ANALYSIS OF THE IMPACT OF CORPORATE REPUTATION ASSESSMENT IN THE 2024 CORPORATE IMAGE AWARDS ON CORPORATE PERFORMANCE

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ABSTRACT. This study aims to examine whether there are differences in financial performance between companies with high and low reputations based on the results of the 2024 Corporate Image Index (CII). This study uses five financial performance indicators: Return on Assets (ROA), Return on Equity (ROE), Net Profit Margin (NPM), Debt to Asset Ratio (DAR), and Debt to Equity Ratio (DER). The sample consisted of 78 companies, grouped into two groups based on the highest and lowest scores on the 2024 CII. The analysis method used was an independent samples t-test. The results show that although companies with high reputations have better average financial performance, the difference is not statistically significant. This indicates that a company's external reputation, as measured by the CII award, does not directly reflect its financial performance. This study provides a theoretical contribution by broadening the understanding of the relationship between reputation and financial performance and suggests the need for a multidimensional approach to evaluating corporate success.

Keywords: Corporate Reputation, Corporate Performance, ROA, ROE, NPM, DAR, DER

Introduction

Corporate reputation is recognized as a vital intangible strategic asset in today's increasingly dynamic and competitive business environment. Reputation represents stakeholders' collective evaluation of a company's integrity, product and service quality, social responsibility, and business sustainability.[1] A strong reputation makes it easier for a company to attract customers, investors, creditors, and top talent.[2] Although a bad reputation can trigger a crisis of trust that is detrimental to performance, it is not surprising that companies now make building a positive reputation a key strategy for achieving sustainable competitive advantage.

One of the corporate reputation measurement tools used in Indonesia is the Corporate Image Index (CII), compiled by Frontier Consulting Group. This assessment is presented in the form of an annual award, the Corporate Image Award, which measures a company's image based on four main dimensions: quality, performance, responsibility, and attractiveness.[3] This

[1] Charles J Fombrun, *Realizing Value from the Corporate Image*, 2018.
[2] Kent Walker, "A Systematic Review of the Corporate Reputation Literature: Definition, Measurement, and Theory," *Corporate Reputation Review* 12, no. 4 (January 20, 2010): 357–387.
[3] Hashim Thaci And Dedi Kurnia Syah, "Pengaruh Corporate Image Index Terhadap Citra Perusahaan Pelabuhan Indonesia I," *Jurnal Ranah Komunikasi (Jrk)* 5, No. 2 (December 28, 2021): 139–144.

achievement reflects the company's success in maintaining the credibility and consistency of its corporate communications. Strategically, this recognition contributes to strengthening its competitive position and increasing stakeholder trust.[4]

The relationship between corporate reputation and financial performance has been the focus of attention in many previous studies. The relationship between corporate reputation and financial performance was found to positively influence corporate reputation, and vice versa.[5] On the one hand, there is a view that a positive reputation acts as a catalyst for improving financial performance, because it can increase consumer trust, expand market share, and reduce the cost of capital.[6] On the other hand, there is also the view that a good reputation is actually the result of solid financial performance, operational efficiency, and good corporate governance.[7] However, existing research results still show inconsistencies, especially in the context of emerging markets such as Indonesia.[8]

Furthermore, there is very limited research that specifically examines the direct comparison of high- and low-reputation companies based on their CII scores with respect to their financial performance over the same period. This approach is highly relevant for testing whether reputation scores assigned by external institutions truly reflect real differences in company financial performance.

This study aims to address this gap by analyzing whether there are significant differences in financial performance indicators measured through Return on Assets (ROA), Return on Equity (ROE), Net Profit Margin (NPM), Debt to Asset Ratio (DAR), and Debt to Equity Ratio (DER) between companies with the highest and lowest scores in the 2024 Corporate Image Award. This study will examine whether the external reputation awarded through CII has statistically measurable financial implications.

The primary contribution of this research lies not only in the relatively underexplored empirical context in Indonesia, but also in the use of a comparative approach that provides a new perspective in understanding the impact of corporate reputation on financial performance. Thus, the results of this study are expected to provide theoretical contributions to the literature on strategic management and corporate reputation, while also providing practical implications for industry players, investors, and policymakers.

Literature Review

Corporate Reputation

Corporate reputation is a collective representation of public perception of the credibility, competence, and integrity of a business entity, which is formed from past performance and future expectations.[9] Reputation is an important intangible asset because it can influence market perception, create trust, and provide sustainable added value.[10] In the context of global competition and the era of information transparency, reputation has a strategic role in

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[4] Charles J Fombrun, *Fame And Fortune: How Successful Companies Build Winning Reputations*, 2004.

[5] Fransiskus E. Daromes, Marselinus Asri, And Marco Marco, "Membangun Reputasi Dalam Aktivitas Tanggung Jawab Sosial Perusahaan Dan Dampaknya Terhadap Kinerja Keuangan," *Jurnal Akuntansi* 17, No. 2 (July 12, 2023): 135–162.

[6] Amanpreet Kaur And Balwinder Singh, "Disentangling The Reputation – Performance Paradox: Indian Evidence," *Journal Of Indian Business Research* 12, No. 2 (February 14, 2020): 153–167.

[7] Jooh Lee And James Jungbae Roh, "Revisiting Corporate Reputation And Firm Performance Link," *Benchmarking: An International Journal* 19, No. 4/5 (July 6, 2012): 649–664.

[8] Esra Nemli Caliskan, Basak Turan Icke, and Yusuf Ayturk, *Corporate Reputation and Financial Performance: Evidence from Turkey*, n.d.

[9] Fombrun, *Realizing Value from the Corporate Image*.

[10] Edmund R. Gray and John M.T. Balmer, "Managing Corporate Image and Corporate Reputation," *Long Range Planning* 31, no. 5 (October 1998): 695–702.

differentiating a company from its competitors and as a tool for strengthening its market position.[11]

In Indonesia, a company's external reputation can be measured through the Corporate Image Index (CII) published by Frontier Consulting Group. The CII reflects the perceptions of various stakeholders, including investors, business players, the media, and the general public. This index is constructed from four main dimensions: quality, performance, social responsibility, and corporate attractiveness. Achieving a high score in the CII is often associated with a company's reputational strength and impacts more positive market perception.[12]

Financial Performance

Financial performance refers to a company's results in managing its resources and economic responsibilities to generate profit. Commonly used indicators include Return on Assets (ROA), Return on Equity (ROE), Net Profit Margin (NPM), Debt to Asset Ratio (DAR), and Debt to Equity Ratio (DER).[13] These ratios reflect a company's efficiency, profitability, and capital structure, which serve as benchmarks for managerial success in running its business operations. Good financial performance is usually a positive signal for investors and stakeholders, as it demonstrates the company's stability, efficiency, and future prospects. Thus, financial performance can strengthen a company's image and contribute to a good reputation.

Signaling Theory

Signaling theory, proposed by Stephen A. Ross in 1977, states that internal parties (management) of a company possess more information than external parties (investors and the public), so signals are needed to reduce information asymmetry. One positive signal that can be sent is reputation. A strong reputation signals that the company is professionally managed, has financial stability, and good growth prospects. Achievements such as the Corporate Image Award can be a strong signal to the market that a company possesses a competitive advantage.

Resource-Based View/RBV Theory

RBV theory views reputation as one of a company's strategic resources that is rare, inimitable, and non-substitutable.[14] Thus, a good reputation enables a company to maintain a sustainable competitive advantage. Reputation is not just a marketing tool, but also a foundation for building corporate value, strengthening stakeholder trust, and supporting long-term financial performance.[15]

Corporate Reputation Theory

Walker[16] explains that corporate reputation is a form of social capital that can increase a company's market value. Reputation can reduce uncertainty felt by customers and investors, increase loyalty, and expand market share. In the long term, a strong reputation impacts revenue stability and improved operational efficiency.

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[11] Gary Davies and Rosa Chun, "The Leader's Role in Managing Reputation," in *Reputation Capital* (Berlin, Heidelberg: Springer Berlin Heidelberg, 2009), 311–323.

[12] Robert Jao et al., "Financial Performance, Reputation, and Firm Value: Empirical Evidence of Non-Financial Companies Listed in Indonesia Stock Exchange," *International Journal of Academic Research in Accounting, Finance and Management Sciences* 10, no. 1 (March 16, 2020).

[13] Rudianto, "Akuntansi Manajemen" (Jakarta: Erlangga, 2013).

[14] Jay Barney, "Firm Resources and Sustained Competitive Advantage," *Journal of Management* 17, no. 1 (March 1, 1991): 99–120.

[15] Dani Rahadian Muharam, "Penerapan Konsep Resources-Based View (RBV) Dalam Upaya Mempertahankan Keunggulan Bersaing Perusahaan," *Jurnal Ilmu Administrasi: Media Pengembangan Ilmu dan Praktek Administrasi* 14, no. 1 (June 20, 2017): 82–95.

[16] Walker, "A Systematic Review of the Corporate Reputation Literature: Definition, Measurement, and Theory."

Hypothesis Development

A company's reputation is the result of long-term stakeholder perceptions of its performance, ethics, innovation, and social responsibility. In the modern business context, reputation is no longer seen solely as a result of a company's performance, but also as a key determinant of its financial success.[17]

Based on signaling theory, companies that receive awards or high reputation ratings send a positive signal to the market that the company has strong fundamentals, good management, and recognized social values.[18] This signal can increase investor and customer confidence, which can ultimately drive improved financial performance.[19]

Meanwhile, based on the resource-based view (RBV) approach, reputation is considered an intangible asset that is difficult for competitors to imitate, thus providing a sustainable competitive advantage that impacts the company's efficiency and profitability.[20] Therefore, companies with high reputations should have more stable financial structures and superior financial performance compared to companies with low reputations. However, empirical evidence is needed to determine whether reputation assessments in the Corporate Image Index (CII) truly reflect significant differences in financial performance. Therefore, this study develops the following comparative hypotheses:

a. H_1: There is a significant difference in Return on Assets (ROA) between companies with high and low reputations based on the 2024 CII score.
b. H_2: There is a significant difference in Return on Equity (ROE) between companies with high and low reputations based on the 2024 CII score.
c. H_3: There is a significant difference in Net Profit Margin (NPM) between companies with high and low reputations based on the 2024 CII score.
d. H_4: There is a significant difference in Debt to Asset Ratio (DAR) between companies with high and low reputations based on the 2024 CII score.
e. H_5: There is a significant difference in Debt to Equity Ratio (DER) between companies with high and low reputations based on the 2024 CII score.

Framework of thinking

The conceptual framework in this study is based on the theoretical and empirical relationship between corporate reputation assessment and financial performance. Reputation assessment is measured using the 2024 Corporate Image Index (CII), which classifies public companies in Indonesia as having high and low reputations. Financial performance is analyzed using five key indicators: ROA, ROE, NPM, DAR, and DER.DER.

The framework of this research can be explained as follows:

a. High reputation → Demonstrate positive stakeholder perceptions of the company's quality, performance, and social responsibility → Increase investor confidence, customer loyalty, and operational efficiency → Financial performance increases.
b. Low reputation → Reflects negative or less than optimal perceptions of the company → Potential reputational risks that could impact market confidence → Financial performance tends to be lower.

[17] Peter W. Roberts and Grahame R. Dowling, "Corporate Reputation and Sustained Superior Financial Performance," *Strategic Management Journal* 23, no. 12 (December 19, 2002): 1077–1093.

[18] Stephen A. Ross, "The Determination of Financial Structure: The Incentive-Signalling Approach," *The Bell Journal of Economics* 8, no. 1 (1977): 23.

[19] Walker, "A Systematic Review of the Corporate Reputation Literature: Definition, Measurement, and Theory."

[20] Fombrun, *Fame and Fortune: How Successful Companies Build Winning Reputations*.

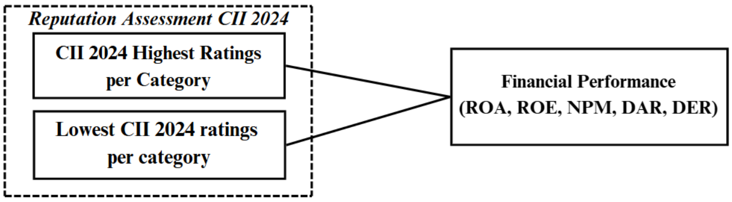

Figure 2.1 Analysis Model

Research methods

This comparative quantitative study aims to determine whether there are significant differences in financial performance between companies with high and low reputations based on the 2024 Corporate Image Index (CII) assessment. The population in this study is all public companies in Indonesia included in the 2024 Corporate Image Index (CII) and listed on the Indonesia Stock Exchange (IDX). The sample was selected using a purposive sampling technique with the following criteria:

a. Companies included in the list of recipients of the 2024 Corporate Image Award.
b. Companies that have issuer status on the Indonesia Stock Exchange (BEI).
c. Companies that have complete and accessible 2023 financial report data.
d. Companies that are ranked highest and lowest in each CII category.

Based on these criteria, the sample consisted of 39 companies with the highest CII scores and 39 companies with the lowest CII scores, so the total sample was 78 companies.

Table 3. 1 Measurement Variables

Variable	Measurement
ROA	Net Income ÷ Total Assets
ROE	Net Income ÷ Equity
NPM	Net Profit ÷ Revenue
DAR	Total Debt ÷ Total Assets
DER	Total Debt ÷ Equity
Corporate Reputation	Classification: High score vs low score (nominal)

Results and Discussion

Descriptive Statistics

Descriptive statistical analysis was conducted to provide an overview of the mean value, standard deviation, and data distribution for each financial performance indicator studied. The following table presents a summary of descriptive statistics for each group of companies:

Table 3. 2 Descriptive Statistics

Group Statistics					
		N	Mean	Std. D	Std. Error
ROA	Companies with a high CII score	39	5.35%	7.21%	1.15%
	Companies with a low CII score	39	4.11%	8.18%	1.31%
ROE	Companies with a high CII score	39	64.89%	351.93%	56.35%
	Companies with a low CII score	39	6.20%	19.92%	3.19%

NPM	Companies with a high CII score	39	29.62%	136.90%	21.92%
	Companies with a low CII score	39	5.88%	13.99%	2.24%
DAR	Companies with a high CII score	39	202.29%	927.64%	148.54%
	Companies with a low CII score	39	52.13%	39.19%	6.27%
DER	Companies with a high CII score	39	670%	3030.9%	485.35%
	Companies with a low CII score	39	207%	636.80%	101.97%

Source: SPSS 25.0 Processing Results (2025)

The data above shows that companies with high reputation scores in the CII tend to have higher average financial performance scores compared to companies with low reputations. However, data variability is also high, particularly for leverage indicators such

as DER and DAR. This suggests that while a high corporate reputation is generally associated with better financial performance, not all highly reputable companies have efficient or conservative capital structures. The high variability in leverage indicators such as DER and DAR suggests that a good reputation does not necessarily reflect a uniform or optimal financial structure across all companies.

Independent Samples t-Test Results

To test the hypothesis regarding the differences in financial performance between the two groups of companies, an independent samples t-test was used. The following summarizes the results of the test:

Table 3. 3 Independent Sample t-test

Indicator	t	df	Sig. (2-tailed)	Result
ROA	0.71	76	0.477	Not significant
ROE	1.04	76	0.302	Not significant
NPM	1.08	76	0.285	Not significant
DAR	1.01	76	0.316	Not significant
DER	0.93	76	0.353	Not significant

Source: SPSS 25.0 Processing Results (2025)

The significance value (p-value) for all financial performance indicators is above 0.05. This means there is no statistically significant difference between the financial performance of companies with high reputations and companies with low reputations, according to the 2024 CII score.

Discussion

The findings of this study indicate that although companies with high reputations tend to have better financial performance on average, the difference is not statistically significant. This finding suggests that reputation awards or assessments based on the 2024 Corporate Image Index (CII) do not necessarily reflect actual differences in company financial performance.

These results contradict several previous studies, such as[21] and[22] which found a positive relationship between reputation and financial performance. However, these results are

[21] Roberts and Dowling, "Corporate Reputation and Sustained Superior Financial Performance."
[22] Jao et al., "Financial Performance, Reputation, and Firm Value: Empirical Evidence of Non-Financial Companies Listed in Indonesia Stock Exchange."

consistent with studies[23] and[24] which suggest that reputation does not always correlate directly with financial indicators, especially in the short term or in complex economic contexts. One possible reason for the insignificant results is that corporate reputation, as measured by the CII awards, is also influenced by non-financial factors such as brand perception, social responsibility, and customer experience, which are not necessarily aligned with short-term financial performance. Another factor that could influence these results is the high standard deviations in some variables, such as ROE and DER, indicating extreme differences between companies within a group. This reduces the statistical power of the t-test in detecting significant differences.

Table 3. 4 Independent Sample Test

		EoV*		t-test for Equality of Means						
		F	Sig.	t	df	Sig. (2-tailed	Mean Differen c e	Std. Error Differen	Confidence Interval Lower	Upper
ROA	*EVA***	0.05	0.82	0.714	76	0.477	1.25%	1.75%	-2.23%	4.72%
	*EVNA***			0.714	74.81	0.477	1.25%	1.75%	-2.23%	4.73%
ROE	*EVA*	3.66	0.06	1.040	76	0.302	58.69%	56.44%	-53.73%	171.11%
	EVNA			1.040	38.24	0.305	58.69%	56.44%	-55.55%	172.9%
NPM	*EVA*	2.76	0.10	1.078	76	0.285	23.75%	22.04%	-20.14%	67.6%
	EVNA			1.078	38.79	0.288	23.75%	22.04%	-20.83%	68.33%
DAR	*EVA*	3.48	0.07	1.010	76	0.316	150.16%	148.67%	-145.9%	446.3%
	EVNA			1.010	38.13	0.319	150.16%	148.67%	-150.8%	451.10%
DER	*EVA*	2.21	0.14	0.934	76	0.353	463.01%	495.94%	-524.7%	1450.8%
	EVNA			0.934	41.35	0.356	463.01%	495.94%	-538.3%	1464.3%

Source: SPSS 25.0 Processing Results (2025)

Conclusion

This study aims to examine whether there is a significant difference in financial performance between companies with high and low reputations based on the results of the 2024 Corporate Image Index (CII). Five financial performance indicators used are Return on Assets (ROA), Return on Equity (ROE), Net Profit Margin (NPM), Debt to Asset Ratio (DAR), and Debt to Equity Ratio (DER). Based on the results of the statistical analysis, it was found that although companies with high reputation scores had better average financial performance than companies with low reputations, the difference was not statistically significant across all indicators tested. This means that empirically it cannot be concluded that corporate reputation as reflected in the 2024 CII score directly affects the company's financial performance..

Thus, it can be concluded that external reputation assessment through the Corporate Image Award is not always a direct reflection of a company's financial strength. Reputation can be influenced by various non-financial aspects such as public perception, brand communication, social responsibility, and innovation, which are not necessarily reflected in short-term financial ratios.

[23] Caliskan, Icke, and Ayturk, *Corporate Reputation and Financial Performance: Evidence from Turkey*.
[24] David J Flanagan, K C O'Shaughnessy, and Timothy B Palmer, "Re-Assessing the Relationship between the Fortune Reputation Data and Financial Performance: Overwhelming Influence or Just a Part of the Puzzle?," *Corporate Reputation Review* 14, no. 1 (May 21, 2011): 3–14.

Suggestion

Further research may consider:

a. Using a longer time period (panel data) to look at the long-term relationship between reputation and financial performance.
b. Adding control variables such as firm size, firm age, industry, and institutional ownership to test for more complex influences.

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