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Reputation and leadership: a study about reputational transfer in family and non-family firms

Reputación y liderazgo: estudio de la trasferencia reputacional en la empresa familiar y no familiar

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ABSTRACT

The main objective of this paper is to determine the influence of the family on the reputational transfer between the company and its manager. In the field of family businesses, the strong identification of the family with the company has led to the study of the relationship between corporate reputation and the level of family involvement. However, the mutual transfer of reputation between the family business and its manager has yet to be investigated. For this reason, the study also aims to contrast that the corporate reputation contributes to that of its manager, studying how the presence of a family in the management and/or control of the company affects this relationship. To this end, using the rankings published by the Spanish Corporate Reputation Monitor (MERCO) of the most reputable companies and leaders in Spain for the period 2001-2017, different econometric models have been formulated with panel data. The results obtained, with important practical implications, contribute to reputation research and, especially, to the literature on family businesses. In this sense, the results show not only that the family nature of the company gives a reputational advantage to the company and its leader, but also that the reputation of the family business managers is transferred to the corporate reputation in a shorter period of time than when the company does not share this nature.

Keywords: Corporate Reputation, Executive Reputation, Reputational Transfer, Family Firms, MERCO, Panel Data.

RESUMEN

El objetivo principal de este trabajo es determinar la influencia de la familia en la transferencia reputacional entre la empresa y su directivo. En el ámbito de la empresa familiar, la fuerte identificación de la familia con la compañía ha propiciado el estudio de la relación entre la reputación corporativa y el nivel de participación de la familia. Sin embargo, está pendiente de investigación la transferencia mutua de reputación entre la empresa familiar y su directivo. Por esta razón, el estudio pretende asimismo contrastar que la reputación corporativa contribuye a la de su directivo, estudiando cómo incide en esa relación la presencia de una familia en la gestión y/o control de la empresa. A tal efecto, utilizando los rankings publicados por el Monitor Español de Reputación Corporativa (MERCO) relativos a empresas y líderes más reputados en España para el período 2001-2017, se han formulado diferentes modelos econométricos con datos de panel. Los resultados obtenidos, con importantes implicaciones prácticas, contribuyen a la investigación en reputación y, especialmente, a la literatura sobre empresa familiar. En este sentido, los resultados ponen de manifiesto no solo que el carácter familiar de la empresa otorga una ventaja reputacional a la compañía y a su líder, sino que la reputación de los directivos de la empresa familiar se transfiere a la reputación corporativa en un plazo más breve que cuando la empresa no comparte ese carácter.

Palabras clave: Reputación Corporativa, Reputación Directiva, Transferencia Reputacional, Empresa Familiar, MERCO, Datos de Panel.

1. INTRODUCTION

The Resource-Based View, in pursuit of an explanation on business behaviour, states that the attainment and sustainability of competitive advantages lie in the organisation's own internal characteristics (Barney 1991; Hall 1992), highlighting the strategic interest of each company's resources and, especially, the influential role of intangibles (Dhalla and Carayannopulos 2006). In the latter, Corporate Reputation (CR) is included, understood as the global estimation of the perception of the company by the main groups of interest as a result of direct and indirect experiences with the organisation (Deephouse and Jaskiewicz 2013; Dowling 2016). The assumption of CR as a strategic resource in the gain of competitive advantages (Dierickx and Cool 1989; Fombrun and Shanley 1990; Barney 1991; Hall 1992) justifies the company's focus on it. In fact, not only it is considered a valuable asset which should be managed and controlled (Decker 2012) but, also the fact that it is the result of the company's past actions (Nguyen and Leblanc 2001) and that it requires long periods of time for its generation (Dierickx and Cool 1989; Hall 1992; Barney and Hansen 1994), make it hard to imitate (Dhalla and Carayannopoulos 2006), and determine the company's status within the sector (Fombrun and Shanley 1990), all of which turn CR into a valuable resource in times of crisis (Fombrun 1996).

Although it is argued that CR may incur in causal ambiguity (Dierickx and Cool 1989; Barney 1991), different studies have tried to identify its dimensions (Cravens *et al.* 2003; Fombrun 2006), with all of them agreeing upon the influence exerted by the managers through their leadership (Safón *et al.* 2011), their productive asset role and their notoriety in public opinion, especially among investors and employees (Helm 2006).

In order to identify the CR dimensions, several works have empirically proven its relation to financial performance (Roberts and Dowling 2002; Weng and Chen 2017), to corporate governance (Brammer *et al.* 2009; Bear *et al.* 2010; Bravo *et al.* 2015) or to leadership (Gaines-Ross 2000; Urra *et al.* 2009; Safón *et al.* 2011; De Quevedo *et al.* 2015; Love *et al.* 2017; Weng and Chen 2017). In the context of leadership, the concept of reputational transfer has arisen, indicating the significant influence of the director's reputation on the CR (Fombrun 1996; Gaines-Ross 2000; Men 2012). In addition, despite the manager is also benefited by the reputation of the firm he works for (Hayward *et al.* 2004; Wiesenfeld *et al.* 2008), there is a lack of empirical evidence on the subject.

In the field of family firms (FF), the strong identification of the family members with the company has fostered the study of the relationship between the level of involvement of the family with the company and its reputation (Deephouse and Jaskiewicz 2013; Zellweger *et al.* 2013). However, despite the prominence of these entities in the global economy (Anderson and Reeb 2003), neither the effects of the FF director reputation over the company or the company reputation over the director have been investigated. This is the context in which the paper is set out, aiming at filling the aforementioned void by studying the influence of the company family nature in the relationship between CR and its leader[1] reputation. To this end, the rankings published by the Spanish Monitor of Corporate Reputation (MERCO) on companies with the best CR and the most reputed leaders in the period 2001-2017 have been used.

The work contributes to the investigation into the relation between CR and the director reputation and, especially, in the field of FF, after proving that the FF leader reputation is transferred faster to the CR than when the company is not family-run. In relation to the CR influence over its director, the investigation reveals that the director reputation profits from its company's reputation, albeit it is independent from the company family character.

2. THEORETICAL FRAMEWORK AND HYPOTHESIS

2.1. *Reputation in family firms and its leader*

The lack of consensus over the definition of FF (Mandl 2008) has not impeded all the other attempts at deeming these organisations from agreeing that company and family are two different social institutions with different goals (Aldrich and Cliff 2003) from whose interaction FF arises as a new system with unique conditions, which impacts the competitive position of the company significantly and its opportunities to maximise the creation of value (Ayala and Navarrete 2004). The strong identification between family and company leads the FF owners, especially the founders, to consider their companies as an extension of themselves and a legacy to future generations (Dyer and Whetten 2006). In this context, the FF reputation is set as a top priority, avoiding any activity that could damage it (Zellweger *et al.* 2013).

Based on the Agency Theory, it is argued that a focus on the long-term and the concern for reputation within the FF show a greater interest in survival than in maximum benefit in the short-term, which translates into a smaller number of agency conflicts and greater resource accessibility (Anderson and Reeb 2003; Yang 2010). On the other hand, from the scope of Social-emotional Wealth, reputation is one of the values received by the family from the company (Berrone *et al.* 2010; Gómez-Mejía *et al.* 2011), thus promoting a socially responsible behaviour from the company within its community (Block and Wagner 2014). In this sense, recent researches on FF corroborate that, apart from economic goals, other social-emotional goals like good corporate image and good family reputation are pursued (Berrone *et al.* 2010; Deephouse and Jaskiewicz 2013). Therefore, the FF undertakes activities in order to benefit its non-family stakeholders (Zellweger *et al.* 2013) which are set to protect its reputation (Dyer and Whetten 2006), such as the establishment of long-term trust-based relationships with its customers (Craig *et al.* 2008), making investments to prevent environmental damage (Berrone *et al.* 2010) or averting the downsizing (Block 2010).

In an effort to find which of the FF traits influence its reputation, Sageder *et al.* (2018) highlight family implication and control, the social bonds, the identification with the company, the

[1] In this work, the word leader refers to the primary manager or "visible head" of a company, not necessarily owner or shareholder, who works and makes an effort to exercise the best possible leadership, putting his reputation at the service of the company. In this sense, the terms director, leader, manager and CEO work as synonyms.

values, the long-term orientation, the FF history-tradition and the legal framework in which it operates in. Miller *et al.* (2008) add the generation, emphasising that, while the founders usually prioritise performance and growth, the younger generations focus on reputation from the scope of the community and the customers (Sorenson *et al.* 2009) or towards the minority stakeholders (Isakov and Weisskopf 2015). Instead, *Chen et al.* (2010) prove that the following generation concern over the FF reputation is less than the founders, because of a smaller dependence from external capital for the entity growth.

Moreover, it is argued that the FF reputation depends largely on its social denomination's recognition (Fombrun and Shanley 1990). In this matter, Uhlaner *et al.* (2004) stress the FF deep concern over its reputation when the family name is linked to the company.

Regarding the impact of the company's family nature on its reputation, Deephouse and Jaskiewicz (2013) and Sageder *et al.* (2018) state that the FF has generally a better reputation than non-family firms (NFF), showing also that a good reputation has positive financial and non-financial effects in the FF, which provides competitive advantages.

Ultimately, CR is part of the intangible resources, strongly linked to the FF and, despite the lack of empirical evidence on the family nature's influence over reputation (Diéguez-Soto *et al.* 2017; Sageder *et al.* 2018; Santiago *et al.* 2019), the concern over its reputation and the protection of the family name probably entails a greater commitment for a FF than for a NFF, which leads us to pose the following hypotheses:

H1: The company family nature determines a larger corporate reputation.

Garbett (1988), based on the Upper Echelons Theory, asserts that a director style and personality are the most relevant factors in the construction of corporate image. The leader puts a face on the company, becoming a key element in the CR layout (Hoffman 1999; Urra *et al.* 2009). If when facing the external stakeholders, the director carries out the active role of corporate spokesperson (Men 2012), at an internal level, through leadership and power, the employees' perception, attitude and performance will be influenced (Park and Berger 2004).

Based on the Human Capital Theory (Zinko *et al.* 2007), when a good leader is capable of putting all his personal and professional skills at the company service for the recognition of the main groups of interest, the director reputation becomes a valuable asset for the company (Sotillo 2010). In this regard, it is highlighted that certain traits such as age (Conte 2018), tenure (Capelli and Hamori 2004), education (Niap and Taylor 2012), gender (Liu *et al.* 2016), nationality (Sánchez-Marín and Baixauli-Soler 2014) or awards received (Malmendier and Tate 2009) contribute to the construction and upkeep of the director personal reputation. This list has been completed with some of the director non-intrinsic characteristics such as the degree of celebrity (Lee 2007). This last factor, which is key in the director reputation (Love *et al.* 2017), relies on its relationship with the audience (Rindova *et al.* 2006) since, as Zinko *et al.* (2007) warn, reputation requires an interested audience and the wish to promote it. In the FF field, a director belonging to a family and to the first generation (Zinko *et al.* 2012; Conte 2018) become a determining factor of personal reputation.

Although factors derived from the company for which the leaders work can influence their reputation, it is their personal and professional skills (Liu *et al.* 2016; Stavrinoudis and Chrysanthopoulou 2017), their visibility and public recognition (Love *et al.* 2017), as well as the result of their decisions (Gaines-Ross 2000), which will most largely condition their personal reputation. Hence, we state the following hypothesis:

H2: The leader reputation is independent from the company family nature.

2.2. The transfer of reputation in the family firms

The link between the CEO reputation and the success of the company has been widely studied (Ranft *et al.* 2006; Treadway *et al.* 2009). The previous works, based on the Corporate Reputation Theory, agree that the existence of a good leader contributes positively to the company image (Lawrence 2004). In fact, the CEO leadership, through a phenomenon called reputational transfer, affects CR by contributing to the generation of value within the company. In accordance with this idea, Weng and Chen (2017) prove that the CEO reputation has more influence over the value of the company than the actual CR, having a positive effect over the financial performance of the company, even with an unfavourable CR or in times of crisis (Sohn and Lariscy 2012). As for Safón *et al.* (2011), they reveal the existence of a mutual influence between CR and the leader reputation, the latter being stronger than the other way round.

Therefore, it seems undeniable that the director reputation has an influence in the success and reputation of the organisation, which explains why they are one of the most valued assets. Likewise, CR contributes to the reputation of the leader. Nevertheless, Hutton *et al.* (2001) show that the most difficult problem to resolve when it comes to the transfer of reputation between the company and the leader is the determination of the causal direction between both variables.

In the FF, although the cession of reputation by the CEO towards the organisation is still to be studied (Sageder *et al.* 2018), Conte (2018) identifies the company family nature as a precedent of said influence due to the leader's close relationship with the local interest groups from the areas in which the company operates (Naldi *et al.* 2013), which is amplified when the CEO is also the founder (Ibrahim 1992). Considering the assumed commitment by the family owners and by the FF director to project a positive image of the company and to maintain a good reputation for the protection of the family, its name and legacy which will be passed on to future generations (Dyer and Whetten 2006), it should be expected that the leader reputation contributes more in the FF reputation than in the NFF, which is reflected in the following hypothesis:

H3: The contribution of the leader reputation to the FF reputation is larger than what is transmitted from a leader in a NFF.

Now, if the leader reputation relies basically on factors linked to themselves (Liu *et al.* 2016; Stavrinoudis and Chrysanthopoulou 2017), their visibility and public recognition (Love *et al.* 2017) and the decisions adopted, without influence from the type of organisation, there should not be significant differences in the cession of reputation from the company to the leader when FF and NFF are differentiated. And, although a company financial behaviour is a precedent to its reputation (Roberts and Dowling 2002; Brammer and Millington 2005) and the reputation is transferred to the leader, it cannot be stated that the transfer of reputation from the company to the leader is larger in the FF inasmuch as the studies about the FF financial performance against the NFF show unequal results (García-Castro and Aguilera 2014). Thus, this idea leads us to propose the following hypothesis:

H4: The transfer from corporate reputation to the leader reputation is independent from the company family nature.

3. RESEARCH DESIGN

3.1. Sample and data source

In order to verify the formulated hypotheses, the information from companies and leaders, which during the period 2001-2017 was recognised by MERCO as the most reputable in Spain, has been used. This index, similar to the one elaborated by *Fortune* magazine, is widely used in reputation research (Safón *et al.* 2011; De Quevedo *et al.* 2015; among others). However, unlike these works which use absolute values for CR and/or the leader, variation rates have been used in this study.

In the considered time horizon, there are 246 companies and 294 leaders in the MERCO rankings. Nevertheless, the sample used (Table 1) is made up of 151 entities and 246 leaders, which is due, on one hand, to the definition of the reputation variables which requires two consecutive absolute values. On the other hand, the study requires variations of companies and leaders' reputations for the same period.

Table 1

Sample configuration

	Population	Sample
MERCO Companies (2001-2017)	246	151
MERCO Leaders (2001-2017)	294	246
Companies-Leaders pairing (observations)		1,176
Leaders-Companies pairing (observations)		1,446

Source: Own elaboration.

Depending on whether the ownership and/or the management of the company is in the hands of a family (Anderson and Reeb 2003; Miller *et al.* 2008) and using the database of Iberian Balances System Analysis (SABI), FF and NFF have been differentiated, having defined the FF as an entity which presents any of the following circumstances (Family Business Institute 2015):

a) Property is concentrated, at least, at 50% by one or more natural persons or families, or there is a shareholder with shares larger than 50% of the capital who also takes part in the administration of the company as a director.
b) One person owns shares of, at least, 20% and is part of the board of directors.
c) One person or family owns, at least, 5% of the capital on a personal level or 20% altogether and, also, the natural person is part of the board of directors.

The profile of the analysed companies is detailed in Table 2, where consolidation in the market of a wide majority of these companies is highlighted because only 9.93% are less than 10 years old, intensifying in the FF, where 95.31% are more than 10 years old, as opposed to the NFF, which is 86.21%. In relation to their activity, most of the companies belong to the third sector and, although this situation is common among FF and NFF, the latter has three times the number of companies dedicated to financial activities than the former. Moreover, approximately 90% of the sample has assets valued over 20 million euros, a condition shared by FF and NFF. Finally, even though only one third of the companies are listed on the stock exchange market, the proportion of listed FF is substantially larger.

Table 2

Sample profile (companies)

Characteristics	Sample	%	FF	%	NFF	%
N	151		64	42.38	87	57.62
Age						
≤ 10	15	9.93	3	4.69	12	13.79
11-20	27	17.88	16	25.00	11	12.64
21-30	31	20.53	14	21.88	17	19.54
31-40	20	13.25	8	12.50	12	13.79
41-50	13	8.61	6	9.38	7	8.05
> 50	45	29.80	17	26.56	28	32.18
Activity sector						
Industry	29	19.21	10	15.63	19	21.84
Construction	12	7.95	10	15.63	2	2.30
Banking/Insurance companies	21	13.91	4	6.25	17	19.54
Other services	89	58.94	40	62.50	49	56.32
Assets size (euros)						
Not available	3	1.99	0	0.00	3	3.45
≤ 4,000,000	6	3.97	3	4.69	3	3.45
4,000,001-20,000,000	7	4.64	3	4.69	4	4.60
> 20,000,000	135	89.40	58	90.62	77	88.50
Listing on the stock market						
Yes	49	32.45	23	35.94	26	29.89
No	102	67.55	41	64.06	61	70.11

Source: Own elaboration.

The analysed leaders profile is detailed in Table 3, from which it is inferred that the FF leader is older, which matches the results from Gallo (1995). In the sample, the FF leader university studies are slightly superior, which distances from previous findings since, while Jorissen *et al.* (2005) show a lower education in the FF, Cromie *et al.* (1995) did not find significant differences between FF and NFF. However, the weight of previous experience, in favour of the NFF, is consistent with the literature (Anderson and Reeb 2003). Besides, the leader tenure in the FF, in accordance with Cromie *et al.* (1995) and Gallo (1995), is higher. Finally, the results show a higher sensitivity by the FF towards diversity, since the weight of women leaders, matching the findings by Jorissen *et al.* (2005), and leaders with a nationality other than Spanish is higher than the NFF.

Table 3
Sample profile (leaders)

Characteristics	Sample	%	FF	%	NFF	%
N	246		100		146	
Age						
Not available	10	4.07	3	3.00	7	4.79
≤ 45	21	8.54	11	11.00	10	6.85
46-55	76	30.89	28	28.00	48	32.88
56-65	92	37.40	38	38.00	54	36.99
> 65	47	19.11	20	20.00	27	18.49
Tenure at the company (years)						
Not available	2	0.81	1	1.00	1	0.69
< 1	3	1.22	2	2.00	1	0.69
1-3	16	6.50	3	3.00	13	8.97
> 3	225	91.47	94	94.00	131	90.34
Previous experience						
Not available	4	1.63	1	1.00	3	2.05
Has previous experience	177	71.95	66	66.00	111	76.03
Does not have previous experience	65	26.42	33	33.00	32	21.92
Education						
Has university studies	235	95.53	96	96.00	139	95.21
Does not have university studies	11	4.47	4	4.00	7	4.79
Gender						
Male	224	90.65	86	86.00	138	94.52
Female	22	9.35	14	14.00	8	5.48
Nationality						
Spanish	224	91.06	89	89.00	135	92.47
Other	22	8.94	11	11.00	11	7.53

Source: Own elaboration.

3.2. Reputation variables and control variables

The main goal of this paper is to study the family influence in the transfer of reputation between the company and the leader, so two reputation variables have been defined: corporate reputation and leader reputation.

According to Cao *et al.* (2015), the use of widely accepted rankings on reputation is an appropriate method to represent CR. For this reason, based on our sample companies score on MERCO, the annual reputation variation rates have been determined. Thus, the variable CR is given by the logarithmic transformation of the result of adding one unit to the calculated rate.

In relation to the leaders' reputation (LR), different methods have been used for its measurement in previous works. For example, their visibility in the media (Love *et al.* 2017; Weng and Chen 2017), their recognition and the awards received (Love *et al.* 2017), their position in renowned directors' rankings (Urra *et al.* 2009; Safón *et al.* 2011; De Quevedo *et al.* 2015) and even their management abilities (Weng and Chen 2017) have all been considered. In this study, on the basis of MERCO most reputed leaders annual ranking, the variable LR is obtained through the logarithmic transformation of an index formed by adding one unit to the relative variation of the leader reputation in two consecutive years.

In order to avoid bias in the results, several control variables for both the company and the leader have been included. When the CR works as a dependent variable, size, tenure, activity sector, stock market price, and financial performance are considered as control variables, since they are the most frequent in CR studies (Walker 2010). However, then the LR is the dependent variable, age, tenure, previous experience, education, gender, and leader nationality serve as control variables.

In Table 4 the definition of all variables and the expected behaviour are included.

Table 4
Variables considered in the study

Panel A

	Variable	Definition
CR	Corporate reputation	Natural logarithm of the result of adding one unit to the relative variation of the company reputation in two consecutive years
LR	Leader reputation	Natural logarithm of the result of adding one unit to the relative variation of the leader reputation in two consecutive years
CT	Company type	Dichotomous variable: FF and NFF

Panel B: Control variables related to the company

Variable	Definition	Expected behaviour	Previous evidence
Size	Natural logarithm of the total assets in each studied year	+	Roberts and Dowling (2002)
C_Age	Natural logarithm for the number of years between the company foundation date and the studied year	+	Fombrun (1996)
Activity	Dummy with four values: industry, construction, financial entities (banking and insurance companies) and other services	?	Deephouse and Jaskiewicz (2013)

Variable	Definition	Expected behaviour	Previous evidence
Financial performance	Leverage (LEV): Natural logarithm of the relationship between the liabilities and the total assets in the studied year	–	Smith *et al.* (2010)
	Economic profitability (ROA): Neglog transformation of the relationship between the ordinary results and the total assets in the studied year	+	Roberts and Dowling (2002)
	Financial profitability (ROE): Neglog transformation of the relationship between the exercise results and the equity in the studied year	+	
LIST	Dichotomous variable: 1, if company is listed in stock market in the studied year and 0, otherwise	+	Raithel and Schwaiger (2015)

Panel C: Control variables related to the leader

Variable	Definition	Expected behaviour	Previous evidence
L_Age	Leader age at the accounts closing date in each studied year	+	Conte (2018)
Tenure	Dummy with three possible values depending on the leader tenure in the studied year: 0 (the tenure is equal or less than a year), 1 (the tenure is more than one year but less than three) and 2 (the tenure is equal or more than three years)	+	
Previous experience	Dichotomous variable: 1 if the leader has worked for another company and 0, otherwise	+	Zinko *et al.* (2012)
Education	Dichotomous variable: 1 if the leader has university education and 0, otherwise	+	Niap and Taylor (2012)
Gender	Dichotomous variable: 1 if the leader is a female and 0, otherwise	?	Malmendier and Tate (2009)
Nationality	Dichotomous variable: 1 if the leader nationality is Spanish and 0, otherwise	?	Sánchez-Marín and Baixauli-Soler (2014)

Source: Own elaboration.

4. RESULTS ANALYSIS

4.1. Descriptive statistics and correlation between variables

The main descriptive statistics of the variables related to CR for the total sample, as well as for all the FF and NFF subsamples, are shown in Table 5. According to that table, the variation in reputation of the FF and the NFF is similar during the studied period. An identical situation arises when it comes to the leaders, even though the dispersion of the variation rate is higher among the NFF. The average tenure is in favour of the NFF, as well as its size. However, the FF shows, on average, better economic and financial profitability values, as well as a lower level of debt.

Table 5
Descriptive statistics

		N	Mean	Std deviation	Minimum	Median	Maximum
FF	CR	503	0.12	0.34	0.59	0.03	1.93
	LR	503	0.14	0.33	–0.61	0.07	2.45
	C_Age	503	39.05	33.17	0.00	27.52	157.37
	Size	491	13.49	2.47	4.74	13.71	20.02
	ROA	491	7.96	17.58	–73.21	4.58	171.36
	ROE	491	30.40	195.72	–637.28	14.14	3329.70
	LEV	491	63.58	24.19	2.11	65.53	135.75
NFF	CR	673	0.12	0.33	–0.66	0.04	2.13
	LR	673	0.15	0.38	–0.82	0.07	3.81
	C_Age	673	46.98	45.94	0.00	31.95	309.00
	Size	615	14.39	3.28	1.38	14.55	20.76

		N	Mean	Std deviation	Minimum	Median	Maximum
NFF	ROA	615	5.14	8.97	−45.66	3.40	74.27
	ROE	614	14.76	84.00	−1540.23	12.06	373.08
	LEV	615	65.71	24.39	0.39	67.48	111.72
All firms	CR	1176	0.12	0.34	−0.66	0.03	2.13
	LR	1176	0.15	0.36	−0.82	0.07	3.81
	C_Age	1176	43.59	41.14	0.00	29.62	309.00
	Size	1106	13.99	2.98	1.38	14.13	20.76
	ROA	1106	6.39	13.56	−73.21	4.07	171.36
	ROE	1105	21.71	144.85	−1540.23	13.05	3329.70
	LEV	1106	64.76	24.31	0.39	66.49	135.75

Note: Definitions and measurements of the variables are in Table 4.

Source: Own elaboration.

Table 6 (panel A) highlights various significant correlations between quantitative variables. As was expected, the leader reputation is positively correlated to his company. Nevertheless, the remarkable negative correlation between CR and the company age drifts away from the expected behaviour. In addition, the high correlation between the ROA and ROE variables has determined that, to avoid multicolinearity problems, only the ROA variable will be considered since it is more common in papers on reputation (Roberts and Dowling 2002).

Table 6
Correlations matrix

Panel A: Sample of companies

Variable	CR	LR	Size	C_Age	LEV	ROA	ROE
CR	1.000						
LR	0.432**	1.000					
Size	−0.053	−0.058	1.000				
C_Age	−0.082**	−0.064*	0.439**	1.000			
LEV	0.001	−0.011	0.244**	0.131**	1.000		
ROA	0.012	0.012	−0.088**	0.051	−0.172**	1.000	
ROE	0.008	0.015	0.031	0.113**	0.031	0.861**	1

Panel B: Sample of leaders

Variable	LR	CR	L_Age
LR	1.000		
CR	0.369**	1.00	
L_Age	−0.120**	−0.72**	1

Note: Pearson correlation coefficients. Definitions and measurements of the variables are in Table 4. *** p<0.001; ** p<0.01; * p<0.05; + p<0.10

Source: Own elaboration.

Finally, panel B in Table 6 details the correlations between quantitative variables related to the sample of leaders. The reason behind the disparity between the coefficient relative to the CR and the leader reputation in relation to the one shown in panel A is in the data taken from MERCO since, in certain years and for certain companies, there is more than one reputed leader, which led to the calculation of the leader average reputation for the pairing with the CR. In addition to the positive and significant correlation (p<0.01) between the leader reputation and the company, there is a negative and significant relationship (p<0.01) between the leader and their age, as well as between the CR and the leader age.

4.2. The FF reputation and its leader reputation versus the NFF reputation and its leader reputation

In order to verify the H1 hypothesis, according to which the FF reputation is higher than the NFF, Mann-Whitney non-parametric test has been applied, after segmenting the data for every studied year. In contrast to what is defended by the doctrine (Deephouse and Jaskiewicz 2013; Sageder *et al.* 2018), the results obtained (panel A in Table 7) lead to the formulated hypothesis being rejected since, although in 62.50% of the studied cases the FF average reputation is over the NFF, the differences detected, except for the year 2005, are not significant.

Regarding the leader reputation, hypothesis H2 foresees that there are not any differences between the leader reputation when FF and NFF are differentiated. Although the results show that, in all the analysed years, the differences in the leader reputation average (Panel B in Table 7) is always in favour of the FF, the Mann-Whitney comparison test is only significant in 2015 (p<0.1). In consequence, the formulated hypothesis will be accepted and, consequently, it should be admitted that the type of organisation in which the leader provides their services does not condition their reputation. This behaviour may, in part, be biased by the MERCO methodology used for the ranking of the leaders, since its participants are taken from the group of companies which, in the same period, make up the ranking of reputed companies.

Table 7
Differences in means and medians of reputation. FF versus NFF

Panel A: Corporate reputation

Year	FF		NFF		Means difference	Medians difference	Bilateral significance
	Mean	Median	Mean	Median			
2002	2856.88	1900.00	2730.29	2100.00	126.58	–200.00	0.33
2003	3406.11	2405.00	3256.25	2615.00	148.86	–210.00	0.38
2004	3090.00	2810.00	3320.00	3200.00	–230.00	–390.00	0.19
2005	2666.33	1711.00	2892.98	2577.00	–226.66	–866.00	***0.09***
2006	3052.50	2741.50	2988.67	2751.00	63.83	–9.50	0.85
2007	3333.47	2882.00	3097.85	2881.00	235.62	1.00	0.69
2008	3873.30	3443.00	3699.48	3380.00	173.82	63.00	0.87
2009	4085.11	3720.00	3841.25	3588.50	243.86	131.50	0.43
2010	4220.39	3879.00	4139.44	3831.00	80.95	48.00	0.95
2011	5652.13	5614.00	5486.85	5374.00	165.28	240.00	0.58
2012	5744.88	5583.00	5548.61	5391.00	196.27	192.00	0.64
2013	5678.96	5317.50	5637.72	5423.50	41.23	–106.00	0.77
2014	5607.58	5589.00	5686.79	5608.50	–79.21	–19.50	0.63
2015	5672.49	5647.00	5796.79	5829.00	–124.30	–182.00	0.37
2016	5571.09	5514.00	5620.16	5506.00	–49.07	8.00	0.73
2017	5859.82	6049.00	5908.14	5787.50	–48.32	262.00	0.94

Panel B: Leader reputation

Year	FF		NFF		Means difference	Medians difference	Bilateral significance
	Mean	Median	Mean	Median			
2002	2956.07	2185.00	2119.51	1660.00	836.57	525.00	0.54
2003	3282.11	1670.00	3263.40	2335.00	18.71	–665.00	0.23
2004	2371.53	1680.00	2194.88	2350.00	176.65	–670.00	0.75
2005	2385.84	1751.00	2017.73	1825.00	368.11	–74.00	0.96
2006	2227.61	1721.00	1992.88	1667.00	234.73	54.00	0.59
2007	2600.53	2145.00	2517.23	2118.00	83.29	27.00	0.76
2008	2951.78	2556.00	2845.97	2548.50	105.81	7.50	0.98
2009	3122.12	2774.00	2898.97	2620.00	223.15	154.00	0.26
2010	2994.58	2559.00	2849.94	2510.00	144.64	49.00	0.91
2011	4297.24	4083.00	4138.59	3857.00	158.66	226.00	0.50
2012	4416.26	411.50	4288.48	4013.00	127.78	97.50	0.39
2013	4588.14	4305,50	4300.51	4269.50	287.63	36.00	0.46
2014	4315.91	3860,50	3903.69	3740.00	412.21	120.50	0.14
2015	4380.42	3968,00	3914.89	3792.00	465.54	176.00	***0.06***
2016	4561.59	4204,00	4231.37	3958.50	330.22	245.50	0.23
2017	4896.68	4600,50	4699.51	4666.50	197.17	–66.00	0.82

Source: Own elaboration.

4.3. *The transfer of reputation between the company and its leader*

A. Econometric models

The combination of cross-sectional and temporal data in the information gathered requires the application of the econometric model of panel data. For this study, the Hausman test (robust) determines that the most appropriate model is that of fixed effects, to explain the CR according to the leader reputation alongside the control variables (*p-value*= 0.0001) as well as in the opposite direction with the control variables associated to leaders (*p-value*= 0.0000). However, that model does not take into consideration variables which are unchanging over time (the activity, applied to companies; or gender, applied to leaders), which is extended to the interactions related to dichotomous variables unchanging over time (the CT variable). Thus, as an alternative, the Hausman and Taylor estimator (1981) has been applied, which is midway between the fixed effects and the random effects models, and allows for understanding the effect of the variables which are constant over time, even when some regressors are correlated with the individual effect. The validity of the instruments is analysed with the Sargan-Hansen over identification test. Also, in all models, the results are obtained considering robust estimations of the errors for controlling the heteroscedasticity problems.

B. The contribution of leader reputation to corporate reputation. FF versus NFF

To test the hypothesis H3, which foresees that the contribution of the leader reputation tot the FF reputation is higher than one between the NFF and its leader, the following model has been formulated:

$$CR = f(LR, CT, Size, C\_Age, Activity, LEV, ROA, LIST) + \alpha_i + \tau_t + \mu_{it}$$

In that model, which incorporates the variables from panels A and B in Table 4, α_i, τ_t and μ_{it} represent, respectively, the fixed individual effects of each company, the fixed effects of each year, and the idiosyncratic errors of the model. Considering the building process for the MERCO rankings, the reputation index of the moment t has been associated with the control variables related to the moment t-2.

At a first stage, the model tries to explain the influence of the leader reputation on the CR, without differentiating between FF and NFF (model 1) to, thereupon, discover if the leader previous reputation contributes to the current CR (model 2). Next, the variable CT has been included (model 3) and the interaction terms related to the type of company (FF versus NFF), and the leader reputation and its delays (models 4, 5 and 6). All of the results of different models are shown in Table 8.

According to the results in model 1, the leader reputation positively and significantly influences ($p<0.001$) the CR, which matches the previous findings (Gaines-Ross 2008; Jin and Yeo 2011; De Quevedo *et al.* 2015; Conte 2018). As for model 2, it reveals that the leader previous reputation explains the current CR, extending the effect over two years.

According to model 3, the contribution of the leader reputation to the FF reputation does not differ from the contribution to the NFF. Therefore, hypothesis H3 must be rejected. Nevertheless, the interaction between the type of company with the leader reputation and its delays shows differences between FF and NFF. Although Model 4, where the interaction between the leader current reputation and the type of company is included, highlights a positive and significant relation ($p<0.001$) between the NFF reputation and the leader reputation, it cannot be stated that it differs from the reputational transfer between the leader and the FF because the interaction term FF*LR is not significant. Model 6 presents an identical situation when the order 2 delay of the variable LR is considered, while in model 5, none of the terms has statistical significance. However, the individual study of the interaction between company type and the leader reputation and its delays (Wooldridge 2013), through its marginal distributions (Table 9), confirms that, when there is a change in the leader reputation, a significant and immediate effect happens also in the same way in CR, whether it is FF or NFF. In the case of a FF, the modification of the leader reputation in the moment t is reflected significantly ($p<0.10$) in CR in the period t+1. Nevertheless, in the NFF, the effect of the variation of the leader reputation in the moment t does not have any significant effects on the CR ($p<0.10$) until the period t+2.

Table 8
The contribution of the leader reputation to the corporate reputation. FF versus NFF (Hypothesis H3)

Dependent variable: CR						
	Model 1	**Model 2**	**Model 3**	**Model 4**	**Model 5**	**Model 6**
	Coefficient (Std. Error)	**Coefficient (Std. Error)**	**Coefficient (Std. Error)**	**Coefficient (Std. Error)**	**Coefficient (Std. Error)**	**Coefficient (Std. Error)**
LR	0.333*** (0.047)	0.349*** (0.068)	0.332*** (0.047)		0.350*** (0.053)	0.347*** (0.068)
LR(t-1)		0.095* (0.046)				
LR(t-2)		0.067+ (0.038)				
CT=FF			0.010 (0.014)	0.005 (0.016)	0.000 (0.021)	0.030+ (0.018)

Dependent variable: CR						
	Model 1	**Model 2**	**Model 3**	**Model 4**	**Model 5**	**Model 6**
	Coefficient (Std. Error)	**Coefficient (Std. Error)**	**Coefficient (Std. Error)**	**Coefficient (Std. Error)**	**Coefficient (Std. Error)**	**Coefficient (Std. Error)**
CT=NFF			Reference	Reference	Reference	Reference
NFF&LR				0.315*** (0.056)		
FF*LR				0.053 (0.073)		
LR(t-1)						0.097* (0.047)
NFF&LR(t-1)					0.068 (0.045)	
FF*LR(t-1)					0.022 (0.057)	
NFF&LR(t-2)						0.077+ (0.043)
FF*LR(t-2)						−0.023 (0.062)
Size	0.003 (0.005)	−0.001 (0.005)	0.003 (0.005029)	0.003 (0.005)	−0.006 (0.006)	0.000 (0.005)
C_Age	−0.045+ (0.026)	0.006 (0.018)	−0.045* (0.026)	−0.045* (0.026)	−0.010 (0.021)	0.006 (0.018)
LEV	−0.003 (0.015)	0.000 (0.017)	−0.003 (0.015)	−0.003 (0.015)	0.017 (0.021)	−0.001 (0.017)
ROA	0.000 (0.005)	0.001 (0.006)	0.000 (0.005)	−0.001 (0.005)	0.003 (0.006)	0.001 (0.006)
LIST	0.008 (0.020)	0.000 (0.018)	0.007 (0.020)	0.008 (0.020)	0.012 (0.021)	−0.001 (0.017)
Activity=IND	−0.017 (0.029)	(0.005) (0.030)	−0.018 (0.029)	−0.018 (0.029)	−0.016 (0.033)	0.006 (0.029)
Activity=CONSTR	−0.021 (0.032)	−0.016 (0.025)	−0.027 (0.032)	−0.028 (0.032)	−0.039 (0.046)	−0.032 (0.025)
Activity=BANK_INSUR	Reference	Reference	Reference	Reference	Reference	Reference
Activity=SERV	−0.016 (0.020)	0.002 (0.026)	−0.017 (0.020)	−0.018 (0.020)	−0.038 (0.031)	0.000 (0.025)
Intercept	0.216+ (0.123)	0.187 (0.144)	0.210+ (0.123)	0.210+ (0.123)	0.132 (0.144)	0.163 (0.142)
Observations	1106	787	1106	1106	940	787
Groups	148	119	148	148	141	119
F test/Wald test	p-value=0.000	p-value=0.000	p-value=0.0000	p-value=0.0000	p-value=0.0000	p-value=0.0000
Test overid.restrictions (Sargan-Hansen)	p-value=0.149	p-value=0.407	p-value=0.1317	p-value=0.1459	p-value=0.2940	p-value=0.4049

Note: Time dummies included. Definitions and measurements of the variables are in Table 4. *** p<0.001; ** p<0.01; * p<0.05; + p<0.10.

Source: Own elaboration.

Table 9
Marginal distributions. Models 4, 5 and 6. Interaction terms

		DY/DX	STD. ERROR	Z	P<Z
Model 4 LR&CT	CT=FF	0.367***	0.060	6.14	0.000
	CT=NFF	0.315***	0.056	5.67	0.000
Model 5 LR(t-1)&CT	CT=FF	0.059+	0.052	1.70	0.090
	CT=NFF	0.068	0.045	1.50	0.135
Model 6 LR(t-2)&CT	CT=FF	0.053	0.056	0.93	0.351
	CT=NFF	0.077+	0.043	1.77	0.077

Note: The significance of the coefficients is adjusted to bilateral contrast. Definitions and measurements of the variables are in Table 4. *** p<0.001; ** p<0.01; * p<0.05; + p<0.10.

Source: Own elaboration.

C. The contribution of corporate reputation to the leader reputation. FF versus NFF

In order to verify that the transfer of reputation from the company to the leader is not conditioned by the company family nature (hypothesis H4), the following model has been designed:

$$LR = f\,(CR, L\_Age, Tenure, Previous\_experience, Education, Gender, Nationality) + \alpha_i + \tau_t + \mu_{it}$$

The model includes the variables from panels A and C in Table 4. The fixed individual effects of each company, the fixed effect of each year and the idiosyncratic error of the model are given by α_i, τ_t and μ_{it}, respectively. The same as in the previous hypothesis, the reputation index in moment t has been associated to control variables from t-2. At a first stage, the objective is to clarify if the CR contributes to the leader reputation (model 7) to, after adding delays in the variable CR, verify if the previous CR explains the leader current reputation (model 8). Finally, the variable CT has been incorporated to differentiate between FF and NFF (model 9) and interaction terms between the company type and the leader reputation, as well as with its first delay (models 10 and 11). The results of the models are shown in Table 10.

In view of the results of model 7, the CR contributes positively and significantly (p<0.001) to the leader reputation. In addition, it reveals that the variation in the reputation of the leaders whose tenure at the company is less than a year is larger than the variation which occurs in those whose tenure is equal or above three years, which is the value taken as reference for being the majority situation in the sample. Likewise, it is proven that the variation in the female leader reputation is higher than the male leader reputation. As for model 8, it shows that the previous CR does not contribute to the leader current reputation.

Model 9 corroborates the previous results because it shows that the CR favours the leader reputation with the same control variables as model 7 and a similar significance, stating also the difference between FF and NFF. However, the statistical significance (p<0.10) of CT=FF is only limited to express that the variation in the FF leader reputation is larger than the leader at a NFF, but does not determine the same behaviour in the transfer of reputation between the company type and its leader. Therefore, the models 10 and 11 have been designed. The former, which includes the interaction between the company type and the leader reputation, reveals a positive and significant influence by the NFF reputation towards its leader reputation (p<0.001). Nevertheless, a symmetric behaviour in the FF cannot be confirmed, since the interaction term FF*CR lacks statistical significance. The interaction between the company type and the first delay of the leader reputation (model 11) gives similar results. In conclusion, as is seen in Table 11 relative to the marginal distribution of the interaction terms of the two latest models, the transfer of CR towards its leader is not conditioned by the type of company and, in consequence, hypothesis H4 must be accepted.

Among all the control variables considered, as well as in the previous models, it is noteworthy that the variation in the female leader reputation is higher than the male leader reputation in all of the studied cases.

Table 10
The contribution of corporate reputation to the leader reputation. FF versus NFF (Hypothesis H4)

Dependent variable: LR					
	Model 7	**Model 8**	**Model 9**	**Model 10**	**Model 11**
	Coefficient (Std. Error)	**Coefficient (Std. Error)**	**Coefficient (Std. Error)**	**Coefficient (Std. Error)**	**Coefficient (Std. Error)**
CR	0.292*** (0.046)	0.239*** (0.051)	0.292*** (0.046)		0.241*** (0.051)
CR(t-1)		–0.030 (0.043)			0.168* (0.070)
CT=FF			0.084+ (0.065)	0.079 (0.061)	
CT=NFF			Reference	Reference	
NFF&CR				0.304*** (0.062)	
FF*CR				–0.024 (0.065)	

Dependent variable: LR					
	Model 7	**Model 8**	**Model 9**	**Model 10**	**Model 11**
	Coefficient (Std. Error)	**Coefficient (Std. Error)**	**Coefficient (Std. Error)**	**Coefficient (Std. Error)**	**Coefficient (Std. Error)**
LR(t-1)					−0.017 (0.053)
NFF&CR(t-1)					−0.025 (0.071)
FF*CR(t-1)					
L_Age	0.002 (0.010)	0.023 (0.015)	0.001 (0.011)	−0.000 (0.011)	0.017 (0.016)
Tenure=0	0.091* (0.042)	−0.017 (0.071)	0.083+ (0.043)	0.082+ (0.043)	−0.038 (0.075)
Tenure=1	0.012 (0.023)	0.019 (0.028)	0.008 (0.022)	0.008 (0.022)	0.009 (0.025)
Tenure=2	Reference	Reference	Reference	Reference	Reference
Previous_experience=1	0.020 (0.093)	−0.027 (0.075)	0.023 (0.090)	0.023 (0.089)	−0.006 (0.078)
Previous_experience=0	Reference	Reference	Reference	Reference	Reference
Education=1	−0.055 (0.149)	−0.021 (0.039)	0.001 (0.177)	−0.004 (0.173)	0.127 (0.081)
Education=0	Reference	Reference	Reference	Reference	Reference
Gender=1	0.885+ (0.473)	1.218* (0.571)	0.801* (0.482)	0.769+ (0.476)	0.868+ (0.549)
Gender=0	Reference	Reference	Reference	Reference	Reference
Nationality=1	−0.000 (0.067)	−0.182 (0.130)	0.009 (0.062)	0.003 (0.074)	−0.161 (0.115)
Nationality=0	Reference	Reference	Reference	Reference	Reference
Intercept	0.357 (0.552)	−0.695 (0.786)	0.335 (0.566)	0.381 (0.556)	−0.591 (0.814)
Observations	1420	1167	1420	1420	1167
Groups	235	225	235	235	225
F test/Wald test	p-value=0.0000	p-value=0.0000	p-value=0.0000	p-value=0.0000	p-value=0.0000
Test overid.restrictions (Sargan-Hansen)	p-value=0.1186	p-value=0.5660	p-value=0.1583	p-value=0.1419	p-value=0.2940

Note: Time dummies included. Definitions and measurements of the variables are in Table 4. *** p<0.001; ** p<0.01; * p<0.05; + p<0.10.

Source: Own elaboration.

Table 11

Marginal distributions. Models 10 and 11. Interaction terms

		DY/DX	STD.ERR	Z	P<Z
Model 10 CR&CT	CT=FF	0.280***	0.050	5.57	0.000
	CT=NFF	0.304***	0.062	4.91	0.000
Model 11 CR(t-1)&CT	CT=FF	−0.042	0.051	−0.71	0.478
	CT=NFF	−0.017	0.053	−0.32	0.752

Note: The significance of the coefficients has been adjusted to the bilateral contrasts. Definitions and measurements of the variables are in Table 4. *** p<0.001; ** p<0.01; * p<0.05; + p<0.10.

Source: Own elaboration.

5. ROBUSTNESS OF THE RESULTS

Despite the limitations of the fixed effects model for this study, it has been used to test the robustness of the basic models (models 1 and 2 for the hypothesis H3, and models 7 and 8 related to the hypothesis H4). The results, which are included in Table 12, corroborate the relations found between CR and the leader reputation, as well as the relations of the control variables which are variant over time. Given that the rest of the models uses the same sample, differentiating between FF and NFF, the robustness of the results obtained can be confirmed. Furthermore, the coefficients of the control variables have the same behaviour as the one shown in the first models.

Table 12
Hypotheses H3 and H4. Fixed effects model

	Hypothesis H3 Dependent variable: CR			Hypothesis H4 Dependent variable: LR	
	Model 1	**Model 2**		**Model 7**	**Model 8**
	Coefficient (Std. Error)	**Coefficient (Std. Error)**		**Coefficient (Std. Error)**	**Coefficient (Std. Error)**
LR	0.312*** (0.047)	0.326*** (0.069)	CR	0.287*** (0.046)	0.231*** (0.051)
LR(t-1)		0.088+ (0.047)	CR(t-1)		−0.032 (0.043)
LR(t-2)		0.078+ (0.040)	L_Age	0.035 (0.014)	0.060 (0.010)
Size	−0.022 (0.018)	−0.007 (0.024)	Tenure=0	0.093* (0.042)	−0.012 (0.070)
C_Age	−0.057 (0.042)	−0.028 (0.026)	Tenure=1	0.013 (0.023)	0.020 (0.028)
LEV	0.006 (0.025)	0.005 (0.023)	Tenure=2	Reference	Reference
ROA	−0.001 (0.007)	0.004 (0.008)	Previous_experience=1	−0.028 (0.134)	−0.095 (0.059)
LIST	0.018 (0.051)	0.018 (0.047)	Previous_experience=0	Reference	Reference
Intercept	0.572* (0.254)	0.375 (0.290)	Intercept	−1.164* (0.565)	−2.512*** (0.413)
Observations	1106	787	Observations	1420	1167
Groups	148	119	Groups	235	225
F test/ Wald test	p.value=0.0000	p.value=0.0000	F test/ Wald test	p.value=0.0000	p.value=0.0000

Note: Time-related dummies included. Definitions and measurements of the variables are in Table 4. *** p<0.001; ** p<0.01; * p<0.05; + p<0.10.
Source: Own elaboration.

6. CONCLUSIONS

6.1. Implications for the theory and the practice

The relevance of the CR as a strategic asset inasmuch as it highlights the importance given to the business's actions by the stakeholders (Rindova *et al.* 2010), along with the leaders' active role in the generation and maintenance of this intangible asset (Stavrinoudis and Chrysanthopoulou 2017), justify the interest of this work in the transfer of reputation between the leader and the company, with a stress on the FF. The weight and economic representativeness of this kind of business are not in doubt, as well as its compromise and contribution to the development of the territory and the communities it operates in (Miroshnychenko *et al.* 2020). Furthermore, its will for stability and durability over time (Sageder *et al.* 2018) makes the FF an adequate field of study for the transfer of reputation because its different strategic behaviour in comparison to other business organisations (Basco 2017) leads it to prioritise the protection of its reputation and the family who owns it (Dyer and Whetten 2006) over other objectives such as the maximisation of results (Zellweger *et al.* 2013).

Hence, we consider that this work contributes to the investigation of the leader reputation and CR, as well as the transfer between both, especially in the FF, where the impact of the family in this two-way transmission of reputation had been barely studied. In this sense, in accordance with the evidence obtained and the previous research (Love *et al.* 2017), the first contribution of this study is the confirmation that the leader reputation is transferred towards its company reputation, and vice versa. Nevertheless, unlike previous works (Deephouse and Jaskiewicz 2013; Sageder *et al.* 2018), the results do not show a better reputation in favour of the FF, although they do verify that the corporate reputation favours that of the leader, regardless of the company family nature.

Secondly, this work fills a void in the literature on the FF reputation through the study of its transfer since, thus far, the investigation had not considered the influence of the company family nature (Sageder *et al.* 2018). In this regard, the results show that, although the contribution of the leaders' reputation to the company they run is independent from its family nature, the building of the reputation in the NFF via the leader reputation is slower than in the FF. Probably, the behaviour detected has its origin, as well as in the efficiency of the FF selection process and hiring

(De Quevedo *et al.* 2015), in its own organisational culture which, due to its focus on social-emotional wealth (Berrone *et al.* 2010), grants *soft* aspects (family name, company history, responsibility with society and its workers, etc.) a prominent role. This explanation supports the findings by Matherne *et al.* (2011), where they argue that the family creates an environment of belonging within the FF which leads to a beneficial behaviour by the workers for the business which are difficult to replicate or imitate in the NFF. Accordingly, the employees' alignment (family and non-family) with the family values translates into positive behaviours for the FF (Matherne *et al.* 2017). Moreover, a strong identification with the FF motivates the leaders and owners to adopt a long-term and a multigenerational vision of the organisation (Pieper 2007). Nevertheless, while the employees from the FF identify with the organisation and/or the owner family and attitudes motivate them to act in a beneficial way for the organisation, the employees from the NFF will only develop the first type of identification, without worrying about social-emotional results typical in the FF (Berrone *et al.* 2010; Gómez-Mejía *et al.* 2011) such as pride for the company or taking care of the company's heritage for future generations. Hence, we consider that the lack of the employee's family identification in the NFF explains the delay in the transfer of reputation from the director to the organisation.

On the other hand, the results show that the contribution of CR to that of the CEO is not conditioned by the presence of a family in the ownership and/or the administration of the company. Yet, the leader reputation is only spurred by the company current reputation, with the stakeholders' perception of the organisation in a previous moment having no influence over it, and this allows us to conclude that, unlike the behaviour of the leader reputation, corporate reputation does not have memory.

The work also brings to light that the transfer of reputation between the leader and the business is altered by certain factors linked to the director. In the first place, as opposed to Sotillo (2017), who identifies time as an "important ingredient" in the formation of the CEO reputation, the results obtained show a significant and negative relation between both variables, confirming the trend in recent years consisting of young people with relatively short professional careers and originating from outside the company being at the top of reputation rankings (Malmendier and Tate 2009). Additionally, the study reveals a larger increase in the reputation of directors with a shorter tenure, ratifying the results of Gupta *et al.* (2018) when they state that the CEO with a short tenure is more prone to innovation and experimentation, contributing to building the reputation. In the same way, Zinko *et al.* (2017), who defend the generation of personal reputation via differentiation, argue that it is easier for this to happen with the newcomers to an organisation. In accordance with previous researchs (Brammer *et al.* 2009; Bear *et al.* 2010), the results show a larger increase in reputation for women leaders, which leads to an improvement in the reputation of the organisations for which they work.

Apart from the contribution to the investigation of the leader reputation and CR, especially in the field of the FF, the work has important practical implications for the reputational management of leadership where the transfer of reputation from the leader to its company is a priority, leading to a "vicious circle" which will reflect significantly in the company reputation as well as that of the leader (Villafañe 2013). On another note, the results determine that a strategy to improve the corporate reputation, via executive reputation, is the signing of women and/or young people from outside the organisation.

6.2. *Limitations and future investigations*

The study presents various limitations. Probably, the main limitation of the work is that the data set used does not come from a random sample. In fact, the sample of companies is restricted to those which, according to MERCO, are considered as the most reputable in Spain and, among these, the leaders with the best reputation rates.

Another limitation is the elimination of all those pairs of observations (corporate reputation-leader reputation) with lost data, basically those needed to determine the control variables linked to the leader reputation, such as their age, education, previous experience, etc.

Finally, in relation to the sample of FF, although it is argued that this type of company does not constitute a homogeneous group (Rau *et al.* 2019), having the implication and the family control over the company as an influence on CR (Sageder *et al.* 2018), no variable related to the family influence has been included, which would have reduced considerably the size of the sample.

Along with the limitations exposed, the work has also generated significant suggestions for future investigations. As far as we are aware, this is the first study to analyse the influence of the company family nature in the transfer of reputation between the business and its leader. However, we consider that, for the subsample of FF, its directors should be analysed to check, as Zinko *et al.* (2012) and Conte (2018) point out, if their reputation is conditioned by their family and first generation membership. Likewise, in view of the results by Diéguez-Soto *et al.* (2017) and Conte (2018), it would be interesting to delve into the role of the family-member director, as well as the generation they belong to. In addition, the leader traits that have shown to be significant (age, tenure and gender) should be reflected on.

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