by multiple sources, each one using a different routine for the evaluation (Deephouse et al., 2017). Certain sources have a greater impact on the assessment of legitimacy than others, depending on the type of organization under consideration (Deephouse & Suchman, 2008). Ruef and Scott (1998: 880), considered as sources of legitimacy “the internal and external audiences who observe organizations and make legitimacy assessments”.

Several authors have analysed the importance that the evaluations made by The State and its agencies have in conferring legitimacy (Dowling & Pfeffer, 1975; Reimann et al., 2012). Public opinion and the media have also been studied by researchers, given their importance and the existing link between them (Abrahamson & Fairchild, 1999; Bansal & Clelland, 2004; Deephouse et al., 2017; Lamin & Zaheer, 2012). Organizations should also consider social movements and interest groups, especially considering the current importance of social media, due to the influence that they have on public opinion and on government policies, having a direct effect on the legitimation process of organizations (Rao, 1994). Bitektine (2011) and Tost (2011) highlighted the interest on the individual level of analysis in the legitimation process since all evaluators are individuals or at least groups of individuals when conferring legitimacy.

Organizations must decide the most suitable strategies to manage their legitimacy to be considered appropriate in their social system (Suchman, 1995). Legitimacy is not a static element; it is a continuous process along which different situations and scenarios can be identified (Deephouse et al., 2017). Therefore, organizations need to decide which legitimation activities are more suitable for the scenario under which they are operating at every different moment (Deephouse et al., 2017). Ashforth and Gibbs (1990) considered that organizations purposes when managing legitimacy could be grouped under three main categories: extending, maintaining and defending legitimacy. These categories are similar to the “challenges” proposed by Suchman (1995): gaining, maintaining and repairing legitimacy. Moreover, Deephouse et al. (2017) added two scenarios to the previous categories: challenged by and institutionally innovating.
9.3.4. Legitimacy in the Higher Education sector

Higher education institutions have faced numerous challenges over the last decades, in terms of the decrease in governments funding, globalization (Altbach, 2013; Burnett & Huisman, 2010; Dodds, 2008), increase in international competitiveness, as well as a greater demand for quality and effectiveness in the offer provided by universities (Stensaker & Norgård, 2001). In addition, the adaptation process to the new knowledge economy by higher education institutions has represented a relevant issue for these institutions (Rodriguez-Pomeda & Casani, 2016). Universities have had to experiment relevant changes in order to respond to several threats such as governance, the academic profession, quality, innovations as well as internationalization (Altbach et al., 2010; Van der Wende, 2003).

Universities are facing pressure from stakeholders and their environments to adopt certain structures and to follow specific procedures in order to be considered as legitimate and as a result survive and succeed in the market (Stensaker & Norgård, 2001). This adjustment remains a complex matter for higher education institutions, since external demands require adopting specific standards within the higher education “industry” and at the same time offering relevant innovations.

The current situation faced by higher education institutions was the sector has been affected by the marketization (Fairclough, 1993) and its reconfiguration, has motivated the fact that groups in the academic field consider that the role of universities is controversial, and they understand that these institutions need to renovate their legitimacy to gain the right to exist (Rodriguez-Pomeda & Casani, 2016).

Moreover, some authors have considered that higher education institutions and more specifically business schools, have been developing actions harming their identity and legitimacy since they have been straying from their original missions of serving the public good (Bennis & O’Toole, 2005; Khurana & Nohria, 2008). Due to this behaviour, they have raised questions about their legitimacy and if their actions and activities continue to be acceptable and desirable within their social system (Suchman, 1995). However, obtaining and maintaining legitimacy is a complex issue for higher education institutions due to the diverse audience and characteristics of the different stakeholders whose demands they try to meet (Fragueiro & Thomas, 2011).

When organizations aim to obtain legitimacy, they need to identify their diverse sources of legitimacy or stakeholders. In the case of higher education institutions, the different characteristics of the stakeholders make it difficult for universities to adapt to their standards. Jongbloed et al. (2008), identified the following stakeholder groups in the higher education context: governing entities, administration, employees, clients, competitors, government regulators, nongovernmental regulators, financial intermediaries and joint venture partners. When trying to understand the needs and expectations of the given groups, universities understand that not every group has the same influence on assessing legitimacy (Bitektine, 2011; Ruef & Scott, 1998) therefore, the institution will not be equally responsive with every stakeholder group and they must make decisions depending on the relevance of each stakeholder for achieving their legitimacy levels (Farrugia & Lane, 2013).

Despite the relevance of legitimacy for higher education institutions, few empirical papers exist within the literature. In fact, most of the research on measuring legitimacy in the higher education field, appears related to specific practices more than to institutions. Alajoutsijärvi et al. (2015) analysed the legitimacy of Business Schools and identified the paradoxical nature associated with
legitimacy (Smith & Lewis, 2011; Sonpar et al., 2010), since actions to increase legitimacy sometimes can have the opposite effect. In their research they focused on those business schools with accreditations since these certifications as well as rankings have increased the level of isomorphism in the higher education field.

Other authors, such as Farrugia and Lane (2012) analysed the relevance of obtaining legitimacy in the new location when universities develop branch campuses in other countries in order to survive and succeed, because despite having well establish legitimacy in their home country, it does not mean that this legitimacy will be carried to the new environment. Since stakeholders’ evaluations are determined by their environments and social contexts within other factors (Bitektine, 2011), it is crucial to understand these new stakeholders and identify their conditions to satisfy them for obtaining legitimacy.

Cruz-Suárez et al. (2014) measured the legitimacy of European Higher Education Area in the Spanish public universities through different stakeholder groups (students, professors and administrative personnel). In their findings they highlighted the lack of participation of the universities’ administrative personnel, as well as the different evaluations among stakeholder groups. This last fact goes in line with the different characteristics that these groups have in terms of training, culture or age. Many scholars have supported these arguments in their research regarding the different legitimacy evaluations that stakeholder groups can provide. Moreover, the research developed by Rodriguez-Pomeda and Casani (2016) analyzed how World Class Universities tried to increase their legitimacy through the discourses offered by their presidents by differentiating these universities from the rest.

Due to the competition and reconfiguration of the higher education sector, universities need to develop actions and activities to increase their legitimacy levels and as a result obtain more competitive positions in the sector in which they operate. However, despite the relevance of the matter, there are not a large number of papers measuring legitimacy in the higher education context, and even less research on measuring this variable for an academic institution, since as it has been presented previously, most of the empirical studies, measures the legitimacy of specific actions or programs developed by universities to manage their legitimacy level.

9.4. REPUTATION

9.4.1. Concept and importance

Corporate reputation is considered as a valuable intangible asset for organizations due to its relationship with positive performance in the market (Rindova et al., 2005). Researchers believe that reputation affect the evaluations that stakeholders make about organizations (Abimbola & Valleester, 2007; Czinkota et al., 2014; Fombrun et al., 2000; Fombrun & Shanley, 1990; Gotsi & Wilson, 2001; Page & Fearn, 2005; Roberts & Dowling, 2002; Walker, 2010). Organizations that hold a good reputation status will have a competitive advantage compared to those that do not within their industries (Fombrun & Shanley, 1990) due to its unique and difficult to imitate characteristics (Fombrun & Van Riel, 1997; Roberts & Dowling, 2002), that differentiate them and create entry barriers for future competitors (Feldman et al., 2014). Well- reputed firms could benefit from lowering the company’s costs (Deephouse, 2000), the possibility of charging higher prices (Deephouse 2000; Fombrun & Shanley, 1990; Rindova et al, 2005), attracting better employees (Turban & Greeening, 1997) and investors (Srivastava et al., 1997), having better
access to capital markets (Fombrun and Shanley, 1990), and creating competitive barriers (Deephouse, 2000; Milgrom & Roberts, 1982).

The definition of reputation continues to represent and issue within the field (Clardy, 2012; Dowling, 2016) due to the different theories applied to study the concept, the different disciplines as well as the confusion with other related terms such as image and identity, that result in the lack of an accepted definition and, as a consequence, the absence of a defined measure (Clardy, 2012). Many researchers have highlighted this frustration in their research (Barnett et al., 2006; Chun, 2005; Clardy, 2012; Dowling, 2016; Hemsley-Brown & Oplatka, 2006; Walker, 2010).

One of the most common reputation definitions is the one provided by Fombrun and Shanley (1990) who is considered as one of the main researchers in this field (Lange et al., 2011; Smaiziene & Jucevicius, 2009; Walker, 2010). He defined reputation as the perception of past actions and future expectations of a company that describes the firm’s overall appeal to all its key stakeholders when compared with other rivals. It is the stakeholder’s perceptions about the ability that an entity has to create value in comparison to its competitors (Deephouse, 2000; Elsbach & Kramer, 1996; Fombrun & Shanley, 1990; Hall, 1992; Rindova et al., 2005).

### 9.4.2. Dimensions

Stakeholders can assess the reputation of an organization based on a set of attributes, therefore reputation can be considered as a multidimensional variable (Dollinger et al., 1997; Fombrun et al., 2000; Fombrun & Shanley, 1990), in fact, it can be assessed on any attribute that can be used a source of comparison (Deephouse & Carter, 2005). For example, Weigelt et al. (1988) identified corporate reputation, product or service reputation and reputation of the organizational structure as the three main dimensions to measure the reputation of an entity; Dollinger et al. (1997) considered as dimensions the management reputation, financial reputation and product quality reputation. Other authors have focused on dimensions based on the different types of stakeholders perceiving the reputation of the firm, especially on internal and external groups (Chun, 2005; Deephouse, 2000; Iwu-Egwuonwu, 2011).

These variety of dimensions have also been reflected in the different measures used for reputation, where researchers have considered several dimensions to evaluate the reputation of a given organization (Fombrun et al., 2000; Ponzi et al., 2011) and have increased the argument of the existence of one global reputation or diverse reputations based on different dimensions. Under these circumstances, different approaches exist in the literature on measuring reputation, since some authors support a more detailed and multidimensional measure, while others argue that reputation should be measured using a simpler scale (Dowling, 2016).

### 9.4.3. Reputation in the Higher Education sector

The higher education sector has been experimenting important changes over the years. Universities operate in a highly complex environment, competing for economic resources from the government as well as for talented students, prestigious professors and competent employees (Christensen & Gornitzka, 2017; Hemsley-Brown et al., 2016; Plewa et al., 2016; Verčič et al., 2016). Moreover, due to global trends in student mobility, as well as the deregulation of higher education in several countries (Hemsley-Brown & Oplatka, 2006), universities are nowadays competing not only nationally but at an international level fighting to attract international students.
and top academics (Hemsley-Brown et al., 2016), which increases the struggle in the sector. Furthermore, despite the existing criticism (Barron, 2017), stakeholder’s and society expectations regarding the scores hold by universities in quality and employability rankings are increasing, augmenting the pressure for these organizations.

In addition, and due to important scandals associated with the academic field, universities nowadays are no longer untouchable entities that could assume that society would trust them without being questioned (Rakovski & Levy, 2007; Verčič et al., 2016). Moreover, currently universities need to focus, not only on professors or a unique interest group, but on numerous groups of stakeholders whose support is a key element for their success and survival (Christensen & Gornitzka, 2017).

Several authors have analysed the higher education sector situation. In fact, Christensen and Gornitzka, (2016) highlighted some of the changes affecting the sector: first of all, the internal decision-making process has changed towards a more heterogeneous structure where a higher number of stakeholders are included (Christensen, 2011), also the importance of meeting student’s demands and requirements have increased considerably (Ramirez & Christensen, 2013) and finally, universities, are nowadays more socially concerned (Bleiklie & Michelsen, 2013).

Under this scenario, institutions in the higher education sector have been adopting more business-like practice in their management (Veloutsou et al., 2005) and a more market-orientated approach. In doing so, universities have understood that the correct management of intangible assets such as reputation is a key element for attracting and retaining stakeholders such as students, professors, economic resources etc (Hemsley-Brown et al., 2016; Plewa et al., 2016).

The literature has shown that favourable reputation has many benefits for organizations, and in the higher education sector due to its intangible nature and the fact that its quality might be difficult to evaluate before it is experienced (Jevons, 2006; Suomi, 2014) reputation will serve as a quality sign as well as an indicative of the institution’s capacity to respond to customer’s needs in the correct manner (Nguyen & LeBlanc, 2001) and therefore, will reduce uncertainty (Rindova et al., 2005) for stakeholders in their decision-making processes (Hemsley-Brown, 2012; Munisamy et al., 2014) when selecting which university to engage with. Therefore, obtaining a positive reputation will determine the university’s survival given the competition in the sector (Alves & Raposo, 2010; Aula & Tienari, 2011).

Due to the higher education sector current situation, the concept of reputation’s relevance in this field is increasing as it has already done in the corporate field (Verčič et al., 2016). However, despite the importance of achieving and maintaining a good reputation towards the different institution’s stakeholders, there is still lack of clarity in its management and it continues to be a challenge for universities (Gioia & Corley, 2002; Šontaitė & Bakanauskas, 2011; Vidaver-Cohen, 2007). Among the several reasons for this complexity the heterogeneity in terms of stakeholders and as a consequence the differences in their expectations (Suomi & Järvinen, 2013; Vidaver-Cohen, 2007) and the complexity related to the different types of educational institutions (Suomi, 2014) could be highlighted. Furthermore, research and empirical investigations on reputation within the higher education sector are still limited (Volkwein & Sweitzer, 2006; Watkins & Gonzenbach, 2013).

As it was previously mentioned, despite the importance of reputation within the higher education sector, there is still little empirical research that clarifies what the concept is and its implications (Watkins & Gonzenbach, 2013). However, several authors have tried to overcome this situation
with their research. Some researchers have tried to find a more accurate definition of concept within the academic field, such as, Sontaite and Bakanauskas (2011) which defined it as a subjective and collective recognition of higher education institutions among all key stakeholders during a certain period, taking into consideration their past behaviour, communication and potential to satisfy expectations in comparison with the competition. Other authors such as Alessandri et al. (2006:261) offered the following definition of reputation: it is “the collective representations that the university’s multiple constituents hold of the university over time”.

Despite the fact that the factors affecting reputation in the academic field are many, aspects such as size, together with faculty and students’ conditions such as salaries and graduation rates appear as relevant in the literature (Volkwein & Sweitzer, 2006). Some of the other dimensions that were identified in the literature were the quality of academic performance, quality of external performance and emotional engagement (Alessandri et al., 2006); leadership, teaching, research, the service offered and quality (Brewer & Zhao, 2010). In trying to identify the determinants and antecedents of reputation in the academic context, Vidaver-Cohen (2007) developed a conceptual model to measure reputation in the business school field. In her research she introduced as dimensions of reputation aspects such as performance, innovation, services, governance, citizenship and workplace climate. Suomi et al. (2014) performed a study to identify the dimensions that form reputation in a master’s degree program through the application of the conceptual model developed by Vidaver-Cohen (2007) and including a variety of internal and external stakeholder groups.

Plewa et al. (2015) used the resources-based view and configuration theory to develop their study around the optimal resources configuration when universities are trying to achieve a favorable reputation. In their research they focused on a unique university and on students but consider two groups within the same stakeholder group (students) which were domestic and international students.

Most of the research developed in the literature within the higher education field has considered limited stakeholders for their empirical research (Alessandri et al., 2006; Brewer & Zhao, 2010; Chapleo, 2004; Nguyen & LeBlanc, 2001). Ali et al. (2015) highlighted that fact that reputation value is moderated by the stakeholder group and country under consideration. In the literature it appears that reputation is based on both internal and external stakeholders´ perceptions (Chun, 2005; Suomi & Järvinen, 2013). However, some authors such as Vidaver-Cohen (2007) with the development of her conceptual model for measuring reputation in the business school context for different stakeholders, have tried to cover this existing gap. Following this line, Verčič et al. (2016) analysed and compared the consistency between different stakeholders´ evaluations of reputation in universities applying Vidaver-Cohen’s (2007) model. However, even though they found that diverse stakeholders applied similar criteria, they established that one dimensions was able to determine in a relevant degree what reputation is, so the multidimensional model was not confirmed in their research. Suomi et al. (2014) also considered various stakeholders for their research, where they examined the dilemmas that appear when managing reputation taking into consideration different stakeholder groups in the higher education sector arising from the complexity of meeting heterogenous demands.
9.5. RELATIONSHIPS AND DIFFERENCES BETWEEN IMAGE, LEGITIMACY AND REPUTATION

The relevance of intangible assets for organizations due to the highly competitive environments in which they operate have been highlighted in the literature. However, lack of clarity still exists in defining the differences and relationships between these variables. Despite their relevance, there are not enough empirical research identifying if there is a clear relationship between all three variables.

It is clear that within some of the common traits between image, legitimacy and reputation, the benefits that they provide to those organizations holding positive levels them as well as the consideration of stakeholders’ perceptions for their formation can be highlighted (Foreman et al., 2012). Several authors argued that these constructs share antecedents, such as the size of the organization, charitable work, regulatory compliance (Fombrun & Shanley, 1990; Galaskiewicz, 1985; Oliver, 1990) social construction processes by being evaluated by stakeholders (Fombrun & Shanley, 1990), as well as consequences (Deephouse & Carter, 2005; Deephouse & Suchman, 2008) like the better access to resources in general (Hall, 1992; Suchman, 1995), and both are perceptions of approval of the organization’s stakeholders (Deephouse & Carter, 2005; Rao, 1994; Ruef & Scott, 1998).

On the other hand, many scholars have tried to clarify the differences between image, legitimacy and reputation. Reputation has been considered as the result of a consistent behaviour, whereas image as a variable which could be managed and modified in an easier manner through communication campaigns (Gray & Balmer, 1998). Corporate image related more with the idea made in the consumer’s mind, but reputation is the level of trust or distrust that stakeholders have towards an organization based on the firm’s ability to meet their expectations (Nguyen & LeBlanc, 2001). Many scholars have highlighted as a relevant difference the temporality (Mahon, 2002; Rhee & Haunschild, 2006; Smaiziene & Jucevicius, 2009; Villafañe, 2012), since reputation can be the result of maintaining a consistent image over time, while image can be created in a shorter period of time and it is easier to change and requires less effort to build internally and externally compared to reputation (Chun, 2005; Ruiz et al., 2012). Rindova et al. (2006) associated legitimacy as the congruence with values and beliefs and reputation with social perception of the ability of the organization to create value. Deephouse and Suchman (2008) argued that legitimacy can be viewed as a dichotomous variable that focuses on reaching an acceptable level, where the absence of negative issues is more important than the presence of outstanding achievements; reputation, on the other hand, is a continuous variable that places each actor in a path from best to worse. One of the more important difference between these constructs is that legitimacy is non-rival and homogenizing, it relates to isomorphism (Deephouse & Carter, 2005) and focuses on similarity (Bitektine, 2011).

Despite the differences between these three intangible assets, most of the research developed on the field, supports the fact that they are different variables but related. When considering image and legitimacy some authors such as Tran et al. (2015) defined image as “the execution of corporate strategy aimed at stimulating and establishing a positive corporate image, achieves by delivering ethically and socially acceptable outcomes for stakeholders over 7 key dimensions, including visual expressions, positive feelings, environments expression, online appearance, staff/employees’ appearance, attitude and behavior, and external communications”. Based on this definition of the concept, a relationship between legitimacy and image can be identified, since image is achieved by the delivery of ethically and socially acceptable outcomes, which is similar
to the definition of legitimacy provided by Suchman (1995). MacLean and Behnam (2010) analyzed the relationship between the compliance programs developed by the company Acme and the legitimacy perceptions and showed how Acme’s compliance program was able to project an acceptable and appropriate image for external stakeholders which allowed Acme to maintain organizational legitimacy. Therefore, this empirical research supports the effect that image has on legitimacy. In addition, Metzler (2001) developed a paper where he tried to analyze the effect that repair image campaigns had on the legitimacy of tobacco company Philip Morris. In their study, they identified the social legitimacy crisis that Philip Morris was facing and the need of developing image repair and restoration strategies to face this crisis. They viewed organizational legitimacy and image repair as complementary theories since both focused on issues of understanding and addressing norms, values and concerns of organizational public to succeed and survive. The objective pursued by Philip Morris’ image repair campaign is to show stakeholders the positive aspects and good corporate character of the organization, since providing benefits to society is a crucial aspect of legitimacy. In this empirical research the author supports that image repair can be viewed as a correct response to the legitimacy challenges organizations face because the strategies, when employed ethically, can have a positive influence on the way people think about an organization. Under these circumstances it can be said that an improve in an organization’s image can have a positive impact on its legitimacy as well.

In the case of image and reputation, despite the clear differences between image and reputation, most of the research developed by scholars to clarify this matter, agrees on the fact that both variables are different but related. The images held by different stakeholder groups will result in the organization’s reputation over a longer period of time (Fombrun & Van Riel, 1997). Therefore, reputation will be the result of being able to maintain a strong image over time, so image will affect reputation (Dutton & Dukerich, 1991; Gray & Balmer, 1998; Tran et al., 2015). Other authors have considered that better corporate image results in a better reputation (Fornell et al., 2010). Therefore, corporate reputation could be understood as the result and final outcome of building and maintaining corporate image since an organization’s reputation is shaped by the images of the given institution (Harvey et al., 2017). In conclusion, both variables can be viewed as interrelated concepts (Bromley, 1993; Fombrun & Shanley, 1990; Rindova, 1997). Maintaining a corporate image will move in a deeper manner into stakeholders’ minds and will shift from superficial awareness to deeper aspects such as favourability which is similar to aspects related to how corporate reputation is formed (Worcester, 2009), showing the clear connection between both constructs. Podnar and Golob (2017) supports the idea of the dependence that an entity’s reputation has on the day-to-day images held by its stakeholders and argues the need of additional research on the relationships and differences between image and reputation in order to clarify this matter.

When analysing the legitimacy and reputation, Deephouse and Suchman (2008) considered a bidirectional relationship between both constructs. First, legitimacy, defined as the congruence with social norms and values, affects reputation based on the obtained results and performance, because legitimate organizations are positioned as trustworthy and reliable within their social environment, therefore, this can affect reputation in a positive way. Secondly, reputation affects legitimacy because sources of legitimacy consider the reputation of the organization under evaluation to decide whether to support it or not. King and Whetten (2008) considered that legitimacy and reputation were used by an organization’s stakeholders to evaluate if that entity is appropriate and its quality. Staw and Epstein (2000) viewed legitimacy as a value creation resource that results from the alignment to accepted values and norms within a social system, considering reputation as the result of the congruence between the organization’s behavior and
these accepted values and norms. Within their research, they showed that organizations improved their reputation through the adoption of known and accepted management techniques, due to the reflection of the normative values and social beliefs associated to these practices by the audiences evaluating the reputation the firm. In this sense, reputation can be considered as the result from the legitimation process (Rao, 1994) or the extension of legitimacy (King & Whetten, 2008). Organizations gain legitimacy and cultural support within their institutional environment to develop their reputation (Deephouse & Carter, 2005; Rao, 1994; Staw & Epstein, 2000).

Bansal and Roth (2000) concluded on their empirical study about UK companies that legitimacy issues could have an effect on a firm’s reputation and long-term survival and success. Moreover, Thomas (2007) highlighted the relationship between both variables due to the social pressures for increasing reputation and being legitimate, that is, for differentiating as well as for being similar. In his paper, he argues that organizations can have a reputation for being legitimate, so both constructs overlap. In this sense, legitimate threats can affect the reputation level of a given firm (Thomas, 2007). Doh et al. (2010) argued that legitimacy could be considered as a potential requirement for reputation, understanding legitimacy as an antecedent of reputation (King & Whetten, 2008).

Authors have considered that the transmission of legitimacy values might enhance the company’s competitive advantage, and therefore, its reputation (Fan, 2005; Kaufman et al., 2012; Camilleri, 2008). Other researchers, such as Czinkota et al. (2014) viewed legitimacy as a requirement for the organization’s social acceptance as well as for the development of reputation strategies and they considered that organization’s visibility and reliability could increase by meeting social expectations. With their empirical analysis on the Italian company Parmalat, which committed illegitimate financial fraud, they showed that reputation maintained the legitimacy of the company under study and on the other hand, the actions performed by the company to improve their identity and personality, increased the firm’s legitimacy that result in the maintenance of its reputation level. Their research concluded, highlighting this mutual relationship between both variables, where behaving in congruence with social expectations (legitimacy) increased the visibility and credibility of the firm (reputation), and reputation affects legitimacy when competitive behavior id performed meeting social norms and values.

Furthermore, Rao (1994) established a relationship between image, reputation and legitimacy in his research, therefore analyzing the three constructs together appears as relevant and could serve as additional empirical research on a matter that continues to be relatively unexplored.

Under these circumstances and considering the previous mentioned arguments, the following hypotheses are established for the Spanish Public Universities’ context:

- **Hypothesis 9.1**: Universities with higher image, will have higher legitimacy.
- **Hypothesis 9.2**: Universities with higher legitimacy, will have higher reputation.
- **Hypothesis 9.3**: Universities with higher image, will have higher reputation.

In addition, the current situation faced by organizations involves following the stakeholder theory where entities should be managing their relationships with their different stakeholders (Hörisch et al., 2014) in order to create value and mutual benefits with them. Under these circumstances, universities should be identifying their different stakeholder groups and adapting to their specific needs and demands when managing their legitimacy, image and reputation. As it has been previously stated, many authors have highlighted the complexity of this matter, due to the diverse characteristics that universities’ stakeholder groups have in terms of age, knowledge etc. In the
literature, most of the research developed has focused on one stakeholder group (Brewer & Zhao, 2010; Chapleo, 2004; Nguyen & LeBlanc, 2001; Sung & Yang, 2008), only few of them have analyzed the legitimacy, image or reputation in the higher education field introducing more than one stakeholder (Suomi, 2014; Verčič et al., 2016). Ali et al. (2015) highlighted the fact that reputation value is moderated by the stakeholder group, and many scholars emphasize the importance of increasing the number of stakeholders (Chun, 2005; Suomi & Järvinen, 2013) under study to expand the knowledge on this issue. Considering this situation, the following hypotheses are proposed as an extension of the three previous hypotheses established:

- **Hypothesis 9.4**: The relationship between image and legitimacy is moderated by stakeholder group.
- **Hypothesis 9.5**: The relationship between legitimacy reputation is moderated by stakeholder group.
- **Hypothesis 9.6**: The relationship between image and reputation is moderated by stakeholder group.

Figure 9.1 shows the model to be tested as well as the established hypothesis for this chapter.

---

**Figure 9.1. Proposed model and hypothesis**

- Affective Image
- Cognitive Image
- IMAGE
  - H 9.1
- LEGITIMACY
  - Pragmatic Legitimacy
  - Moral Legitimacy
  - Cognitve Legitimacy
  - H 9.2
  - H 9.3
- REPUTATION
  - Performance
  - Innovation
  - Citizenship
  - Services
  - Governance
  - Workplace climate

Source: Own elaboration

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**9.6. SAMPLE AND METHODOLOGY**

**9.6.1. Research setting**

As it has been previously stated, universities need to compete at national and international levels with other entities to gain a better competitive position and attract resources. Under these circumstances, the selected research setting was the Spanish Public Universities, since at it is happening in the different countries, these institutions need to identify the best manner to manage
their intangible assets in order to improve their situation in their sector. In fact, Spanish Public Universities are reducing their number of students in favour of private ones, since government funding has been decreasing. Within the Spanish Public Universities, Rey Juan Carlos University of Madrid has been the chosen one to develop the analysis of this paper, where information from students and professors was gathered. In Table 9.1 the number of students and professors of the given university are detailed.

9.6.2. Data collection

For collecting the data to develop this research paper, a questionnaire was developed. On an initial stage, a pre-test was developed with 300 online students to verify the scale used and to adapt the questions of the survey if it was necessary. After analysing the results of the pre-test, several questions where changed to offer a clearer meaning and a number of questions were taken out of the final version of the survey. In the final stage, a total number of 751 effective surveys were answered, were 618 were students and 138 professors. Table 9.1 presents the information regarding the characteristic of the study.

<table>
<thead>
<tr>
<th>Table 9.1. Technical specifications of the study</th>
</tr>
</thead>
<tbody>
<tr>
<td>Population universe</td>
</tr>
<tr>
<td>Sampling technique</td>
</tr>
<tr>
<td>Method of collecting information</td>
</tr>
<tr>
<td>Person surveyed</td>
</tr>
<tr>
<td>Population</td>
</tr>
<tr>
<td></td>
</tr>
<tr>
<td>Sample size</td>
</tr>
<tr>
<td></td>
</tr>
<tr>
<td>Sample size (%)</td>
</tr>
<tr>
<td></td>
</tr>
<tr>
<td>Dates of information collection</td>
</tr>
</tbody>
</table>

9.6.3. Measurement

All constructs were measured through adapted items from existing scales and used a 11-points Likert scale for their measurement in the survey with 0 referring to strongly disagree and 10 referring to strongly agree. The items used to measure legitimacy the three dimensions proposed by Suchman (1995) were considered, and the items of each of these dimensions were taken from Suchman’s (1995) definitions and adapted from the research developed by Thomas (2005), Chung et al. (2016), Chaney et al. (2016). In the case of the items used to measure image they were taken from Beerli Palacio et al. (2002). For measuring the reputation construct the model developed by Vidaver-Cohen (2007) was used, where she tried to adapt the existing measurement of reputation developed by the Corporate Reputation Review to the business schools’ field. Other authors such as Verčič et al. (2016) and Suomi (2014) have used the measure scale developed by Vidaver-Cohen (2007) since it is one of the few measurements that attempt to capture a multistakeholder
approach Table 9.2 presents the model in English, although the questionnaire was distributed in Spanish.

Table 9.2. Measurement model

<table>
<thead>
<tr>
<th>Factor</th>
<th>Item</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Pragmatic Legitimacy</td>
<td>LEGP1</td>
<td>My university offers me a personal benefit</td>
</tr>
<tr>
<td></td>
<td>LEGP2</td>
<td>It helps me to grow</td>
</tr>
<tr>
<td></td>
<td>LEGP3</td>
<td>My university satisfies my needs</td>
</tr>
<tr>
<td>Moral Legitimacy</td>
<td>LEGM1</td>
<td>My university follows the law</td>
</tr>
<tr>
<td></td>
<td>LEGM2</td>
<td>It behaves in an honest manner</td>
</tr>
<tr>
<td></td>
<td>LEGM3</td>
<td>It is socially responsible</td>
</tr>
<tr>
<td>Cognitive Legitimacy</td>
<td>LEGCOG1</td>
<td>I know the activities that my university does</td>
</tr>
<tr>
<td></td>
<td>LEGCOG2</td>
<td>I consider that these activities and actions are performed in the best possible manner</td>
</tr>
<tr>
<td></td>
<td>LEGCOG3</td>
<td>My university is well managed</td>
</tr>
<tr>
<td>Performance</td>
<td>RPPERF1</td>
<td>My university has a high research level</td>
</tr>
<tr>
<td></td>
<td>RPPERF2</td>
<td>It obtains lucrative job placements</td>
</tr>
<tr>
<td></td>
<td>RPPERF3</td>
<td>Has growth perspectives</td>
</tr>
<tr>
<td>Innovation</td>
<td>RPIN1</td>
<td>It adapts quickly to change</td>
</tr>
<tr>
<td></td>
<td>RPIN2</td>
<td>Uses innovative teaching methods</td>
</tr>
<tr>
<td>Citizenship</td>
<td>RPCSR1</td>
<td>Exerts positive influence on society</td>
</tr>
<tr>
<td></td>
<td>RPCSR2</td>
<td>Supports good causes</td>
</tr>
<tr>
<td></td>
<td>RPCSR3</td>
<td>My university cares about their stakeholders' well being</td>
</tr>
<tr>
<td>Services</td>
<td>RPSER1</td>
<td>The formative offer responds to market trends</td>
</tr>
<tr>
<td></td>
<td>RPSER2</td>
<td>It trains competent students</td>
</tr>
<tr>
<td></td>
<td>RPSER3</td>
<td>It has good value for money</td>
</tr>
<tr>
<td>Governance</td>
<td>RPGOV1</td>
<td>There is a clear vision of the objectives that guide my university</td>
</tr>
<tr>
<td></td>
<td>RPGOV2</td>
<td>It is managed with ethics and transparency</td>
</tr>
<tr>
<td></td>
<td>RPGOV3</td>
<td>It takes into consideration its stakeholders in their management decisions</td>
</tr>
<tr>
<td>Workplace climate</td>
<td>RPWORK1</td>
<td>My university's professors are competent</td>
</tr>
<tr>
<td></td>
<td>RPWORK2</td>
<td>The administrative personnel is competent</td>
</tr>
<tr>
<td></td>
<td>RPWORK3</td>
<td>In general, my university is a good place to work</td>
</tr>
<tr>
<td>Cognitive Image</td>
<td>IMAGCOG1</td>
<td>My university has good facilities</td>
</tr>
<tr>
<td></td>
<td>IMAGCOG2</td>
<td>It offers a good range of courses</td>
</tr>
<tr>
<td></td>
<td>IMAGCOG3</td>
<td>It is orientated and concerned about its stakeholders' interests</td>
</tr>
<tr>
<td></td>
<td>IMAGCOG4</td>
<td>It is a prestigious university</td>
</tr>
<tr>
<td>Affective Image</td>
<td>IMAF1</td>
<td>My university is pleasant</td>
</tr>
<tr>
<td></td>
<td>IMAF2</td>
<td>It is stimulating</td>
</tr>
<tr>
<td></td>
<td>IMAF3</td>
<td>It is dynamic</td>
</tr>
</tbody>
</table>

9.7. DATA ANALYSIS AND RESULTS

9.7.1. Descriptive analysis

First of all, in order to understand the values of the considered variables of image, legitimacy and reputation of the sample, the descriptive analysis was carried out. Table 9.3 presents the results on the descriptive analysis, showing the different factors as well as their items with their mean and standard deviation obtained through the analysis of the results of the survey distributed to the two different university’s stakeholders under consideration: students and professors.

As it appears in the results, the average value for the three variables differ when considering the evaluations made by students and the ones made by the professors. In the case of students, the value of the university’s image is 5.92, legitimacy is 5.22 and 6.24 for reputation over 10. In contrast, the obtained results when analyzing professors are 7.23 for image, 7.02 for legitimacy and 7.41 for reputation. For the average results of the three different dimensions of legitimacy, the results also vary depending on the group under consideration. When considering the two dimensions forming the image construct, students view as the affective and cognitive components with similar values. However, in both stakeholder groups’ evaluations the affective dimension is slightly higher than the cognitive one. For students, the dimension holding the highest score is pragmatic legitimacy, while the one with the lowest score is the moral dimension. Professors agree on the best legitimacy dimension for their university since it is also the pragmatic one but consider as the worst dimension the cognitive one. When analyzing the six reputation’s dimensions, students view as the best ones the workplace climate, performance and services. In the case of professors, the reputation’s dimensions holding the highest scores are services, workplace climate and innovation. When identifying the worst reputation’s dimension both stakeholders agree on the governance as the dimension holding the lowest score within the overall construct.
Table 9.3. Descriptive analysis

<table>
<thead>
<tr>
<th>Factor</th>
<th>Item</th>
<th>Students</th>
<th></th>
<th></th>
<th>Professors</th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>Mean</td>
<td>Standard</td>
<td>Average</td>
<td>Mean</td>
<td>Standard</td>
<td>Average</td>
</tr>
<tr>
<td></td>
<td></td>
<td>deviation</td>
<td>factor value</td>
<td>value</td>
<td>deviation</td>
<td>factor value</td>
<td>value</td>
</tr>
<tr>
<td>Performance</td>
<td>RPPERF1</td>
<td>6,084</td>
<td>2,044</td>
<td>6,160</td>
<td>6,934</td>
<td>2,044</td>
<td>7,605</td>
</tr>
<tr>
<td></td>
<td>RPPERF2</td>
<td>5,939</td>
<td>1,724</td>
<td>7,948</td>
<td>7,948</td>
<td>1,724</td>
<td>7,654</td>
</tr>
<tr>
<td></td>
<td>RPPERF3</td>
<td>6,456</td>
<td>1,765</td>
<td>7,932</td>
<td>7,932</td>
<td>1,765</td>
<td>7,654</td>
</tr>
<tr>
<td>Innovation</td>
<td>RPIN1</td>
<td>6,167</td>
<td>2,098</td>
<td>5,660</td>
<td>7,835</td>
<td>2,098</td>
<td>7,654</td>
</tr>
<tr>
<td></td>
<td>RPIN2</td>
<td>5,152</td>
<td>1,993</td>
<td>7,472</td>
<td>7,472</td>
<td>1,993</td>
<td>7,472</td>
</tr>
<tr>
<td>Citizenship</td>
<td>RPCSR1</td>
<td>5,994</td>
<td>2,163</td>
<td>7,948</td>
<td>8,096</td>
<td>2,163</td>
<td>7,453</td>
</tr>
<tr>
<td></td>
<td>RPCSR2</td>
<td>6,294</td>
<td>2,129</td>
<td>7,341</td>
<td>7,341</td>
<td>2,129</td>
<td></td>
</tr>
<tr>
<td></td>
<td>RPCSR3</td>
<td>5,355</td>
<td>2,286</td>
<td>6,923</td>
<td>6,923</td>
<td>2,286</td>
<td></td>
</tr>
<tr>
<td>Services</td>
<td>RPSER1</td>
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9.7.2. Assessment of measurement model and invariance measurement across both groups

In order to analyse the established hypotheses and relationships structural modelling with SmartPLS system version 3 was used to estimate the model and to develop the multigroup analysis (MGA). This technique was chosen because it is a powerful method of analysis (Chin et al., 2003), presenting adequate advantages for the research to be carried out (Hair et al., 2014), in addition it supports carrying out multigroup analysis (Hair et al., 2017; Henseler et al., 2016; Sarstedt et al., 2011). The current samples of 618 and 138 seem adequate since previous studies have identified a sampling threshold for PLS SEM of 100 samples (Reinartz et al., 2009).

The first step carried out when managing the data was to verify the reliability and validity of the measurement model shown in Figure 9.1 for both stakeholder groups. In Table 9.4 the information regarding the model’s reliability and validity for students and professors is presented. For legitimacy’s reflective items, it can be shown that all the composite reliability over 0.60 can be considered appropriate (Bagozzi & Yi, 1988), therefore all items are within this scope since they all appear over this value. In addition, the average variance extracted (AVE) was calculated and presented with values over 0.50 which is consider acceptable (Fornell & Larcker, 1981). Furthermore, in Table 9.4 the standardized loadings of the reflective items are presented as well as their significant value (p<0.01) which showed that they were meaningfully linked to their respective dimensions and construct. In Table 9.5, aspects related to discriminant validity are presented, the HTMT ratio method recently proposed by (Henseler et al., 2015) was also applied to assess discriminant validity. Since every ratio was lower than 0.85 (Clark & Watson, 1995), no problems appear in the model.

Regarding the formative constructs, the collinearity (VIF) value is presented, showing that every item is under the appropriate level of VIF<5 (Hair et al., 2011) except for the IMAF2 item in the affective dimension of the image construct for professors. In addition, the standardized weights are shown in both tables as well as their significant values (p<0.01), showing that all formative values affect in a significant manner to their dimensions in the case of students, while for professors some items’ weights are not significant. For the second order values, students show that innovation is not a significant dimension with respect to the reputation construct, and in the case of the professors, innovation, performance and services dimensions appear as not significant showing, with t-values under 2. However, since the loadings of these dimensions were high (over 0.50), the dimensions were maintained (Hair et al., 2014).
## Table 9.4. Measurement model reliability and validity

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<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Governance</td>
<td>0.346</td>
<td>10.052</td>
<td>2.978</td>
<td>0.327</td>
<td>6.247</td>
<td>2.081</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
Table 9.4. Measurement model reliability and validity (cont.)

<table>
<thead>
<tr>
<th>Factor</th>
<th>Item</th>
<th>Students</th>
<th></th>
<th></th>
<th>Professors</th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>weights/loadings</td>
<td>t-value</td>
<td>VIF</td>
<td>CR</td>
<td>AVE</td>
<td>weights/loadings</td>
</tr>
<tr>
<td>Workplace</td>
<td></td>
<td>0,214</td>
<td>5,295</td>
<td>3,772</td>
<td>0,208</td>
<td>2,565</td>
<td>3,298</td>
</tr>
<tr>
<td>Legitimacy</td>
<td>Pragmatic Legitimacy</td>
<td>0,503</td>
<td>14,077</td>
<td>1,913</td>
<td>0,443</td>
<td>5,459</td>
<td>1,836</td>
</tr>
<tr>
<td></td>
<td>Moral Legitimacy</td>
<td>0,330</td>
<td>9,296</td>
<td>2,341</td>
<td>0,298</td>
<td>3,003</td>
<td>2,653</td>
</tr>
<tr>
<td></td>
<td>Cognitive Legitimacy</td>
<td>0,299</td>
<td>7,912</td>
<td>2,454</td>
<td>0,401</td>
<td>4,181</td>
<td>2,234</td>
</tr>
</tbody>
</table>

Note: CR: Composite Reliability; AVE: Average Variance Extended

Table 9.5. Measurement model discriminant validity (HTMT)

<table>
<thead>
<tr>
<th>Factor</th>
<th>Students</th>
<th></th>
<th></th>
<th>Professors</th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Cognitive Legitimacy</td>
<td>Moral Legitimacy</td>
<td>Pragmatic Legitimacy</td>
<td>Cognitive Legitimacy</td>
<td>Moral Legitimacy</td>
<td>Pragmatic Legitimacy</td>
</tr>
<tr>
<td>Cognitive Legitimacy</td>
<td>0,823</td>
<td></td>
<td></td>
<td>0,801</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Moral Legitimacy</td>
<td>0,736</td>
<td>0,676</td>
<td></td>
<td>0,636</td>
<td>0,696</td>
<td></td>
</tr>
<tr>
<td>Pragmatic Legitimacy</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Under these circumstances, it was concluded that the proposed model offered appropriate evidence of reliability, convergent and discriminant validity in the case of the reflective constructs forming legitimacy dimensions, as well as in terms of collinearity and weight-loading relationship and significant levels. Reliability and convergent validity were tested at the first order level for legitimacy’s dimensions collinearity as well as weight-loading relationship and significance for the first order and second-order construct of image and reputation, as well as for the second order of legitimacy of the model.

In order to develop the MGA to compare the path coefficients between students and professors, the acceptability of the models as well as the measurement invariance need to be established (Hair et al., 2017; Henseler et al., 2016; Sarstedt et al., 2011). For this purpose, Henseler et al. (2016) offered the measurement invariance of composite method (MICOM) for PLS-SEM which is applied in this study to assess measurement invariance. MICOM is a three-step process including 1, the configural invariance assessment, 2 the establishment of compositional invariance assessment and 3 the assessment of equal means and variances. Following MICOM procedure, Table 9.6 presents partial measurement invariance for both students and professors, which is a requirement for the comparison and interpretation of the MGA’s group differences using the results from PLS-SEM (Henseler et al., 2016).
Table 9.6. Results of Invariance Measurement Testing Using Permutation

<table>
<thead>
<tr>
<th>Constructs</th>
<th>Configural Invariance</th>
<th>Compositional Invariance</th>
<th>PMI</th>
<th>Equal Mean Assessment</th>
<th>Equal Variance Assessment</th>
<th>FMI</th>
</tr>
</thead>
<tbody>
<tr>
<td>Legitimacy</td>
<td>Yes</td>
<td>C=1 (0.989;1.000)</td>
<td>Yes</td>
<td>Diff (-0.194; 0.687)</td>
<td>CI (0.189)</td>
<td>No</td>
</tr>
<tr>
<td>Image</td>
<td>Yes</td>
<td>C=1 (0.993;1.000)</td>
<td>Yes</td>
<td>Diff (-0.197; 0.659)</td>
<td>CI (0.198)</td>
<td>No</td>
</tr>
<tr>
<td>Reputation</td>
<td>Yes</td>
<td>C=1 (0.988;1.000)</td>
<td>Yes</td>
<td>Diff (-0.195; 0.758)</td>
<td>CI (0.194)</td>
<td>No</td>
</tr>
</tbody>
</table>

9.7.3. Assessment of the structural model and multigroup analysis

Table 9.7 presents the results of the structural model assessment, for both stakeholder groups. The results show that for students and professors, image positively and significantly affects legitimacy; that legitimacy positively and significantly affects reputation, and that image positively and significantly affects reputation.

Table 9.7. Hypotheses testing

<table>
<thead>
<tr>
<th>Hypothesis</th>
<th>Students</th>
<th>Professors</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Beta</td>
<td>t-value</td>
</tr>
<tr>
<td>H 9.1 Image-Legitimacy</td>
<td>0.844</td>
<td>62,636</td>
</tr>
<tr>
<td>H 9.2 Legitimacy-Reputation</td>
<td>0.439</td>
<td>12,328</td>
</tr>
<tr>
<td>H 9.3 Image-Reputation</td>
<td>0.904</td>
<td>90,531</td>
</tr>
</tbody>
</table>

*R Square students (Legitimacy)= 0.713
*Q Square students (Legitimacy)= 0.521
*R Square students (Reputation)= 0.873
*Q Square students (Reputation)= 0.633

For the MGA outcome, the Parametric test was used considering the existing equal variances (Hair et al., 2017). In addition, two nonparametric method was used, the Henseler’s bootstrap-based MGA (Henseler et al., 2009), and the Permutation test (Chin, & Dibbern, 2010) since these two techniques are the most conservative ones for PLS/SEM to assess differences between groups. For the parametric test differences between path coefficient lower than 0.05 represent significant differences between the considered groups. In the case of the nonparametric method, for the Henseler MGA method a p value of differences between path coefficients lower than 0.05 or higher than 0.95 indicates at the 5% level significant differences between specific path coefficients across two groups (Henseler et., 2009; Sarstedt et al., 2011), whereas for the Permutation test differences are only at the 5% level significant, if the p value is smaller than 0.05. Table 9.8 presents the results on the MGA path coefficients’ comparison and the findings show no significant differences between students and professors in regard to the three proposed hypotheses. In this research, all the methods used for the multigroup analysis support the same conclusion of not identifying significant differences by stakeholder group in the relationship.
between image and legitimacy, legitimacy and reputation, and image and reputation, thus providing a multimethod confirmation of our results.

Table 9.8. Hypothesis testing MGA

<table>
<thead>
<tr>
<th>Hypothesis</th>
<th>Path Coefficient Difference</th>
<th>P-Value Difference</th>
<th>Supported</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>Parametric Test</td>
<td>Henseler MGA</td>
</tr>
<tr>
<td>H 9.4 Image-Legitimacy</td>
<td>0.019</td>
<td>0.556</td>
<td>0.302</td>
</tr>
<tr>
<td>H 9.5 Legitimacy-Reputation</td>
<td>0.028</td>
<td>0.736</td>
<td>0.363</td>
</tr>
<tr>
<td>H 9.6 Image-Reputation</td>
<td>0.045</td>
<td>0.585</td>
<td>0.715</td>
</tr>
</tbody>
</table>

9.8. DISCUSSION AND CONCLUSIONS

Due to the current competitive scenario faced by higher education institution, the introduction of intangible assets’ management has become a crucial aspect for universities. These institutions have understood the multiple benefits that holding a positive image, legitimacy and reputation can provide in terms of the improving their competitive position (Parameswaran & Glowacka, 1995), regaining public trust and offering a quality sign (Nguyen & LeBlanc, 2001) to reduce uncertainty (Rindova et al., 2005) for stakeholders in their decision-making processes (Hemsley-Brown, 2012; Munisamy et al., 2014). In addition, despite the relevance these intangible assets have for organizations, there is still lack of empirical evidence to clarify the possible relationships that could exists between them. Moreover, the complexity of managing these intangible assets has increased due to the difficulty of meeting the variety of universities’ stakeholders demands and requirements.

Under these circumstances, the objective of this research is to empirically demonstrate the proposed hypotheses based on the literature review. These hypotheses were tested in the higher education field since due to the current competition faced in this sector, evaluating the relationship between these intangible assets can be considered as a relevant matter. Furthermore, applying these hypotheses in the Spanish Public University sector is important, since currently these institutions are facing problems in gaining students compared to private institutions, which increases the relevance of managing intangible assets for them. In addition, the moderating effect of the stakeholder group on the established hypotheses was developed in order to include additional empirical evidence on the manner in which different groups perceive the university since most of the existing research has focused only in one stakeholder group.

The first obtained results after developing the descriptive analysis show that the level of legitimacy of Rey Juan Carlos University varies depending on the stakeholder group under consideration. Students have considered that the level of legitimacy that their university has is 5.22, which represents a relatively low value since its just at the middle of the scale. In contrast, the evaluation made by professors is higher since they consider that the legitimacy level is 7.02 over 10 which represents a medium high level. When analysing the obtained results on the value of image, the obtained level for the given university in the case of the evaluation made by students...
is 5.92 and for professors 7.23 over 10. Finally, for the value of reputation, the obtained level for the given university in the case of the evaluation made by students is 6.24 and for professors 7.41 over 10. The differences between the evaluations made by each group could be mainly related to their diverse characteristics in terms of age, knowledge or degree of commitment with the institution. Since professors are internal stakeholders they might have a greater sense of belongingness and might be more informed on aspects related to the university compared to students. External stakeholders such as students might be more demanding with organizations therefore their assessments could be lower due to these main reasons. These results disagree with the findings identified by previous authors such as Verčič et al. (2016) which analysed and compare the consistency between different stakeholders´ evaluations of reputation in universities applying Vidaver-Cohen´s (2007) model and found that diverse stakeholders applied similar criteria for their assessments. Helm (2007) argued that stakeholders consider not only the aspects that relate to them to make their assessments of an organizations, but they extrapolate what they think that other groups might perceive, which might be true since the obtained results on the differences between the university´s image, legitimacy and reputation level between students and professors are not extremely different, however, the manner in which they understand these elements might vary, showing that some differences are always going to appear. In fact, the obtained results on the different evaluations made by students and professors, relate to the arguments supported by authors such as Fragueiro and Thomas (2011), Whitley (1998) or Christensen and Gornitzka (2017) that highlight the complexity of managing intangible assets in the higher education field due to the diversity of their stakeholders´ characteristics. Despite the diverse values on image, legitimacy and reputation across stakeholders, their level for Rey Juan Carlos University could be considered as medium, since even though the pass the middle line they continue to be far away from the ideal situation.

When considering the different dimensions for image, legitimacy and reputation the following elements were discovered. In the case of the pragmatic, moral and cognitive dimensions considered for the construct of legitimacy, our finding confirm the significance of all three factors to measure the overall legitimacy of the university and the weights of each of them are similar for both students and professors. Therefore, the dimensions proposed by Suchman (1995) could be confirmed through this research. When taking into consideration the cognitive and affective dimension considered for the university´s image dimensions both elements appear as significant for students and professors. For both stakeholder groups the weight of the cognitive component is higher than the one of the affective dimensions, however, in the case of students this difference is more expanded. Under this situation, the model developed by Beetli Palacio (2002) on measuring the university´s image could be confirmed through our research. Finally, when taking into consideration the six dimensions developed by Vidaver-Cohen (2007) in her model of reputation for Business Schools, the results show that the innovation dimension is not significant for students. In the case of professors, the dimensions of performance, innovation and services appear as not significant. These findings are supported by the research developed by Verčič et al. (2016) and Suomi (2014) which already tested this model and demonstrated that few dimensions where relevant for stakeholders when analysing the reputation of higher education institutions.

Our findings confirm the three proposed hypotheses since a positive and significant relationship exists between image and legitimacy, legitimacy and reputation as well as between image and reputations. This confirmation was already supported by authors in the field. Authors such as Tran et al. (2015), Maclean and Behnam (2010), Metzler (2009) already demonstrated in their empirical research the effect that image has on legitimacy. When considering the second hypothesis on the effect that legitimacy has on reputation, the obtained results meet the research
developed by Deephouse and Suchman (2008), Staw and Epstein (2000), Rao, (1994), King and Whetten (2008), Deephouse and Carter (2005), Bansal and Roth (2000), Thomas (2007), Doh et al. (2010), Fan, (2005), Czinkota et al. (2014), Martinez et al. (2018), etc. who establish theoretically and some, through their empirical research the influence that legitimacy has on reputation, considering the first as a requirement for the second. Finally, when analyzing the results on the third proposed hypothesis (the effect that image has on reputation) our findings were already supported by other scholars such as Zineldin et al. (2011), Rindova (1997), Fombrun and Shanley, (1990), Fombrun and Van Riel (1997), Tran, et al. (2015), Gray and Balmer (1998), Saxton (1998), among others. Moreover, and based on the arguments suggested previously, in a less explicit manner, our findings go in line with the existing relationship between the three variables as Rao (1994) already augmented in his study.

When analyzing the obtained results in terms of the moderating effect that the stakeholder group has on the relationship the intangible assets, the hypotheses number 9.4, 9.5 and 9.6 were not confirmed since there are no significant differences in the way that image affects legitimacy, legitimacy affects reputation, nor image affects reputation for Rey Juan Carlos University students and professors. Therefore, even though the image, legitimacy and reputation evaluations made by stakeholder group differ, the manner in which these variables relate does not present important differences.

The relevance of identifying the influence that image, legitimacy and reputation have on each other is related, first of all, with presenting additional empirical evidence on a relatively innovative field since the relationship between intangible assets is relatively unexplored, and even less considering more than two constructs, and therefore a more exploratory analysis was required, and second of all, these relationships can serve as guidance to university managers when trying to manage intangible assets. When considering the first proposed hypothesis and following Suchman’s (1995) approach where organizations can develop strategies to change their legitimacy level, managers can develop these types of actions and strategies to improve their image and as a result these actions will also have a positive impact on the legitimacy of the given university. In addition, all actions and strategies aimed to increase legitimacy will have an impact on the institution’s reputation as well. Finally, when universities are developing actions to improve their image, if performed properly they will improve the institution’s image and reputation. Considering that resources are limited it is interesting to identify these types of relationships since university’s manager can benefit from synergies when applying one strategy to increase their competitive position in the sector.

In addition, regarding the results on the moderating effect of the stakeholder group despite their different characteristics, the way in which they would be affected if they perceive in a correct manner the actions aimed to increase one of intangible assets of the university these actions will have a positive effect on one of the other intangible assets as well. However, it is important to understand that these two stakeholder groups might be affected by different criteria when making their image, legitimacy and reputation evaluations, since as it has been proven through this research they show differences in the image, legitimacy and reputation level of their university. Under these circumstances, it is important to highlight the relevance of managing the relationship with both stakeholder groups in order to improve the university’s legitimacy and reputation.

In relation to the suggestions and recommendations for university managers based on the obtained results of this research, the following points could be highlighted. First of all, the results on the value of image, legitimacy and reputation are relatively mediocre and there is room for improvement, therefore it is important that they start developing actions to try and improve their
level, since given the competitive landscape in which they operate, obtaining high intangible assets’ levels could be determinant to survive in the sector. Second, as the evaluations made by professors are higher for every variable, managers should try to identify which aspects could be more relevant for their students in order to get them more involved in their relationship with their university and to improve their image, legitimacy and reputation in order to obtain more similar and consistent assessment through stakeholder groups. In the case of legitimacy, since the moral dimension is the lowest one, they should try and develop actions that relate more to improving their right to exists as well as their behavior in order to be considered as trustworthy. Regarding the image level, both dimensions have a similar score therefore it would be important to continue improving aspects that affect both elements, however, in the literature, many authors have highlighted the fact that the cognitive component is a predecessor of the affective one (Kennedy, 1997), therefore initially university’s managers should be focusing more on the cognitive aspect and with time it could have an effect on the affective dimension. In relation to the reputation level, the governance dimension appears as the lowest factor for both students and professors, therefore the correct and appropriate university’s managers’ behavior remains as one of the most determinant elements to improve. When considering the confirmed relationships between the intangible assets under consideration, managers should take advantage and optimize their resources when managing these variables, since due to how closely related they are, almost any action or strategy aimed at increasing one of them will have an impact on the others.

Within the limitations and future research lines of the given paper, two main points could be highlighted. First of all, the sample was a unique Spanish Public University, where even though the size of the sample was wide enough, a deeper understanding could be reached through an analysis of a higher number of universities in the Spanish higher education context. Second, universities have more than two stakeholder groups, and for this research, only two of the most important groups where considered, without including additional stakeholders’ perspectives for the comparison of the results. Therefore, the future research lines regarding the analysis of the relationships between intangible assets in the Spanish higher education context relate to meeting these two points: a wider range of public universities are being analysed to compare results as well as a comparative analysis a greater number of stakeholder groups.

9.9. REFERENCES


Fornell, C., & Larcker, D. F. (1981). Structural equation models with unobservable variables and measurement error: Algebra and statistics. *Journal of Marketing Research, 382*–388.


CHAPTER 10: CONCLUSIONS AND IMPLICATIONS
10. CONCLUSIONS AND IMPLICATIONS

The current situation faced by organizations has increased its complexity since they operate in highly competitive markets where they need to adapt to changing and global markets. These expansion in the supply side of the markets has determined the problems associated to differentiating from competitors through tangible aspects, therefore the importance of introducing intangible assets’ management as part of the businesses core activities has become a determinant point in achieving a competitive position in almost any sector.

Research in the literature has already demonstrated the relationship between achieving a competitive advantage and better success opportunities and the correct implementation and management of intangible assets. In fact, these elements could be considered as crucial factors that have an increasing effect on organizations’ value, compared to the decreasing effect that physical and tangible assets represent.

Within the diverse existing intangible assets image, legitimacy and reputation are considered as relevant variables for organization’s survival and success (Gray & Balmer, 1998; Suchman, 1995; Andreassen & Lindestad, 1998; Zimmerman & Zeitz, 2002). Scholars have shown in their research that legitimacy increase organizations’ access to crucial resources (Czinkota et al., 2014) and that stakeholders are willing to engage with legitimated institutions. Moreover, holding a positive image increases the loyalty and satisfaction level of stakeholders (Andreassen & Lindestad, 1998) as well as the overall perception of the organization. Well-reputed organizations and those with a positive image will have a competitive advantage in the market and a higher probability of survival (Fombrun & Shanley, 1990).

All these constructs represent an important resource for any organization aiming to obtain a positive position in the market, however, the potential that identifying possible relationships between them could have on their management for institutions appears as a relevant matter and new aspect to take into consideration. In fact, within the literature, and due to their importance, these intangible assets have been analyzed and studied over the years, however lack of clarity still exists since many authors have used them interchangeably, as completely different constructs or as different variables but highlighting their relationships. Therefore, providing additional research on this issue appears as a relevant matter in order to clarify it. Since resources are limited, being able to identify the relationships between legitimacy, reputation and image could help organizations in their intangible assets’ management and benefit from synergies.

In addition, the current markets in which organizations operate, require following the stakeholder theory where entities should be managing their relationships with their different stakeholders (Hörisch et al., 2014) in order to create value and mutual benefits with them.

The competitive landscape has strengthened its situation in almost any given sector therefore the relevance of implementing and managing intangible assets applies generally, however, when considering the higher education sector its importance could be even more intense due to its intangible nature the fact that its quality might be difficult to evaluate before it is experienced. Factors such as globalization, degree of internationalization, changes in the market as well as reduction in government funding have motivated this increase. Furthermore, in their aim to manage their image, legitimacy and reputation, universities need to identify their different stakeholder groups and adapt to their specific needs and demands. In fact, many authors have highlighted the complexity of this matter, due to the diverse characteristics that universities’
stakeholder groups have in terms of age, knowledge etc. In Spain, the relevance of the higher education sector appears related to the effect that the development of this type of education can have on the decrease on unemployment rate as well as in access to more lucrative professional positions and as a result higher income per capita for citizens holding a higher education degree. Moreover, due to the decrease in government funding, Spanish Public Universities are losing students to private institutions which have been increasing considerably (Ministerio de Educación Cultura y Deporte, 2018).

Under these circumstances the main objective of this research has been to measure the relationships between the mentioned intangible assets considering different stakeholders’ perceptions in the Spanish Public University context. In order to meet this global objective, the following specific objectives were pursued: first all the relationship between legitimacy and reputation was analyzed, next the relationship between image and reputation, after the relationship between image and legitimacy and finally a global model integrating the relationships between the three variables under consideration. These four models were then tested comparing students´ versus professors´ perceptions in order to understand the different manners in which different stakeholder groups could understand the same university.

The first obtained results relate to the image, legitimacy and reputation level for Rey Juan Carlos University. After developing the descriptive analysis, the findings show that the level of legitimacy of Rey Juan Carlos University varies depending on the stakeholder group under consideration. Students have considered that the level of legitimacy that their university has is 5,22, which represents a relatively low value since its just at the middle of the scale. In contrast, the evaluation made by professors is higher since they consider that the legitimacy level is 7,02 over 10 which represents a medium high level. When analysing the obtained results on the value of image, the obtained level for the given university in the case of the evaluation made by students is 5,92 and for professors 7,23 over 10. Finally, for the value of reputation, the obtained level for the given university in the case of the evaluation made by students is 6,24 and for professors 7,41 over 10. The differences between the evaluations made by each group could be mainly related to their diverse characteristics in terms of age, knowledge or degree of commitment with the institution. Since professors are internal stakeholders they might have a greater sense of belongingness and might be more informed on aspects related to the university compared to students. External stakeholders such as students might be more demanding with organizations therefore their assessments could be lower due to these main reasons. These results disagree with the findings identified by previous authors such as (Verčič et al., 2016) which analysed and compare the consistency between different stakeholders´ evaluations of reputation in universities applying Vidaver-Cohen´s (2007) model and found that diverse stakeholders applied similar criteria for their assessments. Helm (2007) argued that stakeholders consider not only the aspects that relate to them to make their assessments of an organizations, but they extrapolate what they think that other groups might perceive, which might be true since the obtained results on the differences between the university´s image, legitimacy and reputation level between students and professors are not extremely different, however, the manner in which they understand these elements might vary, showing that some differences are always going to appear. In fact, the obtained results on the different evaluations made by students and professors, relate to the arguments supported by authors such as Christensen and Gornitzka (2017), Fragueiro and Thomas (2011) or Whitley (1998) that highlight the complexity of managing intangible assets in the higher education field due to the diversity of their stakeholders´ characteristics and as a consequence their different assessments. Despite the diverse values on image, legitimacy and reputation across stakeholders,
their level for Rey Juan Carlos University could be considered as medium, since even though the
pass the middle line they continue to be far away from the ideal situation.

Regarding the main conclusions of this research, we could highlight that our findings confirm the
three proposed relationships since a positive and significant relationship exists between
legitimacy and reputation, image and reputation, as well as between image and legitimacy. These
results were already confirmed by several authors in the field. When considering the effect that
legitimacy has on reputation, the obtained results meet the work developed by Bansal and Roth
(2010), Fan (2005), King and Whetten (2008), Martínez et al. (2018), Rao (1994) Staw and
Epstein (2000), Thomas (2007), etc. which establish theoretically and some, through their
empirical work the influence that legitimacy has on reputation, considering the first as a
requirement for the second. When analysing the results on the effect that image has on reputation
our findings were already supported by other scholars such as Fombrun and Van Riel (1997),
Fombrun and Shanley (1990), Gray and Balmer (1998), Rindova (1997), Saxton (1998), Tran et
al. (2015), Zineldin et al. (2011), among others. Finally, authors such as Tran et al. (2015),
MacLean and Behnam (2010) and Metzler (2001) already demonstrated in their empirical work
the effect that image has on legitimacy. Moreover, and based on the arguments suggested
previously, in a less explicit manner, our findings go in line with the existing relationship between
the three variables as Rao (1994) already augmented in his work.

When considering the different dimensions for image, legitimacy and reputation the following
elements were discovered. First of all, due to the variety of relationships proposed across this
complete research, the significant level of the dimensions of each of the constructs considered
varied depending on this matter, therefore, for detailing the final results, chapter 9 in which the
relationships between the three variables are measured is the one considered for the following
conclusions. In the case of the pragmatic, moral and cognitive dimensions considered for the
construct of legitimacy, our finding confirm the significance of all three factors to measure the
overall legitimacy of the university and the weights of each of them are similar for both students
and professors. Therefore, the dimensions proposed by Suchman (1995) could be confirmed
through this research. When taking into consideration the cognitive and affective dimension
considered for the university´s image dimensions both elements appear as significant for students
and professors. For both stakeholder groups the weight of the cognitive component is higher than
the one of the affective dimensions, however, in the case of students this difference is more
expanded. Under this situation, the model developed by Beerli Palacio et al. (2002)on measuring
the university´s image could be confirmed through our research. Finally, when taking into
consideration the six dimensions developed by Vidaver-Cohen (2007) in her model of reputation
for Business Schools, the results show that the innovation dimension is not significant for
students. In the case of professors, the dimensions of performance, innovation and services appear
as not significant. These findings are supported by the research developed by Verčič et al. (2016)
and Suomi (2014) which already tested this model and demonstrated that few dimensions where
relevant for stakeholders when analysing the reputation of higher education institutions.

When analysing the obtained results in terms of the moderating effect that the stakeholder group
has on the relationship between the three intangible assets, no significant differences appeared in
the way that legitimacy, image and reputation relate comparing Rey Juan Carlos University´s
students and professors´ perceptions. Therefore, even though the image, legitimacy and reputation
evaluations made by stakeholder group differ, the manner in which these variables relate does not
present important differences.
The relevance of identifying the influence that image, legitimacy and reputation have on each other is related, first of all, with presenting additional empirical evidence on a relatively innovative field since the relationship between intangible assets is relatively unexplored, and even more considering more than two constructs, and therefore a more exploratory analysis was required, and second of all, these relationships can serve as guidance to university managers when trying to manage intangible assets. In addition, most of the work developed on measuring the importance of intangible assets have focused only in one stakeholder group, therefore introducing more than one group provided additional information on the field. When considering the relationship between image and legitimacy and following Suchman’s (1995) approach where organizations can develop strategies to change their legitimacy level, managers can develop actions and strategies to improve their image and as a result these actions will also have a positive impact on the legitimacy of the given university. In addition, all actions and strategies aimed to increase legitimacy will have an impact on the institution’s reputation as well. Finally, when universities are developing actions to improve their image, if performed properly they will improve the institution’s image and reputation. Considering that resources are limited, especially for public universities, it is interesting to identify these types of relationships since university’s managers can benefit from synergies when applying one strategy to increase their competitive position in the sector. Based on the findings on the moderating effect of the stakeholder group, the proposed strategies by universities´ managers to manage any of their intangible assets and the effect that these actions could have on each of the other variables would be similar for students and professors, which might ease the process of managing these elements. Despite their different characteristics, the way in which they would be affected if they perceive in a correct manner the actions aimed to increase one of intangible assets of the university will be, in both cases, positive in relation to the other intangible assets as well. Under these circumstances, it is important to highlight the relevance of managing the relationship with both stakeholder groups in order to improve the university’s legitimacy, image and reputation.

In relation to the suggestions and recommendations for university managers based on the obtained results of this research, the following points could be highlighted. First of all, the results on the value of image, legitimacy and reputation are relatively mediocre and there is room for improvement, therefore it is important that they start developing actions to try and improve their level, since given the competitive landscape in which they operate, obtaining high intangible assets’ levels could be determinant to survive in the sector. Second, as the evaluations made by professors are higher for every variable, managers should try to identify which aspects could be more relevant for their students in order to get them more involved in their relationship with their university and to improve their image, legitimacy and reputation in order to obtain more similar and consistent assessment through stakeholder groups. In the case of legitimacy, since the moral dimension is the lowest one, they should try and develop actions that relate more to improving their right to exists as well as their behavior in order to be considered as trustworthy. Regarding the image level, both dimensions have a similar score therefore it would be important to continue improving aspects that affect both elements, however, in the literature, many authors have highlighted the fact that the cognitive component is a predecessor of the affective one (Kennedy, 1977), therefore initially university´s managers should be focusing more on the cognitive aspect and with time it could have an effect on the affective dimension. In relation to the reputation level, the governance dimension appears as the lowest factor for both students and professors, therefore the correct and appropriate university´s managers´ behavior remains as one of the most determinant elements to improve. When considering the confirmed relationships between the intangible assets under consideration, managers should take advantage and optimize their
resources when managing these variables, since due to how closely related they are, almost any action or strategy aimed at increasing one of them will have an impact on the others.

Regarding the limitations of this work, two main points could be selected. First of all, the sample was a unique Spanish Public University, where even though the size of the sample was wide enough, a deeper understanding could be reached through an analysis of a higher number of universities in the Spanish higher education context. Second, universities have more than two stakeholder groups, and for this work, only two of the most important groups where considered, without including additional stakeholders’ perspectives for the comparison of the results. Additionally, in the relationship between image and reputation, the moderating effect of the stakeholder group could not be tested due to the results obtained after developing the measurement invariance of composite method which was not approved. Therefore, the future research lines regarding the analysis of the relationships between image, legitimacy and reputation in the Spanish higher education context relate to meeting these two points: a wider range of public universities are being analysed to compare results as well as a comparative analysis a greater number of stakeholder groups.

10.1. REFERENCES


