

Entrepreneur image: Beacon of hope or risk factor?

Communication risk for entrepreneurs is growing



Entrepreneurs not only move forward the economy, but also society as a whole. According to a poll by the opinion research institute Allensbach, this is what 43% of Germans believed in 2004. This confidence potentially influences share prices, consumption behavior or the interest of highly qualified employees in selected employers. “Reputation Management” is therefore a necessity, in particular among the different channels that a comprehensive reputation management approach has to cover, the opinion leading media are of special importance.

There is a clear correlation between media coverage on a company’s management in the opinion leading German TV news programs and weekly media and the population’s attitude towards CEOs: In 1994, the TV news and weeklies analyzed by Media Tenor covered executives with a negative balance of –40% or –25% respectively (**chart 1**). Only 29% of those interviewed by the Allensbach Institute were confident that entrepreneurs could advance society – for a market-oriented community this result deserves the label “crisis of confidence”.

The situation looked very different in 2000: Although the share prices of many listed companies collapsed and the “Dotcom-Bubble” burst with a big bang, the managers of German companies, with the help of the media, had accumulated a confidence bonus in the previous years. Media

assessments, for the first time in seven years, were approaching neutral areas at that time. Consequently in 2000, a respectable 60% of the population regarded entrepreneurs as the society’s beacons of hope.

Fatalism also on the top level

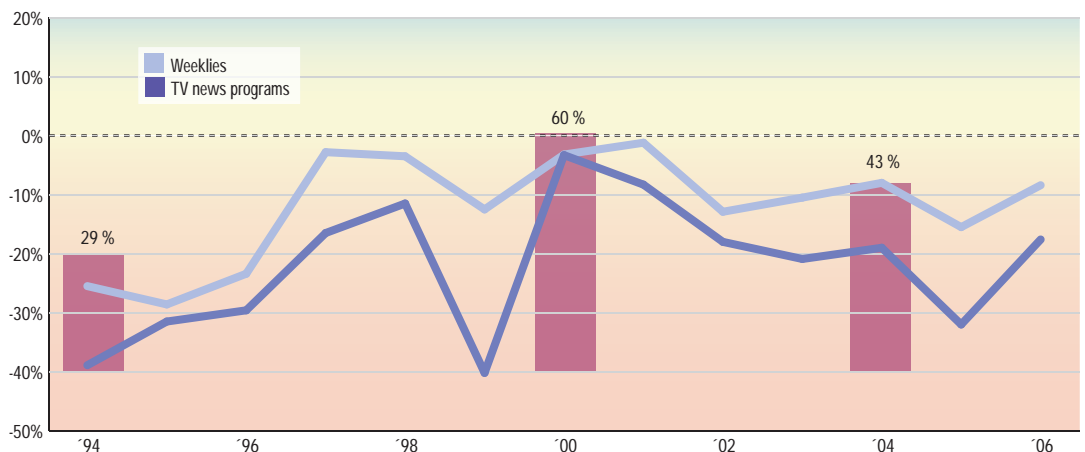
In subsequent years the media image of managers deteriorated again and, in 2006, ended up at a balance of –20% in the prime time news of **ARD, ZDF, RTL, Sat.1** as well as **ProSieben** and at –10% in the weeklies analyzed by Media Tenor. Thus they reached almost the exact same level as in 2004, when 43% of those interviewed trusted in entrepreneurs.

Yet the 2004 opinion poll resulted in an embarrassment for the CEOs of German corporations: For the first time, the Allensbach Institute distinguished between entrepreneurs and managers of big enterprises. It turned out that only 11% of those interviewed trusted in the latter to advance society. From the perspective of media research, this contrast cannot be explained by a distinction according to company size: While it is true that the owners of small and medium-sized companies are covered more positively than top-grossing corporations, they also receive very little in the way of coverage – despite their importance for the German economy. Their share of all the information on companies in the German opinion leading media is only 1%.

Opinion poll

“This list includes a number of different groups and institutions. Which one do you trust most to advance our society, and which of them do you set your greatest hopes on when it comes to future developments?”

1) Assessment of companies on the topic of management 08/1994 until 12/2006, opinion poll



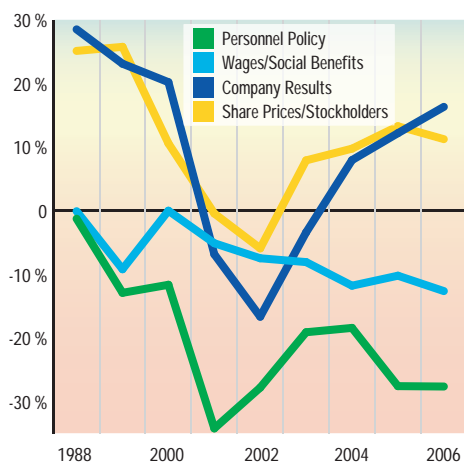
Media trend: Balance of +/- assessments; polling results Allensbach

Basis: all passages (at least 5 lines/sec.) on the management of companies in 4 weeklies and 3 (7) TV news programs; IFD Allensbach

On the basis of such (non-)information, media users cannot develop an informed opinion on the state of small and medium-sized companies, which could be reflected in public opinion. When it comes to media effects, the intensity and tendency of coverage on big corporations are more significant. Explicit scandalous reporting is only one side of the coin in this context. The flip side is a growing discrepancy in the assessment of companies when, for example, business developments are covered positively, while HR policies attract increasing criticism (**chart 2**).

Results of the media content analysis suggest that negativism and personalization in business coverage are the main reasons for a loss of trust in public opinion. The question is why so many corporate press officers appear to be resigned to this situation. **Chart 3** illustrates the assessment of leading German corporations which, like their managers, should be sources of hope rather than stumbling blocks for the advancement of society. It turns out that the top corporations Deutsche Telekom, Volkswagen and Siemens have not been able for some years to counter reports on falling share prices, job losses or corruption scandals with lasting positive news. In the case of Volkswagen, the long-term perspective blurs occasionally positive results, when the company was able to push against the negative tide. The yearly balance since 2004 shows that those efforts did not suffice.

2) Assessment of companies on selected topics 01/1998 – 10/2006



Balance of +/- assessments

Basis: 1,56 Mio. passages on companies in the political and economical sections in 14 media, 01/1998 – 10/2006

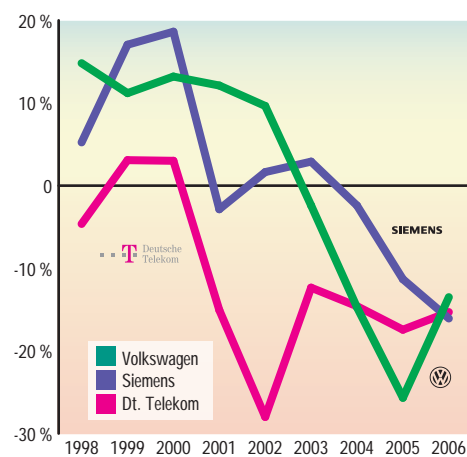
A more comprehensive look at the media portrayal of big corporations' CEOs explains the Allensbach polling results and signals a need for action. Among the 15 corporations whose managers were covered most frequently in the past six years, there is not a single one whose board members were covered clearly positively on balance (**chart 4**). Many press officers and their CEOs excuse these results with the catchword "news value" and consider them to be self-evident and unavoidable. Yet the research on media effects provides clear evidence for the following theses:

1) A company's public image is decisively shaped by the coverage of clearly definable opinion leading media.

2) This image not only has immaterial, but also measurable material effects on the company's performance.

3) Active topic management has the potential to noticeably improve the media image of companies and their management. It is generally more effective than expensive advertising campaigns. For this channel of reputation management, media effect research can define clear parameters for planning, implementing and measuring the success of communication measures ("awareness threshold").

3) Assessment of Volkswagen, Siemens and Telekom over time



Balance of +/- assessments

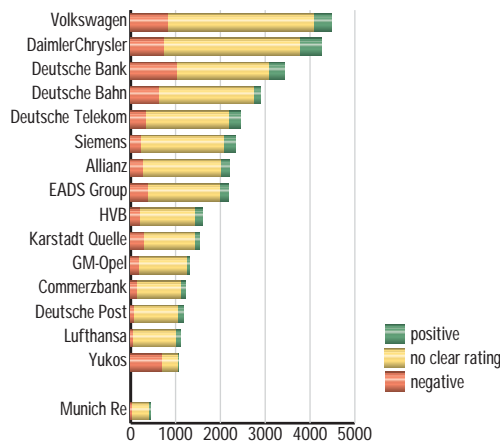
Basis: 25.017/13.450/22.891 passages (at least 5 lines/sec.) on these companies 01/1998 – 10/2006

Personalization on a critical level

Apart from the importance of “bad news” in daily news coverage, the growing share of personality-related reporting further increases the communication risk for CEOs. This trend is partly due to the selection procedures in editorial rooms: In most business sections, the significance of the factor “CEO” had reached another peak in the fourth quarter of 2006 (chart 5). More than 20% of coverage dealt with management. Considering the flood of reports on the Siemens corruption scandal in November/December, it becomes obvious that a personality-related topic such as “corruption” is intrinsically tied to the rise of the personalization factor.

Such an obvious association quickly obstructs the view to the fact that the CEO’s integration into corporate communication efforts can also provide opportunities. The communication of CSR-relevant topics, in particular, requires well-known faces behind the story. The example of the Gates Foundation shows that success is possible and the risk manageable. After all, its founder rode out critical questions about the investment strategy of his foundation, which would have been a worst case scenario for the image of other institutions. In short, this means for daily communication efforts: CEOs and companies are not simply at the mercy of trends in media coverage, but can face risk through active topic management. (sm)

4) Coverage on the companies’ board members



Number of passages

996.549 passages on companies, managers and industries in 14 media 01/2001 – 10/2006

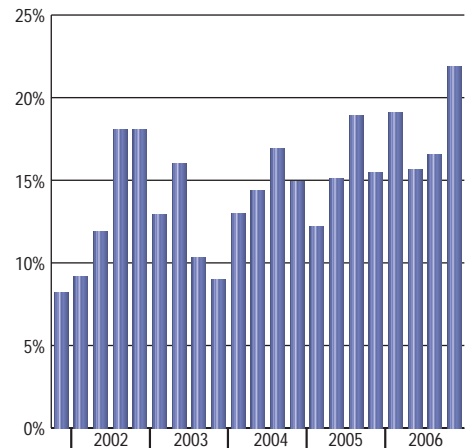
Basis:

Media: Bild-Zeitung, FAZ, Frankfurter Rundschau, Süddeutsche Zeitung, Taz and Welt; Financial Times, Neue Zürcher Zeitung, Wall Street Journal Europe and Wirtschaftswoche; ARD Tagesschau/Tagesthemen, ZDF heute/heute journal, ProSieben Nachrichten, RTL Aktuell and Sat.1 18:30; Bild am Sonntag, FAZ Sonntagszeitung, Focus, Rheinischer Merkur, Spiegel, Stern, Welt am Sonntag and Zeit.

Period of analysis: 08/01/1994 – 12/31/2006

Analysis: overall passages on companies and managers (at least 5 lines / sec.)

5) Share of management topics of the total coverage on companies



Share of total coverage in percent

Basis: 312.351 passages (at least 5 lines/sec.) on the DAX 30 companies and their managers in 25 media, 01/2002 – 12/2006