Acta Commercii - Independent Research Journal in the Management Sciences
ISSN: (Online) 1684-1999, (Print) 2413-1903

Management of industry reputational interdependence in the South African Banking Industry

Author:
Samson Murimbika[1]

Affiliation:
[1]NWU Business School, North-West University, Potchefstroom, South-Africa

Corresponding author:
Samson Murimbika,
r0020807@yahoo.com

Dates:
Received: 05 Apr. 2023
Accepted: 15 Aug. 2023
Published: 16 Apr. 2024

How to cite this article:
Murimbika S., 2024, 'Management of industry reputational interdependence in the South African Banking Industry', *Acta Commercii* 24(1), a1158. https://doi.org/10.4102/ac.v24i1.1158

Orientation: Reputational interdependence (RI) manifests when actions of a single firm or a small number of firms materially or perceptually impact the reputations of other firms. Firms belonging to the same industry can have their reputations negatively affected by actions or inactions of their rivals. Reputational losses for whatever reason can impose costs on a firm. It is thus necessary for firms to have adequate measures in place to manage RI.

Research purpose: The study aimed to explore the management of RI within the South African Banking Industry.

Motivation for the study: The inter-firm dynamics involved in managing RI are under-researched. This study is intended to contribute towards narrowing the gap.

Research design, approach and method: A qualitative case study research approach was employed. Data were collected through in-depth semi-structured interviews with Corporate Reputation Managers from leading banks in the country. Data were analysed using the QDA Miner software program. The thematic analysis framework informed the data analysis.

Main findings: The results show four distinct approaches: competition, cooperation, coopetition, and co-existing being used by banks to manage RI. These approaches allow banks to build and protect their own and their industry's reputations.

Practical/managerial implications: The study makes empirical contributions to reputation management by bringing in-depth understanding into how organisations can develop and deploy seemingly contradictory strategies into managing RI. However, these mostly externally focused strategies should not be undertaken at the expense of internally focused reputation management strategies.

Contribution/value-add: The research findings show that there is no 'one-size fits all' strategic plan for managing reputational interdependence. The study recommends that firms consider co-existing, competition, cooperation, and coopetition in whatever combinations to develop strategies for managing reputational interdependence.

Keywords: co-existing; competition; cooperation; coopetition; corporate reputation; reputational interdependence; reputation free riders.

Introduction

Reputational interdependence (RI) manifests when actions of a single firm or a small number of firms materially or perceptually impact the reputations of other firms. Firm reputation is a multi-level and multi-dimensional construct (Veil & Dillingham 2020), which is not only dependent on a firm's own actions, but also on the actions and reputations of the industry to which it belongs (Harvey 2021). Because a reputation influences and is influenced by many factors within and outside of the firm (Kelley & Thams 2019), strategic management of reputation entails monitoring reputational manoeuvrings (or lack thereof) of other firms. While competitive logic calls on firms to differentiate themselves from their peers to create a niche: a unique reputation for themselves, stakeholders' collective perceptions about an industry may limit the strategic reputation management choices available to firms. Reputational interdependence may cause stakeholders to re-appraise their perceptions of an entire industry following a reputation transgression by one firm. Thus, stakeholders may sanction an entire industry (Harvey 2021), in what Barnett (2007) calls being tarred with the same brush. It is therefore in the best interests of all firms within an industry, for the industry they belong to, to have a positive industry reputation, that is, a favourable perception of the industry based on assessments of the economic, social, and environmental impacts attributed to that industry by stakeholders over time.

A favourable industry reputation is however a common resource (Harvey, Beaverstock & Li 2019) that can be exploited by all firms including some (reputation free riders) that do not actively partake in actions meant to enhance the industry reputation. Reputation-free riders may even engage in actions that harm the shared reputation and with stakeholders lacking the ability to differentiate between ethical performances of firms relative to the others, RI can result in firms obeying established rules and processes being unjustly punished on the basis of the misdeeds of other firms within the industry (Barnett & Hoffman 2008). In fact, poor industry reputation places burdens on more reputable firms who are expected to 'pick up the slack' (Breitinger & Bonardi 2019; Veh, Göbel & Vogel 2019) or suffer the consequences. It is in the best interests of all firms that the industry reputation is positive but privately each firm has an incentive to overexploit that reputation, especially the less reputable firms. It is thus important that firms strategically manage RI.

While RI can lead to gains or losses of reputation in related firms, this study focuses on management action meant to mitigate negative RI. The motivation for this view is guided by the expectancy violations theory, which states that organisational conduct consistent with social values and expectations largely remain unnoticed, but conduct-violating expectations attract heightened adverse attention (Zavyalova et al. 2016) and may remain embedded in stakeholders' minds for extended periods of time leading to a reputational crisis (Gardberg et al. 2019). Avoidance of reputational crises or at the very least limiting the negative impacts of reputational crises is at the core of management of RI.

This study aims to explore the complex interactions and influences that RI exerts on South African banks, with a focus on understanding how management strategies used by banks can be effectively used by other organisations. While the search to find principles for successful management of RI is ongoing globally, to the best of our knowledge, there is no study that looks at the management of RI within the South African industry context. This study thus represents a first attempt at investigating management of RI in any South African industrial sector. Management of RI is particularly important for organisations existing in developing markets where regulatory systems may be construed as relatively weak affording opportunities to less reputable firms to free ride on stellar industrial reputations that are underpinned by other firms. By identifying and investigating the corporate dynamics at play in managing RI in the South African Banking Industry (SABI), valuable insights are made available to firms regarding how they can leverage their own capabilities and those of their rivals to enhance their reputations and that of their industries.

Based on the existing literature, four constructs are identified that offer plausible explanations of how RI can be managed. Reputational interdependence can be managed by competing, by cooperating, by coopeting, and by co-existing. The researcher discusses these constructs in detail in the sections that follow. In the discussion, the researcher offers empirical evidence gathered from semi-structured interviews with senior managers responsible for managing the banks' reputations.

The rest of the article is organised into sections that discuss a brief review of corporate reputation (CR), and RI management in the SA banking sector, the methodology adopted, the findings, the managerial implications, limitations, and avenues for future studies. The last section gives an overall conclusion of the study.

Corporate reputation and reputational interdependence

Various definitions of CR have been proposed in literature, but the CR definitional landscape continues to expand (Lange, Lee & Dai 2011) with more definitions emerging from the many academic disciplines that have a focus on the construct. In this article, the researcher however defines CR as: the stakeholders' collective judgements of a firm based on their assessments of the financial, social, and environmental impacts attributed to the firm over time (Barnett & King 2006; Chun et al. 2019). It is seen to depend on the complex interplay of stakeholders' decisions to engage or not with a firm, competitive manoeuvring by firms on the market space, economic and environmental systems that sometimes work in favour and sometimes to the disadvantage of a firm's reputation. Corporate reputation is considered a critical asset (Gardberg et al. 2019) that provides stakeholders with a basis for making inferences about the intrinsic characteristics of a firm. Because stakeholders (especially external) lack information about the internal workings of firms they engage with, they rely on proxies such as CR to make evaluative judgements about the firm. A firm's CR thus plays a significant role in the stakeholders' decisions to engage or not with a firm. Consequently, firms view their CRs as important strategic assets crucial for the attainment of organisational goals (Breitinger & Bonardi 2019). A firm's favourable CR, be it for high-quality services and/or products, ethical conduct, environmental stewardship, or community engagement creates a platform upon which better relationships with key stakeholders are based. A favourable CR lowers a firm's cost of capital (Chun et al. 2019), assists in attracting and retaining customers and talented employees, secures a firm's access to the right type of resources (Zacharia et al. 2018) enabling the firm to maintain competitiveness in the marketplace. Given the substantial rewards that accrue to firms with favourable reputations, substantial amounts, in terms of money and labour force, are invested in building and protecting firms' CRs.

As already alluded to, a firm's CR is not only dependent on its actions but also on the actions of firms belonging to its industry (Barnett & Hoffman 2008; Kelley & Thams 2019; Veil & Dillingham 2020). Therefore, stakeholders form perceptions and assign reputational attributes and judgements based on the firm's membership to a particular industry. As such, a firm's CR is 'anchored to the reputational attributes of the broader strategic group to which it has been assigned' (Finch et al. 2013:37). The resulting structure of CR interdependence is defined by unique characteristics of each industry, in what Yu, Sengul and Lester (2008) refer to as proximity and structural similarity of firms within an industry.

Proximity refers to the closeness of firms in terms of their communications and other interactions. Firms are considered proximate when they have direct interactions and less proximate when they have many intermediaries between them. Frequent and direct interactions between firms in the same industry promote exchange of information, products, and financial resources among the firms (ibid). The interactions also have the potential to create industry entry barriers and improve incumbent firms' performances through better information exchange and mitigated competition (Chun et al. 2019). Proximity between firms breeds strategic interdependence as firms align their processes and adopt each other's systems and values. Stakeholders reading such proximity and lacking information about the firms' internal processes will be compelled to conclude that proximate firms behave in similar ways (Yu et al. 2008). Stakeholders are thus seen resorting to stereotyping and making assumptions about all firms in an industry based on the actions of a single firm. Consequently, a violation of stakeholders' expectations by a single firm can have reputational repercussions for other firms in the same industry (Barnett & Hoffman 2008).

Structural equivalence arises because of categorisation of firms by stakeholders based on their perceived similarities in core attributes (Yu et al. 2008). The firms in question need not have any direct interactions with each other to be categorised in the same bracket. They are perceived to be structurally equivalent on the basis that they tend to utilise similar resources, employ similar technologies, and adopt similar management practices (Yue & Ingram 2012).

Because of structural equivalence, reputational transgressions by a single firm or a small number of the firms in the category are often perceived as emblematic of an entire group (Barnett & Hoffman 2008; Winn, McDonald & Zietsma 2008). The said bad actions are enough to induce stakeholders to negatively revise their perceptions of an entire industry. With structural equivalence, 'events localized in one firm can lead to punitive [reputational] damages for all the firms, irrespective of their individual performance' (Fauchart & Cowan 2014). Managing CR in such a situation presents as a challenge for a firm as its reputation becomes a public good (Barnett & Hoffman 2008; Winn et al. 2008; Yu et al. 2008).

Management of reputational interdependence in the South African Banking Industry

Even though a firm's CR may be anchored to that of the industry they belong to (Finch et al. 2013) and may thus be affected by actions of its industry peers (Dhingra & Krishnan 2021; Winn et al. 2008), costly RI are not inevitable when stakeholders are able to differentiate between firms. The VW 'dieselgate scandal' is a case in point. The scandal did not tarnish CRs of other vehicle manufacturers, even German ones such as BMW and Mercedes-Benz. Nevertheless, RI remains a serious challenge especially for firms selling undifferentiated products or services (e.g. banks).

Based on the nature of the product they sell, local banks (and banks in general) exhibit similar key attributes: for example, they have similar organisational structures (all are headed by a CEO who is supported by a number of executive directors), have similar divisions/departments (retail banking, investment banking, international banking, treasury, information technology, corporate communications, etc.), offer products that are perfect substitutes (personal and corporate banking services) and are all regulated by the same regulatory bodies. To facilitate the smooth flow of financial transactions, the banks have regular one-on-one interactions, as well as interactions under the auspices of their trade union: the Bankers Association South Africa (BASA). The unique characteristics of the banking industry make banks proximate and structurally equivalent (Yu et al. 2008) and they are thus susceptible to significant risks of reputational damage because of interdependence (Barnett & Hoffman 2008; Dhingra & Krishnan 2021; Fauchart & Cowan 2014). Managing RI, that is, the mutual control firms have over their own and others' reputations, is thus a business imperative for banks.

Methodology

This study is descriptive highlighting techniques employed by local banks to manage RI. The rationale for adopting this research design was guided by the nature of the phenomenon under study: CR management, the type of data required, potential sources of data, and the willingness of potential data sources to participate in the study.

Sampling

A hybrid purposive sampling technique was employed to select the units of analysis (banks) and the units of observation (CR managers). Homogeneous sampling (Patton 2002) was used to select the units of analysis from a sampling frame of 74 banking institutions made up of 19 registered banks, four mutual banks, 15 branches of foreign banks, and 36 representative offices of foreign banks (The SARB 2021). The resultant sample consisted of the six largest banks in the country and between them, they serve 98% of the banking public and hold 92% of the country's ZAR6.58 billion banking assets (The SARB 2021). Expert sampling was used to select the units of observation.

Invitations to participate in the study were extended to the six big banks. Responses were received from five banks with three agreeing to take part, and two declining. No response was received from the sixth bank even after a second invitation was sent. Banks that agreed to participate were asked to nominate officials they deemed best suited to be interviewed. Two banks forwarded two officials each and the third forwarded one official. The resultant five-member expert sample (Creswell & Plano-Clark 2019) was made up of CR managers. The banks and bank officials were, respectively, given the following codes: Bank 1 (B1); Bank 2 (B2); Bank 3 (B3); Bank 1, Participant 1, Male (B1P1M); Bank 1, Participant 2, Male (B1P2M); Bank 2, Participant 1, Female (B2P1F); Bank 2, Participant 2, Male (B2P2M); Bank 3, Participant 1, Male (B3P1M).

Data collection and analysis

Data were collected via in-depth semi-structured interviews with bank CR managers. All interviews were audio recorded with the consent of the interviewees. The researcher opted for intelligent verbatim transcription of interview recordings to make quotes more readable. All transcriptions were authenticated by interviewees. Following a thematic analysis framework, interview transcriptions were analysed using the QDA Miner 2021 version 6 software program. While interview transcriptions constituted the main sources of the data, other sources, for example, banks' annual reports, training manuals, internal newsletters, and other publicly available sources were used. By so doing, the researcher was able to triangulate across many sources of data.

Results and discussion

Our analysis of results reveals that local banks employ the four strategies in their RI management processes. The choice of a particular strategy is guided by how each bank perceives the reputational threat emanating from the actions of rivals. The following quotes indicate how local banks decide to protect the CRs in respond to competitor actions:

> '[*W*]e look at what other banks are doing and ascertain the impact of their actions on our CR. We then decide on the correct course of action to take to safeguard our CR.' (BP1P1M)

> '[*T*]he way we manage reputation spill-over is case dependent. It all depends on what actions have been taken by others.' (B2P2M)

The discussion of the prevalent four strategies in the SABI follows.

Competitive reputation management

Competitive reputation management is defined as 'activities undertaken by a single firm to improve its own reputation and competitive position vis- à-vis other members of the industry' (Winn et al. 2008:37). To this end, local banks are seen engaging in activities such as firm-level public relations and advertising, voluntarily disclosing information, participating in community support programmes, undertaking CSR activities, or changing operational processes to better the competition. To keep abreast of what is happening within their industry, banks are constantly watching each other's reputational moves as revealed in the following quotes:

> '[*W*]e do monitor strategic [*reputational*] moves by other banks. We try as much as possible to stay abreast of what our competitors are doing reputation-wise and in all other business spheres. We do not want to be taken by surprise or to be left behind [*because*] that will not be good for our reputation.' (B3P1M)

> 'We don't want any of our competitors to pull a fast one on us [*so*] we gather intelligence on what others are up to and they do the same. Nothing strange there. Just normal business.' (B2P2M)

> '[*M*]onitoring reputation enhancing moves of each other is an open secret within the industry. Everyone knows it and everyone is doing it. No bank can afford to be left behind on the reputation front.' (B1P2M)

Such bank behaviour is consistent with theoretical models of inter-firm competition, which suggests negative correlations between the growth of one firm and growths of its peers. Taken in this light, competitive reputation management is typically viewed as ongoing, zero-sum battles between local banks, aimed at gaining stakeholders' favour to facilitate better access to customers, resources, and other rewards. Any weaknesses in one bank's reputation management activities are perceived as opportunities to be exploited by other firms. Accordingly, B1P1M stated that:

> '… [*I*]f an unfortunate reputational event befalls a competitor and an opportunity presents itself, why not, we will seize it. We will draw whatever lessons we can from the unfortunate event but still gain what we can. That doesn't mean we prey on the misfortunes of other banks. But you know business is business.'

Banks are therefore seen trying to improve their CRs at the expense of other banks. As a result, no bank stands still in the light of other banks' reputational moves. Competitive reputation management by banks is akin to what has been referred to by Barnett and Hoffman (2008:9) as 'keeping up with the Jones's' whereby firms match their rivals' moves so as to maintain their respective market positions.

Competitive reputation management calls for strategic distinctiveness wherein banks differentiate themselves enough from peers to develop competitive advantages as well as strategic positions (Barnett & Hoffman 2008; Zhao et al. 2017). Strategic distinctiveness may offer a bank a mechanism through which to develop a unique CR unattached to the industry reputation and thus avoid the tragedy of being tarred by the same brush (Barnett 2007). Such a strategy however favours the larger banks, which may have more market power, sufficient resources, and internal capabilities to perform all activities required for the attainment of particular reputational outcomes within themselves. Their size allows them to extract higher reputational value from stakeholders. They therefore caution against 'being fixated on managing [*reputational*] interdependence [*seeing it as*] counter-productive' (B3P1M). B2P1M concurred stating that:

> '[*M*]ore than 80% of our reputation is due to what we do as a bank. I would rather advise businesses to first have robust CRM systems, processes and procedures that are internally focused. Only when these are optimally working for their reputations must they worry about managing reputation interdependence.'

While local banks deploy the might of their capabilities in reputational competition with other banks, they are cognisant of the dangers of being too distinctive. According to Barnett and King (2006) too much strategic distinctiveness can be detrimental to a firm, especially the market leader because of the potential for creating hyped stakeholder expectations. Should the firm fail to meet these expectations, some elements of its CR will be eroded (Deephouse 1999). Banks therefore engage in 'responsible reputation competition' (B2P1F) by recognising that 'sustainability of the industry's reputation requires that every bank plays by the same reputation rules' (B1P1M). Accordingly, B3P1F stated that:

> '[*W*]e may want to show our stakeholders that we are different from a bank going through challenges but in other times we want stakeholders to know that we conform to the norms of the industry. Being too different attracts challenges of its own.'

Competitive reputation management within the local banking industry may therefore be seen as contests between reputation seeking banks that engage in strategic manoeuvring to build and leverage their reputations as a means to attaining organisational goals. In these reputation-management contests, banks are fundamentally driven to nurse, develop, and leverage their reputational competences that both define near-term competitive outcomes as well as shape the competitive environments of the industry in ways that give privileged positions to themselves.

Cooperative reputation management

Cooperative reputation management refers to strategic actions undertaken by members of an industry to promote the reputation of an industry (Barnett & King 2006; Winn et al. 2008). This involves 'assigning reputation to others, sharing reputations of others and conditioning [corporate] behaviours' (Szamado et al. 2021:1) to align with expected norms and standards of the industry. As it is practically impossible for any single firm to maintain superior competences in all areas of competition (Devece et al., 2019; Osarenkhoe 2010), rival firms frequently have incentives to cooperate in building new competences, improving the existing competences, leveraging current competences, or simply obtaining synergies.

Within the local banking industry, banks are also seen engaging in collaborative actions to enhance the industry's (and their own) reputation. Individual banks may act individually on the reputation front to benefit the industry or all banks may jointly mobilise resources, plan, and coordinate their actions for the betterment of the collective reputation. Through platforms offered by entities such as the BASA, Bank Managers' Forum, the SARB, and some regulatory authorities, banks engage in activities that include information sharing, establishing codes of conduct, allying through trade associations, and creating reputational synergies by cooperating in non-competitive areas. The importance of working together for the betterment of SABI's reputation is revealed in the following quotes:

> 'The reputation of the banking industry is matter of interest to all of us within the industry. The whole country even. So, we do work together as banks to look after the industry's reputation.' (B1P1M)

> '[*W*]e do work collaboratively with other banks. Banks cooperate for the good of all the banking stakeholders and the economy at large. [*W*]e work together as the banking industry on issues to do with our joint reputation. We have forums both formal and informal where we meet and have discussions on matters impacting the reputation of the industry.' (B1P2M)

Actions of local banks in managing RI are consistent with the views of Barnett and King (2006), and Hill (2020) who see lobbying and performing industry-level public relations activities as viable forms of managing RI. According to Winn et al. (2008), persistence of cooperative reputation management depends on the effectiveness (the ease with which objectives are met) and efficiency (the satisfaction of the firm's individual motives for engaging in a cooperative relationship) of the process. If either of these are not met, a firm will consider competitively managing RI. For the time being, cooperative reputation management in the local banking industry is persisting. The closure of banking accounts of companies linked to the scandal-stained Gupta family as well Sekunjalo Group of Companies shows the extent to which banks collaborate to protect their own and their industry's reputation. By working cooperatively in managing industry reputation, banks overcome any lack of resources, reduce uncertainties about actions of peers, learn from each other, and take advantage of reputational opportunities that may arise because of cooperative relationships built with other banks. In fact, banks 'mimic each other's reputation enhancing actions especially when they have one on you in terms of reputation' (B3P1M).

Cooperative reputation management is particularly valuable for firms that have lower reputations as they may be able improve their reputations by imitating the basic strategies of the industry they are active in (Deephouse & Carter 2005). Such is the situation in the local banking industry where the Big 6 are internationally renowned and have global footprints while the other 13 banks are limited to specific locations within the country. It will not be far-fetched to assume that these smaller banks draw reputational benefits for simply belonging in a highly regarded industry.

The collective reputation management paradigm underscores the fact that positive firm reputations can be achieved through cooperation with other firms and not necessarily at the expense of others. The industry reputation, and consequently firm reputation, can be built in a system of relationships nurtured through partnerships where mutual benefits dominate individual firm's self-interests. Consequently, B2P2M stated:

> 'A good reputation for the industry translates to a good reputation for the bank, [*and*] working together for the good of the industry is a fairly widespread practice. We cooperate in cyber-security, regulatory compliance, credit monitoring and evaluation, business intelligence sharing, and in many other areas to improve our joint reputations.'

Collective management of industry reputation is a prudent course of action to undertake for self-interested and reputation conscious firms if the potential rewards of cooperation outweigh associated risks. Because the survival and prosperity of a firm or industry is contingent on the alignment with institutional standards and social norms (Barnett 2005); when stakeholders change the institutional standards in such a way that the industry falls out of alignment with social norms, legitimacy may be lost and firm as well as industry survival may be threatened. When faced with legitimacy crises, firms step back from 'rivalry as usual' and build cooperative relations in order to wrestle institutional control from constituents and therein rebuild the legitimacy and reputation of the entire industry.

Coopetitive reputation management

Coopetitive reputation management aims to manage RI by simultaneously cooperating and competing with rival firms. The cooperative and competitive actions are premised on the fact that by cooperating with rivals, competing firms can achieve higher reputational returns than they may achieve through competing. Coopetitive reputation management relationships are well-established in the SABI as evidenced by the following quotes:

> '[*W*]e do work together as banks to look after the industry's reputation. The reputation of the industry is matter of interest to all of us. Working together to enhance industry reputation must not be confused with competing to enhance one's reputation. One does not preclude the other.' (B1P1M)

> 'We work with other banks where necessary [and] cooperation between banks is a daily occurrence. [*While*] we work with other banks to build and protect the reputation of the industry, we never lose sight of the fact that our priority is the protection of our own reputation. That comes first. Cooperation and competition in reputation management within the industry happens all the time.' (B2P1F)

> 'We work with other banks when it's good for the industry's reputation and ours of course. This is not to say that we shy away from competing. Far from it. We won't let others trample [*over*] us. You see, banking is a paradoxical business. We could be locked in vicious competition for an account with another bank while working together in advising another client or co-financing a project. Happens every day.' (B3P1M)

Coopetitive relationships evolve over extended time periods (Gnyawali & Park 2011). They can be difficult to manage (Zacharia et al. 2019) because on one hand they are hostile because of conflicting interests and friendly on the other because of common interests. The cooperative and competitive dynamics of these relationships may change in line within changes in market spaces, making the structure and intensity of the relationships to become unstable over time (Park, Srivastava & Gnyawali 2014; Ritala, Golnam & Wegmann 2012). The delicate balancing of cooperative and competitive aspects of coopetitive reputation management processes has seen banks establishing 'dedicated desks' for dealing with these opposing functions. The following quotes highlight this point:

> '[*D*]uties that need coordination or cooperation with other banks are separated from those that focus on competing. It can be disconcerting to have these opposing activities done by the same employee.' (B2P2M)

> '[*W*]e have different employees handling the competitive and cooperative facets of managing reputation interdependence. It is possible that there are information interchanges taking place because these employees are colleagues. They work in the same department. But at no time are they required to balance the antagonistic relations of cooperating and competing at the same time. Their personal duties are completely different.' (B2P1F)

> 'The [*coopetitive*] balancing act may place a heavy toll on the employees handling the competitive and cooperative aspects of inter-bank reputation management aspects. We have thus separated these functions and assigned them to different employees.' (B1P1M)

The separation of roles in coopetitive reputation management in the SABI is consistent with views of Fernandez et al. (2014:224) who contend that 'individuals can only act according to one logic at a time, [*thus*] it is necessary to create specific teams: one dedicated to collaboration and another to competition'. Separation of responsibilities has thus relieved bank managers and their subordinates of stresses generated by the paradoxical nature of coopetitive reputation management.

Coopetitive reputation management persists in the local banking industry (and any other industry for that matter) because of the need to protect industry legitimacy, which according to King and Whetten (2008), provides the institutional setting within which firms may strive to build their reputations. However, once legitimacy is established, firms will earnestly seek ways, within the confinements of industry legitimacy, to distinguish themselves from peers and build or enhance their own unique reputations (Barnett & King 2006: Doh et al. 2010; Kelley & Thams 2019). Local banks are therefore seen cooperating in protecting industry legitimacy and reputation, and at the same time competing against industry peers by undertaking to enhance their own reputations.

Managing reputational interdependence by co-existing

Managing RI by co-existing involves firms giving each other space to 'mind own business'. Firms are seen not responding to every reputation-enhancing move by rivals. In a fully fledged co-existing relationship, the firms will have substantial familiarity with each other's endeavours, know the relative positions they occupy in the relationship/industry and do not usually challenge these positions, and they thus seldom interact in competition. Up until the early 2000s, the banking industry exhibited these characteristics in many of their operations. Each of the Big Four, as they were then, more or less 'kept to their respective lanes.' With limited competition, the market shares of the banks remained relatively stable. The arrival of a new bank in 2001 saw the reorganisation of market shares and the intensification of competition within the industry. However, some aspects of 'peaceful co-existence' still persist in banks' reputation-management activities. For instance, banks are seen keenly observing reputation enhancing actions of rivals but choosing not to respond. The following quotes highlight this point:

> 'We constantly watch what competitors are doing reputation-wise. Watching the competition doesn't necessarily mean that as a bank we respond to every move that is made on the market.' (B1P1M)

> 'We frequently do our own thing and others do also the same. Some other situations demand that we just observe and be aware but do nothing but mind our own reputation actions. It's the nature of the industry.' (B1P2M)

> 'We watch [*but*] at times doing nothing [*and*] not responding to reputation enhancing measure of others is the best course of action. Not every competitor's move requires a response from us. We may choose to do nothing and let others do what they deem necessary for their own reputations.' (B2P1F)

According to the interviewees, responding to each and every reputation enhancing move taken by rivals is counterproductive because '… you will lose yourself; you lose focus of who you are and what matters. And frankly speaking, losing one's focus for whatever reason is not got for reputation' (B1P1M). While the SABI is 'characterized by intense competition such that reputational good moves of others must be watched with an eye to respond as appropriate' (B1P2M), not reacting to some reputation building measures by competitors has perpetuated 'peaceful co-existence' of their RI-management activities within the banking industry.

Even though banks may choose not to interfere with each other's competitive reputation-management actions, they still exert a considerable amount of dependence upon each other. There are thus high levels of informal reciprocal trust between the banks and they continue to share information, which is mutually beneficial. By co-existing, local banks are able to conduct their business activities and build their reputations without infringing on each other's reputations.

Managerial implications

Corporate reputation managers face major challenges in that 'the principles of CRM are being written' (B2P1F). With limited recourse to literature for guidance, CR managers are mostly left to 'fend for themselves' in coming up with the most viable ways of managing RI. This article is intended to highlight RI techniques that have been working for the SABI. The findings of this study indicate that competitive, cooperative, coopetitive and co-existing RI-management strategies are available to CR managers. These can be used all together as in the case of local banks or in whatever combinations in line with a firm's capabilities.

While competing and cooperating with rivals at the same time as in the case of a coopetitive RI-management strategy may seem counterintuitive, local banks' experiences show the viability of such a strategy. What is called for is a clear separation of roles to ensure that employees and managers are not burdened with the need to balance these clearly opposing aspects.

Even as local banks' experiences offer compelling arguments for managing RI, managers are reminded that most of their CR is derived from their own firms' endeavours. It will therefore be wiser to devote attention to improving internally focused CR-managing processes before moving to focus on managing RI.

Future research and limitations

Notwithstanding the fact that this work represents an important attempt at conceptualising the dynamic strategies at play in the management of RI in the SABI, limiting the focus to this one sector is a drawback. Future researchers might thus want to examine management of RI in other industrial sectors to ascertain the prevalence of the various RI-management techniques considered in this article. Researchers may want to assess the relative magnitudes of such reliance within and across industrial sectors.

The limited amount of time available for completion of the main study called for cross-sectional data to be collected. These data capture snapshots of reality at a particular point in time and may thus be of limited usefulness for explaining RI-management strategies as these will be phenomena that evolve with time. This is particularly noteworthy considering the dynamic nature of competition within the banking industry. A longitudinal study might have better captured the interfirm dynamics in managing RI in the banking industry. There is therefore an opportunity for other researchers to implement longitudinal research designs in future research on management of RI.

Finally, viewed from a strategic management perspective, a decision-oriented RI management model is still pending. This might be another viable avenue for CRM research that future studies can look at and take up. It will also be important to empirically explore what works best (under which circumstances) with regard to management of RI especially in less-regulated sectors.

Conclusion

The findings of this research point to the fact that there is no 'one-size fits all' strategic plan for managing RI. Instead, firms are implored to carefully study the reputational actions of their industry peers, ascertain how the said actions may impact their own reputations, and only then decide on the best courses of action to take given the firm's capabilities and CR orientation. Yet, firms should be wary of becoming too fixated on what their peers are doing reputation-wise to the extent of failing to consider novel ways of improving their own reputations. Thus, the researcher takes note of B3P1M who states: '[*M*]ore than 80% of our reputation is due to what we do as a bank'. Organisational reputation should be managed from the inside out.

This article showed that there are multiple ways of managing RI. These can all be deployed at the same time if and when situations demand. The extent to which firms strategically deploy these techniques can allow for reputational benefits to accrue from the actions of others. While the article does not encourage firms to 'free ride' on reputation building measures of others, there is a need to recognise that 'not every competitor's [*reputational*] move requires a response' (B2P2M) from others. At other times, RI can be managed by letting other firms do their own 'thing'.

Acknowledgements

The research reported in this article emanates from a PhD study at the NWU Business School. I am grateful for the guidance provided by my supervisors Dr Piet Pretorius and Prof. Jan Meyer. I will remain forever indebted to the Banks that took part in this study. Without their participation this study would not have been possible. I also acknowledge the invaluable comments received from panellists at the PhD colloquia hosted by NWU Business School.

This article is partially based on S.M.'s thesis entitled 'Exploring corporate reputation management processes used by South African banks: Towards the development of a theoretical framework' towards the degree of Doctor of Philosophy in Business Administration, North-West University, June 2023 with promoter Dr P.J.J. Pretorius and co-promoter Prof J.A. Meyer. It is available at: https://repository.nwu.ac.za/bitstream/handle/10394/41986/Murimbika_S.pdf?sequence=1.

Competing interests

The author declares that they have no financial or personal relationship(s) that may have inappropriately influenced them in writing this article.

Author's contribution

S.M. has declared sole authorship of this research article.

Ethical considerations

An application for full ethical approval was made to the North-West University Economic and Management Sciences Research Ethics Committee (EMS-REC) and ethics consent was received on 11 August 2021. The ethics approval number is NWU-00892-21-A4.

Funding information

This research received no specific grant from any funding agency in the public, commercial, or not-for-profit sectors.

Data availability

The data that support the findings of this study are available from the author upon reasonable request.

Disclaimer

The views and opinions expressed in this article are those of the author and are the product of professional research. It does not necessarily reflect the official policy or position of any affiliated institution, funder, agency, or that of the publisher. The author is responsible for this article's results, findings, and content.

References

Barnett, M., 2007, 'Stakeholder influence capacity and the variability of financial returns to corporate social responsibility', *Academy of Management Review* 32(3), 794–816. https://doi.org/10.5465/amr.2007.25275520

Barnett, M.L. & Hoffman, A.J., 2008, 'Beyond corporate reputation: Managing reputational interdependence', *Corporate Reputation Review* 11(1), 1–9. https://doi.org/10.1057/crr.2008.2

Barnett, M.L. & King, A., 2006, 'Good fences make good neighbours: An institutional explanation of industry self-regulation', *Academy of Management Best Paper Proceedings* OMT, M1–M6. https://doi.org/10.5465/ambpp.2006.27176340

Bengtsson, M. & Kock, S., 2000, 'Coopetition in business networks to cooperate and compete simultaneously', *Industrial Marketing Management* 29(5), 411–426. https://doi.org/10.1016/S0019-8501(99)00067-X

Breitinger, D. & Bonardi, J.P., 2019, 'Firms, breach of norms, and reputation damage', *Business & Society* 58(6), 1143–1176. https://doi.org/10.1177/0007650317695531

Chun, R., Argandona, A., Choirat, C. & Siegel, D.S., 2019, 'Corporate reputation: Being good and looking good', *Business & Society* 58(6), 1132–1142. https://doi.org/10.1177/0007650319826520

Creswell, J.W. & Plano-Clark, V.L., 2019, *Designing and conducting mixed methods research*, Sage, Los Angeles, CA.

Deephouse, D.L., 1999, 'Media reputation as a strategic resource: An Integration of Mass Communication and Resource-Based Theories', *Journal of Management* 26 (6), 1091–1112.

Deephouse, D.L. & Carter, S.M., 2005, 'An examination of differences between organizational legitimacy and organizational reputation', *Journal of Management Studies* 42(2), 329–360. https://doi.org/10.1111/j.1467-6486.2005.00499.x

Devece, C., Palacios, D. & Ribeiro-Navarrete, B., 2019, 'The effectiveness of crowdsourcing in knowledge-based industries: the moderating role of transformational leadership and organisational learning', *Economic Research-Ekonomska Istraživanja* 32(1), 335–351.

Dhingra, V. & Krishnan, H., 2021, 'Managing reputation risk in supply chains: The role of risk sharing under limited liability', *Management Science* 67(8), 4845–4862. https://doi.org/10.1287/mnsc.2020.3752

Doh, J., Howton, S. & Howton, S., 2010, 'Does the Market Respond to an Endorsement of Social Responsibility? The Role of Institutions, Information, and Legitimacy', *Journal of Management - J MANAGE* 36, 1461–1485. https://10.1177/0149206309337896

Fauchart, E. & Cowan, R., 2014, 'Weak links and the management of reputational interdependencies', *Strategic Management Journal* 35(4), 532–549. https//doi.org/10.1002/smj.2122

Fernandez, A.S. & Chiambaretto, P., 2016, 'Managing tensions related to information in coopetition', *Industrial Marketing Management* 53, 66–76. https://doi.org/10.1016/j.indmarman.2015.11.010

Fernandez, A.S., Le Roy, F. & Gnyawali, D., 2014, 'Sources and management of tension in coopetition case evidence fromtelecommunications satellites manufacturing in Europe', *Industrial Marketing Management* 2, 222–235.

Finch, D.J., Hamilton, L.K., Baldwin, R. & Zehner, M., 2013, 'An exploratory study of factors affecting undergraduate employability', *Education and Training* 55(7), 681–704. https://doi.org/10.1108/ET-07-2012-0077

Gardberg, N.A., Zyglidopoulos, S.C., Symeou, P.C. & Schepers, D.H., 2019, 'The impact of corporate philanthropy on reputation for corporate social performance', *Business & Society* 58(6), 1177–1208.

Gnyawali, D.R. & Park, B.J., 2011, 'Coopetition between giants: Collaboration with competitors for technological innovation', *Research Policy* 40(5), 650–663. https://doi.org/10.1016/j.respol.2011.01.009

Harvey, W.S., 2021, 'Managing multiple and conflicting reputations in global organizations', *AIB Insights* 21(3), 7–11, https://doi.org/10.46697/001c.24454

Harvey, W.S., Beaverstock, J.V. & Li, H., 2019, 'Common threats and managing reputation in executive search firms', *British Journal of Management* 30(4), 847–868. https://doi.org/10.1111/1467-8551.12312

Hill, A.J., 2020, 'Regulating bank reputation risk', *Georgia Law Review* 54, 523–603.

Kelley, K. & Thams, Y., 2019, 'Global reputation management: Understanding and managing reputation as a shared value across borders', in D.L. Deephouse, N.A. Gardberg & W. Newburry (eds.), *Global aspects of reputation and strategic management*, vol. 18, pp. 23–48, Emerald Publishing Limited, Leeds.

King, B.G. & Whetten, D.A., 2008, 'Rethinking the relationship between reputation and legitimacy: A social actor conceptualization', *Corporate Reputation Review* 11, 192–208. https://doi.org/10.1057/crr.2008.16

Lange, D., Lee, M.P. & Dai, Y., 2011, 'Organizational reputation: A review', *Journal of Management* 30(1) 154–183.

Osarenkhoe, A., 2010, 'A coopetition strategy – A study of inter-firm dynamics between competition and cooperation', *Business Strategy Series* 11(6), 343–362. https://doi.org/10.1108/17515631011093052

Park, B.J., Srivastava, M.K. & Gnyawali, D.R., 2014, 'Walking the tight rope of coopetition: Impact of competition and cooperation intensities and balance on firm innovation performance', *Industrial Marketing Management* 43(2), 210–221. https://doi.org/10.1016/j.indmarman.2013.11.003

Patton, M.Q., 2002, *Qualitative research and evaluation methods,* 3rd edn., Sage, Thousand Oaks, CA.

Ritala, P., Golnam, A. & Wegmann, A., 2014, 'Coopetition-based business models: The case of Amazon.com', *Industrial Marketing Management* 43(2), 236–249. https://doi.org/10.1016/j.indmarman.2013.11.005

Számadó, S., Balliet, D., Giardini, F., Power, E. & Takacs, K., 2021, 'The language of cooperation: Reputation and honest signalling', *Philosophical Transactions of the Royal Society of Biological Sciences* 11(2), 376–388. https://doi.org/10.1098/rstb.2020.0286

The SARB, 2021, *Annual economic report 2021*, viewed 21 June 2022, from http://www.reservebank.co.za/publicationsandNotices/Reports.

Veh, A., Göbel, M. & Vogel, R., 2019, 'Corporate reputation in management research: A review of the literature and assessment of the concept', *Business Research* 12, 315–353. https://doi.org/10.1007/s40685-018-0080-4

Veil, S. & Dillingham, L., 2020, *Reputational interdependence and public relations strategies in a spill-over crisis*, viewed 08 September 2021, from https://www.researchgate.net/publication/341713173.

Winn, M., McDonald, P. & Zietsma, C., 2008, 'Managing industry reputation: The dynamic tension between collective and competitive reputation management strategies', *Corporate Reputation Review* 11(1), 35–55. https://doi.org/10.1057/crr.2008.4

Yu, T., Sengul, M. & Lester, R., 2008, 'Misery loves company: The spread of negative impacts resulting from an organizational crisis', *The Academy of Management Review* 33(2), 452–472. https://doi.org/10.5465/amr.2008.31193499

Yue, L.Q. & Ingram, P., 2012, 'Industry self – Regulation as a solution to the reputation commons problem: The case of the New York Clearing House Association', in T.G. Pollockand & M.L. Barnett (eds.), *The Oxford handbook of corporate reputation*, viewed 26 September 2021, from https://www.oxfordhandbooks.com/view/10.1093/oxfordhb/9780199596706.

Zacharia, Z.G., Min, S. & Smith, D., 2019, 'Defining Supply Chain Management: In the Past, Present, and Future', *Journal of Business Logistics* 40(1), 44–55.

Zacharia, Z., Plasch, M., Mohan, U. & Gerschberger, M., 2019, 'The emerging role of coopetition within inter-firm relationships', *International Journal of Logistics Management* 30(2), 414–437. https://doi.org/10.1108/IJLM-02-2018-0021

Zavyalova, A., Pfarrer, M.D., Reger, R.K. & Hubbard, T.D., 2016, 'Reputation as a benefit and a burden? How stakeholders' organizational identification affects the role of reputation following a negative event', *Academy of Management Journal* 59(1), 253–276. https://doi.org/10.5465/amj.2013.0611

Zhao, E.Y., Fisher, G., Lounsbury, M. & Miller, D., 2017, 'Optimal distinctiveness: Broadening the interface between institutional theory and strategic management', *Strategic Management Journal* 38(1), 93–113. https://doi.org/10.1002/smj.2589