

**CORPORATE COMMUNICATIONS WITH A CORPORATE FOUNDATION:  
ANOTHER OPTION FOR REPUTATION MANAGEMENT**

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## **SUMMARY**

A Corporate Foundation offers good opportunities to foster the reputation of the founder's company. More and more companies use this chance. But the topic is neglected by the research and literature. Therefore this paper provides insights into communication with a Corporate Foundation as well as the state of research. It is argued that future research concerning this option for reputation management should focus on (1) the good deeds done by all actors, (2) the communication measures of the actors, (3) the "multi-step-flow of communication", and (4) the direct and indirect effects of these complex behaviours on the image of the founder's company.

**Keywords:** corporate communication, corporate foundation, corporate social responsibility, public marketing, reputation management

## **INTRODUCTION**

In 1521, Augsburg's successful mercantile dynasty established a foundation called the "Augsburger Fuggerei" to do something good for their town by creating homes for poor families. This occurred on the eve of the reformation, during which the Fuggers were also subject to a discussion on monopolies, profiteering and interest (Burens 1987, Marquardt 2001). In the case of the successful American entrepreneurs, who brought their foundations into being towards the end of the industrial revolution, e.g. Ford, Carnegie and Rockefeller, it was more probably pride of the achievements. The desire to contribute towards the development of the economy and society was to the fore for German companies which established their foundation after the Second World War, e.g. Körber, Krupp, and Reemtsma. The realm of corporate foundations was given an additional boost after the critical discussions on the social responsibility of the capital and entrepreneur in the 60s and 70s. Foundations from the period following, as well as the 80s and 90s, include the Body Shop Foundation in Great Britain, Elf Aquitaine's "Fondation Elf" in France, the Olivetti Foundation in Italy, the Canon Foundation Europe in the Netherlands and the Deutsche Bank Foundation in Germany.

The overall positive development of the corporate foundation in many western countries is evident in the statistics of the American Foundation Center, the European Foundation Center and the Bundesverband Deutscher Stiftungen.

An entrepreneur or company's motives for founding a non-profit foundation vary: pride, demonstration of success, tax savings, inheritance arrangements, continuity of the name and contributing to the general good, i.e. the realization of social responsibility. Often, it is more a combination of such motives. However, irrespective of what a company or entrepreneur was aiming to achieve with the foundation, the establishment of a non-profit foundation corresponds to the demand for Corporate Social Responsibility (CSR). The CF is therefore an instrument which can be used to promote one's own reputation and that of the company. Consequently, we will examine this option for the reputation management of a company more closely in this paper.

Despite the increasing significance of the Corporate Foundation as an instrument of reputation management, it has largely been ignored in the literature (e.g. see Haywood 1991, Grunig 1992, Cutlip & Center 2006, and L'Etang & Pieczka 2006). There are three main reasons for this: firstly, the authors' preference for classic PR measures (mainly PR communication measures); secondly, the fact that Corporate Foundations serve many purposes and subsequently are not always categorized under reputation management; finally, the fear in corporate practice that the founder's good deed could detract from "the finery of the act" if it is regarded as a "PR instrument". As plausible as these reasons may be, they cannot discourage addressing the question as to whether and in what way the Corporate Foundation can contribute towards promoting the reputation of the company. Reputation depends on the actor's good deeds and communicating them. Let us now examine both of them more closely.

### **THE ACTORS' GOOD DEEDS**

The classic dictum of successful PR work is to "do good and talk about it" (Cutlip & Center 2006, Grunig & Hunt 1984). This demand is easy to agree with, especially as a good deed not only convinces per se but can also be communicated. However, this also raises the question as to whether it would be wiser to have others discuss your actions, particularly as the opinion of a third party is more convincing than self-praise. Upon examining the CF, another maxim springs to mind: "let someone else do good". In all of these guiding principles, the good deed

has a central significance. Consequently, we first want to address the good deed associated with a CF. Closer consideration soon reveals that it is not only a question of an action but rather several deeds from different actors.

### **The Founder's Good Deeds**

In the establishment phase of the CF, the founder, be it a company or an entrepreneur, can do several good deeds besides the provision of foundation capital. He determines the purpose of the foundation and thus dictates what good the CF should do. Furthermore, the founder can define the organizational structure of the CF. He decides on the management committee, the control committee and the advisory board and its manning. He may also assume all expenses and administrative work associated with entering the foundation in the foundation register.

After the establishment phase, the founder can continue to do good deeds: continuing financial applications, e.g. donations to concrete development projects; the detachment of executives and administrative staff, as well as other voluntary workers, for the occupation of administrative bodies in the foundation and cooperation on development projects; or material aid such as the allocation of rooms and office equipment.

### **The Good Deeds of the Foundation and its Partners**

The possible activities of the foundation and its partners are equally as varied. However, the orientation around the designated purpose of the foundation and the permanent concentration of the benefit work are characteristic. Foundation work can be divided into two forms (Strachwitz 1994, Seifart & von Campenhausen 1999): on the one hand, the activities of an operative foundation which initiates and implements non-profit work itself or operates establishments like educational institutions, nursing homes and kindergartens as an institutional foundation in itself; on the other hand, the activities of a support foundation which supports projects, institutions, social circles or people without implementing any projects of their own. For example, a foundation which is supposed to promote art and culture can collect art works itself and keep its own art gallery as an operative foundation or support the theatre, advertise literary prizes, provide ateliers for young artists as a support foundation (cf. Hermanns & Drees 1987, Hermsen 1997).

Should a foundation want to realize a support project which exceeds its possibilities, it clearly needs to seek cooperative partners. In such cases, it is a question of soliciting other institutions for the common good deed. The Deutsche Bank's foundation "Hilfe zur Selbsthilfe" ("Helping people to help themselves") serves as a prime example of such collaboration with a project from 1997 "Mehr Ausbildungsplätze – jetzt!" ("More trainee jobs – now!"). This initiative was designed to redress the striking lack of trainee jobs and offer fresh hope to numerous graduates unable to find a job. 181 labor exchanges, 60 chambers of trade, 90 chambers of industry and commerce and 138 chambers for the liberal professions became cooperative partners.

### **The Beneficiaries' Good Deeds**

Many of a CF's support activities require the cooperation of the institutions and beneficiaries. This particularly applies to the activities of a support foundation. Awarding prizes presumes worthy achievements whose reward can spur such accomplishments. Sponsored cultural institutions and artists – musicians, actors, artists etc. – contribute through their cooperation. The creation of trainee jobs necessitates the cooperation of the trainers. Support activities can also initiate good deeds on the part of the beneficiaries in the case of operative foundations, for example the willingness of those sponsored to assume non-profit responsibilities afterwards.

### **The Sequence of the Good Deeds**

For the **foundation phase**, we can assume that the founder's act is initially to the fore as a first step, followed by the statutory work of the foundation and the cooperation of the sponsored party in a second step. For the **period after the foundation phase**, the sequence of good deeds should prove more varied. Support programs can shift their emphases. Potentially, an increasing number of cooperation and media partners could supervene. It is also conceivable that donations from a third party will ensue and at some point even endowment contributions from the founder or other institutions. This is reminiscent of the generous 32.5 million-dollar endowment contribution to the Bill & Melinda Gates Foundation from entrepreneur Warren Buffet in 2006, which doubled the capital of this well-known and by far the biggest corporate foundation. The willingness of a third party to make some form of contribution, e.g. as a media partner, grows with the success and reputation of the CF. The

increase in funds, not to mention experience and contacts, can ultimately lead to a CF offering increasingly ambitious support programs in the course of time.

## **THE COMMUNICATIVE MEASURES OF THE ACTORS**

Good deeds performed in the context of a CF speak for themselves and thus also function where no communicative measures are taken (see the relevance of source credibility, e.g. Alexander 2006 pp- 13-18). Direct contact with such deeds can primarily be expected in the beneficiary institutions, social circles and individuals but also in the management and employees of the founders, as well as the CF and its cooperative partners. In the case of beneficiary establishments, this can also apply to the visitors if the name of the establishment is indicative of a CF, e.g. the art gallery of the Hypo-Foundation in Munich (Silberer et al. 2000). Direct contact with the good deed may well be limited to a few people but cannot be underestimated in terms of its quality. The concrete deed and its visible utility potential have the advantage of being authentic and ostensive and are more likely to encounter interest.

### **The Personal Communication of the Good Deeds**

The communication of good deeds on the part of anyone who was able to learn about them by way of a direct observation of these deeds is supervened by the personal communication of good deeds by people who found out about them through media. This communication can work as word-of-mouth advertising but can also transport critical opinions (Buttle 1998, Alexander 2006) . In addition to the private communication, e.g. between employees and their friends and relatives, the professional communication between people also has to be considered. For example, the Deutsche Bank employs foundation agents at its main agencies who provide information on their foundation (Marquardt 2001 p. 61).

### **The Medial Communication of the Good Deeds through the Actors**

The founder company's communication work already begins in the establishment phase. However, instruments of PR communication are also used afterwards: those of paid communication, e.g. advertisements, and those of free communication, e.g. press work and web page indications. If the foundation's purpose is to the fore at the beginning, later it is the support programs and projects, as well as their success. The founder can relieve or

supplement the foundation's communication work with his communicative measures. Sometimes, the foundation's PR communication is also assumed entirely by the founder.

Individual, self-determined PR communication on the part of the CF can primarily be found in well-equipped, larger foundations. A pilot study on PR communication in 84 large foundations in Germany with a capital of at least 10 million euros revealed that primarily classic instruments are used. Of these foundations, 88% reported the issuance of press reports, 66% the production of their own media, 63% relationship management and 50% press conferences. The Internet, organization of seminars and conferences and exhibitions were also denoted (Marquardt & Blank 1999). In the meantime, the Internet has admittedly become more significant.

CFs can strive for considerable relief and increase in the scope via media partners. This is primarily successful if the individual media estimate the interest of their target groups as high and if it suits the medium to support non-profit activities. The cooperation of the public-illustrated "Stern" and the TV channel "Mitteldeutscher Rundfunk (MDR)" is a prime example of the media partnership in the Deutsche Bank Foundation's support project "Mehr Arbeitsplätze – jetzt!" With a view to sharpening one's own profile, potential media partners can insist on being fed the important information in advance.

The foundation and founder's communication work is often coordinated. This applies in a formal respect if, for example, identical elements of the corporate design, such as logos, typographies, colors and symbols, are used. As far as the content of the communication is concerned, coordination means that the contents and the purport match to enable the right associations to be initiated, especially the correct assignment of founder and foundation. A favorable precondition for such coordination can be guaranteed through the cooperation of the founder company's executives and specialists on the foundation's board and advisory committee.

This still leaves the communicative measures on the part of the beneficiaries. A beneficiary institution will not only be glad about the accrual of funds but will also seize the opportunity to communicate this recognition both inwardly and outwardly. This can also be the case in supporting individual people, e.g. an award in recognition of individuals' excellent

achievements, if they are bound to an institution and this institution sees welcome recognition and an opportunity for distinction in honoring its member.

To sum up: Communicative measures taken by all actors involved in a CF are complex and more or less coordinated. The sequence of the different communication measures and the interplay of medial and personal communication implies a different step flow of communication (Rogers 1962, Engel et al. 1969, Myers & Robertson 1972). This has to be taken into account when reputation-related effects of a CF have to be assessed.

In the case of “**one-step flow**”, the communication reaches the target group without any intermediate steps. This would be the case, for example, if interested parties visit a CF’s home page or if foundation employees can personally communicate their work or find something out about the CF. As for the “**two-step flow**”, the communication is transported via a mediator and possibly also commented by the latter. Examples: the CF reaches interested journalists via its web page (e.g. press releases displayed there); the journalists then write reports and comments which are in turn published in their media; or a prize winner who has been distinguished by a CF receives the important news and passes it on to the media, which in turn take up the award and announce it. A “**multi-flow step**” refers to a communication that goes through three or more steps. This is just as conceivable in the media sector as in personal communication. In the media sector, the communication cascade could appear as follows: release of a communication on the foundation’s web page and the founder’s web page, which is then taken up by specialist magazines and national newspapers, but eventually also by regional publications and free papers which use the national newspapers as sources. In the personal communication field, the following cascade would be conceivable: employee information by the management in the CF and founding company, spread amongst the staff who, in turn, talk about it to their friends and relatives.

## THE EFFECTS OF THE GOOD DEEDS AND THEIR COMMUNICATION

The analysis of the effects of CF faces considerable challenges. These arise from the complexity of the **system of good deeds** and their communication on the one hand and the **vast number of possible effects** on the other. As the analysis of the CF system has shown, it is a matter of an event with several actors and more or less a large number of good deeds and



various publication activities. Furthermore, different sequences in both the support sector and publishing can be assumed. The scope is not any less complex. Good deeds can come up against resonance without medial intervention. Their publication provides coverage and awareness effects. Positive and negative comments by journalists and in the private communication of the employees involved add to this. The founder's image can rub off onto that of the foundation and vice versa (image transfer). And who perceives and evaluates what and how depends upon the interest and involvement of the addressees. This interest can be distinctive in varying degrees – both in the employee sector and the public. The possibility that very different effects unfold (effect categories) adds to this. The complex effect occurrence is neglected the most in articles on the subject of CFs. (Research concerning the impact of SCR in general is also very rare, see Wagner 2001, Schrader et al. 2005, Baker 2006, Bassen et al. 2006; the study of Dean (2004) deals with the impact of cause-related marketing compared to an unconditional donation). At best, possible effects are listed briefly and outlined under the cue “functions of a CF”. These listings of CF functions include effects like contact, information, image, promotion, continuity, stabilization, and tax saving (Zankl 1975, Marquardt 2001). The image function is essential for the suitability of a CF as an instrument of reputation management (cf. Merbold 1989). However, the information and motivation function can also help to promote the company's reputation.

### **Awareness and Knowledge Effects**

The awareness of a CF and its founder arises through contacts with the good deeds and the reports on them. In light of the vast number of CFs, not all can and want to strive for maximum awareness. High awareness can nevertheless be achieved if a foundation and its support program are not only widely communicated but also encounter wide interest. Awareness in limited publications or segments often arises from the concentration of the work and its communication on highly specific themes or regions. For example, a thematic and at the same time regional reference is provided where a brewery's foundation commits itself to particular groundwater areas and wetland biotopes (e.g. Alpirsbacher Klosterbräu). However, even very limited support intentions do not exclude wide public interest and a lot of feedback. For example, this is the case where potential up-and-coming journalists are supported and their articles appear in widely read newspapers with corresponding beneficiary references, e.g. in the project of the Frankfurter Allgemeine Zeitung (FAZ) “Jugend schreibt” (“The youth writes”).

Reputation not only signifies that someone knows a foundation and the founder but also stands for some ideas or more detailed knowledge. The precise knowledge, which can most likely be established in highly involved and particularly interested people (e.g. voluntary workers and the circle of the beneficiaries), includes knowledge of the support program, the support volumes, the foundation capital, the support on the part of the founder and the cooperative partners and, finally, also knowledge of success, i.e. the foundation's contribution to the common welfare. The web pages of the founders generally provide very precise information on this, although they require active invocation and therefore an interested, active user. As positive as detailed knowledge may be, it is not essential to advertising the foundation and founder and promoting one's own reputation.

### **Image Effects**

The image of a non-profit foundation is principally positive, as is that of the people and institutions that bring such foundations into being. This explains itself primarily from the "*non-profit bonus*" (Oehrens 1996) and the persuasiveness of a good deed or the "*ethic of acting*" (Silberer 1991). A CF's reputation is also likely to be positive, which an initial study with students from different subjects reveals (Marquardt 2001). Maybe the counter intuitive also operates here, namely in the case of anyone who only thinks a company is capable of egotism (this may trigger so-called "contrast effects", Dean 2004 p. 93f). The CF's opponents are likely to regard it as nothing more than a cleverly disguised form of profiteering (an attribution of motivations or intentions, described by Dean 2004 p. 92f concerning donations). In any case, the image effects of a CF do not only depend upon a good cause and a good deed but also the basic public conviction and the attribution of the founder's motives or intentions (see also Budd (1995 p. 13) concerning the tendency to prefer messages which support the own point).

References to the image effect of a CF mostly concentrate on the image transfer, i.e. the rubbing off of a non-profit foundation's good image onto that of the founder or company (see the results concerning attitude effects and image transfer caused by sponsoring; Gwinner 1997, Gwinner & Eaton 1999, Meenaghan 2001, Cornwell et al. 2006, Ruth & Simonin 2006, Simmons & Becker-Olson 2006). In this regard, it is noteworthy that a foundation's

good deed can directly benefit the image of the founder so that it no longer requires an image transfer. Nevertheless, we can assume that the founder's reputation can and will improve with the foundation's reputation. Incidentally, it cannot be excluded that a founder's good reputation can rub off on the status of his foundation. An image transfer requires that the actors and their deeds be linked with the public's range of perception.

The size of the number of skeptics, who regard the CF as less of a good deed and more of a clever form of reputation management, cannot be assessed for lack of specific studies. In light of the increasing use of the CF, not only can we expect the number of supporters to increase but also that of the skeptics. Skepticism above all can trigger abuse of the foundation's idea. Platthaus (2007) refers to a case in this context in which a young, unknown attorney wanted to establish a foundation for young victims of crime with the help of his advisor and name it after a convicted child murderer, knowing full well that this would cause a controversy in the media and bring him a lot of publicity. The foundation supervisory board banned the project because of its name but is no longer able to prohibit such a foundation under a different name in which a child murderer assumes an official function. The foundation advisor Brömmeling (2007) justly claims that this is "the worst thing that has happened to the foundation system in the last twenty years".

An increase in information on CFs could also cater for an increase in skeptics in which, besides the foundation's purpose and capital, the founder's approach in the generation of the foundation capital and the foundation's approach in investing this capital arise. If the moral of the good deed whilst donating is different to that during the investment of foundation capital, this will not only prove the skeptics right but also bring new skeptics onto the scene. None other than the world's largest CF, the Bill & Melinda Gates Foundation, recently triggered a discussion on the "double morals" of founders and foundations. Several reports mention indications of contradictions between the moral in the case of aid programs and that in the investment of foundation capital. Müller-Jung (2007) also bemoans the reluctance of the Gates Foundation to answer critical questions on the Internet.

### **Motivation Effects**

Image effects also often trigger motivation effects. In the case of a CF, such effects could consist in that fact that media partners can be attracted more easily, that calls to make

donations are more successful, and more voluntary helpers are coming forward, the willingness for favorable word-of-mouth advertising is increasing and – last but not least – the willingness for coverage in the media is also improving. Motivation effects, which would benefit the beneficiary undertaking, would also promote the employees' work motivation and their identification with the company but also positive reactions of the customers and suppliers. This includes the increased willingness of young staff to apply to a company for a job and the willingness of potential customers to accept the company's services.

### **Sequence of Effects**

From a classical point of view, the communication theory dominates the subsequent sequence of awareness, attitude, motivation and behavioural effects. In a CF context, this can mean the following: initially, contact with the CF or founder, followed by the procurement of information concerning their objectives, activities and successes, as well as the development of attitudes, judgments or opinions, then the development of cooperativeness and finally the active contribution. This hierarchy of effects, however, only applies where there is a **high level of interest** from the outset or where such an interest was aroused extremely quickly (more details concerning the hierarchy of effects: Krugman 1965, Ray 1973, Solomon et al. 2006, and more details concerning information processing at different involvement levels see: Petty et al. 1983, Bitner & Obermiller 1985).

In the case of a **low level of interest**, there is a very different "hierarchy of effects" – if any effects can be registered at all. Favorable conditions or even coincidences can lead to someone only hearing about a CF or coming into contact with their services in passing. The latter would be the case, for example, where a passer-by visits the CF's museum to "pass" the time and notices the name of the museum corresponding to that of the CF and the founding company. In such and similar cases, the sequence of effects begins with the behaviour, continues with a (peripheral) perception, if necessary also with the development of an attitude, and at best the arousal of interest. It follows from the fact that the hierarchy of the effects can differ greatly and that the causal potential of a CF cannot be determined too hastily and solely on the basis of pre-determined degrees of awareness and previously existing interests.

## Selected Causalities

As far as the complex occurrence of effects in reputation management via CFs is concerned, only a handful – in addition to the involvement effect (see above) - of causalities could be singled out here.

(1) Initially, we have to consider the effect of **an active action's plausibility** (ethics of the deed), the ethics of an **altruistic attitude** and the **clear, highly effective commitment** (Silberer 1991). These effectual advantages do not only spring from the founder's good deed but also from the activities of the CF. Statements accompanied by good deeds are superior in their communication effect to any advertising message lacking a similar background and ethics of the deed. In the case of the minor involvement of the public, the word "foundation" alone can trigger positive associations.

(2) In addition, the fact that the communicators often do not only talk about their own things works (Boster et al. 2001): consider the reference of a company to its foundation's good deeds or the reports of independent media, which readily take up the good deeds of foundations in case of doubt. The **effect of altruism** is bound to stand the efficacy of a CF in good stead in public.

(3) Another important causality lies in the fact that the **image transfer** (Schrader et al. 2005) from the founder and his company to the CF and vice versa is facilitated if the names contain identical elements (e.g. Bertelsmann AG and Bertelsmann Foundation). A similar effect can be achieved with identical elements in the corporate design, e.g. similar company logos and identical colors. In such cases, it comes down to association learning, in which the pronounced involvement of the addressee is not necessary.

The application of these mechanisms, however, also implies that the image can suffer considerably if the CF idea is abused. This, for example, would be the case if the activities presented as good deeds have not taken place or if they do not represent good deeds at all. The same applies if the good deed is supposed to distract the attention from other deeds in the traditional business area which are not so good or if the expenditure for altruistic support only constitutes a small part of what is produced somewhere else with quite different ethics.

However, such cases, which ultimately damage the image, require corresponding evidence that the public will believe to be true.

## **THE STATE OF THE RESEARCH**

In light of the system outlined above, this raises the question as to what has developed into the subject of a purposeful empirical study from this. To our knowledge, only three studies on partial aspects of the CF exist as yet: the survey study by Jens Marquardt (2001), the management interviewing conducted by Westhues & Einwiller (2006) and the web page analysis by Anna-Lena Schulz (2007).

In the fall of 1999, Marquardt asked 300 students from five subject areas (law, economics, social science, biology and medicine) at the University of Göttingen questions on three variations of CSR, namely donations, sponsoring and establishing a CF. The attitude towards the CSR via CFs was very positive as 90% of the respondents made positive comments (Marquardt 2001 p. 168). However, knowledge of the CF issue was very limited: only half of the respondents displayed any noteworthy knowledge of CFs (p. 167). The plausibility of a CSR via CFs was also confirmed. Furthermore, the study showed that students familiar with CFs rate the commitment considerably higher than students without the appropriate knowledge (p. 176). Consequently, not only can knowledge of the CF phenomenon be expected to increase with the proximity to them; the assessment of the CFs also becomes more positive. This does not only speak for positive attitudes on the part of the actors and their employees but also the fact that their evaluation improves with a successful communication of the CSR via CFs and the chance of a successful reputation management via CFs increases.

Westhues & Einwiller (2006) interviewed the management of five German CF and of four founding corporations to find out the links between the foundation and the corporation. Their findings show that the strongest links between the foundation and the corporation are established by the board of trustees and the advisory council. Information about the foundations' activities was said to be made available to employees via print and online media in all cases (p. 147f). All interviewees saw the foundations' role to be an expression of the corporate citizenship commitment of the founding corporation. However, all respondents emphasized that the foundation was not to be exploited for corporate marketing purposes. The

benefits the corporation receives from the foundation were mostly perceived as long-term and indirect; society was seen as the main beneficiary. The foundation was described as a knowledge generator for the corporation and an interface between the corporation and society (p. 148). All foundation representatives considered the scanning and monitoring of new trends and insights to identify issues, which are addressed by the foundation, an important task (p. 149).

Schulz (2007) sought clarification in her study as to how the link between the company and its foundation is represented on the web pages of both organizations. She primarily examined which links are applied to the foundation or company and analyzed the Internet appearance of 46 companies and their corresponding foundations. The companies selected came from different economic sectors: industry, commerce, media, financial service providers and other service providers.

Four link variations were ascertained: basic naming, more information, offer of a hyperlink or another possibility to click on the web page of the partner organization, and the combination of link and information. The following could be concluded from the results of this content analysis (Schulz 2007 pp. 27-36).

(1) Firstly, the frequency of the **indications on the part of the companies** regarding their foundations:

- basic naming of the CFs in 6% of the companies
- more information about the CFs also in 6% of the companies
- hyperlinks as an introduction to the CF's web page in 15% of the companies
- the combination of links and more information in 57% of the companies
- no indication of their CFs in 17% of the companies examined.

(2) Secondly, the frequency of the **indications on the part of the foundations** regarding their companies:

- basic naming of the company in 30% of the CFs
- more information about the company in 17% of the CFs
- hyperlinks as an introduction to the company's web page in 23% of the CFs
- the combination of links and more information in 21% of the CFs
- no indication of the company in 8% of the foundations.



(3) Finally, a glance at the **identity of the logo and name** showed a complete or at least partial name identity in 89% of the foundations. 40% of the foundations not only had this identity but also a complete or at least partial logo identity.

Consequently, Ms Schulz was able to demonstrate that the form of indication facilitating access to the partner's web page in addition to providing more information, i.e. the combination of information and link, is considerably more common on the web pages of the companies than on those of their foundations. As a result, companies are interested in providing the visitors to their web pages with more information on their foundation commitment and allowing them to find out more on "their foundation's" web page.

## **IMPLICATIONS FOR FUTURE RESEARCH**

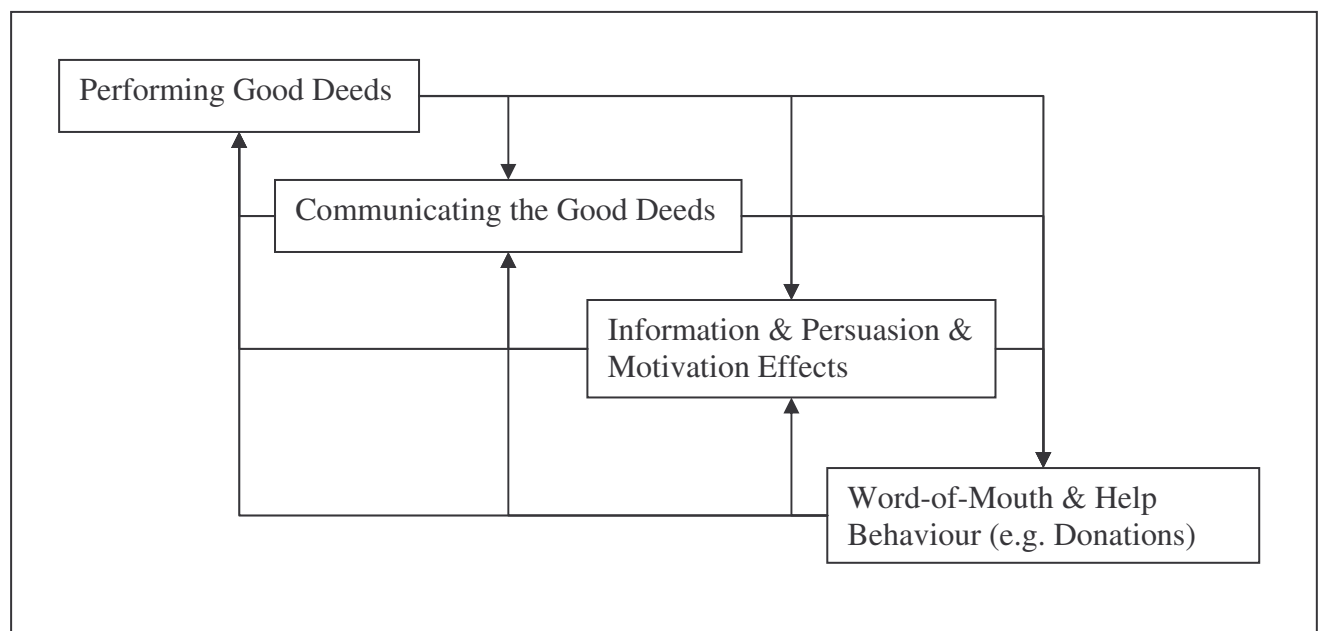
It is quite understandable that communication research in general and the study of reputation management in particular concentrates on individual measures and their short-term effects (mainly attitude change). Nevertheless, studies addressing complex systems, such as the Corporate Communication, their dynamics and the causal network would also be both valuable and important. Analyzing complex systems would have to be realized in comprehensive research projects designed on a long-term basis. The subdivision of individual questions into smaller studies such as the relevance of contrast effects, attribution processes, and Word-of-Mouth (see Dean 2004 p. 92- 94) would not do justice to the demonstrated **systemic character** of the subject matter on its own.

Key questions in a **systemic research topic** like "Corporate Communication with a Corporate Foundation" would include the following: (1) What does the mix of good deeds on the part of all those involved look like over a specific period of time and how do they relate to one another? (2) How are the multilateral communication activities of the actors and the communication behaviour of a third party (media and other opinion leaders) configured and how does this relate to the good deeds of all those involved? (3) Which sequence characterizes the communication of individual measures like the foundation of a CF and the implementation of an extensive support program? What role does the one-step, two-step and three-step flow play in this? (4) And how does the system of the good deeds, the system of the communication activities and their interaction with the employees of the actors and in the



diverse partial publications affect the CF's reputation and, above all, that of the founding company? What role does learning by association, experience and insight, not to mention by varying involvement, play in this? And what is the impact of any cases which support or at least maintain the notion that the idea of the CSR in the form of a CF is abused for selfish purposes? Figure 1 demonstrates only few aspects of this systemic character.

Figure 1: Communication with a Corporate Foundation as a Dynamic System



## IMPLICATIONS FOR MANAGEMENT PRACTICE

Equally, certain recommendations should also be given here for corporate and foundation practice. In the fields of CSR, public marketing and corporate communications, the option of a CF should always be considered. The causal potential specified above supports this recommendation. In the case of a CF commitment, the policy decisions include stipulations in matters of cooperation between the foundation and the founder, as well as other cooperation partners and the agreement between all parties involved regarding the PR communication. Furthermore, the coordination of the CF commitment with the other activities of a CSR management would have to be arranged (Silberer 1991 pp. 205-209). Finally, suggestions for

a success control would also have to be developed and preparations for such measures made. This article also aimed to provide important suggestions for such control activities.

Hess, Rogovsky & Dunfee (2002) characterize the “Next Wave of Corporate Community Involvement” and call it “Corporate Social Initiatives”. These initiatives differ from their predecessors in that they are connected to the firm’s core values, based on the firm’s core competencies, and have clear objectives and means of measurement. Even if this prognosis fails there is indeed a better chance for CSR in the “new moral competition” (Hess et al. 2002 p. 8-11) when the good deeds are connected to the company’s core values and core competencies. Related to the corporate foundation this would mean that the foundation and the founding corporation show similar core values and that the foundation has clear objectives which is normally the case. But it does not mean that both institutions possess the same core competencies. The foundation can indeed develop special competencies which are necessary to realize the intended good deeds and which are not identical to the core competencies of the founding corporation – the competencies in communicating the CSR excluded.

## **CONCLUSIONS**

Let us sum up: the establishment of a CF offers good opportunities to foster the reputation of the founder and his company. As a good deed of the founder with a clear, long-term commitment referring to the purpose of the foundation and the capital to be donated and as a series of good deeds of the foundation, reputation effects also develop if they are missing from the founder’s set of objectives. The classic guiding principles of PR work “do good and talk about it!” and “do good and let others talk about it!” must be complemented with a third maxim in light of this finding: “let someone else do good too.” Past research has neglected this kind of reputation management. Future research should not only focus on single aspects like the impact of a good deed and concrete communication measures of the founder and his foundation but also on the systemic character and the dynamics of the “CC with CF”.

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