

Top of Mind

Corporate Reputation Management in Germany: Results of an Empirical Study

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ABSTRACT

Corporate reputation radiates a strong appeal — it helps companies to obtain good employees, makes customer acquisition easier, increases customer loyalty, can be implemented as a competitive performance factor, and is more than helpful for the procurement of capital, not lastly if a company is listed on the stock exchange. The broad spectrum of potential for opportunity however, cannot be purposefully exhausted without rigorous reputation management. This is why professional corporate reputation management is of pivotal importance. Yet how is yield-oriented reputation management implemented successfully? What objectives, measures and controlling instruments do companies consider to be promising and important? Up to now there has been a lack of sound research which examines the state of the art in corporate practice and which supplies insight into the potential for and evaluation of success in individual instrumental areas. The results presented here of a representative study on the subject of ‘Corporate Reputation Management in Germany’ throw light on and evaluate the current state of reputation management in Germany.

KEYWORDS: *Reputation management, key success factors, empirical results*

INTRODUCTION

It is frequently assumed that corporate reputation has a positive effect on a variety of business-relevant economic and pre-economic variables. According to Groenland (2002), for example, a positive corporate reputation has a positive influence on customer confidence in the respective company. For the trade sector, Davies *et al.* (2002: 76, 176) have proven that corporate reputation plays a decided role in customer satisfaction and loyalty. Within the framework of a study of public utility companies, Walsh *et al.* (2003), on the other hand, were able to prove that there is a direct connection between corporate reputation, customer satisfaction, and customer switching behavior. A variety of further publications, studies and practice reports however, also provide empirical evidence with regard to the strategic importance of corporate reputation in a competitive market environment, in particular in view of the potential for providing positive support for a sustainable competitive edge and the financial success of a company (Black *et al.*, 2000; Dunbar and Schwabach, 2000; Fombrun, 1996; Fombrun and Shanley, 1990; Fombrun and van Riel, 2003, 2004; Jones *et al.*

2000; Roberts and Dowling, 1997; Srivastava *et al.*, 1997; Smythe, 1992).

The relevant literature time and again points out that the reputation of the company must be purposefully managed so that it becomes the best possible source of sustainable competitive advantages and can fully develop its potential for increasing corporate value (Fombrun, 1996; Fombrun and van Riel, 2004; van Riel, 1995). This task more or less requires that integral and long-term concepts are in place within the framework of integrative reputation management, which should extend over all areas of management, including resourcing, production, distribution, financing, human resources, etc (Fombrun and Wiedmann, 2001a; Wiedmann, 2001a,b, 2002a,b).

There is as yet no substantial insight into the question of how companies implement the demands for the creation of integrated reputation management and which objectives and approaches are focussed on in this context in corporate practice. Although the relevant literature suggests and discusses various strategies, measures and instruments for supporting reputation management (Alsop, 2004; Fombrun, 1996; 2001; Schwalbach, 2000; Smythe, 1992; Wiedmann, 2002a,b), it remains to be seen to what extent these suggestions are actually implemented and how in the end, the potential of individual elements of integrated reputation management are evaluated with regard to their practicability.

Against this background, in the summer of 2003 the authors carried out a representative study among German companies about the state of the art of their reputation management. Besides providing insight into the practice of reputation management, the results of the study, which are presented in this paper, should above all furnish impulses for a more extensive discussion on the development and professionalization of reputation management in both theory and practice.

Following a brief delimitation of the elements and the frame of reference for determining the starting points of reputation management in corporate practice, the results of an empirical analysis of corporate reputation management in Germany will be presented. After a short overview of the underlying study design, the relevance and the organizational incorporation of reputation management will then be examined on the basis of this design. This is followed by an analysis of reputation objectives as well as of the measures implemented by the companies. After examining informational integration as well as controlling in reputation management, the contribution concludes with a summary of the results and a discussion of the possible implications for corporate practice.

ELEMENTS AND FRAME OF REFERENCE FOR DETERMINING THE STARTING POINTS OF REPUTATION MANAGEMENT IN CORPORATE PRACTICE

To this day, reputation continues to be a rather multifaceted term that has a different meaning for different disciplines and from different perspectives. Corporate strategists, for example, view corporate reputation as a source of competitive advantages. For accountants, on the other hand, reputation is an indeterminable preference — a kind of goodwill — whose value fluctuates on the markets. In particular, Fombrun and van Riel (1997) provide a detailed overview of the different ways of viewing corporate reputation from the point of view of a wide variety of disciplines.

In general terms, corporate reputation can be defined as the sum of the perceptions and assessments of all relevant stakeholders with regard to the performance, products, services, persons, organizations, etc. of a company and the respect for the company that arises from each of these factors. This at the same time creates

general support potential (Fombrun and van Riel, 2004; Fombrun and Wiedmann, 2001a). The latter may in general manifest in the willingness to concern oneself with and take in information about the respective company, as well as, if necessary, in the case of a well-developed reputation, to interpret it favorably. A strong corporate reputation also reflects, for example, a high degree of appeal, depending on the role of the respective partner in the exchange which manifests in very different behavioral tendencies: preference for products and services on the part of the customer, exceptional esteem on the part of the employer or investor, approval, and so on (for more details on the ‘magnet effect’ of positive corporate reputation, see Fombrun, 1996; Fombrun and van Riel, 2004). This appeal, which can be radiated by a positive corporate reputation, on the whole leads to a reservoir of goodwill, which in the form of sustainable backing as well as specific support potential is beneficial for the company, for example in times of crisis. At first, however, what manifests in the corporate reputation is only a potential for goodwill, which must be systematically made use of through sensible reputation management in order to ultimately find expression in actual goodwill (Baetge *et al.* 2002: 260).

Corporate reputation arises as a distinct reaction to all corporate activities, services, etc., and in this respect also reflects the overall corporate identity, which finds expression, for instance, in the overall corporate appearance (corporate design), all communication measures (corporate communications), and in the behavior of all members of the company (corporate behavior) (Balmer and Greyser, 2003; Schultz *et al.*, 2000; Wiedmann, 1988, 1996, 2004). Among other factors, corporate branding has considerable influence on how corporate identity is perceived and interpreted. By corporate branding the authors mean

here the systematic, goal-oriented accentuation of corporate identity traits either under an all-embracing umbrella brand or portioned off into individual products or service brands or profit center brands, which are more or less prominently related to each other within a brand system (van Riel, 2001; Wiedmann, 2001b, 2004). Thus corporate identity forms the substantial basis upon which it is attempted to accentuate corporate branding aimed at the many different stakeholders. This ultimately leads to the creation of a corporate reputation, which in turn constitutes the foundation for the further development of corporate identity.

With the pivotal decisions made within the context of corporate branding for a particular brand concept (defining the brand system), however, only those basic conditions are essentially influenced under which consistently targeted reputation management is then expected to act. The sustainable management of corporate reputation must then start in the light of each of the relevant situative conditions at all levels and in all areas of management (distribution, resourcing, production, financing, human resources, etc) in order to ultimately be able to make a sustainable contribution to the realization of the specific reputation objectives of a company. In this regard, reputation management is not a sub-concept; rather it is an integral part of overall corporate management. For this reason, for all corporate activities as well as with regard to the overall corporate image, within the framework of reputation management, care shall be given that:

- on the one hand, no negative effects result with regard to corporate reputation, and
- on the other hand, all potential for opportunity is exhausted with the aid of which the long-term reputation

objectives of a company can be sustainably realized.

Reputation management may, of course, also manifest in the planning, implementation and control of specific programs for action (eg image campaigns), by way of the various operative design approaches which can be seen in connection with the perception of the cross-sectional function mentioned here. With regard to the creation, consolidation and long-term securing of a sustainable corporate reputation, however, the planning, implementation and control of an integral corporate image mix (corporate behavior, communications and design) both internally as well as externally ultimately constitutes the center of operative reputation management.

The various operative design approaches shall, however, be integrated into future-oriented normative and strategic manage-

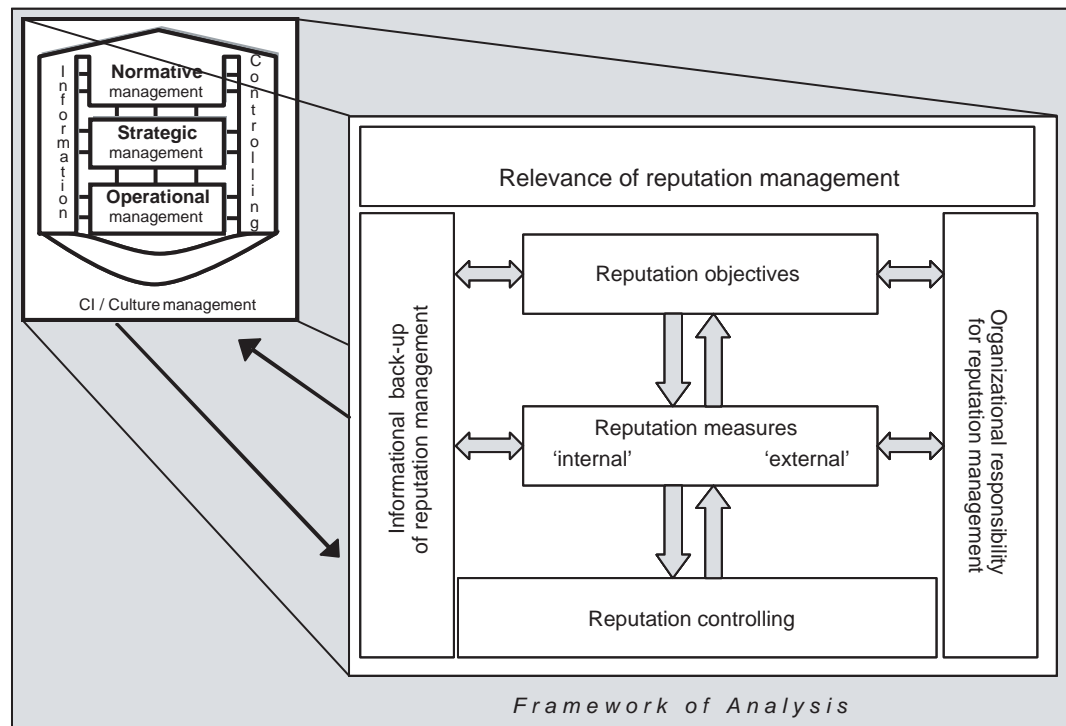
ment and accompanied by suitable management systems. The latter should manifest primarily in an efficient information and control system as well as in an integrative controlling system. The basic management model outlined here, which at the same time illustrates the essential facets of reputation management, was used as a frame of reference for the present study of reputation management in Germany, in order to be able to examine the topic from a comprehensive management perspective (Figure 1).

CORPORATE REPUTATION MANAGEMENT IN GERMANY: EMPIRICAL RESULTS

Study Design and Sample

Within the scope of a study of the current state of corporate reputation management in Germany, in the summer of 2003 a

Figure 1: Development of a study design against the background of a general management model



written survey, which was supplemented by interviews with experts and workshops, was carried out among major German businesses. The questionnaire contained descriptive questions about the company, based on a literature-supported analysis of the reputation management elements presented above. Furthermore, it included questions concerning the objectives and relevance, measures, controlling instruments, as well as the informational and organizational integration of reputation management. The questionnaire also contained questions about the significance of reputation management for one's own company.

A review of the questionnaire, which contained 98 items, with regard to objectivity, reliability, validity, as well as formal accuracy, was the subject of a multistage pretest within the framework of discussions among experts.

To ensure an inter-branch and widely disseminated survey among medium-sized and major businesses located in Germany, a random sample of 653 companies was taken from the CD-ROM directory *Groß-Unternehmen Deutschland* (2nd edn., 2002) published by Hoppenstedt Firmeninformationen GmbH. The sample contained only corporations with a turnover of more than €75m in the fiscal year 2001. Members of executive management, marketing management, or corporate communications were selected, as relevant key members of staff and contact persons. In a preliminary stage of the study, they were contacted by telephone or by e-mail in order to announce the start of the study and confirm the contact person. At the beginning of May 2003, 638 companies were sent questionnaires. Of the 638 questionnaires sent out, 131 were completed and returned. Thus the response rate was 20.5 per cent.

Figure 2 shows an overview of the response rate structure with regard to the distribution of the respondents according to corporate turnover categories as well as

the distribution of the respondents according to their function within the company. If one looks at the distribution of the companies that responded according to turnover categories, it is seen that the response rate includes a wide spectrum of turnover categories, with a concentration of companies with an annual turnover of up to €300m. This concentration in the sample reflects the major share of medium-sized companies in larger German companies as a whole. This can be taken as an important indication that this survey is representative of major German businesses.

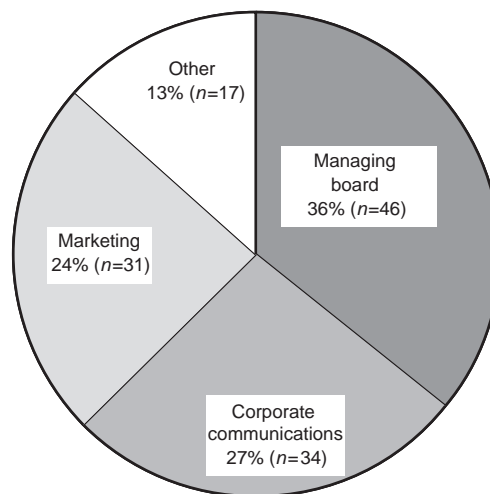
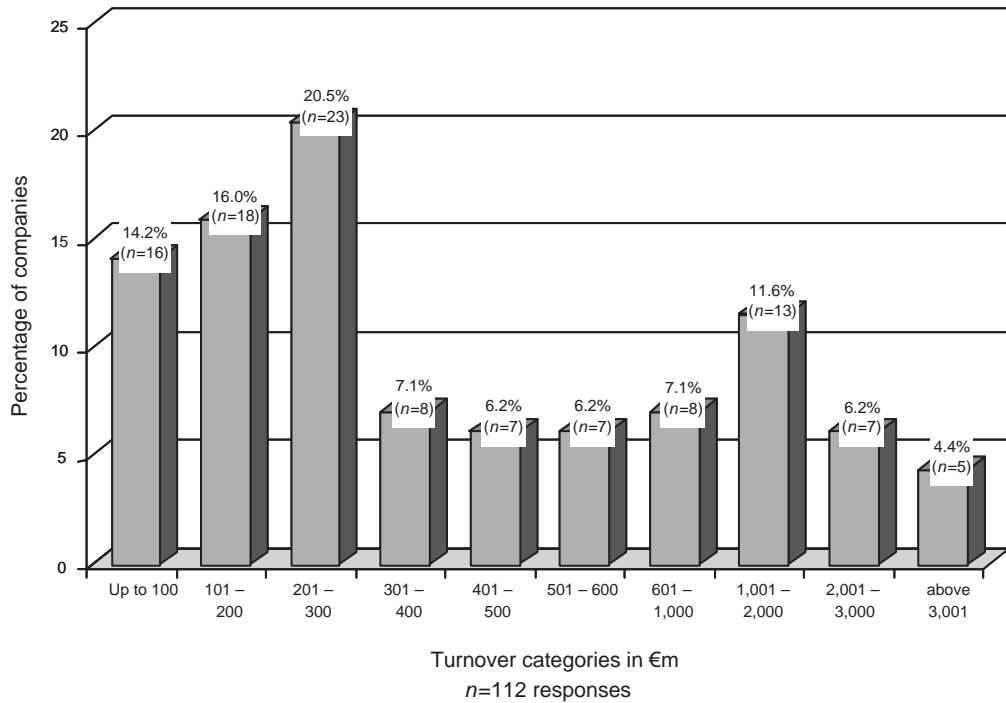
Empirical Results on the Development of Corporate Reputation Management in Germany

Relevance and organizational incorporation of reputation management

That the reputation of a company represents an important asset and that it also counts as one of the central strategic success factors appears to have become one of the widely-held fundamental convictions in businesses. At any rate, *circa* two-thirds of the managers in the present study indicated that in their companies, reputation management was of very high, or at least high, importance and that reputation objectives were even an explicit component of their corporate strategies. Moreover, more than three-quarters indicated that the achievement of reputation objectives was the direct responsibility of top management (i.e. executive board, executive management).

With reference to the question of whether the subject of corporate reputation was also suitably anchored within corporate philosophy and culture, the study showed that despite widespread sensitivity to the subject of corporate reputation and in part sustainable beginnings of consistent reputation management, there are some deficits with regard to developing the subject in corporate practice.

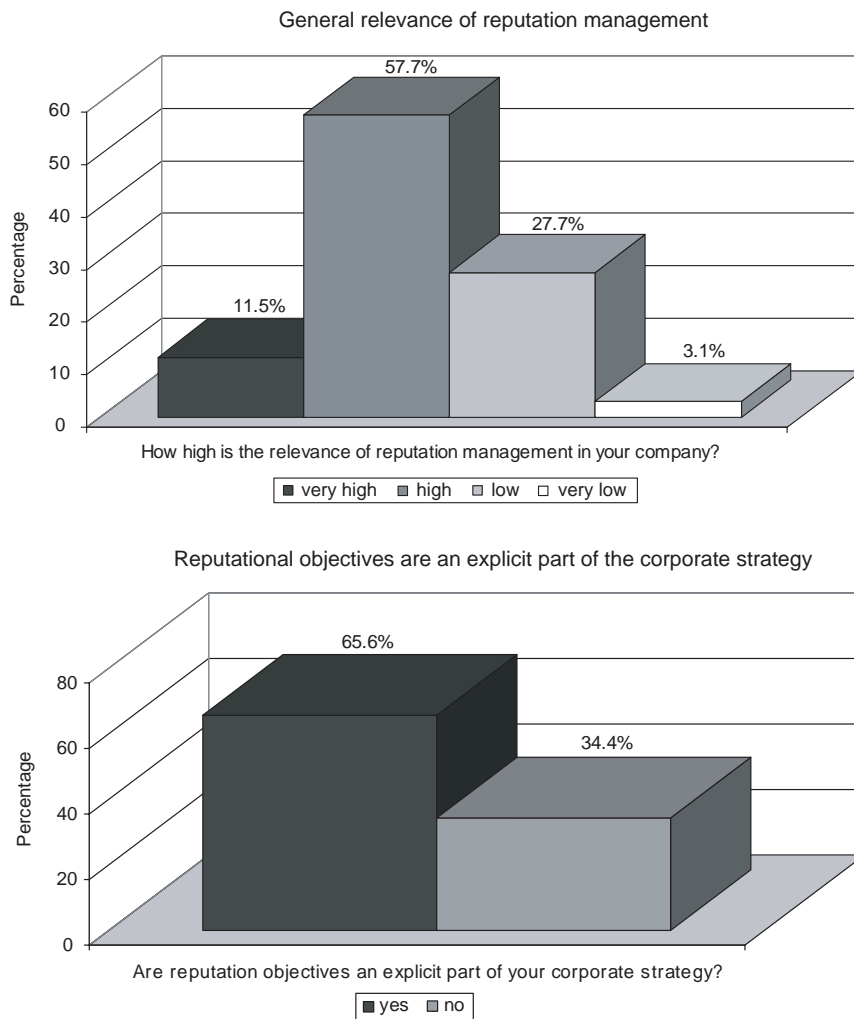
Figure 2: Sample structure according to turnover categories and respondent function



Relevance of reputation management

The paper will first concentrate on the relevance of reputation management in the companies surveyed, but will certainly not

overlook those *circa* 30 per cent who attach only little (27 per cent) or even extremely little (3 per cent) importance to reputation management within the context of their

Figure 3: *Relevance of reputation management*

business administration. Further, it is apparent that the share of those companies that attach not only high, but very high relevance to reputation management is only slightly above 10 per cent. In addition, about three-quarters of the companies surveyed do not consider reputation management to be an explicit component of their corporate strategy (Figure 3).

What is also important is the question of whether, and if need be to what extent, reputation management may be assigned high relevance, and yet is not considered to

be an explicit component of corporate strategy. In the extreme case, a constellation of this kind could be concealing a somewhat questionable understanding of reputation management. It may be taken seriously in order to, as it were, appease the public; however, specific demands which are of primary importance with regard to achieving a promising reputation are not explicitly included in concrete corporate planning. In the end, this concerns only 13 per cent of the companies surveyed. It becomes apparent however, that

more sustainable normative management is necessary in order to anchor an enduring understanding of reputation management within the corporate culture.

In view of possible branch-specific differences, a more extensive analysis of the 'relevance' and the 'explicit inclusion in corporate strategy' according to sectors shows that there are several differences in this respect (Figure 4). There was a significantly below-average reputation orientation recorded, eg above all in the trade and vehicle construction sectors. In contrast, there is a significantly above-average reputation orientation in the services sector as well as in the food industries. The trend in the results indicates that in those companies in which confidence attributes have a very high degree of importance in their marketing considerations, there is a more marked reputation orientation than in those companies in which this is not the case. Finally, it also deserves to be noted that in the camp of successful companies, the share of companies with a marked reputation orientation is 31 per cent higher

than those in partly or less successful companies.

Organizational incorporation

Beyond the degree of reputation orientation, some of the organizational emphases are interesting with regard to strategically-oriented reputation management, and they provide the opportunity for a critical examination. On the one hand, the positive thing about the responses to the question concerning responsibilities is that more than three-quarters of the companies assign reputation responsibility for the achievement of reputation objectives to top management (ie executive board, executive management) (Figure 5). These results give cause to suspect that reputation management is understood to be a primary senior responsibility in the immediate sphere of executive management, which is time and again called for in the relevant literature (Fombrun, 1996: 196; Smythe, 1992: 7; Davies *et al.*, 2002: 45).

On the other hand, it remains to inquire why the respondents did not take advantage

Figure 4: *Relevance of reputation management in various branches*

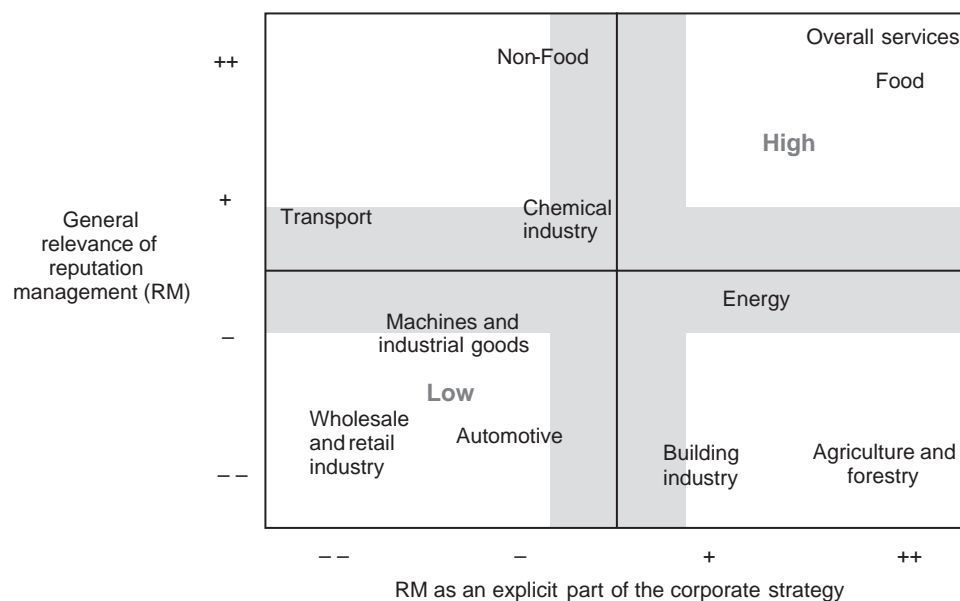
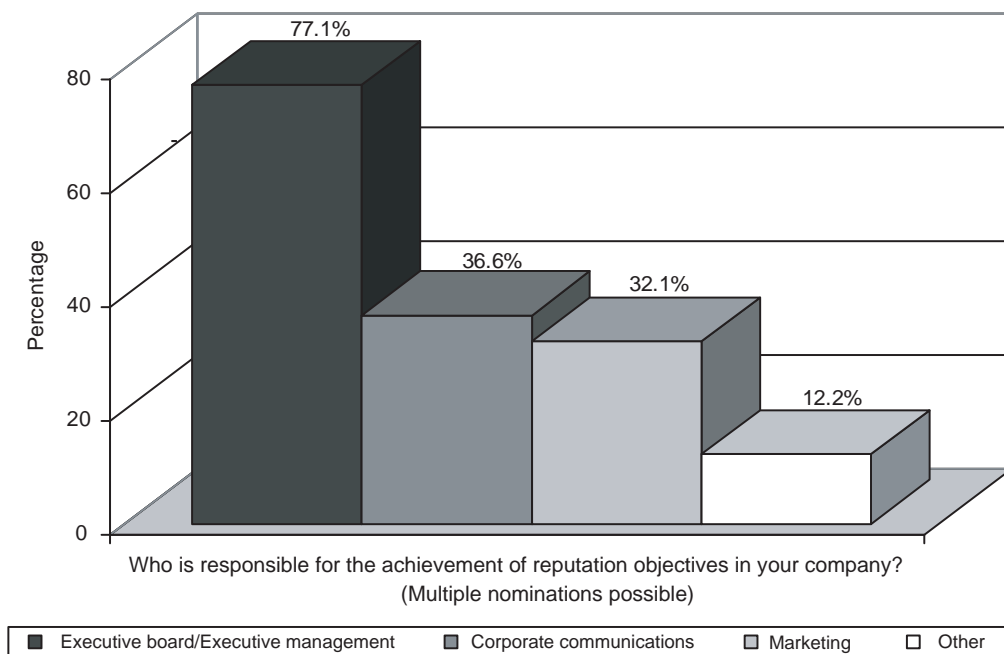


Figure 5: Responsibilities for the achievement of reputation objectives



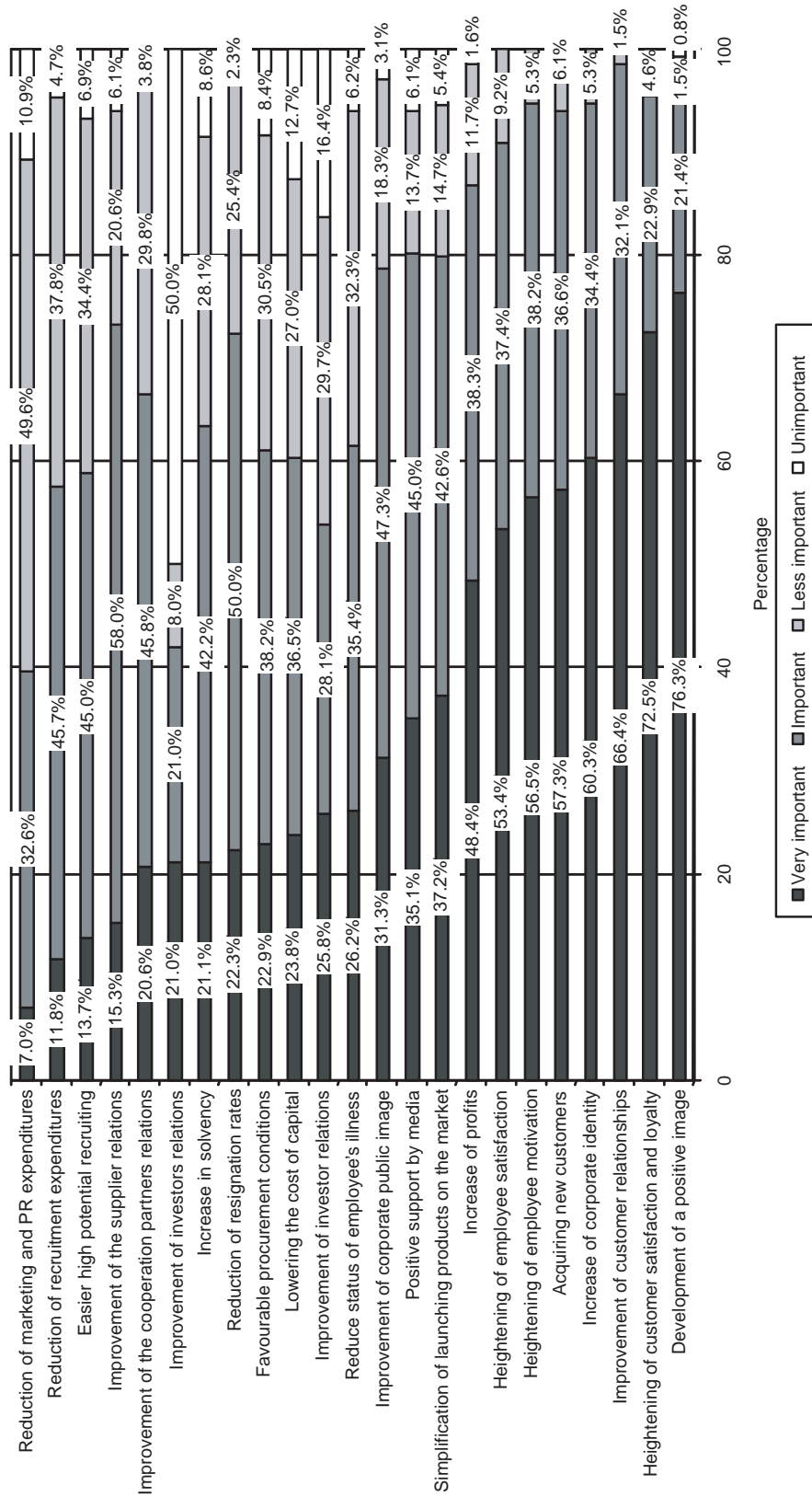
of exhausting the possibility of supplying multiple answers, which the questionnaire provided for, to a much larger extent, to explicitly indicate other potentially very important responsibility bearers apart from top management. For instance, only 36 per cent of the respondents emphasized the corporate communications department as the chief responsibility bearer, and only 32 per cent emphasized the marketing department. Other departments and positions were for the most part neglected. In the category 'other', only 12 per cent of the respondents specified other responsibility bearers. It must be stressed here that reputation management cannot and may not solely be a matter concerning top management. Rather, reputation objectives must be specifically differentiated with respect to all corporate divisions and levels, where they should be explicitly highlighted as important objectives for concrete action. If this is not successful, as a rule it will not be possible

to develop a sound reputation. The formula 'We'll look after the business, but the executive board should look after corporate reputation', cannot work, because in all dealings, corporate reputation can be put at stake again and again, or it must be regained or at least defended on a daily basis.

Reputation objectives

Within the scope of the survey of the objectives in reputation management, an examination of the relevance of various reputation objectives initially shows that there is a differentiated system of objectives (Figure 6). The primary objective of reputation management may consist of the development of a positive image; however, this is immediately followed by customer- and employee-oriented objectives as very important reputation management objectives. In the area of customer-oriented objectives, for instance, a particularly high value is placed on the heightening of custo-

Figure 6: An overview of reputation objectives



mer satisfaction and loyalty, the improvement of customer relationships, as well as the simplification of acquiring new customers. In the area of employee-related objectives, particular value is placed on the creation of a positive corporate identity and the heightening of employee satisfaction and motivation. In addition, it is remarkable that after all, nearly 50 per cent of the respondents rated the increase of corporate profit as a very important, and a further almost 40 per cent an important objective.

If one wants to accurately interpret the system of objectives that prevails in corporate practice, one may not concentrate solely on the relevance of individual objectives. In contrast, what is much more decisive is the relation the objectives have to one another. If looked at on its own, the high relevance given to profit could cause us to suspect that in practice, a longer-term orientation of reputation management loses out, and that for the individual programs of action one is somewhat rash in considering their immediate influence on profit.

Because like the profit target, the customer- and employee-related objectives mentioned above take on an even higher relevance, one can meanwhile start out from the premise that while one definitely sees the necessity for a long-term perspective, one would nevertheless like to — and in view of the current market situation in nearly all sectors ultimately must — guarantee economically-efficient action. Initial in-depth interviews with representatives from the various sectors definitely make this premise appear to be justified, although there is still a need for further research with regard to a differentiated illumination of connections of this kind. The latter also includes, for instance, the question of why of all the departments, it is the marketing department as well as departments responsible for the management of corporate culture and in particular for employee relations who, as we have seen, clearly play

a more subordinate role within the framework of organizational incorporation.

Within the context of this study, two further trends were found, that could possibly account for the problematic orientation of reputation management in corporate practice. If one looks at the hierarchy of reputation objectives presented in Figure 6, it stands out that the more concrete the objectives are, the lower the relevance of these objectives becomes within the overall hierarchy. The objective ‘simplification of launching products on the market’, for example, is only located in midfield, and the objective ‘reduction of marketing and PR expenditures’ is at the very bottom. It needs to be clarified whether and possibly to what extent such assessments reflect a tendency towards superficiality, and or whether possible relationships between professional reputation management and the realization of very concrete objectives have not been sufficiently thought through. Regardless of whether we perform a differentiated probe and are able to identify causes for each individual case, there is ultimately the danger that with the increasing pressure to further reduce costs, those areas of management whose targeted economic contribution appears somewhat too ‘fuzzy’ will be the first to be threatened with cutbacks.

A second trend is that besides customers and employees, other stakeholders very obviously play a significantly more subordinate role within the context of reputation management, and if one bears in mind that we are dealing with objectives, then they will also play the same role in future. While the general public at least still occupies a mid-position, it is primarily cooperation partners and partners in the procurement market who come off particularly badly. Both trends appear to play a part in the subordinate relevance of the objective ‘improvement of credit worthiness’. Independent of which causes play a role on an individual-case basis in view of the increas-

ing number of financial market bottlenecks, in the advent of Basel II and the like it in any case appears troublesome to underestimate the relevance of well-aimed reputation management for raising the credit worthiness perceived by the financial market partners and not to energetically realize the appropriate programs for action.

The trend recorded here in the light of the system of objectives is also clearly reflected in the answers to the question of what significance reputation has for the shaping of exchange relations with the aspirant groups composed of customers, investors, suppliers, cooperation partners, and the public (Figure 7). For 80 per cent of the respondents, a favorable corporate reputation is 'very important' for customer relations. This is followed by a wide margin by relations to the public (48.9 per cent), to investors (44.6 per cent) and to cooperation partners (42.7 per cent). Against the background of customer and supplier relations, which are becoming increasingly close, it is even more surprising that only just under 20 per cent of the respondents confer very high importance to supplier relations.

The strong focus on target groups and the particular emphasis on what are more global objectives, point towards existing deficits with regard to a sustainable understanding and a performance-based strategic orientation of reputation management. One also notices corresponding deficits if one takes a closer look at focal points in the area of reputation management implementation.

Implementation of reputation management measures

In order to investigate the relevance of individual reputation measures in corporate practice, based on literature and interviews conducted by experts, a catalogue of various reputation measures was worked out. In simplified terms, the measures can be assigned to two groups. First, those within the internal scope, and secondly, those within the external scope of corporate influence. The respondents were asked to rate the importance of these measures for their own corporate reputation management. Figures 8 and 9 provide an overview of the relevance of

Figure 7: *Significance of reputation according to external aspirant groups*

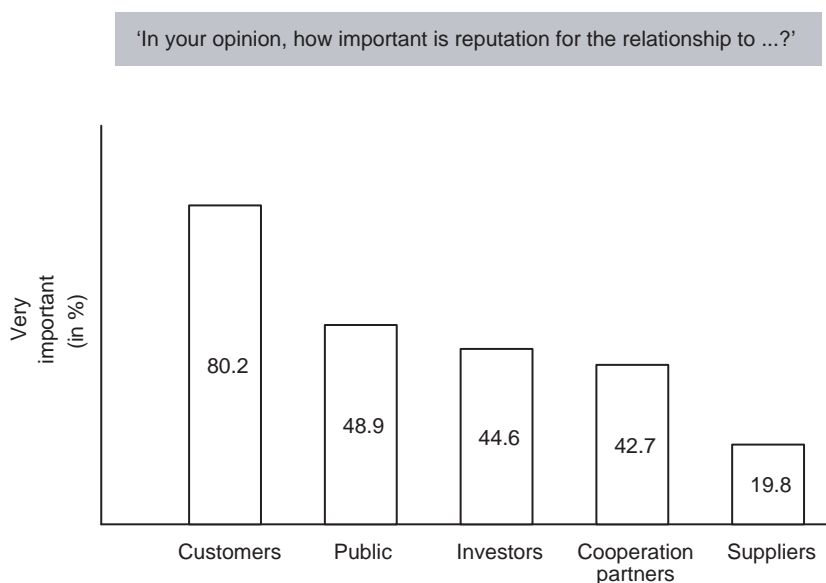


Figure 8: Relevance of internal corporate reputation measures

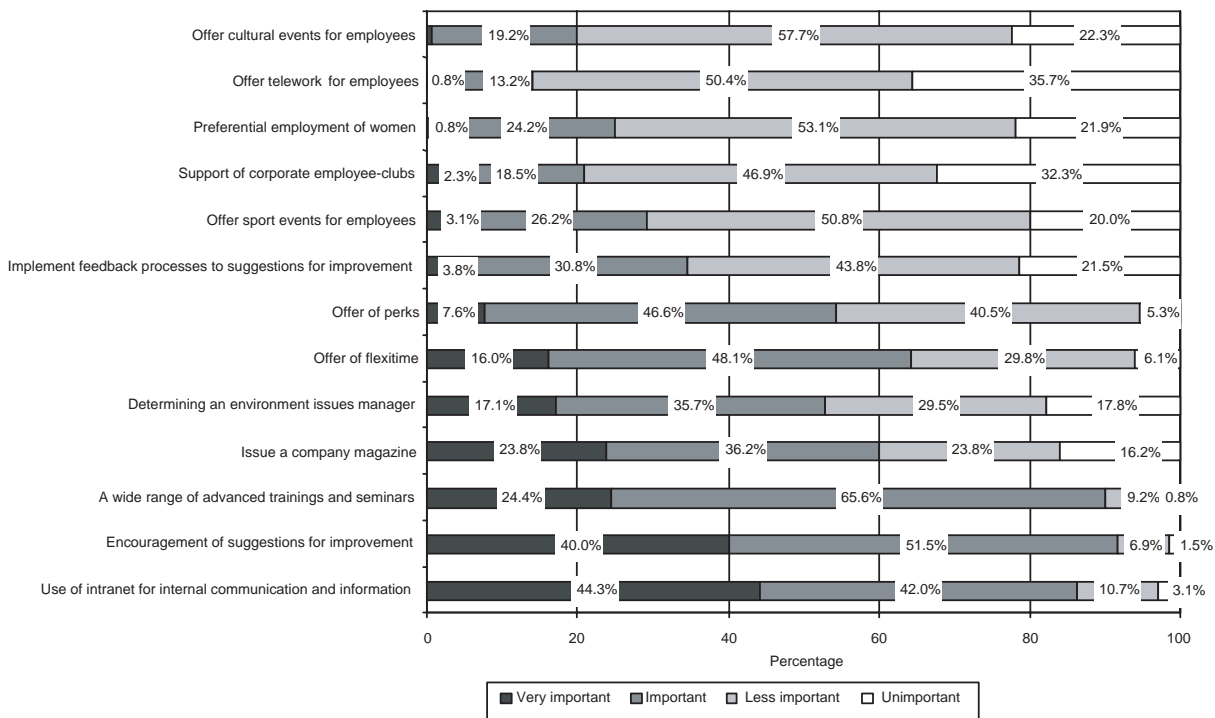
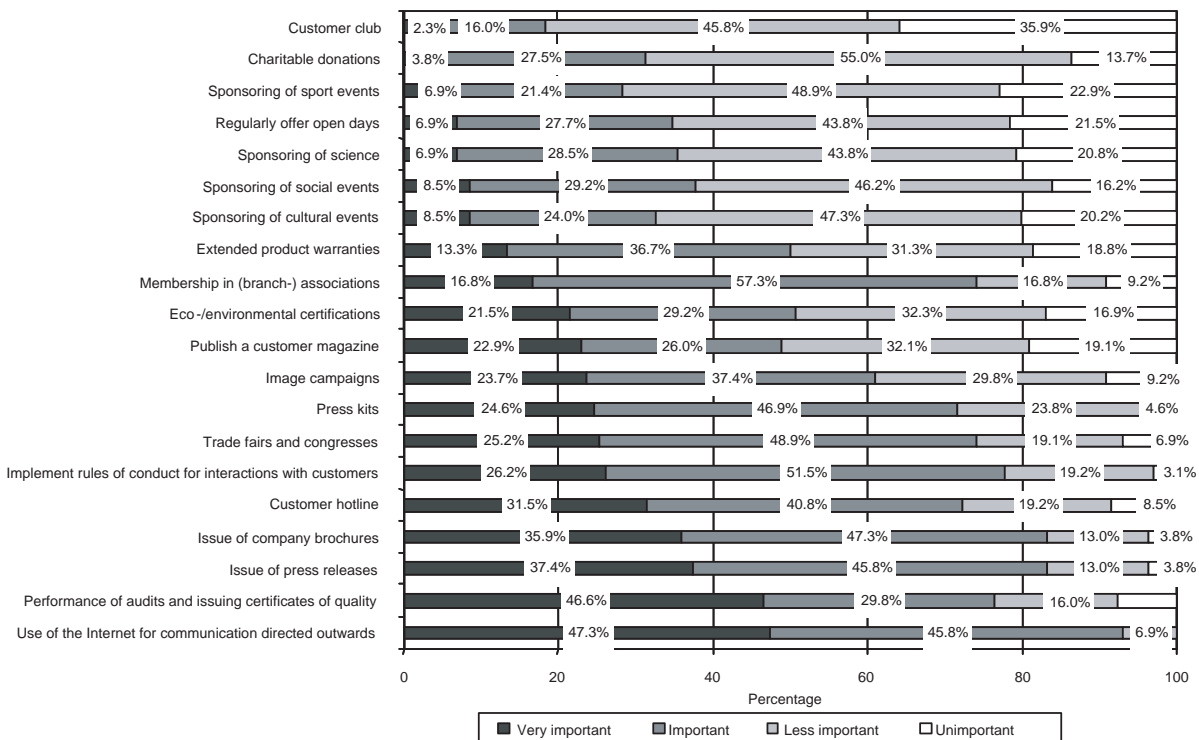


Figure 9: Relevance of external corporate reputation measures



individual measures in reputation management.

With regard to the *mix of measures* used to achieve reputation objectives, it can be established that the objectives are determined by the main groups of aspirants: the employees, the customers and the public. With reference to the employees, the focus is on measures to maintain and develop their achievement potential and on the desire to make them 'business people within the business'. At the center of these measures is the encouragement of suggestions for improvement by employees; offering training, advanced training and seminars to employees; as well as using an intranet to further internal communication and the exchange of information.

The customer-related measures are directed at creating as well as increasing customer satisfaction and loyalty and the associated positive influence they have on a company's success. In general, and particularly with regard to the public, the desire is for a communication policy that fosters the well-aimed and open flow of information. Thus it is not surprising that the respondents assessed the use of the internet and intranet as very important. Among the customer- and public-related measures, the following four were rated as the most important:

- Use of the internet for communication directed outwards
- Issue of press releases
- Issue of company brochures
- Performance of audits and issuing certificates of quality.

Within the context of reputation management, of the catalogue of instruments provided, the companies questioned consider the measures sponsoring, donations, customer clubs or open houses to be the least important measures.

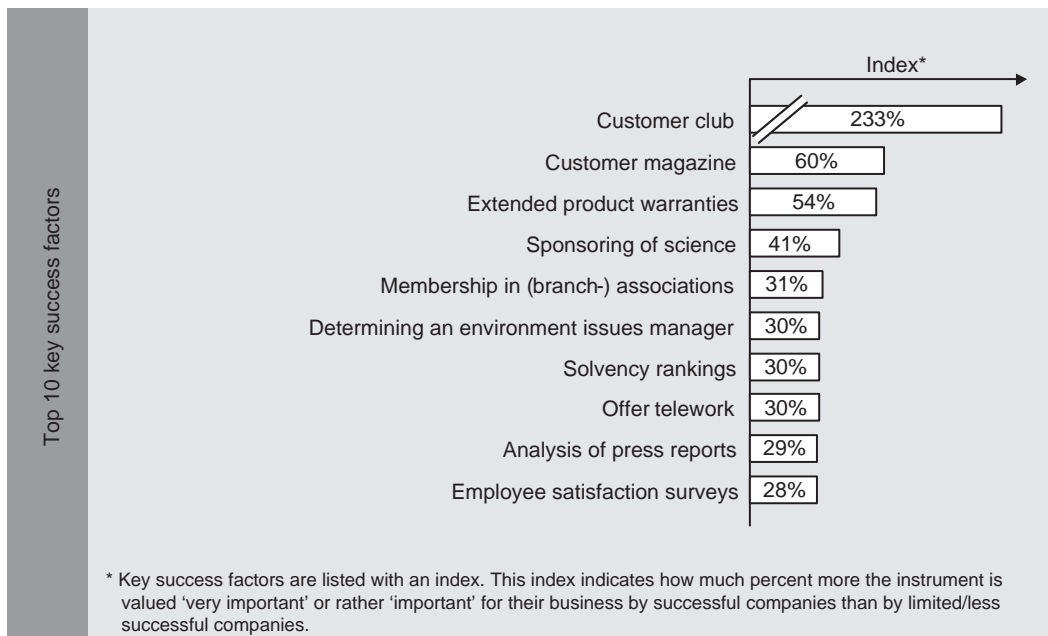
What is also interesting in the present

context is to inquire into those differences in the weighing of individual measures that exist when one differentiates between successful and less successful, or between successful and unsuccessful companies. Figure 10 provides an overview of the central evaluation differences between both groups. It is worth noting, among other things, that successful companies place much more value on maintaining customer clubs or issuing a customer magazine than do less successful companies. This may perhaps also be due to the fact that successful companies are more in a position to afford to implement the appropriate measures. Whether or to what extent those measures clearly preferred by successful companies have anything to do with possible success factors will certainly have to be investigated in more detail. This also applies, of course, to all of the additional accents on action listed in Figure 10.

Informational back-up and controlling of reputation management

Within the framework of the structuring of reputation management, it is not only important to inquire into its objectives, its integration into the organization and its measures. It is also important to ask how existing information systems can be structured and used to control reputation management, in particular to control its associated measures, and how perceived reputation can be monitored on the market and in the relevant aspirant groups with the use of suitable controlling concepts (Fombrun and Wiedmann, 2001b: 3; 2001c: 48).

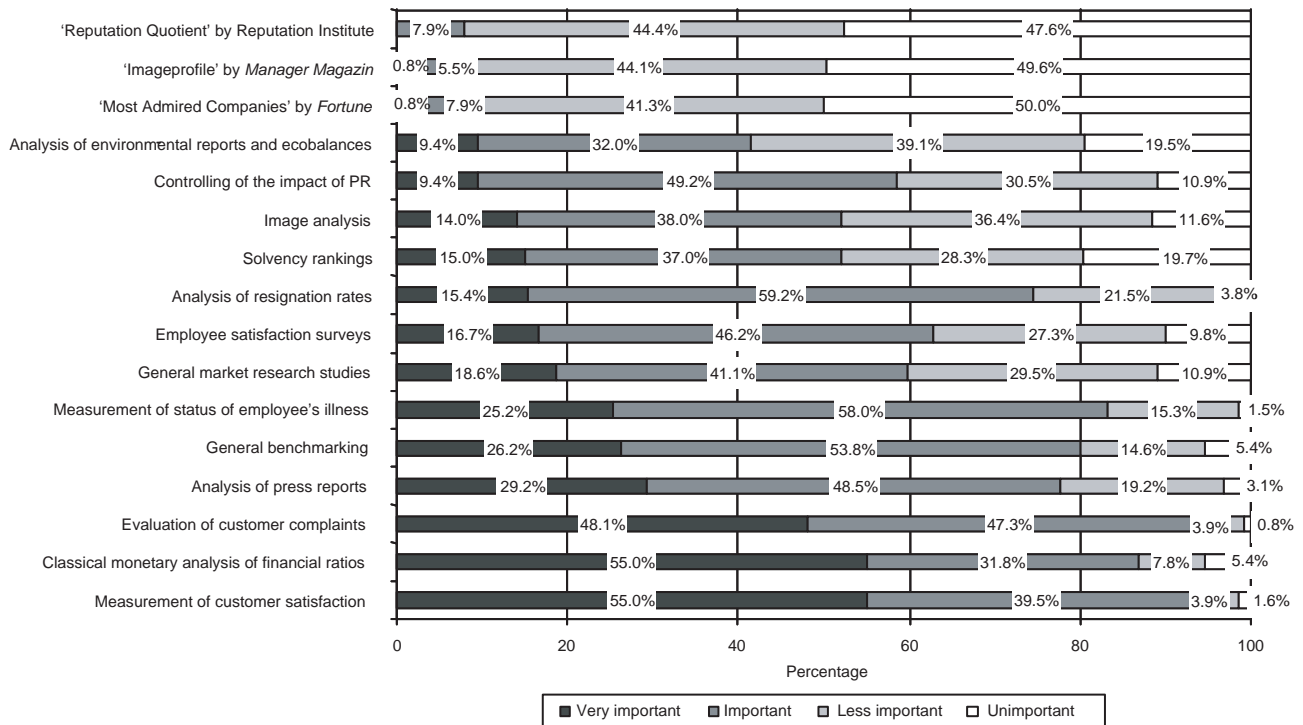
Within the scope of the informational integration and the controlling of reputation management, drawing from the literature a catalogue of various controlling approaches was developed and based on which different workshops were carried out with practitioners in order to define those approaches which are in principle

Figure 10: Success factors

important, or might be important, and should thus be included in the present survey. In the survey, the participants were then asked to rate the importance of these instruments or concepts for their own company's reputation management. Figure 11 provides an overview of the relevance of individual controlling instruments in reputation management.

An initial analysis of the controlling instruments shows that it is primarily the customer who is the focus of corporate reputation controlling and that as a result, measures such as the measurement of customer satisfaction and the evaluation of customer complaints were considered most important. As indicators for the determination of corporate reputation, the classical monetary analysis of financial ratios and the analysis of press reports about the company have an equally high relevance. Overall, the use of instruments, which allow carrying out internal, employee-related reputation controlling, are considered to be of average importance.

In the course of the critical appreciation of the points of emphasis outlined above, it certainly becomes obvious that despite the outstanding relevance of the objective of developing a positive corporate image (see Figure 6), in the sector of controlling instruments the performance of image analyses plays a significantly more subordinate role (see Figure 11). This may possibly have something to do with the fact that the informational value of a professional image analysis is clearly underestimated, perhaps because the analysis concepts employed by companies to date do not go far enough, and so one relies on other concepts (such as, customer satisfaction analysis), which appear to be much more illuminating with regard to planning measures for the promotion of corporate image. What is also worth commenting on in this context is the extremely low relevance taken up by standardized image analyses as regularly carried out and published by individual media (for example, the 'Image Profile' by the German periodical

Figure 11: Relevance of individual controlling instruments in reputation management

Manager Magazin or the 'Most Important Companies' by *Fortune*).

Incidentally, the suspicion of a preference for 'solid' approaches is confirmed by the in-depth discussions held with the individual company representatives, in which the desire for well-founded solutions was also cited as a primary reason for placing emphasis on the different fields of action in reputation management. This also applies to the clearly discernible focus on customer- and employee-related measures, which does not rule out measures directed towards the public — above all, towards the press — which the respondents indicated as simply belonging to reputation management.

A concentration on well-founded solutions or on 'robust steps' may also be seen as a useful strategic direction of impact. It is urgent however, that the orientation of effective reputation management in corpo-

rate practice be critically examined with regard to several points. In the area of information, for example, it can be established that hardly any of the strongly-weighted controlling instruments are oriented towards the key notion of early detection, but that they are first applied when negative effects on corporate reputation are already feared. In line with this, it must once again be established that there is obviously a marked perspective of risk avoidance in corporate practice. Within the context of the workshops for determining practice-relevant reputation management controlling instruments, no mention at all was made of instruments which could help with the timely identification of relevant opportunities — and above all, of concrete links — for proactive reputation management.

It can be considered positive that the rating for the importance of bench-

marking analyses was relatively high. An appropriate benchmarking analysis definitely allows the timely recognition of relevant deficits. In the process it is important however, that meaningful reputation studies are available, which are also capable of demonstrating an adequate demand on reputation management. As a result of the criticism of existing concepts of standardized reputation analysis (for example, the 'Image Profile' by the German periodical *Manager Magazin* or the 'Most Important Companies' by *Fortune*), which were obviously classified as not very helpful in corporate practice, a comprehensive study program for the recording of the reputation quotient (RQ) (Gardberg and Fombrun, 2002; van Riel and Fombrun, 2002; Fombrun and van Riel, 2004) was launched throughout the global network of the Reputation Institute, which will be implemented in Germany based on the RQ 2004 study in Germany. Maybe this will help to change the opinions towards standardized measures of corporate reputation, which are important to establish a valid controlling system using benchmarks.

CONCLUSION AND OUTLOOK

Overall, the research results presented here on the state and the implementation of corporate reputation management in Germany show that for the structuring of relations to the relevant aspirant groups, in corporate practice, high relevance is attached to corporate reputation. Reputation management itself is primarily regarded as an instrument for exercising influence on relations to both customers and the public, which is clearly reflected in the evaluation of the corporate objectives and the reputation measures. With regard to organizational incorporation, it can be noted that reputation management is considered to be a senior responsibility and considerable significance is at least in part assigned to marketing and corporate com-

munications. Other areas however, play a subordinate role to no role at all.

The following can be said based on clues that can be assumed from the research results about an optimization of reputation management in corporate practice:

Because corporate reputation can be viewed as the respect for a company that results out of all perceptions and assessments by customers, suppliers, investors, employees, and the public with regard to the performance, products, services, persons, etc associated with a company, an essentially customer-oriented approach is insufficient. Rather, it is recommended to develop an integrated reputation management concept, which takes all of the relevant aspirant groups of a company into account and has specific programs of action in place for each of them. Approaches for the development of special investor relations departments, which work hand in hand with the classic marketing departments and which have recently been installed in many successful companies, are one of the many forms of implementing integrated reputation management that helps to be able to exploit unused reputation potential in cross-customer aspirant groups.

Based on the knowledge that for all of the relevant aspirant groups associated with a company, reputation manifests as the result of the external image of all corporate divisions, thus from purchasing and manufacturing all the way to human resources, etc., it must also be emphasized that besides top management and marketing or corporate communications, up to now the consistent incorporation of reputation objectives into all of the other corporate divisions, who are ultimately also responsible for the reputation result, has only taken place to an insufficient degree. Reputation management however, does not need and should not solely be the responsibility of top management and marketing. Rather, reputation objectives have to be

differentiated and assigned to all corporate divisions, where they should be explicitly defined as goals and objectives for concrete action. Thus for a mobilization of reputation potential, a stronger organizational incorporation is recommended, which can be achieved through the inclusion of reputation objectives in the systems of objectives relevant for evaluation and through controlling performed by so-called reputation monitors.

Finally, with regard to reputation objectives, 'hard', superordinate objectives, such as raising corporate profits, are still rated by 48.4 per cent of the respondents as very important, while only 23.8 per cent gave the same rating to lowering the cost of capital. This indicates that only a small number of companies have a differentiated, concrete system of objectives for reputation management as such, or only a limited integration of corporate reputation into the overall system of corporate objectives. With regard to a yield-oriented exhaustion of reputation potential, reputation should not be understood as a mere decorative accessory. Rather, reputation objectives should be much more accurately defined from the point of view of control and more strongly differentiated with regard to all corporate activities. In this connection, the integration of concrete reputation objectives into the control system, for example within the framework of the development of balanced scorecards, can be considered useful and is absolutely necessary for the targeted mobilization of the corporate divisions affected by their implementation.

With a view towards the future, it can be established that against the background of the increasing homogenization of products, etc reputation management will more firmly advance to become the outstanding competitive edge in customer management. Thus the timely development of intelligent reputation management

concepts is *de facto* one of the main tasks future-oriented companies will be required to deal with. The results presented here provide first clues as to where potentials for optimization might be suspected.

In the area of future research, researchers will of course have to go for a deeper analysis of the present data with the help of more sophisticated methods to identify relevant relations between the different levels of reputation management (normative, strategic, and operative). Revealing might be the identification of different clusters reputation management approaches in corporate practice. After all, this experience should lead to a more elaborated study design which could be used for a second wave of data collection and analyses; hopefully not only in Germany, but also in other countries, together different partners within the network of the Reputation Institute.

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