GUIDO A.J.M. BERENS

Corporate branding:

The development of corporate associations and their influence on stakeholder reactions

Corporate Branding: The Development of Corporate associations and their Influence on Stakeholder Reactions

Corporate branding:
De ontwikkeling van ondernemingsassociaties en hun invloed op de reacties van belanghebbenden

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Promotor: Prof.dr. C. B. M. van Riel

Overige leden: Prof.dr.ir. G. H. van Bruggen
Prof.dr. M. Kaptein
Prof.dr. E. R. Seydel

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Voor pap en mam

VOORWOORD (PREFACE)

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CONTENTS

PART I: CORPORATE BRANDING AND CORPORATE ASSOCIATIONS

Chapter 1: Introduction

During the past decade, large companies have increasingly started to profile themselves to the public, through websites, corporate advertising, public interviews, annual reports, and other corporate communication efforts. Companies have 'opened up' with regard to the quality of their products, with regard to their financial performance, and with regard to their environmental and social records. For example, in 1998, over 80% of the Fortune 500 companies discussed aspects of their social or environmental performance on their corporate websites (Esrock & Leichty 1998). In addition, some companies, like 3M or Ben & Jerry's, have explicitly positioned themselves on their 'corporate' attributes, like innovation or social responsibility, rather than only on attributes of their products.

Several authors have discussed these corporate communication activities in depth under the heading of "corporate branding" (see, e.g.., Balmer & Greyser 2003, for a selection of publications). Corporate branding can be defined as "the process of creating and maintaining a favourable reputation of the company and its constituent elements, by sending signals to stakeholders using the corporate brand" (Maathuis 1999, p. 5). While this topic has, since the 1950s already, drawn considerable attention from academics (e.g., Martineau 1958), the last decade has witnessed a true "boom". A large number of books on corporate branding have been published, and several academic journals have devoted special issues to it (Balmer 2001, 2003; Schultz & De Chernatony 2002). In addition, a whole academic journal (the *Corporate Reputation Review*) devoted to corporate reputation management has been established, while within the field of marketing, a special interest group looking at issues of corporate branding has been formed (see Dacin & Brown 2002).

A wide diversity of issues has been discussed in the literature. For example, several authors have argued that corporate communication efforts should be aligned with the way the company is perceived by both internal and external audiences, and have provided guidelines for doing so (e.g., Brønn & Wiig 2002; Davies et al. 2003; Grunig & Dozier 2002; Kitchen & Schultz 2001). Others have looked at the issues surrounding corporate branding strategies, i.e., the decision to show the company behind the brand on communications about individual business units or products (e.g., Laforet & Saunders 1999; Olins 1989; Van Riel & Berens 2001).

An area of research within the field of corporate branding in which there is still quite some controversy is that of external stakeholder reactions to corporate communication activities. Presumably, one important reason for the increasing importance of corporate branding is that the 'general public' cares about the way companies behave. For example, when people are considering purchasing a product, they presumably take into account not only their evaluation of the product itself, but also the opinion they have of the company that delivers the product. Yet, is this really the case? While a number of studies do suggest that people care about the "company behind the brand" (e.g., Brown & Dacin 1997; Handelman & Arnold 1999; Maathuis 1999), others have explicitly questioned this assumption. For example, one article about the need for transparency to consumers is poignantly titled "Consumers really don't care about brand product owners" (Davidson 1998), while another paper questions "the myth of the ethical consumer" (Carrigan & Attalla 2001). It can be argued that such skepticism is overstated. Clearly, *some* people *sometimes* take corporate actions into account in their behavior toward companies. We can think of consumer boycotts, for example. However, it is not clear *which* people do this *when*, in other words, under what conditions people do care about the companies behind the products they buy.

Another issue with respect to stakeholder reactions is how people form their associations regarding a company. Even when people, in principle, care about corporate activities, it is not sufficient to merely have information on them “out there”. Consumer researchers have long recognized that people have only limited resources to spend on searching and processing information (e.g., Rotfeld 2002; Scammon 1977). While Western consumers have access to many different information sources regarding most companies, the degree to which they actually use this information is another matter. When a company’s behavior regarding a certain issue (e.g., child labor) is not brought to the public’s attention by pressure groups or by the company itself, most people will never find out about it. Even when people do know where to look for such information, the cost of obtaining and interpreting it may be too high when they are not deeply involved with the issue. In addition, when people do receive some information on a company, they differ widely in the way in which they process this information. In some situations, people may take the information at face value and base their associations with a company on it. In other situations, they may regard the information with skepticism. Presumably, the degree to which people are persuaded by the information depends on the way in which the information is communicated to them. Although several authors have recently started to investigate this area

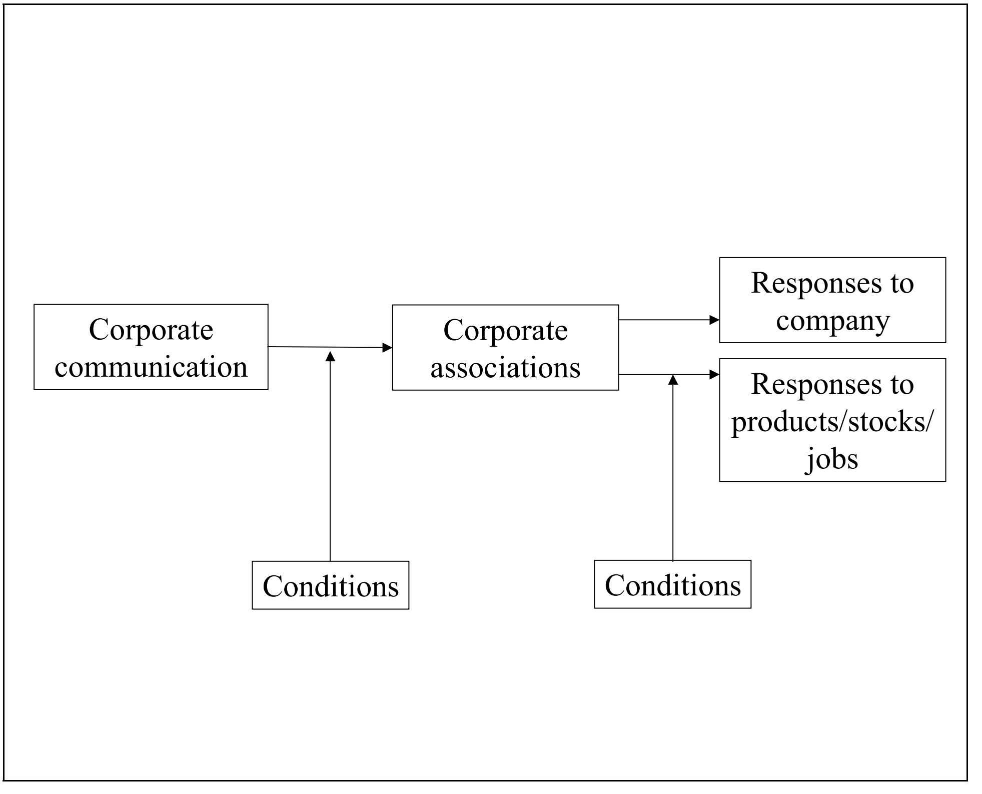
(Argenti & Forman 2002; Dowling 2001; Fombrun & Van Riel 2004; Schultz, Hatch & Larsen 2000), the "right" way to communicate is still a relatively unexplored topic.

Gaining more insight into how people form associations regarding a company, and into when these associations in turn influence people's behavior, could provide companies with guidelines on how to communicate with different audiences under different circumstances. Different publics and different circumstances are likely to require different ways of communicating, both in terms of content of the message and in terms of the way in which the message is delivered.

Focus of the thesis

This thesis deals with the conditions under which corporate communication efforts lead to favorable (or unfavorable) associations regarding a company, and with the conditions under which these associations subsequently influence people's judgments and choices. This general topic is illustrated in the framework shown in Figure 1.1, which is adapted from Brown (1998). The corporate communication efforts that may be used to influence people's associations may include corporate advertising, annual reports, public interviews by company spokespersons, sponsoring, etc. When people's corporate associations are established, these may in turn influence many different kinds of attitudes and behaviors regarding the company, including consumer decisions to buy or not buy the company's products, but also decisions on whether to invest money in the company's stocks, to apply for a job with the company, or to object when the company opens a branch in the neighborhood.

Figure 1.1: Stakeholder reactions to corporate communication



Several previous academic studies have already highlighted some aspects of these issues (see Brown 1998, for an overview). Regarding the development of corporate associations through corporate communication, research has primarily focused on the effects of corporate advertising (e.g., Grass, Bartges & Piech 1972; Sheinin & Biehal 1999; Winters 1988). While these studies illustrate the general importance of a specific corporate communication tool in establishing corporate associations, there is a remarkable scarcity of research investigating the conditions under which favorable corporate associations are more likely to be established. For example, what is the most effective way to communicate information about the company in corporate advertising?

Regarding the effect of corporate associations on stakeholder preferences, Maathuis (1999) showed that when consumers actually have an opinion about the company behind a product, this alone leads them to regard the product more favorably than the product of a company of which they have no associations. Furthermore, Madrigal (2000) found that the influence of corporate associations on consumer product evaluations depended on the degree to which people perceive the product to fit well with the company. Sen and Bhattacharya (2001) found that consumer perceptions of the way a company treats its employees affects people's buying intentions, but only when they believe that it does not "distract" the company from making good products. Although these studies provide some insight into the conditions under which corporate associations influence consumer responses to a company's products, many issues within this area still remain to be explored. In particular, it is not clear under which conditions different *types* of corporate associations may influence stakeholder preferences. As Brown (1998) points out, corporate associations are a heterogeneous set of perceptions, which may relate to a wide variety of aspects of a company. Therefore, the meaning is not clear when we speak about the conditions under which "corporate associations in general" influence people's preferences. In studying the conditions under which corporate associations have an influence, we have to make a distinction between different types of associations.

The aim of this thesis is to add to the body of literature on corporate branding by providing more insight into the development and influence of corporate associations. Regarding the development of associations, I will focus on the conditions under which a specific type of corporate communication - corporate advertising - leads to the establishment of favorable corporate associations. Regarding the influence of corporate associations, I will examine the conditions under which different types of corporate associations may transfer to consumer reactions to a company's products, job offers and stocks. However, before I can address these issues, I first have to examine which types of corporate associations can be distinguished, and determine on which types of associations I will focus. In sum, this thesis addresses the following overall question:

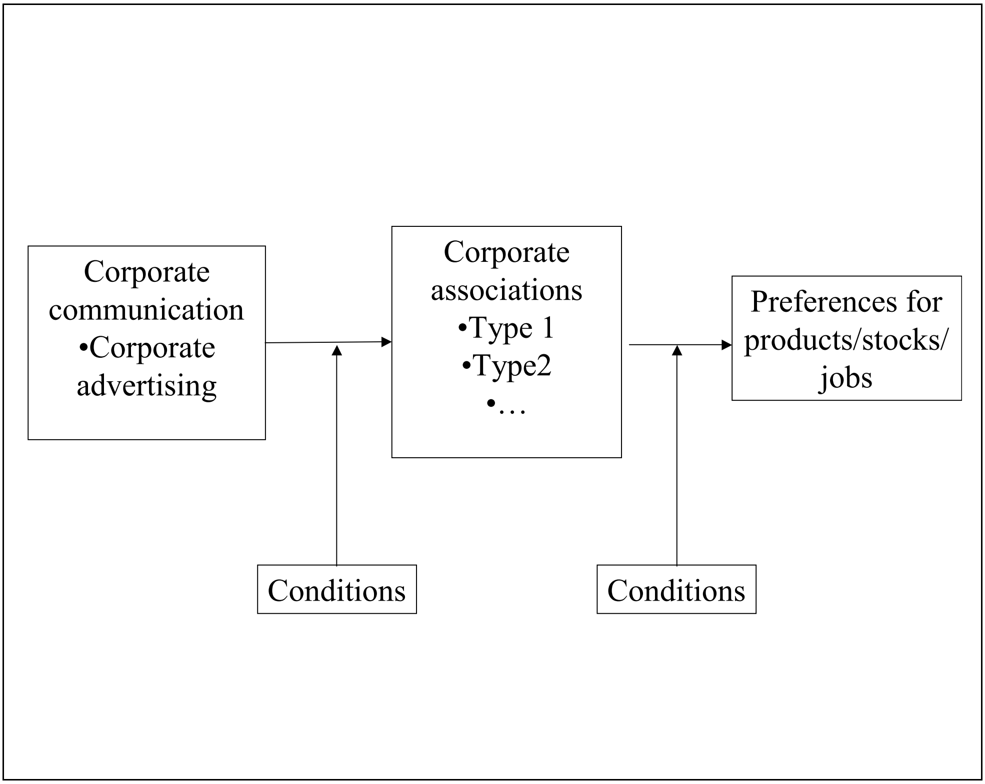
How do external stakeholders react to a company's corporate communication efforts?

This general question can be broken down into three more specific research questions:

1. Which different types of corporate associations can be distinguished?
2. When do different types of corporate associations influence stakeholder preferences for products, stocks, and jobs?
3. When does corporate communication lead to the establishment of favorable corporate associations?

These three questions are illustrated in the model shown in Figure 1.2.

Figure 1.2: Overall research model



Overview of the thesis

The structure of the thesis is illustrated in Table 1.1. This thesis consists of three main parts. The first part discusses the concept of corporate associations. This chapter has illustrated the position of the concept of corporate associations within the field of corporate branding. Chapter 2 deals with the first research question, related to the different types of corporate associations that can be distinguished. Based on the results of this inquiry, I will motivate my choice for the specific types of corporate associations I will look at in the remainder of the thesis, which are “corporate ability” (CA) and “corporate social responsibility” (CSR) associations.

The second part of the thesis consists of three empirical studies related to the development and influence of corporate associations. Chapters 3 and 4 are devoted to two empirical studies regarding the influence of corporate associations on stakeholder preferences. Chapter 3 looks at the way a company’s branding strategy (corporate brand dominance) can affect the influence of CA and CSR corporate associations on people’s responses to the company’s products. Chapter 4 discusses the conditions under which a good record on CA can compensate for a poor record on CSR (and vice versa) in people’s evaluation of a company’s products, jobs, and stocks. Chapter 5 describes an empirical study about the development of corporate associations. In particular, this study deals with the effect of different ways of communicating in corporate advertising on the establishment of favorable corporate associations. The third and final part of the thesis, comprising Chapter 6, discusses the theoretical and practical implications of the thesis as a whole, as well as its general limitations.

Table 1.1: Overview of the thesis

Part	Chapter	Broad research question	Specific research question	Methodology
I	1	- (Introduction)	Why are corporate associations relevant within the context of corporate branding?	Literature review
	2	1. Which types of corporate associations can be distinguished?	Which types of corporate associations can be distinguished?	Literature review
II	3	2. When do different types of corporate associations influence stakeholder preferences for products, stocks, and jobs?	What is the impact of corporate brand dominance on the effects of CA and CSR associations?	Experiment
	4	2. When do different types of corporate associations influence stakeholder preferences for products, stocks, and jobs?	When can CA and CSR associations compensate for each other in preferences for products, stocks and jobs?	Experiment
	5	3. When does corporate communication lead to the establishment of favorable corporate associations?	Which way of communicating in corporate advertising leads to the most favorable CA and CSR associations?	Experiment
III	6	- (Discussion)	What are the main theoretical and practical contributions of this thesis?	Synthesis

Chapter 2: Typologies of corporate associations[1]

The first question I want to answer in this thesis relates to the different types of corporate associations that can be distinguished. As I noted in the first chapter, it is not quite clear what it means to speak about "corporate associations" in general. While people's opinion about a company may sometimes be no more than an overall judgment of 'good' versus 'bad' (cf. Poiesz 1989; Van Riel 2004), in most cases, this opinion is not one-dimensional. People often hold a variety of associations regarding a company, which may be too elaborate to be summarized as 'good' versus 'bad'. The question of which types of corporate associations can be distinguished is therefore important in order to study the antecedents and consequences of corporate associations. To answer this question, I will devote this chapter to discussing the different types of corporate associations that have been reported in the academic literature. In this way, I will show how the types of associations that I look at in the remainder of this thesis, fit into the existing research tradition on corporate associations. Besides serving as a basis for this thesis, insight into this matter could provide corporate image researchers with a basis on which to develop a well-structured measure of corporate image. In addition, such insights could guide companies in deciding which attributes they should address in their communication.

[1] This chapter is based on: G. Berens & C. B. M. van Riel (in press), "The foundations of corporate reputation measurement: Comparing three main conceptual streams", *Corporate Reputation Review, 7*(2).

Numerous studies have identified different types of corporate associations, often in the context of developing a measure. Some of these conceptualizations seem to be based on the same underlying idea. For example, the well-known annual survey published by Fortune Magazine (e.g. Stein 2003), and the annual "Reputation Quotient" survey conducted by the Reputation Institute (Fombrun, Gardberg & Sever 2000), include questions about product quality, financial performance, and social responsibility. Similarly, Brown and Dacin (1997) distinguish between consumer associations that relate to corporate ability, and associations that relate to corporate social responsibility. All these conceptualizations seem to involve the idea of different social roles or norms against which society evaluates companies. However, other conceptualizations seem to be of a fundamentally different nature. For example, the "corporate personality" scale developed by Davies and his colleagues (Chun 2001; Davies et al. 2003) measures people's perceptions of the personality traits that may underlie a company's behavior, as if the company were a person. Many of these traits, like "Informality" or "Adventure" do not relate to norms against which a company is evaluated. This raises some interesting questions. How many of these 'fundamentally different' conceptualizations can be found in the literature on corporate associations? And under what conditions is each of these conceptualizations most appropriate to use as a basis for a measuring associations?

While previous review papers have provided in-depth discussions of the definition and/or operationalization of corporate associations (Fombrun & Van Riel 1997; Johnson & Zinkhan 1990; Stern, Zinkhan & Jaju 2001), as well as its antecedents and consequences (Brown 1998), there has been no extensive review of the dimensionality of this construct. In this chapter, I propose that the majority of typologies of corporate associations reported in the literature can be assigned to one of three important clusters. These clusters are based on three different concepts, namely: (1) corporate social roles, (2) corporate personality, and (3) trust. The concept of social roles seems to be most useful for categorizing the associations of people who do not have a direct relationship with a company, whereas the concepts of corporate personality and trust seem to be more important to stakeholders who do have a direct relationship with the company. Before I discuss these concepts in detail, I will first define the term "corporate associations" more precisely, as well as the related terms "corporate image" and "corporate reputation". In addition, I will explain what I mean by "typologies" of corporate associations.

Definitions and conceptualizations

Corporate associations/image/reputation

In this thesis, I will focus on the concept of corporate associations. However, I will sometimes also use the terms 'corporate image' and 'corporate reputation'. All three terms refer to people's perceptions of a company. However, there are subtle differences between the way in which these constructs are defined and conceptualized. Therefore, I will first briefly review these definitions and conceptualizations.

Corporate associations

Brown (1998, p. 217) defines corporate associations as "cognitions, affects (ie, moods and emotions), evaluations (attaching to specific cognitions or affects), summary evaluations, and/or patterns of associations (eg, schemata, scripts) with respect to a particular company”. Corporate associations are explicitly defined in terms of perceptions at the level of individual people, rather than groups of people. In addition, corporate associations are regarded as a set of perceptions, which may or may not be related to one another, rather than as a holistic picture. The term ‘corporate associations’ is used mostly in the field of consumer psychology, although still to a rather limited degree (e.g., Brown & Dacin 1997; Chen 2001; Madrigal 2000).

Corporate image

Johnson and Zinkhan (1990) define corporate image as “(1) an overall (2) perception of the company (3) held by different segments of the public” (p. 347). The three aspects included in this definition imply (1) that contrary to associations, image is holistic, i.e., a ‘picture’ or ‘gestalt’ rather than a collection of attributes, (2) that it is a perception rather than a physical attribute of a company, and (3) that different groups of people may have different perceptions of the company, which may or may not be based on different attributes. Contrary to corporate associations, corporate image is sometimes regarded as an individual-level phenomenon, i.e., as the perceptions that a person has regarding a company, but sometimes also as collective phenomenon, i.e., as the shared perceptions of a group of people. Like the concept of corporate associations, the concept of corporate image is mostly used in the consumer psychology literature.

Corporate reputation

Fombrun and Van Riel (1997) define corporate reputation as “a collective representation of a firm's past actions and results that describes the firm's ability to deliver valued outcomes to multiple stakeholders” (p. 10). From this definition, it is apparent that contrary to associations and image, reputation is defined explicitly as a *collective,* rather than an individual-level, perception. A corporate reputation is what a certain *group* of people thinks about a company, not what an individual member of that group thinks (cf. Bromley 2000). In addition, unlike image, the term ‘reputation’ seems to be used sometimes to indicate a holistic perception of the whole company, but sometimes also to indicate perceptions of specific aspects (as in “a reputation for quality”). The latter usage is common in game theory, in which reputation is regarded as a perception of a player’s preferences (e.g., his or her willingness to give up personal gains to inflict loss upon the other) (Weigelt & Camerer 1988). The concept of corporate reputation is mostly used in the fields of organizational behavior and economics.

Typologies of corporate associations

I define “typologies of corporate associations” as the categories that people (either as researchers or in their daily lives) use to organize or classify specific corporate associations. In research on social cognition and memory, it has been established that people actively organize their perceptions of other persons in their memories, using abstract “personality trait” categories such as “honest” or “intelligent” (see Srull & Wyer 1989). These abstract categories serve as labels under which more specific perceptions are stored in memory, and are used to retrieve these specific perceptions. Thus, when someone thinks about a person (s)he knows, (s)he is likely to first think about that person's personality traits, which may then serve as a cue to remember more concrete behaviors. Such abstract concepts are presumably 'uncovered' by researchers, using interviews and techniques to cluster people's perceptions, such as factor analysis. In addition, the researchers may use the concepts themselves to classify people's perceptions.

Such abstract categories may also be used to classify people's corporate associations. Similar to perceptions of persons, these categories may correspond to different personality traits, consistent with the research by Davies and colleagues (Chun 2001; Davies et al. 2001, 2003). However, I argue that there are a number of alternative ways in which corporate associations can be clustered, each of which is of a fundamentally different nature than the others. Specifically, from the review of the literature discussed below, there appear to be three main concepts that people may use to categorize their associations: (1) corporate social roles, (2) corporate personality, and (3) trust. Besides these, I also found two relatively less important concepts, namely, needs and information sources.

Search method

Authors had already discussed typologies of corporate associations more or less explicitly since the beginning of research on corporate image in the late 1950s. For example, Martineau (1958) distinguished functional and emotional image components, to differentiate actual corporate attributes from people's perceptions of them. However, since that time, the term "corporate image" has come to refer more exclusively to perceptions, rather than actual attributes (see Stern et al. 2001). After Martineau's influential paper, a substantial number of studies have either provided a theoretical discussion of the different types of corporate associations, or have attempted to measure these associations, providing information on their empirical dimensionality

To perform a systematic search on this literature, I searched for the terms "corporate (or company, or organizational) associations", "corporate image", and "corporate reputation", in the bibliographic databases PsycINFO and ABI/INFORM. In addition, I examined the references in four important review papers on corporate image (Brown 1998; Fombrun & Van Riel 1997; Johnson & Zinkhan 1990; Stern et al. 2001), as well as the references in 'primary' articles I already found (the so-called 'snowballing' method).

For each study, I then determined which of the concepts that I distinguish underlie the typology reported. In some cases, the authors of a study explicitly mentioned one of these concepts as a basis for the dimensions they found, but in most cases, I had to determine this myself. This was relatively straightforward in most cases. However, in a number of studies, the typology reported seemed to reflect more than one concept. For example, some of the categories reported by Highhouse, Zickar, Thorsteinson, Stierwalt, and Slaughter (1999) seem to based on different sources of information, while others seem to be based on different needs. In addition, some studies have reported a 'hierarchical' structure with a few high-level dimensions, each containing a number of sub-dimensions that are based on a different concept than the higher-order dimensions (e.g., Sirdeshmukh, Singh & Sabol 2002). In such a case, I assigned more than one concept to the study.

Because I am interested specifically in the different types of corporate associations, I excluded from the review studies that found only one dimension to underlie corporate associations. It has been noted that corporate associations may consist of one "good-bad" dimension for people who are not really familiar and/or interested in a company (Poiesz 1989; Van Riel 2004). This means that the conclusions of this review will only apply to perceptions of people who are more than marginally familiar and/or interested in a company. Only these associations are likely to be elaborate, i.e., to consist of a variety of beliefs and evaluations (Poiesz 1989; Van Riel 2004). In the following paragraphs, I discuss the types of corporate associations found in the literature under the headings of the different concepts that I distinguish.

Types of corporate associations

The studies I found are summarized in chronological order in Table 2.1. Each entry includes the types of corporate associations distinguished in the study, the concept that I think underlies this typology, and the industry and stakeholder group(s) investigated. To classify the industries, I used the North American Industry Classification System (NAICS) (USB 2002).

Types based on social roles

When looking at the studies included in the overview, the concept of social roles seems to be the one that is most frequently used to categorize people's corporate associations. A social role can be defined as "the set of prescriptions defining what the behavior of a position member should be" (Thomas & Biddle 1966, p. 29), where a 'position' is a category of persons (or other entities). The 'positions' of a company may include that of a manufacturer, of an employer, and of an investment object, each of which may be associated with different roles. Studies using the concept of social roles cluster corporate associations under the headings of these different roles.

As Carroll (1979) has noted, what people expect from companies can vary widely over time. This is reflected to some degree in the studies that I reviewed. As an example, Table 2.2 compares the items used by an early measurement tool developed by the Opinion Research Corporation in the 1950s (Cohen 1963) with the items of a more recent scale developed by Fombrun and his colleagues (Fombrun et al. 2000). We can see that items related to environmental friendliness, donations to charity, and financial performance are not included in the older measure, while items about scientific achievements, defense contributions, and community support are not included in the more recent measure. Nevertheless, the *clustering* of the items as reported by the authors, seems to be remarkably similar between the two scales. Although the specific associations that are classified under them differ in some cases, both measures include items about the quality of products and services, about leadership in the industry, about being a good employer, and about doing something good for society.

(Text continued on page 31)

Table 2.1: Overview of studies reporting types of corporate associations

Author(s)	Year	Stakeholder group(s)	Industry	Types of associations	Concept
Martineau	1958	Customers/ labor unions/ investors	All	Physical; subjective	-
Spector	1961	?	Multiple industries	Dynamic; Co-operative; Business-wise; Character; Successful; Withdrawn	Corporate personality
Cohen	1963	General public	Multiple industries	Product reputation; Customer treatment; Corporate leadership; Defense contribution; Employer role; Concern for individuals	Social roles
MacLeod	1967	All	All	Products; Customer relations; Reputation as employer; Civic responsibility	Social roles
Little	1968	All	All	Operating performance; Quality of products, services, facilities and people; Earnings ratio; Material, financial, and human resources; Wage and salary levels; Employee benefits; Social performance	Social roles
Britt	1971	All	All	Country of origin; Product appearance; Product package; Company name; Design & graphics; Place of selling; Relationships with employees; Advertising & Promotion; Other	Information sources
Markham	1972	Consumers	Multiple industries	?	Corporate personality

Author(s)	Year	Stakeholder group(s)	Industry	Types of associations	Concept
Roach & Wherry	1972	Consumers	Finance and Insurance	(Third order:) Quality; Self-serving manipulation (Second order:) Competent agents; Product quality control; Alertness to new ideas; National scope; Policyholder involvement; Marketing program; Social responsibility; Sound investments; Community involvement; Competitive strategy	Social roles
Lindquist	1974	Consumers	Retail Trade	Merchandise; Service; Clientele; Physical facilities; Convenience; Promotion; Store atmosphere; Institutional attributes; Posttransactional satisfaction	Information sources
Kennedy	1977	Employees/ suppliers/ customers	Manufacturing	Top management; Relationship with external groups; Supervisor; Work fulfillment; Future; Physical working conditions; Friendliness; Pay; Work expectations; Training; Miscellaneous	Social roles / Needs
	Idem	Consumers	Manufacturing	Industrial prestige; Product value orientation; Product diversification	Needs
	Idem	General public	Multiple industries	Producer/Distributor; Management/Investment; Citizenship; Employer	Social roles
Reeves & Ferguson-DeThorne	1980	General public	Manufacturing	Profit; Good citizen; Leader in solving social problems	Social roles
Grönroos	1984	Consumers/ Customers	All service industries	Technical quality; Functional quality	Needs
Lux	1986	Employees	All	Needs; Competencies; Attitude; Constitution; Temperament; Origin; Goals	Corporate personality
Mazursky & Jacoby	1986	Consumers	Retail Trade	Merchandise; Service; Pleasantness of shopping	Information sources

Author(s)	Year	Stakeholder group(s)	Industry	Types of associations	Concept
Cottle	1988	B2B Customers	Professional, Scientific, and Technical Services	Appearance of reports & other tangibles; Office facilities; Impressions of personnel; Interaction with personnel	Information sources
Elbeck	1988	Consumers	Health Care and Social Assistance	Staff empathy; Gardening facilities; Patient privacy; Patient physical activity	Needs
Weigelt & Camerer	1988	Consumers/ Employees	All	Inter-firm; Intra-firm	Social roles
Winters	1988	General public	Mining	Marketing; Social conduct; Contributions	Social roles
Zimmer & Golden	1988	Consumers	Retail trade	Quality of merchandise; Price; Selection; Service; Physical store conditions; Location; Advertising and promotion; General/global comments; Shopping patterns/frequency; Other/no opinion	Information sources
Mudd	1989	Employees	Health Care and Social Assistance	Physical accessibility; Physical setting; Admissions procedure; Ward environment; Room; Personal security; Staff responsiveness; Staff attitude; Treatment orientation; Recreation; Food; Psychiatric/Medical services; Patients' rights; Records; Discharge procedure; Coordination of aftercare	Needs
Johnson & Zinkhan	1990	All	All	Company as employer; as seller; as investment; as citizen	Social roles
Lehtinen & Lehtinen	1991	Customers	Accommodation and Food Services	(3-dimensional:) Physical quality; Interactive quality; Corporate quality (2-dimensional:) Process quality; Outcome quality	Needs
Chew	1992	General public	Information	Economic performance; Societal concern	Social roles
Sako	1992	B2B customers	Manufacturing	Contractual trust; Competence trust; Goodwill trust	Trust
Yoon et al.	1993	B2B Customers	Finance and Insurance	Quality; Market segmentation and coverage	Needs
Dowling	1994	All	All	Utilitarian; Value-expressive; Stewardship	Needs
	Idem	All	All	Vision; Policies; Culture; Marketing communications/product & service offerings	Information sources

Author(s)	Year	Stakeholder group(s)	Industry	Types of associations	Concept
Fryxell & Wang	1994	Analysts	Multiple industries	Financial performance; Capabilities (Product quality & CSR)	Social roles
Ganesan	1994	B2B Customers; Suppliers	Multiple industries (customers); Retail trade (suppliers)	Credibility; Benevolence	Trust
Manolis et al.	1994	Consumers	Retail Trade	General; Appearance; Service	Information sources?
Aaker	1996	Consumers	All	Environmental sensitivity; Community orientation; Quality; Innovativeness; Concern for customers; Presence/success; Local vs. global	Social roles?
Arnold et al.	1996	Consumers	Retail Trade	Symbolic action; Performative action	Social roles
Frank	1996	Customers/ Employees	All	Employee treatment; Product quality; Supplier treatment; CSR	Social roles
LeBlanc & Nguyen	1996	Customers	Finance and Insurance	Directors; Service offering; Contact personnel; Identity; Access; Physical environment	Information sources
Brown & Dacin	1997	Consumers	Manufacturing	Corporate ability; CSR	Social roles
Fombrun & Van Riel	1997	All	All	Economic performance; Social responsibilities	Social roles
Brown	1998	Marketing audiences	All	Corporate abilities and success; Interaction with exchange partners; Interaction with employees; Social responsibility and contributions; Marketing considerations; Product considerations	Social roles?
Geyskens, Steenkamp, & Kumar	1998	B2B Customers	Multiple industries	Honesty; Benevolence	Trust
Goldberg	1998	Consumers	Manufacturing; Finance and Insurance	Social performance; Business performance	Social roles
Lapierre	1998	B2B customers	Professional, Scientific, and Technical Services	Competence; Reliability; Communication; Customer participation	Needs

Author(s)	Year	Stakeholder group(s)	Industry	Types of associations	Concept
Saxton	1998	Consumers/ B2C Customers/ B2B Customers/ Distributors	Multiple industries	Market leadership; Product quality; Service quality; Brand image; Management/Financial performance; Social performance	Social roles
Handelman & Arnold	1999	Consumers	Retail Trade	Performative actions; Institutional actions	Social roles
Highhouse et al.	1999	Potential employees	Accommodation and Food Services	Hours; Work variety; Atmosphere; Product image; Hearsay; Customers; Advancement; Pay; Advertising; Experience; Location; Chain size; Respectability; Coworkers; Demands	Needs/ Information sources
Maathuis	1999	Consumers	Manufacturing	General quality; Technical quality; Ability; Attractiveness; Reliability/trustworthiness; Social Responsibility	Needs
	Idem	Consumers	Manufacturing	Products-facts; Products-evaluations; Organization-facts; Organization-performance; Organization-personality; Organization-country of origin; Marketing	Information sources
McEnally & De Chernatony	1999	Consumers	All	Instrumental; Symbolic; Terminal	Needs
Bromley	2000	All	All	Internal (Traits); External (Appearance); Social (Relationships)	Information sources?
Fombrun et al.	2000	General public	Multiple industries	"Second-order": Emotional appeal, Rational appeal, "First-order": Emotional appeal; Products & Services; Vision & Leadership; Workplace environment; Social & environmental responsibility; Financial performance	Social roles
Harris & de Chernatony	2000	Managers; Employees; Consumers; Independent financial advisers	Finance and Insurance	Performance; Integrity; Reliability; Comparison with competitors; Recommendations/advice from others; History; Customer service; Media reports; Value for money; Company communications	Information sources

Author(s)	**Year**	**Stakeholder group(s)**	**Industry**	**Types of associations**	**Concept**
Keller	2000	All	All	Products; People and relationships; Values (CSR); Credibility	Information sources?
Madrigal	2000	Consumers	Manufacturing	Corporate excitement; corporate environmental friendliness	Social roles
Selnes & Gønhaug	2000	B2B Customers	Information	Reliability; Benevolence	Trust
Brady & Cronin	2001	Customers	Accommodation and Food Services; Professional, Scientific, and Technical Services; Arts, Entertainment, and Recreation; Other services	(Second order:) Interaction quality; Physical environment quality; Outcome quality; (First order:) Attitude; Behavior; Expertise	Needs / Trust
Chen	2001	Consumers	Manufacturing	Functional product attributes; Non-functional product attributes; Corporate ability; CSR	Needs / Social roles
Kennedy et al.	2001	Customers	Manufacturing	Product quality; Ethical concern (caring)	Trust
Lewis	2001	Members of Parliament	Multiple industries	Financial record; Treatment of staff; Quality of management; Communication program; Social & environmental responsibility	Social roles / Information sources
Maignan & Ferrell	2001a	Consumers	All	Economic; Legal, Ethical; Discretionary	Social roles
Maignan & Ferrell	2001b	Marketing executives	Multiple industries	Economic; Legal, Ethical; Discretionary	Social roles
Newell & Goldsmith	2001	Consumers	Multiple industries	Expertise; Trustworthiness	Trust
Van der Heijden en Verhagen	2001	Consumers	Retail trade	Usefulness; Enjoyment; Ease of use; Style; Familiarity; Trustworthiness; Settlement performance	Needs

Author(s)	Year	Stakeholder group(s)	Industry	Types of associations	Concept
Aldlaigan & Buttle	2002	Customers	Finance and Insurance	(Second-order:) Functional SQ; Technical SQ (First-order:) Employees' behaviour; Customer contact; Accessibility; Appearance; Service-mindedness; Employee and organizational attitudes; Internal relationships; General functional SQ; Technical solutions; Employees; Technical ability; Computerized systems; Machines; Knowledge; General technical SQ	Needs
Kowalczyk & Pawlish	2002	Potential employees	Information / Manufacturing	Risk taking/innovative; Detail/precision oriented; Achievement oriented; Aggressive/opportunistic; Supportive/acknowledging performance; High pay/growth opportunities; Team oriented; Decisiveness	Corporate Personality
Nguyen & LeBlanc	2002	Customers	Finance and Insurance; Accommodation and Food Services	Physical environment; Contact personnel	Information sources
Sirdeshmuk, Singh & Sabol	2002	Customers	Retail Trade; Transportation and Warehousing	(Second-order:) Trustworthiness of management policies and practices (MPPs); Trustworthiness of front-line employees (FLEs); (First-order:) MPP operational competence; MPP operational benevolence; MPP problem solving; FLE operational competence; FLE operational benevolence; FLE problem solving	Information sources / Trust
Spears, Brown, & Dacin	2002	Consumers	Multiple industries	Demographics & success; Interaction with consumers: Interaction with employees; CSR; Advertising/promotions; Products	Social roles / Information sources
Thevissen	2002	General public	Multiple industries	Corporate culture; Structure; Market strategy; Overall appearance/performance	Information sources?

Author(s)	Year	Stakeholder group(s)	Industry	Types of associations	Concept
Coulter & Coulter	2003	B2B Customers	Finance and Insurance; Professional, Scientific, and Technical Services; Information; Administrative and Support and Waste Management and Remediation Services	(Second-order:) Performance; Personality (First-order:) Competence; Customization; Reliability; Promptness; Similarity; Empathy; Politeness	Needs
Davies et al.	2003	Customers, (Contact) employees	Multiple industries	Agreeableness; Enterprise; Competence; Chic; Ruthlessness; Machismo; Informality	Corporate personality
de la Fuente Sabate & de Quevedo Puente	2003	CEOs of financial firms	Finance and Insurance	Relationships with stakeholders; Relationships with society in general	Social roles
Jin & Kim	2003	Customers	Retail trade	Facility convenience; Service convenience; Shopping convenience; Neat/spacious atmosphere; Price competitiveness; Fashion goods	Information sources?
Lemmink et al.	2003	Potential employees	Multiple industries	Organisational management/Long-term vision; Short-term experience/short-term vision	Social roles?
Maignan & Ferrell	2003	Consumers	All	Economic responsibilities; Legal responsibilities; Ethical responsibilities; Philanthropic responsibilities; Employee responsibilities; Customer responsibilities; Investor responsibilities; Community responsibilities	Social roles
MacMillan, Money, & Downing	2003	Customers, Employees	Finance and Insurance; Manufacturing	Extrinsic benefits; Intrinsic benefits; Equitable behaviour; Communication; Keeping commitments; Opportunistic behaviour	Needs / Trust
Miyamoto & Rexha	2004	B2B customers	Manufacturing	Contractual trust; Competence trust; Goodwill trust	Trust

Table 2.2: A comparison between Cohen's (1963) and Fombrun et al.'s (2000) corporate reputation scales

Cohen	**Fombrun et al.**
Product reputation	*Products and Services*
You can depend on their products	Stands behind its products and services
Their products are of the highest quality	Develops innovative products and services
Their products are the leader in their field	Offers high quality products and services
Their products are among the best in appearance	Offers products and services that are a good value for the money
Performance of their products is outstanding	
Customer treatment	
Very pleasant to do business with them or their dealers	
Tries to be fair on the prices they charge	
Tries to understand customers' needs	
Treats customers fairly on complaints	
Goes out of the way to please the public	
Corporate Leadership	*Vision and Leadership*
One of the most progressive companies	Has excellent leadership
A fast growing and expanding company	Has a clear vision for its future
Outstanding on making new and improved products	Recognizes and takes advantage of market opportunities
Always developing new uses for their products	
One of the most research-minded companies	
Has imaginative and forward-looking management	
Outstanding for scientific achievement	
Defense Contribution	
Have made noteworthy contributions to national defense	
Leader in atomic energy development	
Leader in missile and outer space technology	
Employer Role	*Workplace Environment*
One of the most modern in plants and equipment	Is well-managed
Has good record on steady work	Looks like a good company to work for
Good on training and advancing	Looks like a company that would have good

Cohen	Fombrun et al.
employees	employees
Outstanding for their attention to on-the job-safety	
Has excellent benefits for employees	
Tries to deal fairly with labor unions	
Tries to be fair in the wages they pay	
Concern for individuals	*Social and Environmental Responsibility*
Shows an interest in people as well as profits	Supports good causes
Tries to live up to its community responsibilities	Is an environmentally friendly company
Tries to do its share to support education	Maintains high standards in the way it treats people
Their executives are active in community improvement	
Tries to be helpful to small business	
	Financial Performance
	Has a strong record of profitability
	Looks like a low risk investment
	Tends to outperform its competitors
	Looks like a company with strong prospects for future growth

Some studies have sought to condense the different social roles of companies into more abstract "second-order" dimensions. For example, Roach and Wherry (1972) found that people seem to distinguish between what they consider to be "appropriate" corporate behaviors, such as providing good quality and contributing something to communities, and "inappropriate" corporate behaviors, such as taking a position on political affairs. Winters (1986) distinguished three abstract dimensions: business conduct (comprising products/services and value as an investment), social conduct, and (philanthropic) contributions. In a similar vein, Brown and Dacin (1997; see also Brown 1994) proposed two dimensions, which they labeled corporate ability (i.e., expertise) and corporate social responsibility (i.e., performance regarding other social obligations). Comparable twodimensional conceptualizations have been proposed by Chew (1992), who terms them "economic performance" and "social conduct", and by Goldberg (1998), who uses the terms "business competency" and "social conscience". These distinctions all seem to be based on the idea that producing good products and making a profit somehow is the "primary" expectation that people have of companies (cf. Carroll 1979). They constitute the reason why businesses exist in the first place, and therefore may be regarded differently from other corporate social roles.

Types based on corporate personality

Although the concept of corporate personality is less frequently encountered than that of social roles, it still constitutes an important line of research. Personality can be defined as "those characteristics of the person or of people generally that account for consistent patterns of behavior" (Pervin 1989, p. 4). Thus, personality traits are constructs that are used to explain behavior. These constructs are not only used in psychological theories, but by all people in their everyday lives. Unlike social roles, personality traits are not always evaluative. A social role is what a person or company should do, and therefore the fulfillment of a role is regarded as positive, while the failure to fulfill a role is regarded as negative. In contrast, whether a certain personality trait is perceived as positive or negative may be determined more by whether it "matches" the personality of the perceiver in some way (Huston & Levinger 1978).

Spector (1961) was one of the first authors to propose that people regard companies like they regard other people, and that they therefore attribute a diversity of personality traits to companies. In an empirical study, he borrowed a number of items from different personality scales and previous image research, and found underlying dimensions such as dynamic, cooperative, successful, and business-wise. Later, Lux (1986) used different dimensions of corporate personality to elicit descriptions of a company's identity from employees. The conceptualization of corporate associations as perceived corporate personality has recently received renewed attention, most notably from Davies and his colleagues (Chun 2001; Davies & Chun 2002; Davies et al. 2001, 2003). Davies et al. draw mainly on the work of J. Aaker (1997), who showed that perceived brand personality may have dimensions that are similar (but not identical) to the five-factor structure identified in human personality research. Similarly, Davies and colleagues found a *seven*-factor structure for their corporate personality scale, which is similar, but not identical to, Aaker's scale. An overview of their scale is displayed in Table 2.3.

The classification of corporate associations into perceived personality traits is firmly rooted in research on human and brand personality. However, it has been pointed out (Davies et al. 2003; Pervin 1989) that even the established classifications of human personality traits are solely based on empirical (factor-analytic) studies, and that there is not much discussion about the theoretical background of the factors. Nevertheless, the concept of corporate personality has been fruitfully used in recent years to study the influence of corporate associations on stakeholders' preferences (Davies et al. 2003; Sen & Bhattacharya 2001). For example, Sen and Bhattacharya (2001) investigated the role of the perceived similarity of the personality of a company to a consumer's own personality as a mediator of the effect of corporate social responsibility on consumer behavior.

Table 2.3: Davies et al.'s (2001) corporate personality scale

Dimension	Sub-dimension	Items
Agreeableness	Warmth	Cheerful, Pleasant, Open, Straightforward
	Empathy	Concerned, Reassuring, Supportive, Agreeable
	Integrity	Honest, Sincere, Real, Trustworthy
Adventure	Youth	Cool, Trendy, Young
	Energy	Imaginative, Up to date, Exciting
	Spirit	Extrovert, Daring
Competence	Conscientious	Reliable, Secure, Hard working
	Thrusting	Ambitious, Achievement oriented, Leading
	Technocratic	Technical, Corporate
Ruthlessness	Antagonism	Arrogant, Aggressive, Selfish
	Dominance	Inward looking, Authoritarian, Controlling
Glamour	Elegance	Charming, Stylish, Elegant
	Prestige	Prestigious, Exclusive, Refined
	Snobbery	Snobby, Elitist
Informality		Casual, Simple, Easy going
Ruggedness		Masculine, Tough, Rugged

A concept that is related to corporate personality, but that so far has received only very limited attention in the literature on corporate associations, is that of corporate culture. Corporate culture can be defined as "a set of values, beliefs, and norms shared by members of an organization" (Kowalczyk & Pawlish 2002, p. 162). Like personality, it refers to a construct that is used to explain behavior. People 'outside' an organization may also form an impression of the company's culture, and may use this impression to categorize their associations with the company. Kowalczyk and his colleagues (Flatt & Kowalczyk 2000; Kowalczyk & Pawlish 2002) have proposed that the dimensions of corporate image correspond to the dimensions found in studies of corporate cultures, such as risk taking and achievement orientation. In particular, they used the

Organizational Culture Profile (O'Reilly, Chatman & Caldwell 1991) to assess potential applicant perceptions of the cultures of a number of companies. However, more research is needed to establish whether the dimensions of external stakeholder perceptions of a company's culture are really the same as the dimensions underlying the perceptions of internal stakeholders.

Types based on trust

Typologies of corporate associations based on the concept of trust are mainly found in the literature on business-to-business relationships. Trust can be defined as "the subjective probability that one assigns to benevolent action by another agent or group of agents" (Nooteboom, Berger & Noorderhaven 1997, p. 311). Trust is therefore related to *predicting* the behavior of social actors. In this context, authors have discussed which behaviors and traits attributed to an actor constitute trust. There is some agreement that the two major dimensions underlying these behaviors and traits are *reliability* on the one hand, and *benevolence* on the other hand (Barber 1983; Ganesan 1994; Selnes & Gønhaug 2000). Reliability can be defined as "the perceived *ability* to keep an implicit or explicit promise", benevolence as "the perceived *willingness* … to behave in a way that benefits the interest of both parties" (Selnes & Gønhaug 2000, p. 259, italics added). Other authors have made a distinction between *honesty* and benevolence, defining honesty as the belief that an entity is "reliable, stand by its word, fulfills promised role obligations, and is sincere" (Geyskens, Steenkamp & Kumar 1998, p. 225). This relates not to the ability of an actor to fulfill its promises, but to its *intentions* to fulfill promises. So it seems that there are three dimensions of trust: reliability, honesty, and benevolence (cf. Miyamoto & Rexha 2004; Sako 1992). The first two dimensions deal with the likelihood that a company will fulfill the explicit promises that it makes, while the latter deals with the likelihood that a company will behave in a cooperative manner, independent of promises.

A concept from the business-to-consumer literature that is very similar to trust is that of *corporate credibility*. Corporate credibility can be defined as "the perceived expertise, reliability, trustworthiness, and truthfulness of a company" (Newell & Goldsmith 2001, p. 238). Goldsmith and his colleagues have devoted several empirical studies to this concept (Goldsmith, Lafferty & Newell 2000; Lafferty & Goldsmith 1999; Newell & Goldsmith 2001). The concept seems to encompass both reliability and honesty, i.e., the aspects of trust related to explicit promises. The concept of corporate credibility is derived from the concept of 'source credibility' in the communication literature, which can be defined as a person's assessment of the probability that a certain persuasive message is true, depending on the source of the message. Therefore, corporate credibility is examined as an antecedent of the degree to which consumers are persuaded by product advertisements (Goldsmith et al. 2000; Lafferty & Goldsmith 1999).

Other typologies

Besides the three main typologies I have outlined above, there are other typologies that are relatively less important. One of these is based on the concept of stakeholder needs, the other on information sources.

Types based on needs

While there are many studies that classify people's brand associations with respect to the human needs that they refer to, most of these studies relate either to product brands, or to service brands. Therefore, they have only limited relevance to corporate brands in general, so that I here consider the concept of human needs to be relatively less important.

Needs can be defined as "those human requirements calling for a response that makes human survival and development possible in a given society" (Masini 1980, p. 227). An important line of research that distinguishes brand associations by needs can be found in the literature on perceived service quality. The work of Christian Grönroos has been particularly influential in this respect. Extending the literature on instrumental and expressive product attributes (e.g., Swan & Combs 1976), Grönroos (1984) proposed that the image of a service company is based on (1) technical quality, which is the quality of the outcome of the service encounter for the customer, and (2) functional quality, which the way in which this outcome is delivered. Technical quality is similar to a product's instrumental performance, i.e., "the performance of the physical product per se", whereas functional quality corresponds to products' expressive performance, i.e., a "*psychological*" level of performance" (Swan & Combs 1976, p. 26, italics in original). Such "psychological performance" may be related to either pleasant experiences, or to expressing one's self-concept (Keller 1993). In terms of Maslow's (1970) well-known hierarchy of needs, technical aspects relate to the basic need for safety, while functional attributes may relate to the needs for belongingness and (self-)esteem. Grönroos' distinction has been empirically confirmed in a number of studies (e.g., Aldlaigan & Buttle 2002; Brady & Cronin 2001; Lehtinen & Lehtinen 1991).

McEnally and De Chernatony (1999) broadened the range of needs that brand associations may refer to, to include the high-level need for self-actualization as well. Associations relevant to self-actualization may deal with the company's behavior regarding ethical, social, and political issues, which is commonly discussed under the heading of 'corporate social responsibility' or 'corporate social performance'. Focusing on corporate social responsibility may be one way for consumers to achieve self-actualization, because it is a way to achieve goals that go beyond one's own self-interest. For example, in the personal care industry, people associate The Body Shop's products with environmental and social benefits, such as the absence of animal testing. By contrast, Ivory soap is associated with nostalgia and fun, something that may refer to the need for belongingness. Finally, Coast is a brand positioned purely on functional quality, referring to lower needs such as the need for safety. This is illustrated in Table 2.4, which is adapted from McEnally and De Chernatony's (1999) paper.

Table 2.4: The relationship between brand associations and needs

Need	Brand associations	Example (personal care)
Safety	Quality, consistency	Coast
Belongingness/Esteem	Lifestyle, status	Ivory
Self-actualization	Social, ethical, and political issues	Body Shop

Types based on information sources

A small number of studies classify corporate associations according to the information sources from which the associations have developed. For example, Britt (1971) discussed the perceptions of stakeholders according to what he called the ‘corporate imagery mix’, analogous to the traditional marketing mix of product, price, promotion, and place. Table 2.5 shows the aspects of this construct. Britt did not explicitly make the distinction between sources of information and people’s perceptions, so that it is somewhat unclear whether his typology is really a classification of corporate associations, or just a classification of the sources from which corporate associations can be derived.

Table 2.5: The elements of Britt's (1971) "corporate imagery mix"

Element	Example
National origin of corporation and products	"Made in…"
Product appearance	Price, quality, beauty
Container	Distinctiveness of package
Company and brand names	Inherent meaning of the name
Graphics	Distinctiveness of graphics
Where the products are sold	Kind of retail outlet, environment
Employees	Friendliness, customer treatment
Advertising and promotion	Tone, physical appearance

Later authors who categorized associations according to information sources did explicitly make the distinction between sources and perceptions. Mazursky and Jacoby (1986) found that people make a distinction between the employees, merchandise, and atmosphere of a retail store. Similarly, Sirdeshmukh et al. (2002) distinguished perceptions of a company's contact employees from perceptions of a company's management policies. However, within these broad categories they also made a distinction between competence, benevolence, and problem solving orientation, which reflect dimensions of trust. This suggests that while associations can be grouped according to information sources, it is then logical to distinguish 'sub-dimensions' within these groups, based on another concept.

Discussion

In this chapter, I have systematically explored the literature on corporate associations with respect to the types of associations that people may have. From this exploration, it is clear that there is not one 'definite' typology of corporate associations. I have proposed that there are three main clusters of typologies, which are based on different concepts that can be used to organize corporate associations. These concepts are: (1) the different social roles of the company, (2) the different personality traits that people attribute to the company, and (3) the different reasons they have to trust or not to trust the company. Besides these three, I distinguished two 'minor' concepts, namely the different needs that the company could satisfy, and the different sources of information about the company. An overview of the three major concepts is given in Table 2.6. These three concepts are reflected in well-known measures of corporate image/reputation. For example, the Fortune 'Most Admired Companies' survey (Stein 2003) and the Reputation Institute's 'Reputation Quotient' (Fombrun et al. 2000), seem to be based on companies' social roles, whereas the 'Corporate Personality' scale developed by Davies and colleagues (Davies et al. 2001, 2003), takes personality traits as a starting point. Finally, the 'Corporate Credibility' scale developed by Newell and colleagues (Newell & Goldsmith 2001) is based on the concept of trust.

Table 2.6: Overview of the three most important concepts used to categorize corporate associations

Concept	**Example of types of corporate associations**	**Example of measurement instrument**	**Other key publications**
Corporate social roles	Products & Services; Vision & Leadership; Workplace environment; Social & environmental responsibility; Financial performance	Reputation Quotient (Fombrun et al. 2000)	Carroll (1979); Brown & Dacin (1997)
Corporate personality	Agreeableness; Enterprise; Competence; Chic; Ruthlessness; Machismo; Informality	Corporate Personality Scale (Davies et al. 2003)	Spector (1961); Lux (1986)
Trust	Reliability; Honesty; Benevolence	Corporate Credibility Scale (Newell et al. 2001)	Ganesan (1994); Geyskens et al. (1998)

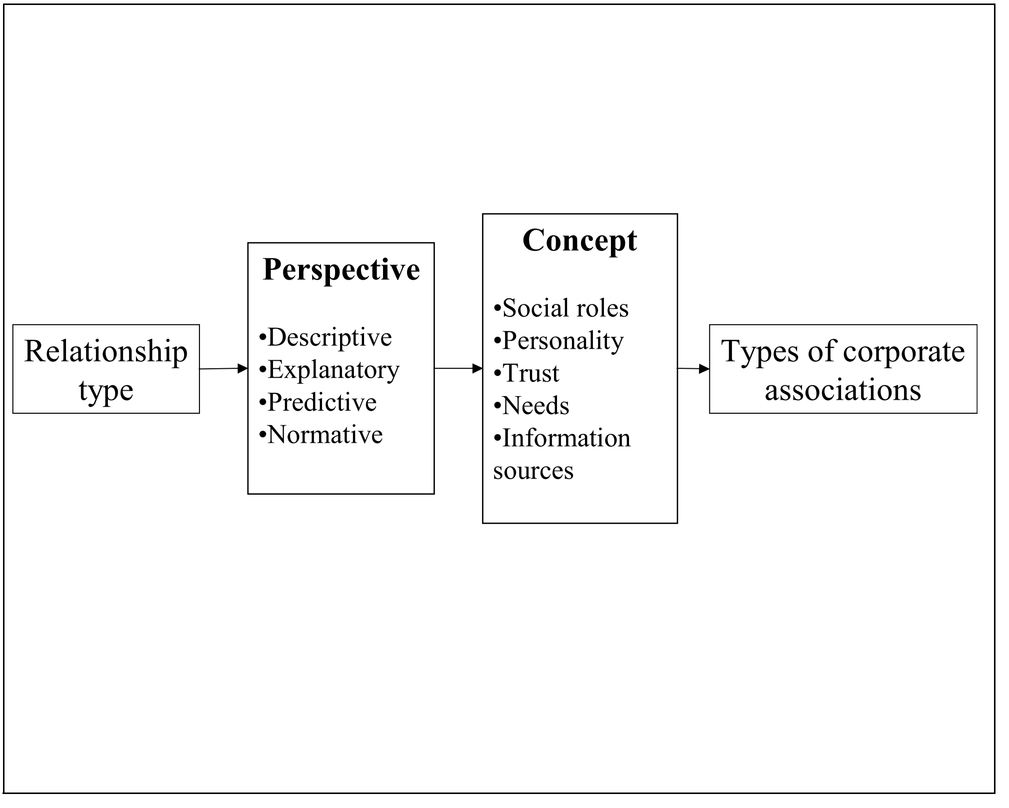
Theoretical implications

We have seen that the types of corporate associations that have been reported in the literature can be grouped into three categories, which differ fundamentally from each other. An interesting question is, *why* different studies use such fundamentally different sets of dimensions. One likely reason is that many studies do not have the exploration of the concept of image as their main objective, but start from a certain conception and use this to test a specific set of hypotheses. On the other hand, the most important reason why researchers choose a specific concept is presumably that they think it reflects the concept that people actually use in their daily lives. The question then is whether the concepts that these people use also differ across different contexts, and if so, why this is the case.

In research on cognitive psychology, it has been reported that the categories that people use to organize their perceptions of a person may differ according to the goals that they have when processing information (see Wyer & Srull 1986). For example, people may have as a goal to simply remember some information about a person, to form an overall impression about that person, or to make a more specific judgment or decision regarding the person (e.g., the suitability of the person for a certain job). The dimensions that people use to organize the information may differ depending on which goal they have. For example, when people have as a goal just remembering information, they may not use personality traits to organize the information, but (for example) only the temporal order of events.

In analogy to this line of research, people may take a number of different perspectives when they perceive a company. They may focus on describing the main features of the company (a descriptive perspective), on trying to explain the behavior of the company (an explanatory perspective), on trying to predict the future behavior of the company (a predictive perspective), or on evaluating the company's behavior against a set of norms (a normative perspective). Which perspective people use in a particular situation could in turn determine which concept they will use to categorize their perceptions of a company. A descriptive perspective could suggest a categorization based on information sources. An explanatory perspective could suggest different personality traits, because personality traits are used to explain a person's behavior. A predictive perspective could suggest trust, because trust involves the prediction of a person's behavior. Finally, a normative perspective could suggest either social roles or needs, because these concepts involve norms or standards.

Figure 2.1: Potential bases for typologies of corporate associations



While I think it is likely that people generally use only one of these perspectives when they think of a particular organization, they sometimes may use more than one at the same time. This may lead to a "hierarchical" structure of perceptions, in which people use one of the concepts to form some basic categories, and use another concept to further subdivide these categories. For example, we have seen that in Sirdeshmukh, Singh, and Sabol's (2002) study, the main dimensions are based on sources of information, but these in turn contain sub-dimensions based on trust.

What perspective people tend to take, and therefore, what concept they will use, may in turn depend on the type of relationship they have with the company. This reasoning is illustrated in Figure 2.1. For example, the concept of trust may be especially important for stakeholders who have a long-term relationship with a company, and/or a relationship that is based on so-called 'functional' benefits, like quality or dependability[2]. For example, trust seems to be especially important to business-to-business customers, whose relationships with their suppliers are mostly both long-term and have a functional character (Geyskens et al. 1998). Corporate personality may be more salient to people who have a shorter-term relationship with the company, and/or whose relationship is based on experiential or symbolic benefits, like pleasure or prestige[3]. For example, Fournier (1998) showed that many consumers attribute personality traits to the product brands that they use. Finally, the concept of social roles may be more important for stakeholders who do not have a direct relationship with a company, i.e., the "general public". Because they are not direct stakeholders of the company, it seems more likely that they look at the behavior of the company with respect to the interests of society as a whole, rather than only with respect to their own personal interests.

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[2] Functional benefits are benefits that solve specific problems people have, like being hungry or having to travel from A to B (Keller 1993; Park, Jaworski & MacInnis 1986).

[3] Experiential benefits relate to the positive experiences that a relationship brings to people, like sensory pleasure or intellectual stimulation. Symbolic benefits relate to what the relationship symbolizes to people, like status or personal values (Keller 1993; Park et al. 1986).

Practical implications

The concepts that are outlined in this chapter could provide researchers with guidelines to develop measures or other operationalizations of corporate associations. Researchers can choose a specific concept, turn to the literature pertaining to this concept, and construct their measure according to the dimensions of the concept that are identified in this literature. In addition, the (tentative) suggestions that I have provided regarding specific contexts in which each of these concepts may be especially relevant, could provide some guidance in choosing a concept.

In addition, insights into what types of corporate associations are relevant in a particular context can have important implications for corporate communication. When people make a distinction between certain characteristics, it may be important for companies to *separately* discuss these characteristics in their communications. For example, for communication directed at the "general public", it may be important to separately address the social roles that the company has regarding a number of different stakeholders. For business-to-business customers, on the other hand, it may especially be important to address separately the different aspects of the trustworthiness of the company (i.e., its reliability, honesty, and benevolence) in its relationships with customers.

In the remainder of this thesis, I will focus on the concept of social roles as a way to distinguish different types of corporate associations. In particular, I will investigate the development and influence of two specific types of corporate associations, namely, corporate ability (CA) associations and corporate social responsibility (CSR) associations. This choice was motivated by the fact that compared to other types of associations, there is more clarity about the exact definitions of CA and CSR (see Brown & Dacin 1997). In addition, recent studies have already investigated some aspects of their influence on consumer product responses (e.g., Brown & Dacin 1997; Madrigal 2000; Sen & Bhattacharya 2001), so that it will be easier to fit the results of this thesis into an existing research tradition. More importantly, however, following the tentative reasoning outlined in this chapter, the concept of social roles seems to be primarily relevant for stakeholders who do not have a direct relationship with the company, i.e., for consumers or the general public. This is the type of stakeholder that I focus on in this thesis. Furthermore, the concept of social roles also seems to be of primary importance in studying people's reactions to corporate communication efforts that are directed at a broad range of stakeholders, such as corporate websites or corporate advertising. These communication efforts generally address the expectations of all relevant stakeholder groups (i.e., they address multiple social roles), because all stakeholders are able to see the information. Therefore, such communication efforts may naturally give rise to a categorization of corporate associations according to different roles, even for stakeholders who do not have a direct relationship with the company.

Corporate ability can be defined as "the company's expertise in producing and delivering its outputs" (i.e., in delivering products and services), and corporate social responsibility as "the organization's status and activities with respect to its perceived societal obligations" (Brown & Dacin 1997, p. 68). CA and CSR are both abstract dimensions that may summarize a number of different attributes of a company. For example, CA may refer to the quality of a company's products, to a company's customer orientation, or to its innovativeness. Similarly, CSR may refer to environmental performance, employee treatment, philanthropy, or other social activities. In the remainder of this thesis, I will discuss the development and influence of corporate associations regarding CA and CSR.

Limitations and directions for future research

One limitation of the different concepts that I have identified is that it is not completely clear whether they are used solely by researchers to cluster people's corporate associations, or whether people also use them in their daily lives. Future research could examine empirically whether people indeed use these different concepts and perspectives to organize their impressions of a company, and whether they use different concepts under different circumstances. The possibility that they use only one concept, or perhaps no concept at all, cannot be ruled out here. However, even when the concepts I have identified do not correspond to the concepts people spontaneously use to categorize their associations, they could still be useful in developing measures of corporate associations.

Another limitation is that it is hard to verify whether the dimensions found on the basis of a particular concept are really important in determining people's overall impression of a company. When corporate associations are assessed using ratings on a set of predetermined items, it is possible that some items are not perceived as relevant by most respondents, even though they are perceived as a separate cluster (cf. Zimmer & Golden 1988). One way to assess the importance of different types of associations is through examining their relationship with some overall rating of the company. A number of authors have done this (e.g., Brown & Dacin 1997; Davies et al. 2003; Newell & Goldsmith 2001). However, it is hard to draw general conclusions from their findings, as they have generally used different items to measure dimensions (even if they seem to be based on the same concept), and also different types of 'overall ratings', such as company attitudes, product purchase intentions, satisfaction, or support intentions. In addition, rating scales are susceptible to 'halo effects', meaning that people's responses to all items may be colored by an overall evaluation, even though the specific associations that the items refer to are in themselves not perceived as positive or negative (e.g., Fryxell & Wang 1994). Future empirical research could shed more light on the issue of the importance of different types of corporate associations.

PART II: THE DEVELOPMENT AND INFLUENCE OF CORPORATE ASSOCIATIONS

In the first part of this thesis, I have discussed the importance of the concept of corporate associations within the field of corporate branding (Chapter 1), and have investigated which different types of corporate associations can be distinguished in the literature (Chapter 2). The latter discussion provided an answer to the first of the three research questions that I posed in Chapter 1. In the second and largest part of the thesis, I will discuss three empirical studies that investigate the two other research questions, dealing with the development and influence of different types of corporate associations. Chapters 3 and 4 will deal with the conditions under which different types of corporate associations can influence stakeholder preferences (Research Question 2), while Chapter 5 discusses the conditions under which corporate communication efforts can establish different types of corporate associations (Research Question 3).

Chapter 3: The moderating effect of corporate brand dominance on the influence of corporate associations[4]

In the previous chapter, I have investigated the different types of corporate associations that can be distinguished. I concluded that there are three main concepts on which a typology of corporate associations can be based, namely, corporate social roles, corporate personality, and trust. I chose to focus on the concept of corporate social roles, and more specifically, on two types of corporate associations derived from this concept, namely, CA associations and CSR associations. In this chapter and in the next one, I will turn to the second of the three research questions that I posed in Chapter 1, namely: "When do different types of corporate associations influence stakeholders' preferences for products, stocks, and jobs?" In this chapter, I will focus on the effects that CA and CSR associations may have on people's preferences for a company's products. The next chapter also discusses consumer preferences for a company's stocks and jobs.

When communicating with their stakeholders, companies often position themselves either as a company with an excellent CA, or as a company with an excellent CSR (cf. Van Riel & Berens 2003). For example, 3M and Bayer mainly emphasize their innovativeness, while Ben & Jerry's and The Body Shop put their social and environmental responsibility to the forefront. An important managerial question is which of these strategies has a more favorable effect on consumer attitudes and

[4] This chapter is based on: G. Berens, C. B. M. van Riel and G. H. van Bruggen, "Corporate associations and consumer product responses: The moderating role of corporate brand dominance", which is currently in the third review round with the *Journal of Marketing*.

behaviors toward the company's products. Over the last decade, a number of academic studies have begun to look at the degree to which consumers are influenced by the associations they have regarding a company's CA, on the one hand, and its CSR, on the other (e.g., Brown & Dacin 1997; Keller & Aaker 1998; Maathuis 1999). These studies generally found that both types of associations influence product evaluations, but that CA associations have a stronger effect than CSR associations.

However, as was noted in the first chapter, it is not yet clear under *which conditions* each type of corporate associations influences consumer reactions. Multi-business companies market many different products and services, often using different brand names. For example, the global food company Nestlé uses its corporate brand prominently in its coffee and tea labels (Nescafé and Nestea), as an "endorser" behind its candy bar brands (e.g., Nestlé KitKat), and not at all on its bottled water (e.g., Perrier). In each case, it is likely that the corporate brand plays different roles in consumer perceptions. For example, in the case of Nescafé, the corporate brand acts as the "driver" or primary quality signal, while in the case of KitKat, the corporate brand acts as an "endorser" in the background, with the KitKat brand acting as the driver (Aaker, D. A. 1996). While associations with the endorser may still play a role in consumer perceptions of the product, this role may be qualitatively different, in the sense that different variables may determine the degree to which they have an influence. An important question is then in which ways are the roles of CA and CSR associations in consumer product responses different when a "corporate brand only" branding strategy is used, compared to when a "sub-brand" strategy is used. Answering this question will offer insights for organizations into what type of positioning would be more effective, given that a certain branding strategy is used.

To address the conditions under which CA and CSR associations influence people's product responses, this chapter presents the results of a study examining the effects of people's CA and CSR associations with a financial services company on product attitudes and purchase intentions. In particular, I look at the effects of the corporate branding strategy that a company uses on this transfer of associations. I show that the company's branding strategy significantly influences the way in which the effect of CA and CSR is moderated by the perceived fit between the company and the product, and by people's involvement with the product.

Literature review

Several studies have explicitly looked at the roles of CA and/or CSR associations in consumers' reactions to products (see Brown 1998 for a review). Some of these studies date` back to the beginning of research on corporate image (e.g., Cohen 1963). However, only recently have researchers begun to address the psychological mechanisms via which different types of corporate associations may influence people's product responses (Brown & Dacin 1997; Keller & Aaker 1998; Sen & Bhattacharya 2001).

In a pioneering study, Brown and Dacin (1997) found that CA associations influenced overall product evaluations through their influence on the evaluation of specific product attributes ("product sophistication"), as well as through their influence on the overall evaluation of the company. By contrast, CSR associations only influenced overall product evaluations through their influence on the overall company evaluation. Keller and Aaker (1998) and Maathuis (1999) reported similar findings, although in a study by Madrigal (2000) CSR also affected judgments of specific product attributes, such as “product environmental friendliness”.

More recently, authors have extended Brown and Dacin’s (1997) study by looking at the *conditions* under which CA and CSR may influence product preferences. Sen and Bhattacharya (2001) found that the type of CSR addressed by the company, and people’s support for this type, moderated the effect of CSR on product preferences. Maathuis (1999) and Madrigal (2000) found that the perceived fit between the product and the corporate brand positively influenced both the effect of CA associations and the effect of CSR associations. The latter result is consistent with findings in the large literature on consumer evaluations of brand extensions (see Czellar 2003 for a review). This literature looks at the transfer of CA-type associations with a brand (e.g., brand quality) to evaluations of new products that are marketed under the brand name, and has often reported that perceived fit positively moderates this transfer.

The literature on brand extensions has also examined other moderating conditions. For example, research in this area has shown that brand associations have more influence on consumer judgments when people have a low involvement with the type of product and/or with the judgment itself (e.g., Maheswaran, Mackie & Chaiken 1992). Other studies have shown that experts make less use of overall brand attitudes than novices (e.g., Broniarczyk & Alba 1994).

One moderating variable that has received relatively little attention in both the corporate branding literature and the brand extension literature is the *branding strategy* that a company uses, i.e., the choice of the brand or brands under which its products are marketed. Sheinin and Biehal (1999) found that overall corporate image influences product attitudes when only the corporate brand is shown on the product advertisement, but not when a subsidiary brand is also shown.

Milberg, Park, and McCarthy (1997) showed that the (main) effect of fit on the evaluation of product brand extensions diminishes when both a parent brand and a sub-brand are shown, compared to when only the parent brand is shown. This latter result suggests that the process of brand image transfer may be different when a sub-branding strategy is used, than when a "parent brand only" strategy is used. However, Milberg et al. (1997) did not test this proposition. It may be possible that when a sub-branding strategy is used, perceived fit still determines the transfer of brand associations to the product, although fit has no positive effect on product evaluations. Similarly, it is not clear how the influence of other moderating variables, like product involvement, would be affected by branding strategies. In addition, the results from studies in the area of product brands may not be applicable in a corporate brand context. First, corporate brands often evoke associations regarding CSR, while product brands generally do not. Second, even CA-type associations may be qualitatively different for corporate brands than for product brands (Aaker, D. A. 1996). For corporate brands, these associations are generally based on more than one category of products, and on more than one source of information. This variety in sources can lead to a more elaborate and confidently held impression than is obtained from knowledge about individual products. The objective of this chapter is, therefore, to investigate the degree to which the effects of corporate brand associations related to CA and CSR are moderated by fit and involvement, and the degree to which these moderating influences are in turn affected by a company's branding strategy.

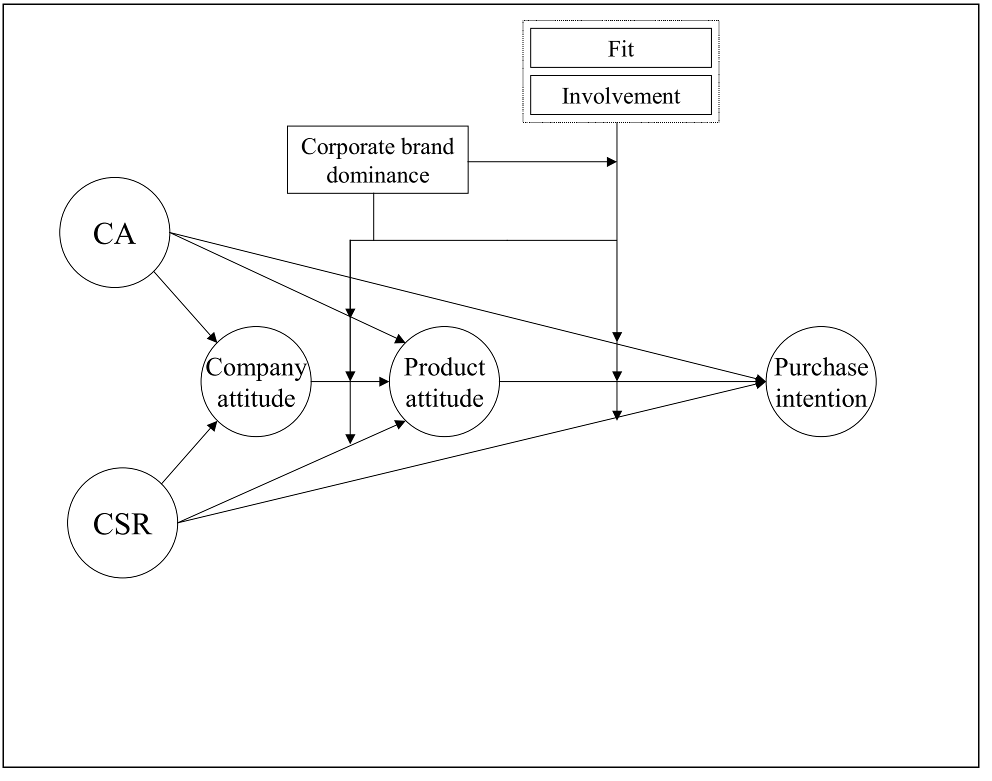
Hypotheses Development

The research model underlying this study is graphically displayed in Figure 3.1. Consistent with previous research (Brown & Dacin 1997; Madrigal 2000), I expect that associations related to a company's CA and CSR influence people's attitude toward the company, as well as their attitudes and purchase intentions toward products marketed by the company's subsidiaries. Presumably, the effects of CA and CSR on product attitudes are partially mediated by company attitudes, while the effects of CA and CSR on purchase intentions are partially mediated by attitudes toward the company and by attitudes toward the product. The fit people perceive between the company and the product, the degree of involvement people have with the product, and the degree to which the corporate brand is dominantly present in product communications, are expected to moderate the effects of CA and CSR, as well as the effects of company attitude and product attitude. Finally, I expect that the moderating effects of fit and involvement are themselves moderated by the dominance of the corporate brand.

To predict how fit, involvement, and corporate brand dominance influence the effects of CA and CSR, I use the accessibility-diagnosticity framework (Feldman & Lynch 1988; Lynch, Marmorstein & Weigold 1988). This framework is intended to explain the influence of any piece of information that is stored in an individual's memory on any evaluation made by that individual. It states that the likelihood that information is used is a function of (1) the accessibility of the information in the person's memory, (2) the accessibility of other pieces of information, and (3) the perceived diagnostic value of the information. In other words, a piece of information is more likely to be used for a certain evaluation when it is easily recalled, when other "competing" pieces of information are less easily recalled, and when the information is perceived as useful for the evaluation. Furthermore, a person only uses so much information for a certain evaluation as is necessary to satisfy a "diagnosticity threshold", i.e., a minimum level of certainty regarding the evaluation (Lynch et al. 1988).

The accessibility-diagnosticity theory is comparable to economic theories that have been advanced to explain people's information seeking behavior. For example, Atkin (1973) proposed that the likelihood that an individual will obtain and process a certain message depends on the "reward value" of the message to reduce his/her uncertainty, and on the costs of obtaining and processing the message. Reward value is similar to diagnosticity, while cost is similar to accessibility. However, while such economic theories focus on the acquisition of external information, the accessibility-diagnosticity framework explicitly looks at the use of information stored in an individual's memory, i.e., at the use of associations.

Figure 3.1: The effect of corporate brand dominance, fit, and involvement on the degree to which CA and CSR associations influence product attitudes and purchase intentions



In this chapter, I assume that corporate brand dominance, which reflects a company's branding strategy, influences the (relative) accessibility of CA and CSR associations. Furthermore, I assume that perceived fit between the company and the product determines the diagnostic value of the associations, and that product involvement influences the diagnosticity threshold that people employ. I will explain this reasoning, and its consequences for the effects of CA and CSR associations, in more detail below.

The effect of perceived fit

Previous research has shown that the effect of CA and CSR associations on consumer product evaluations is stronger when people perceive a high fit between the new product and the brand (e.g., Maathuis 1999). Furthermore, Ahluwalia and Gürhan-Canli (2000) have demonstrated that perceived fit influences the diagnosticity of brand associations for evaluating a new product, and thereby the likelihood that they will be used. I therefore expect that the indirect effects of CA and CSR associations on product attitudes, as mediated by company attitudes, will be stronger when the product is perceived as fitting relatively well with the corporate brand, than when the product is perceived as fitting relatively poorly. Similarly, I expect that the effects of CA and CSR on purchase intentions, as mediated both by company attitudes and by product attitudes, will be stronger when fit is good than when fit is poor. In addition, I expect that fit will also moderate the *direct* effects of CA and CSR associations. Even after people have formed their attitude toward the company, they may still rely on CA and CSR associations as diagnostic cues to evaluate the product. Similarly, even after people have formed their attitude toward the product, they may still use CA and CSR as heuristics to formulate purchase intentions. Perceived fit may also moderate these influences.

An interesting question is whether fit is equally important in determining the influence of CSR associations, as it is in determining the influence of CA associations. This probably depends on how relevant people perceive the CSR associations to be for evaluating the quality of a company's products. Madrigal (2000) found that the moderating effect of fit on the influence of CSR (environmental) associations was even stronger than the effect of fit on the influence of CA associations. But he explicitly chose an "environmentally responsible" product so that, in his study, people would very likely perceive corporate environmental associations as relevant for evaluating the product. Therefore, in the case that a company's CSR has some relevance for a company's product, I expect that fit between the company and the product also strongly determines the influence of CSR associations. I therefore formulate the following hypotheses.

$H_{3.1a}$: *Perceived fit positively moderates the direct and indirect effects of CA associations on product attitudes and purchase intentions.*

$H_{3.1b}$: *Perceived fit positively moderates the direct and indirect effects of CSR associations on product attitudes and purchase intentions.*

In addition, also consistent with Madrigal's (2000) results, I expect that people's attitude toward a product will have more influence on their purchase intentions when the product is perceived as fitting relatively poorly with the corporate brand. Presumably, CA and CSR associations generally are more accessible than product attributes (cf. Maheswaran et al. 1992). When perceived fit is good, people may confidently use these easily accessible associations as a heuristic to formulate their purchase intentions toward a product. By contrast, when fit is poor, people are "forced" to base their purchase intentions on their attitude toward the product itself, instead of their associations with the company.

$H_{3.1c}$: *Perceived fit negatively moderates the effect of product attitudes on purchase intentions.*

The effect of involvement

Involvement has been defined as "an unobservable state of motivation, arousal or interest evoked by a particular stimulus" (Jain & Srinivasan 1990, p. 594). In this study, I focus on people's involvement with a product *category*. Maheswaran, Mackie, and Chaiken (1992) have found that when people have a low involvement with a product or task, CA associations have more influence on purchase intentions than when people have a high involvement. In terms of the accessibility-diagnosticity theory this is because the threshold that a person has for the diagnosticity of information decreases when involvement is low, so that he/she is more easily satisfied with accessible information that is less diagnostic than information about product attributes (Lynch et al. 1988). We can expect, therefore, that involvement will negatively moderate the indirect effects of CA and CSR associations on product attitudes, as mediated by company attitude. In addition, I expect that involvement will negatively moderate the indirect effect of CA and CSR on purchase intentions, as mediated by company attitude and product attitude. As in the case of fit, I also expect involvement to moderate the *direct* influences of CA and CSR associations on product attitudes and purchase intentions. This reasoning leads to the following hypotheses.

> $H_{3.2a}$: *Involvement negatively moderates the direct and indirect effects of CA associations on product attitudes and purchase intentions.*
>
> $H_{3.2b}$: *Involvement negatively moderates the direct and indirect effects of CSR associations on product attitudes and purchase intentions.*

In addition, I expect that product attitudes will have more influence on purchase intentions when involvement is high than when involvement is low. Because product attributes are generally less accessible than brand associations, but highly diagnostic, product attitudes should be especially influential when people employ a high diagnosticity threshold, i.e., when they have a high product involvement.

$H_{3.2c}$: *Involvement positively moderates the influence of product attitudes on purchase intentions.*

The effect of corporate brand dominance

By "corporate brand dominance" I mean the degree of visibility of the corporate brand in product communications, *relative* to the visibility of a subsidiary brand. This dominance is linked directly to the corporate branding strategy that a company uses. When only the corporate brand is used in product communication, the corporate brand is dominantly visible, while a "sub-branding" strategy will decrease corporate brand dominance.

It seems likely that when the corporate brand is dominantly visible, CA and CSR associations will have more impact on product evaluations and purchase intentions than when the corporate brand is less dominantly visible (cf. Sheinin & Biehal 1999). Following the logic of the accessibility-diagnosticity framework, when a company uses a sub-branding strategy associations with the corporate brand become less accessible *relative* to associations with the subsidiary brand, compared to when a "corporate brand-only" strategy is used. Corporate brand associations will, therefore, have less influence on subsequent product evaluations and purchase intentions.

More interestingly, I also expect that the dominance of the corporate brand in product communications will determine to what degree product-brand fit and product involvement are important in the transfer of CA and CSR associations. Following the logic of the accessibility-diagnosticity framework, it seems likely that when subsidiary brand associations are made accessible and are diagnostic enough to satisfy the diagnosticity threshold, these associations alone will influence product evaluations. In that case, increasing the diagnosticity of CA and CSR associations would not enhance their influence. Therefore, it is likely that the moderating effect of fit on the influence of CA and CSR associations will be absent or weaker when a sub-branding strategy is used. This expectation is consistent with the results of Milberg, Park, and McCarthy's (1997) study, which showed that the main effect of fit on the evaluation of products is diminished when a company uses a sub-branding strategy, compared to when a company uses only the corporate brand. Therefore, I expect a three-way interaction between CA and CSR associations, fit, and the dominance of the corporate brand, reflected in the following hypotheses.

$H_{3.3a}$: *In the case that corporate brand dominance is high, CA associations have stronger direct and indirect effects when fit is high, than when fit is low. In the case that corporate brand dominance is low, the direct and indirect effects of CA associations do not depend on fit.*

$H_{3.3b}$: *In the case that corporate brand dominance is high, CSR associations have stronger direct and indirect effects when fit is high than when fit is low. In the case that corporate brand* *dominance is low, the direct and indirect effects of CSR associations do not depend on fit.*

I also expect a three-way interaction between product attitude, fit with the corporate brand, and corporate brand dominance. Extending the reasoning that product attitudes will have less influence on intentions when fit is high (Hypothesis 3.1c), it seems likely that this (negative) effect of fit will be stronger when the corporate brand is dominantly visible than when the corporate brand is not dominantly visible. A high corporate brand dominance increases the accessibility of corporate associations so that people may be more likely to use their corporate brand associations when these associations are diagnostic. This would lead to a stronger negative effect of fit on the influence of product attitudes.

$H_{3.3c}$: *In the case that corporate brand dominance is high, product attitudes have a stronger effect on purchase intentions when fit is high than when fit is low. In the case that corporate brand dominance is low, the effect of product attitudes does not depend on fit.*

In addition, I expect that the dominance of the corporate brand will influence the moderating effect of product involvement. When the corporate brand is dominantly visible, associations regarding this brand are more accessible than subsidiary brand associations, and therefore more likely to be used as a cue to evaluate the product. This would be especially the case when people have a low involvement with the product, and therefore a low diagnosticity threshold. In such cases, people tend to use only the most accessible information. On the other hand, when corporate associations are relatively less accessible because the corporate brand is not dominant, it may be the case that they will only influence product evaluations when people use a high diagnosticity threshold, i.e., when they have a high product involvement. In such a case, diagnostic information that is less accessible has a higher probability of influencing people's judgments. I therefore formulate the following hypotheses.

> $H_{3.4a}$: *In the case that corporate brand dominance is high, CA associations have stronger direct and indirect effects when involvement is low than when involvement is high. In the case that corporate brand dominance is low, CA associations have stronger direct and indirect effects when involvement is high than when involvement is low.*

> $H_{3.4b}$: *In the case that corporate brand dominance is high, CSR associations have stronger direct and indirect effects when involvement is low than when involvement is high. In the case that corporate brand dominance is low, CSR associations have stronger direct and indirect effects when involvement is high than when involvement is low.*

Regarding the effect of product attitudes on purchase intentions, I do not expect that the moderating effect of involvement will depend on the level of corporate brand dominance. No matter which brand is dominant in product communications (the corporate brand or the subsidiary brand), associations with this brand are likely to be always more accessible than product attributes, so that the influence of product attitude should always be positively moderated by product involvement.

Method

To test the hypotheses, I conducted a field experiment. The respondents were potential customers of a large financial services provider. They were asked to evaluate products that were marketed by subsidiaries of the company. These products were shown on ads, on which I manipulated the dominance of the corporate brand as a between-subjects variable.

Materials

The financial service provider in this study consists of a large number of subsidiary banks and insurance companies, most of which operate under their own name (without explicitly referring to the parent company). In this study, I investigated the evaluation of eight different products marketed by four subsidiaries. From each subsidiary, I chose one product from the retail banking market, and one product from the wholesale banking market (see Table 3.1). Each respondent evaluated one product, after being confronted with the product ad. To ensure sufficient realism of the materials, I based these ads on existing print ads.

Table 3.1: Overview of products

Subsidiary	Retail banking market	Wholesale banking market
A[5]	Industrial disability insurance	Employee benefit plan
B	Ordering stocks and bonds through the Internet	Payment service within Europe
C	Investment Fund Mortgage	Real estate finance for entrepreneurs
D	Financial consultancy for prospective lawyers	Consultancy for succession problems in family-owned businesses

[5] For reasons of confidentiality, the brands are labeled A to D.

To manipulate the dominance of the corporate brand, two alternative versions of each ad were developed. On the first of these ads, the name and logo of the parent company were added in a small font below the name and logo of the subsidiary company, after the words 'part of' (low corporate brand dominance). On the second, the name and logo of the subsidiary were replaced completely by the corporate name and logo (high corporate brand dominance). In addition, the background color of the ad was modified to the corporate color (orange). Examples of the advertisements used, including the manipulation of corporate brand dominance, are shown in Figure 3.2.

Respondents

A total of 273 respondents participated in the study, with a roughly equal number of retail and wholesale prospects (139 and 134, respectively). All respondents were responsible for financial matters in their families and companies, respectively. To ensure that questions about specific associations with the corporate brand would be meaningful to the respondents, I only included people who indicated that they were at least somewhat familiar with the organization. Respondents were randomly assigned to one of the two corporate brand dominance conditions.

Procedure

The wholesale prospects were pre-recruited by telephone and interviewed at their offices. Retail prospects were interviewed at their homes. A face-to-face interview procedure was used in which the interviewer posed questions and filled out the respondents' answers.

Figure 3.2: Sample advertisements with high (left) and low (right) corporate brand dominance

After asking questions about demographics and familiarity with the different brands, the interviewer showed the product ad. When the respondent had studied the ad, it was removed from view and the respondent was asked to evaluate the product shown in the ad. Next, he or she answered questions about perceived fit and involvement related to the product. Finally, the questionnaire was handed over to the respondent, who then filled out the remaining questions, dealing with CA and CSR associations. The interviews lasted 50 minutes on average.

Measures

For all measures, I used multiple-item scales consisting of 7-point Likert or semantic differential scales. All measures and their reliabilities are provided in Appendix A. Descriptive statistics and correlations per experimental group are provided in Tables 3.2 and 3.3.

Independent measures. The independent variables are CA and CSR associations. To measure these constructs, I adapted the Reputation Quotient scale (Fombrun et al. 2000), which captures several aspects of corporate reputation. In their 20-item scale, Fombrun et al. distinguish the following six dimensions: “Emotional Appeal”, “Products and Services”, “Vision and Leadership”, “Workplace Environment”, “Social and Environmental Responsibility”, and “Financial Performance”.

Table 3.2: Descriptive statistics and correlations for the high corporate brand dominance condition

	Descriptive statistics		Correlations						
	Mean	Std. Dev.	CA	CSR	Company attitude	Subsidiary attitude	Fit	Involvement	Product attitude
CA	5.18	.94							
CSR	4.63	1.14	.62						
Company attitude	5.41	1.15	.78	.50					
Subsidiary attitude	4.53	1.29	.25	.26	.24				
Fit	5.44	1.32	.30	.12	.35	.09			
Involvement	4.37	1.54	.04	.09	.07	.20	.04		
Product attitude	4.64	1.04	.45	.24	.45	.24	.54	.17	
Purchase intention	3.79	1.58	.47	.31	.37	.21	.41	.26	.64

Table 3.3: Descriptive statistics and correlations for the low corporate brand dominance condition

	Descriptive statistics		Correlations						
	Mean	Std. Dev.	CA	CSR	Company attitude	Subsidiary attitude	Fit	Involvement	Product attitude
CA	5.05	.92							
CSR	4.53	1.03	.60						
Company attitude	5.33	1.14	.71	.48					
Subsidiary attitude	4.72	1.17	.26	.29	.28				
Fit	5.45	1.33	.16	.19	.24	.23			
Involvement	4.54	1.63	-.02	-.03	.11	.21	.22		
Product attitude	4.54	1.07	.38	.44	.44	.54	.33	.37	
Purchase intention	3.53	1.44	.27	.36	.32	.46	.34	.30	.72

I chose the “Products and Services” and “Workplace Environment”[6] subscales to operationalize CA associations. Vision and Leadership seems to be also relevant for CA, but the items in this scale could equally well be interpreted as pertaining to leadership regarding CSR. Financial Performance may be conceptualized better as a (perceived) consequence of CA than as an aspect of CA. I used the “Social and Environmental Responsibility” subscale to measure CSR associations.

Moderator measures. Perceived corporate brand fit was operationalized as the similarity that respondents perceive between the corporate brand and the product. This construct was measured by two items, adapted from previous literature on brand extensions (e.g., Milberg et al. 1997).

Product involvement was operationalized as cognitive (rather than affective) involvement, i.e., the product’s perceived relevance and importance, rather than its perceived pleasure or sign value. I made this choice because these latter dimensions are generally not applicable to financial products and services (cf. Aldlaigan & Buttle 2001). Involvement was measured by two of the three items of the Relevance subscale from the New Involvement Profile (Jain & Srinivasan 1990).

Dependent measures. To measure people’s overall attitude toward the corporate brand, I used the Emotional Appeal subscale from the Reputation Quotient (Fombrun et al. 2000), which deals with people’s overall affect regarding the company. In estimating the influence of CA and CSR associations, I wanted to control for the influence of any associations

[6] While the name of this variable would suggest a focus on employee treatment, it deals more with the *expertise* of employees and management.

and attitudes that respondents may have regarding the subsidiary brands. Therefore, I also used the Emotional Appeal scale to measure people's attitudes toward the subsidiary brands. I measured people's attitudes toward the products on three subscales: quality, appeal (feelings regarding the product), and reliability (cf. Petroshius & Monroe 1987). In addition, I measured respondents' product purchase intentions using three items (cf. Petroshius & Monroe 1987).

Scale validation

To purify the measures, I conducted reliability analyses for each scale, followed by an exploratory factor analysis of all measures, and finally a confirmatory factor analysis of all variables. For this process, I replaced the original variables with the residuals from ANOVAs predicting the original variables from the corporate brand dominance manipulation (cf. Voss & Parasuraman 2003). I started with a total of 34 items, of which I ultimately retained 30. Two items from the Product Attitude scale and one item from the Involvement scale were dropped because they had a low correlation ($< .6$) with the total scale. One item from the CSR scale was also dropped because it seemed to measure an overall evaluation rather than CSR associations (see below).

Because some of the constructs I use (CA and product attitude) are composed of different subscales, the measurement model was a second-order factor model (cf. Rindskopf & Rose 1988). This model showed adequate fit ($\chi^2_{373} = 516.59$, $p < .01$, Standardized RMR = .05, Comparative

Fit Index = .97)[7]. However, one of the items in the CSR scale ("Do you think that [Company] behaves in an ethically responsible manner?") had high positive residuals with the items in the scale measuring company attitude, suggesting that this item may be more related to an overall evaluation of the company than to the more specific CSR concept (cf. Steenkamp & Van Trijp 1991). I therefore removed this item. The fit of the resulting model was also adequate (χ^2_{345} = 472.64, p = .00, Standardized RMR = .04, Comparative Fit Index = .97). However, the decrease in fit caused by imposing the second-order factors was significant (χ^2_{22} = 45.06, p = .00), suggesting that the better parsimony of the second order model did not quite weigh up to the loss of fit that resulted from "forcing" the subscales under the second-order factors (cf. Rindskopf & Rose 1988). Nevertheless, because the fit of the second-order factor model was adequate, and because it corresponds to the CA and CSR constructs, I proceeded with using the scales as defined above.

Results

The structural model contains three dependent variables: company attitude, product attitude, and purchase intention. I analyzed the data using three hierarchical moderated regression models, one for each dependent variable. While moderated regression models are especially sensitive to measurement error, the biasing effects of such errors are minimal when the reliability of all scales used is high, i.e., around .8 or .9 (Ping 1996). This is

[7] It should be noted that the model yielded an inappropriate solution (a negative estimate of the error variance or "Heywood case") for one of the items of the Involvement scale, which was remedied by forcing the estimate of the error variance for this item to be positive. This strategy would be justifiable in this case, given the relatively large size of the sample (cf. Dijkstra 1992)

the case for the measures I used, so I assumed that using regressions rather than structural equations would not substantially bias the results.

To be able to test the hypothesized effects of the moderators on the *indirect* effects of CA and CSR, I tested the presence of both “moderated mediation” and “mediated moderation” (Baron, R. M. & Kenny 1986). The former concerns the degree to which the mediating variable company attitude “inherits” the moderating effects applying to CA and CSR, and was examined by testing the influence of the moderators on the effect of company attitude. The latter concerns the degree to which the moderating effects applying to CA and CSR are mediated by company attitude and product attitude.

To improve the interpretability of “main effects” in the presence of interaction variables, I mean-centered the data before computing the interaction variables (cf. Jaccard, Turrisi & Wan 1990). The main effects can be interpreted as conditional simple effects, i.e. effects that hold when the other variables in the model are at their mean (i.e. zero). To estimate the “real” (unconditional) main effects, I looked at the models lower in the “hierarchy”, which do not include interaction terms.

To interpret the significant interactions, I examined the simple (conditional) effects of CA and CSR on product attitude and/or purchase intentions, for different levels of the moderators (cf. Jaccard et al. 1990). I also tested the significance of the effects of CA and CSR for “high” and “low” levels of the moderators, using modified levels of alpha in order to correct for the fact that I performed multiple statistical tests on the same interaction effect (Holm 1979).

The results of the regressions are shown in Tables 3.4 through 3.6[8]. Table 3.4 shows the estimates of the models containing only main effects, Table 3.5 the estimates of the models containing two-way interactions, and Table 3.6 the estimates of the models containing the three-way interactions. The coefficients reported represent "direct" effects, estimated from the models that contain the relevant mediating variables (company attitude and product attitude) and their interactions.

I first note that CA associations significantly affect company attitudes, product attitudes, and purchase intentions. The respondents evaluate the company and its products more favorably when they have a favorable opinion about the company's expertise. Company attitude serves as a partial mediator for the effect of CA on product attitude: when company attitude was added as a predictor, the regression coefficient of CA decreased from .28 to .17, but was still significant at the .10 level. Likewise, company attitude and product attitude serve as partial mediators of the effect of CA on purchase intentions. When company and product attitude were added as predictors of purchase intention, the regression coefficient of CA decreased from .36 to .24, but was still significant at the .05 level. CSR associations do not have a positive influence on company attitude and product attitude, but they do have a positive influence on purchase intentions.

[8] All coefficients reported are unstandardized regression coefficients. Coefficients that are significant at the 90% level are in **bold**. The values in brackets are the coefficients and t-values from the regression model that did not include the relevant mediating variables and their interactions.

Table 3.4: Results of Regressions: Main effects

	Dependent variables							
	Company attitude		Product attitude			Purchase intention		
Independent variables	B	t	B	t		B	t	
(Constant)	.01	.17	-.06	-.83		-.10	-1.03	
CA	**.87**	**13.85**	**.17**	**1.84**	**(.28, 4.03)**	**.24**	**2.01**	**(.36, 3.36)**
CSR	.04	.75	.06	.94	(.06, 1.03)	.11	1.37	**(.15, 1.66)**
Subsidiary attitude	**.06**	**1.68**	**.17**	**3.85**		.05	.85	
Corporate brand dominance	-.02	-.22	.11	1.13		.19	1.38	
Fit			**.24**	**5.98**		**.12**	**2.15**	
Involvement			**.11**	**3.39**		**.12**	**2.63**	
Company attitude			**.14**	**2.04**		-.12	-1.33	(-.01, -.13)
Product attitude						**.77**	**9.47**	
Adjusted R^2	*.56*		*.38*			*.49*		

The effect of perceived fit

I hypothesized ($H_{3.1a}$ and $H_{3.1b}$) that perceived fit between the company and the product would positively influence the effect of CA and CSR associations. In addition, I hypothesized that fit would negatively moderate the effect of product attitudes on purchase intentions ($H_{3.1c}$). The two-way interaction between CA and fit is not significant, and the same applies to the interaction between CSR and fit. However, for purchase intentions, there is a significant two-way interaction between company attitude and fit, showing that company attitude has a stronger effect on purchase intentions when fit is high, than when fit is low. Because CA significantly affects company attitude, this result suggests that fit positively affects the indirect effect of CA on purchase intentions. There is no significant interaction between product attitude and fit.

Table 3.5: Results of Regressions: Two-way interactions

	Dependent variables					
	Product attitude			Purchase intention		
Independent variables	B	t		B	t	
(Constant)	-.09	-1.20		-.15	-1.40	
CA	.04	.29		-.06	-.36	
CSR	**.27**	**2.88**		.10	.73	
Subsidiary attitude	**.15**	**3.49**		.01	.20	
Corporate brand dominance	.13	1.35		.19	1.38	
Fit	**.11**	**1.83**		.11	1.33	
Involvement	**.19**	**4.02**		.00	.06	
Company attitude	**.17**	**1.74**		.03	.23	
Product attitude				**.83**	**6.42**	
CA x Fit	.04	.57	(.00, .01)	-.11	-1.18	(.02, .29)
CA x Involvement	-.01	-.23	(.02, .39)	.04	.53	(.07, .95)
CA x Corporate brand dominance	.27	1.51	(.18, 1.33)	**.57**	**2.30**	**(.51, 2.38)**
CSR x Fit	**.08**	**1.64**	**(.08, 1.76)**	-.01	-.20	(.05, .75)
CSR x Involvement	**-.06**	**-1.86**	**(-.06, -1.85)**	-.05	-.98	**(-.09, -1.68)**
CSR x Corporate brand dominance	**-.33**	**-2.80**	**(-.35, -2.97)**	-.04	-.25	**(-.34, -1.85)**
Fit x Corporate brand dominance	**.22**	**2.69**		.06	.51	
Involvement x Corporate brand dominance	**-.12**	**-1.83**		**.17**	**1.85**	
Company attitude x Fit	-.03	-.69		**.17**	**2.71**	**(.15, 2.05)**
Company attitude x Involvement	.03	.77		.03	.45	(.06, .91)
Company attitude x Corporate brand dominance	-.11	-.85		-.24	-1.29	**(-.35, -1.67)**
Product attitude x Fit				-.02	-.36	
Product attitude x Involvement				.02	.34	
Product attitude x Corporate brand dominance				-.10	-.59	
Adjusted R²	*.42*			*.49*		

The effect of involvement

I expected that involvement would negatively moderate the influence of CA and CSR on product attitudes and purchase intentions (Hypotheses 3.2a and 3.2b). In addition, I expected that involvement would positively moderate the influence of product attitudes on purchase intentions ($H_{3.c}$). The results show that there is a significant negative interactive effect of

CSR and involvement on product attitude and purchase intention, conform Hypothesis 3.2b. Contrary to the hypotheses ($H_{3.2a}$ and $H_{3.2c}$), CA and product attitude do not interact significantly with involvement. In addition, company attitude does not interact significantly with involvement, implying that involvement does not moderate the indirect effect of CA and CSR on product attitudes. The significant interactive effect of CSR and involvement on purchase intention is partially mediated by attitudes toward the company and the product: when these attitudes were added to the model predicting purchase intentions, the coefficient of the interaction changed from -.09 to -.05, and became non-significant. This suggests that involvement moderates the indirect effect of CSR on purchase intention. When looking at the conditional effects that compose this interaction, we see that the effect of CSR on product attitudes is stronger when involvement is low (b = .37, t = 3.65, p = .00, alpha = .05) than when involvement is high (b = .16, t = 1.44, p = .14, alpha = .10).

Table 3.6: Results of Regressions: Three-way interactions

	Dependent variables					
	Product attitude			Purchase intention		
Independent variables	B	t		B	t	
(Constant)	-.12	-1.56		-.11	-.97	
CA	.03	.24		-.10	-.56	
CSR	**.26**	**2.80**		.20	1.44	
Subsidiary attitude	**.15**	**3.49**		-.01	-.22	
Corporate brand dominance	.15	1.45		.14	.91	
Fit	**.14**	**2.23**		.09	.94	
Involvement	**.15**	**2.95**		.00	.02	
Company attitude	**.17**	**1.74**		-.01	-.07	
Product attitude				**.90**	**6.67**	
CA x Fit	-.18	-1.51		-.14	-.84	
CA x Involvement	.13	1.53		.01	.11	
CA x c.b. dominance	.21	1.19		**.62**	**2.49**	
CSR x Fit	**.22**	**3.29**		.03	.26	
CSR x Involvement	**-.15**	**-3.28**		.03	.41	
CSR x C. brand dominance	**-.31**	**-2.58**		-.13	-.77	
Fit x C. brand dominance	**.18**	**2.15**		.13	1.04	
Involvement x c.b. dominance	-.06	-.84		**.19**	**2.02**	
Company attitude x Fit	.06	.79		.16	1.44	
Company attitude x Involvement	.04	.72		-.04	-.45	
Company attitude x c.b. dominance	-.05	-.41		-.24	-1.27	
Product attitude x Fit				-.13	-1.63	
Product attitude x Involvement				.09	1.11	
Product attitude x c.b. dominance				-.17	-.97	
CA x Fit x c.b. dominance	**.30**	**2.11**	**(.24, 2.40)**	.06	.31	(.26, 1.62)
CA x Involvement x c.b. dominance	**-.23**	**-1.98**	**(-.26, -3.00)**	.10	.62	(-.07, -.50)
CSR x Fit x c.b. dominance	**-.29**	**-3.09**	**(-.29, -3.18)**	-.06	-.43	**(-.30, -2.08)**
CSR x Involvement x c.b. dominance	**.19**	**2.76**	**(.17, 2.59)**	-.19	-1.83	(-.04, -.41)
Company attitude x Fit x c.b. dominance	-.08	-.80		.02	.15	(-.03, -.22)
Company attitude x Involvement x c.b. dominance	-.07	-.89		.11	.99	(-.01, -.06)
Product attitude x Fit x c.b. dominance				.16	1.54	
Product attitude x Involvement x c.b. dominance				-.15	-1.51	
Adjusted R²	*.45*			*.50*		

The effect of corporate brand dominance

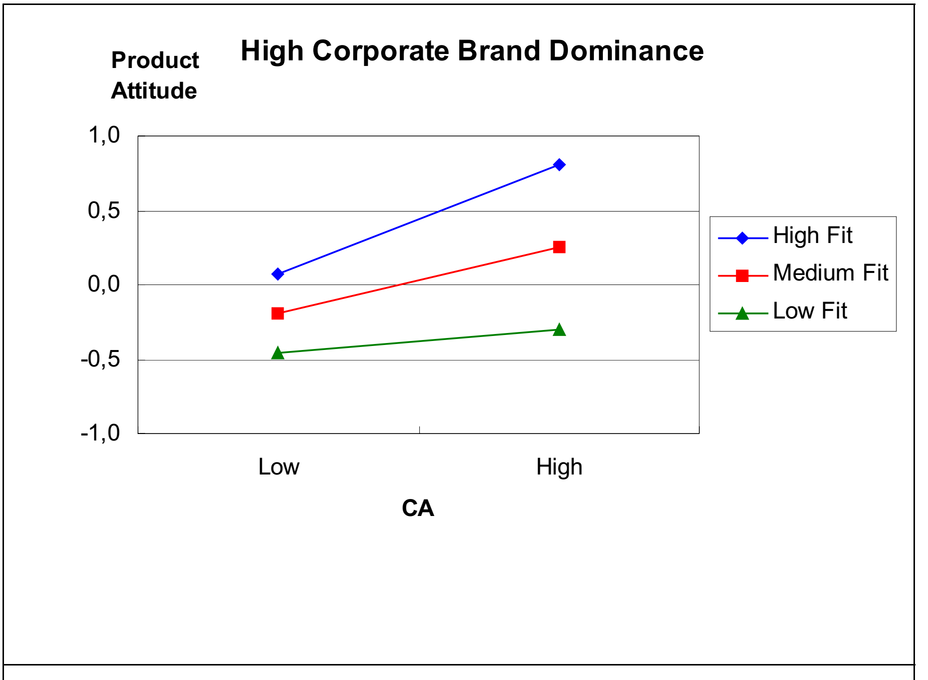
The results show that for purchase intentions there is a significant positive interaction between CA and corporate brand dominance. This implies that

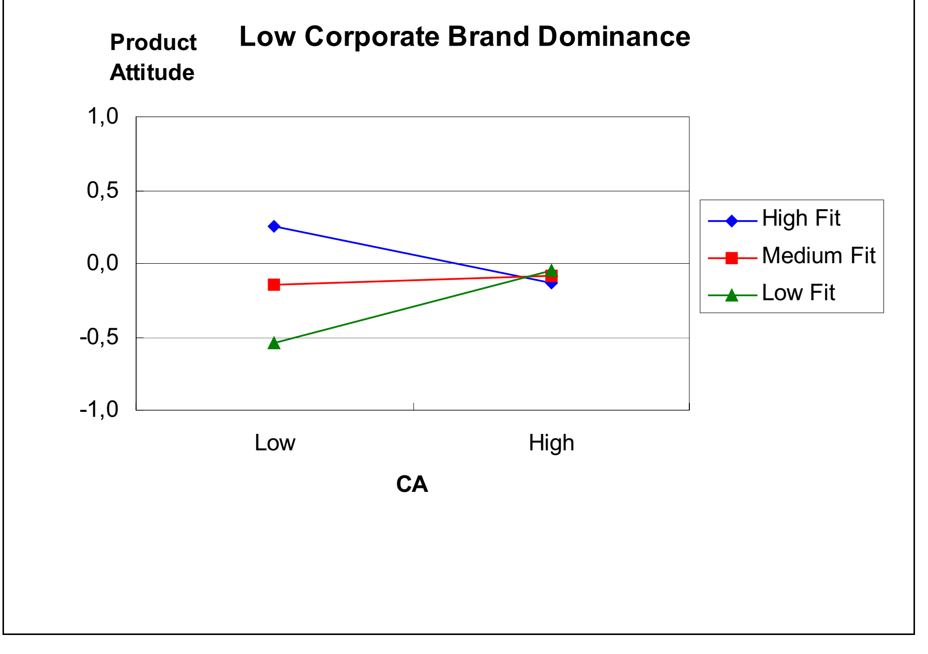
CA associations have more influence on purchase intentions when the corporate brand is dominantly visible than when the corporate brand is not dominantly visible. By contrast, there is a significant negative interaction between CSR and corporate brand dominance, both for product attitudes and for purchase intentions. This implies that CSR associations have more influence when the corporate brand is *not* dominantly visible than when the corporate brand is dominantly visible. A tentative explanation could be that corporate brand dominance sometimes decreases, rather than increases, the relative accessibility of CSR associations. I will discuss this suggestion in more detail in the Discussion section.

I hypothesized that the dominance of the corporate brand would also influence the moderating effect of fit ($H_{3.3a\text{-}c}$). Conforming to this prediction, the results show that there is a significant three-way interaction between CA, fit, and corporate brand dominance, and between CSR, fit, and corporate brand dominance. Company attitude did not have a significant three-way interaction with fit and corporate brand dominance, suggesting that fit and corporate brand dominance moderate the direct effects of CA and CSR on product attitudes, but not the indirect effects. For purchase intentions, the moderating effects were mediated by company attitude and product attitude. When these variables were added to the model, the coefficient of the three-way interaction involving CA decreased from .28 to .06, while the coefficient of the three-way interaction involving CSR increased from -.30 to -.06. This suggests that the combination of fit and corporate brand dominance determines the indirect effect of corporate associations on purchase intentions, but not the direct effects. Finally, there is no significant three-way interaction between product attitude, fit, and corporate brand dominance. I will now discuss the conditional effects of CA and CSR for different levels of fit and corporate brand dominance.

The effect of CA for different levels of fit and corporate brand dominance. When we look at the ads with a high corporate brand dominance, we find that CA has a stronger effect when fit is high (b = .40, t = 2.33, p = .02, alpha = .05), than when fit is low (b = .08, t = 0.23, p = .82, alpha = .10). On the other hand, for ads with low corporate brand dominance, the effect of CA seems not to be influenced by fit (high fit: b = -.21, t = -1.06, p = .29, alpha = .10; low fit: b = .27, t = 1.32, p = .19, alpha = .05). In agreement with Hypothesis 3.3a, this implies that fit between the product and the corporate brand determines the influence of CA associations on product attitudes and purchase intentions, but only when the corporate brand is dominantly visible on the product ad. When corporate brand dominance is low, CA associations have little or no effect on product attitudes and purchase intentions, and increasing the fit between the corporate brand and the product does not enhance their effect. This pattern of effects is illustrated in Figure 3.3.

Figure 3.3: The effect of CA on product attitude for different levels of corporate brand dominance and fit





The effect of CSR for different levels of fit and corporate brand dominance. For high corporate brand dominance, the effect of CSR does not depend on fit (high fit: b = -.14, t = -.84, p = .40, alpha = .05; low fit: b = .05, t = .20, p = .40, alpha = .10). On the other hand, for low corporate brand dominance, the effect of CSR is stronger when fit is high (b = .55, t = 4.17, p = .00, alpha = .05) than when fit is low (b = -.03, t = .25, p = .80, alpha = .10). This implies that fit between the product and the corporate brand determines the influence of CSR associations on product attitudes and purchase intentions, but only when the corporate brand is *not* dominantly visible on the product ad. This finding is not consistent with Hypothesis 3.3b. Again, it could be explained by assuming that high corporate brand dominance decreased the accessibility of CSR associations.

I also expected that corporate brand dominance would influence the moderating effects of involvement (Hypotheses $3.4_{a\text{-}b}$). The results show that product attitude is significantly affected by the three-way interaction between CA, involvement, and corporate brand dominance, and by the three-way interaction between CSR, involvement, and corporate brand dominance. Company attitude did not have a significant three-way interaction with involvement and corporate brand dominance, suggesting that the moderating variables influence the direct effects of CA and CSR on product attitudes, but not the indirect effects. In addition, the three-way interaction between CSR, involvement, and corporate brand dominance has a significant direct effect on product purchase intentions. Interestingly, the direction of this effect is opposite to that of the indirect effect of the interaction (i.e., the effect on product attitude). The analysis of the conditional effects composing these interactions shows the following.

The effect of CA for different levels of involvement and corporate brand dominance. For high corporate brand dominance, CA has a stronger influence on product attitudes when involvement is low (b = .40, t = 2.52, p = .01, alpha = .05) than when involvement is high (b = .08, t = .40, p = .69, alpha = .10). On the other hand, for low corporate brand dominance, the strength of the effect of CA does not depend on involvement (high involvement: b = .23, t = 1.28, p = .20, alpha = .05; low involvement: b = -.17, t = -.97, p = .33, alpha = .10). This result is partly consistent with Hypothesis 3.4a, in the sense that it confirms the negative role of involvement when the corporate brand is dominantly visible, but does not confirm the positive role of involvement when the corporate brand is not dominantly visible. When involvement is high, the coefficient of CA is still is not significant. However, it is clearly larger than when involvement is low.

The effect of CSR for different levels of involvement and corporate brand dominance. When corporate brand dominance is high, the effect of CSR on product attitude (i.e., the *indirect* effect on purchase intentions) does not depend on product involvement (high involvement: b = -.02, t = .10, p = .92, alpha = .10; low involvement: b = -.11, t = -.65, p = .52, alpha = .05). On the other hand, in the low corporate brand dominance condition, CSR has a stronger indirect effect when involvement is low (b = .50, t = 4.72, p = .00, alpha = .05), than when involvement is high (b = .02, t = .14, p = .89, alpha = .10). Contrary to Hypothesis 3.4b, this suggests that involvement only has a negative effect on the influence of CSR associations when the corporate brand is *not* dominantly visible on the ad.

When we look at the *direct* effect of CSR on purchase intentions, we see a different pattern. In the case of high corporate brand dominance, CSR has a stronger influence on purchase intentions when involvement is low (b = .32, t = 2.06, p = .04, alpha = .05) than when involvement is high (b = -.20, t = -1.18, p = .24, alpha = .10). In the case that corporate brand dominance is low, the effect of CSR does not depend on involvement (high involvement: b = .25, t = 1.36, p = .17, alpha = .05; low involvement: b = .15, t = .86, p = .39, alpha = .10). This implies that the negative influence of involvement on the direct effect of CSR is only present when the corporate brand is dominantly visible. This result is in partial agreement with Hypothesis 3.4b: while it confirms the negative effect of involvement in case of a high corporate brand dominance, it does not support the hypothesized positive effect of involvement when the corporate brand is not dominantly visible. While the coefficient of CSR is higher when involvement is high than when involvement is low, this difference is small. I will offer a possible explanation for the seemingly contradictory findings regarding the direct and indirect effects of CSR in the Discussion section below.

Discussion

The results of this study show that overall, associations related to corporate ability (CA) significantly affected product attitudes and purchase intentions. Associations related to corporate social responsibility (CSR) on average did not have a positive effect on product attitudes. However, they did have an effect on purchase intentions. The results also suggest that the effects of CA and CSR on product evaluations and purchase intentions are different under different *conditions*. These conditions relate to the accessibility of the associations on the one hand, and to their diagnostic value on the other hand.

CA associations especially influenced product attitudes and purchase intentions when there was a high fit between the product and the brand, and when people had a low involvement with the product. However, this was only the case when the corporate brand was dominantly visible on the product ad. When the corporate brand was not dominantly visible, fit did not influence the effect of CA, and involvement tended to positively influence the effect of CA. These moderating influences applied to the direct effect of CA on product attitude (i.e., not mediated by company attitude), and to the indirect effect of CA on purchase intentions (i.e., mediated by product attitude).

When looking at CSR associations, there was a difference between the direct and the indirect influence of CSR on purchase intentions. Similar to the indirect effect of CA, the direct influence of CSR was larger when involvement was low and corporate brand dominance was high. For the indirect effect of CSR, the study showed a different pattern. The indirect influence of CSR was enhanced by a high fit and a low involvement, but this only occurred when the corporate brand was *not* dominantly visible.

Finally, the influence of product attitudes on purchase intentions was not significantly affected by fit, involvement, or corporate brand dominance. This suggests that product attitudes did not "compete" significantly with CA and CSR associations when people had to formulate their purchase intentions.

Theoretical implications

The results of this study suggest that the corporate branding strategy that a company uses is an important determinant of the mechanism through which CA and CSR associations influence people's product evaluations and purchase intentions. When the corporate brand is dominantly visible, CA associations appear to be used as an heuristic cue to evaluate the product's quality. In terms of the accessibility-diagnosticity framework (Feldman & Lynch 1988; Lynch et al. 1988), heuristics are highly accessible pieces of information that have a moderate or low diagnosticity. Therefore, they are used especially when people either perceive them to be at least somewhat diagnostic, or when people employ a low threshold for the diagnostic value of information. This is reflected in the finding that when the corporate brand was dominantly visible, the influence of CA associations was positively affected by the fit between the company and the product, and negatively by people's involvement with the product. Presumably, the dominance of the corporate brand increases the accessibility of the associations, fit increases their diagnostic value, while a low involvement lowers the diagnosticity threshold.

On the other hand, when the corporate brand is not dominantly visible, people appear to use CA associations as a means of increasing the reliability of their product evaluation. The latter is suggested by the fact that in this case involvement with the product tended to increase, rather than decrease, the influence of CA associations. The low corporate brand dominance presumably decreased the accessibility of CA associations, so that they were unlikely to be used as heuristics. However, because they are somewhat diagnostic, the associations may be used when people employ a high diagnosticity threshold. Rather than an easily accessible heuristic, in such a case CA associations can be used as a 'backup' that may enhance people's confidence in their product judgment.

For CSR associations, the story is different. For formulating purchase intentions, CSR seems also to be used as a heuristic cue when the corporate brand is dominantly visible. This is suggested by the finding that in this case, CSR had a significant direct influence on purchase intentions when involvement was low. Presumably, when people have to indicate whether or not they would want to purchase a product, the dominance of the corporate brand in product communications will increase the accessibility of CSR associations. Therefore, people would be more likely to use the associations if they employed a low diagnosticity threshold. For product attitudes, on the other hand, CSR seems to be used as a heuristic cue only when the corporate brand is *not* dominantly visible. This is suggested by the finding that the effect of CSR on product attitudes (i.e., the indirect influence of CSR on purchase intentions) was enhanced by a high fit and a low involvement, but only when the corporate brand was *not* dominantly visible. Why would this be the case? An explanation could be that when people are evaluating a product's quality, the dominance of the corporate brand could selectively increase the accessibility of CA associations, while decreasing the accessibility of CSR associations. Making the subsidiary brand dominant in product communications changes the role of the corporate brand from that of the "driver" of a product purchase to that of the "endorser" of the product (Aaker, D. A. 1996). When a brand acts as the "driver", CSR associations may be relatively inaccessible, because the task of evaluating a product's quality induces people to focus on the brand's CA instead of its CSR. The endorser role, on the other hand, does not primarily involve providing products. Therefore, when the corporate brand takes on this role, this may induce people to focus on the other social roles of the company, such as contributing to the community and limiting environmental damage. The accessibility of CSR associations with the brand may then be increased, which may in turn induce people to use the associations when they have some diagnostic value, or when people use a low diagnosticity threshold. However, this explanation would need to be substantiated in future research.

The results do not suggest that people also use CSR associations as a means to increasing confidence in their product evaluations. This is because there was no evidence of a positive effect of involvement on the influence of CSR associations, neither for the direct effect of CSR on purchase intentions, nor for the indirect effect. The reason may be that the respondents perceived their CSR associations to have only limited diagnostic value for evaluating the products.

In conclusion, the results of this study suggest that there are two contrasting roles that corporate associations may play, each of which may be more important under different conditions. The first is role of a heuristic cue, the second that of a 'backup' to increase confidence. CA associations are used as a heuristic cue when the corporate brand is dominantly visible in product communications, and as a means to increase confidence when the corporate brand is not dominantly visible. By contrast, CSR associations seem to be used as a heuristic cue both when the corporate brand is dominantly visible, and when the corporate brand is not dominantly visible. They do not seem to be used as a means to increase confidence.

Practical implications

The results of this study have implications for managerial choices regarding the way a company positions its corporate brand, and for choices regarding the use of the corporate brand in product communications. In the area of positioning, the results suggest that a strategy focusing on corporate abilities, such as expertise, innovativeness, and customer orientation, is most effective for products that (1) are labeled by only the corporate brand, *and* (2) that fit well with the corporate brand. In such a case, one can expect a strong transfer of CA associations from the corporate level to the product, and a weak transfer of CSR associations. For products that are labeled by a subsidiary brand, there will be little or no transfer of CA associations to the product level, except for high-involvement products. On the other hand, the results suggest that a positioning of the corporate brand that focuses on CSR will be most effective when (1) a sub-branding strategy is used, *and* (2) when people have a low involvement with the product. When the company labels the product with only the corporate brand, *and* when people have a low involvement with the product, focusing on CA seems to be about as effective as focusing on CSR. This reasoning is illustrated in Table 3.7.

Table 3.7: Implications for the choice of a positioning strategy

Conditions	Most effective positioning strategy
Corporate brand only and high perceived fit	CA
Corporate brand only and low perceived fit	CA or CSR
Corporate brand only and high product involvement	CA or CSR
Corporate brand only and low product involvement	CA or CSR
Sub-branding and high perceived fit	CSR
Sub-branding and low perceived fit	CA or CSR
Sub-branding and high product involvement	CA
Sub-branding and low product involvement	CSR

Regarding choices of the use of the corporate brand in product communications, the results suggest that when a company wants to leverage its CA associations, a monolithic branding strategy would seem to be the best choice, in the case that the products are perceived as fitting well with the company, or are low-involvement products. On the other hand, a sub-branding strategy would seem to be better for products that are perceived to fit relatively poorly with the corporate brand, and for high-involvement products. For the company's image regarding social and environmental issues (CSR), this does not seem to hold. When a company wants to leverage these types of associations, a sub-branding strategy would be the most effective when the product is perceived as fitting well with the corporate brand. For a low-involvement product, the "corporate brand only" and sub-branding strategies would seem to be about equally effective. These implications are illustrated in Table 3.8.

Table 3.8: Implications for the choice of a corporate branding strategy

Conditions	Most effective corporate branding strategy
Focus on CA and high perceived fit	Corporate brand only
Focus on CA and low perceived fit	Sub-branding
Focus on CA and high product involvement	Sub-branding
Focus on CA and low product involvement	Corporate brand only
Focus on CSR and high product involvement	Corporate brand only or sub-branding
Focus on CSR and low product involvement	Corporate brand only or sub-branding
Focus on CSR and high perceived fit	Sub-branding
Focus on CSR and low perceived fit	Corporate brand only or sub-branding

Limitations and suggestions for future research

While this study reports several important findings, it is not without limitations. First, I assessed people's associations regarding a single company, which likely induced truncation of the measures of these variables. This implies that I have to be careful in generalizing the results in this study to situations in which people's corporate associations are extremely favorable or extremely unfavorable. Future research could corroborate the findings of this study using multiple organizations or experimental manipulations of corporate associations.

Second, while I took into account the influence of people's associations regarding the subsidiary brands included in the study, I only measured respondents' overall affect regarding these brands. The main reason for not including measures of people's CA and CSR associations regarding the subsidiary brands was that the emphasis of the study was on associations regarding the corporate brand. In addition, some of the subsidiary brands I used were relatively unknown among the public, so that it seems unlikely that many respondents would have been able to answer questions about specific cognitions regarding these brands.

Third, I did not assess whether all respondents really had associations regarding the specific aspects of the corporate brand I was interested in, leaving some uncertainty about measurement validity. Regarding especially CSR, it may be possible that some respondents had no associations with this aspect of the company and therefore had to create an answer on the spot. I tried to minimize this problem by including only respondents who were at least somewhat familiar with the company.

Fourth, the independent and dependent variables were measured in the same questionnaire, which could inflate the reported relationships (Feldman & Lynch 1988). While this was partially dealt with by measuring the independent variables *after* measuring the dependents, it is possible that respondents' answers on the "dependent" measures (product responses) influenced their responses on the "independent" measures (corporate associations).

In this study I examined the role of CA and CSR associations in people's product responses. An interesting issue for further research could be the generalizability of other judgments than product preferences. Corporate brands are also used on the job market and the stock market, for example. To what degree do CA and CSR associations play a role in these contexts? And what would be the relevance of the variables fit, involvement, and corporate branding strategy in these contexts? We may expect that CSR will play a larger role in the context of evaluating jobs and stocks, because it likely is perceived as more diagnostic. Therefore, it may be that in these cases, the role of CSR associations, as evidenced by their interaction with fit, involvement, and corporate brand dominance, may be more similar to the role of CA associations than we saw in this study.

In the next chapter I will discuss some aspects of the role of CA and CSR associations in contexts other than product evaluations. Specifically, I address the question of whether CA and CSR can compensate each other in people's evaluations of a company's products, stocks, and jobs.

Chapter 4: The compensatory and non-compensatory effects of corporate associations

In the previous chapter we have seen that CA and CSR can influence people's product evaluations and purchase intentions under different circumstances. It appeared that the degree to which the corporate brand is dominant in product communications determines what role CA and CSR associations play in people's product responses. These findings shed light on the second research question in this thesis, which relates the conditions under which different types of corporate associations may influence stakeholder preferences. However, what did not become clear from this study is whether CA and CSR are both *necessary* in the eyes of the consumer. Suppose a person facing an investment decision can choose between two companies to invest in. One has excellent products and services, but also has a reputation for polluting the environment, mistreating its employees, and disregarding community interests. The other company's products and services are of below average quality, but it has an excellent track record regarding environmental impact, employee treatment, and community relations. Which company will the person choose, and why? Another important issue that was not addressed in the previous chapter is that of people's preferences for a company's stocks and jobs, besides the company's products.

In this chapter I examine the question of whether and when being perceived as a socially responsible company can *compensate* for a poor CA, and vice versa, whether and when being perceived as a highly expert company can compensate for a poor CSR. In particular, I want to find out under which conditions CA and CSR associations are both necessary to establish favorable preferences, and under what conditions a favorable evaluation of one aspect can compensate for an unfavorable evaluation of the other aspect. Furthermore, I will not only look at people's reactions to a company's products, but also at their reactions toward the company's stocks and job offers.

The results of previous studies have suggested that CA and CSR are both necessary for a favorable consumer attitude (Barone, Miyazaki & Taylor 2000; Folkes & Kamins 1999; Handelman & Arnold 1999). However, it seems likely that this is not the case under all conditions. Sometimes, a good CA may be quite able to compensate for a poor CSR record, and vice versa. The purpose of the present study is therefore to investigate under which conditions CA associations and CSR associations can compensate each other, and under which conditions they are both necessary for favorable attitudes and behavioral intentions.

Literature review

Several authors in cognitive psychology have looked at the question of whether positive attributes can compensate for negative attributes. Research on decision-making has demonstrated that people often do not trade off all attributes of all decision options against each other, but employ a diversity of heuristics (cf. Bettman, Luce & Payne 1998; Dawes 1964). One such heuristic is to look at only the best attributes an option has. This is called "disjunctive" decision-making. Another heuristic is to look only at the worst attribute, which is called "conjunctive" decision-making. In the latter strategy, a negative attribute cannot be compensated by a positive attribute.

Furthermore, research in information integration theory has shown that in forming an overall evaluation, negative and extreme attributes get more weight than positive and moderate attributes (Anderson 1981; Lynch 1979). These findings have been called “negativity effect” and “extremity effect”, respectively. The presence of a negativity effect suggests that positive attributes cannot fully compensate for negative attributes.

When are such effects more likely to occur? Skowronski and Carlston (1987; 1989) have suggested that this depends on the type of judgment that is to be made. Specifically, they found that negative information is more diagnostic for judgments of a person’s abilities (such as intelligence), while positive information is more diagnostic for judgments of a person’s morality. For example, a person who does many stupid things, but one brilliant thing, is likely to be called intelligent, whereas a person who does many ethical things but one very unethical thing, is likely to be called unethical.

More recent research has focused specifically on the nature of the different *attributes* involved in a judgment, rather than the nature of the judgment itself (Baron, J. & Spranca 1997; Luce, Payne & Bettman 1999; Tetlock et al. 2000). These studies show that for some attributes, negative information is not just more diagnostic than positive information, but threatens the person’s important goals or values. Such attributes cannot be compensated by other attributes.

Some authors have already examined non-compensatory effects in the context of CA and CSR associations. Specifically, Folkes and Kamins (1999) showed that “negativity effects” occur both for CSR and for CA: when a company acts unethically, the quality of its product does not influence people’s attitudes toward the firm. Similarly, when a company has an inferior product, acting prosocially does not influence people’s attitudes. Similar results have been obtained by Handelman and Arnold (1999) and by Barone et al. (2000). These results suggest that consumers perceive both CA and CSR to be necessary attributes of a company, so that a good CA record cannot compensate for a poor CSR record, and vice versa. However, these studies have not investigated under what conditions these effects are more likely to occur.

Hypotheses Development

The research model used in this study is shown in Figure 4.1. Analogous to the research model used in Chapter 3, I expect that CA and CSR associations both have a significant positive influence on attitudes toward the company, on attitudes toward the company’s products, and on product purchase intentions. In addition, I expect that CA and CSR positively influence attitudes and behavioral intentions toward a company’s stocks and jobs, consistent with previous research (e.g., Goldberg 1998; Greening & Turban 2000; Hillman & Keim 2001). Furthermore, as in Chapter 3, I expect that the effects of CA and CSR on product (stock/job) attitudes will be partially mediated by company attitudes, while the effects of CA and CSR on behavioral intentions are partially mediated by attitudes toward the company and by attitudes toward the product (stock/job).

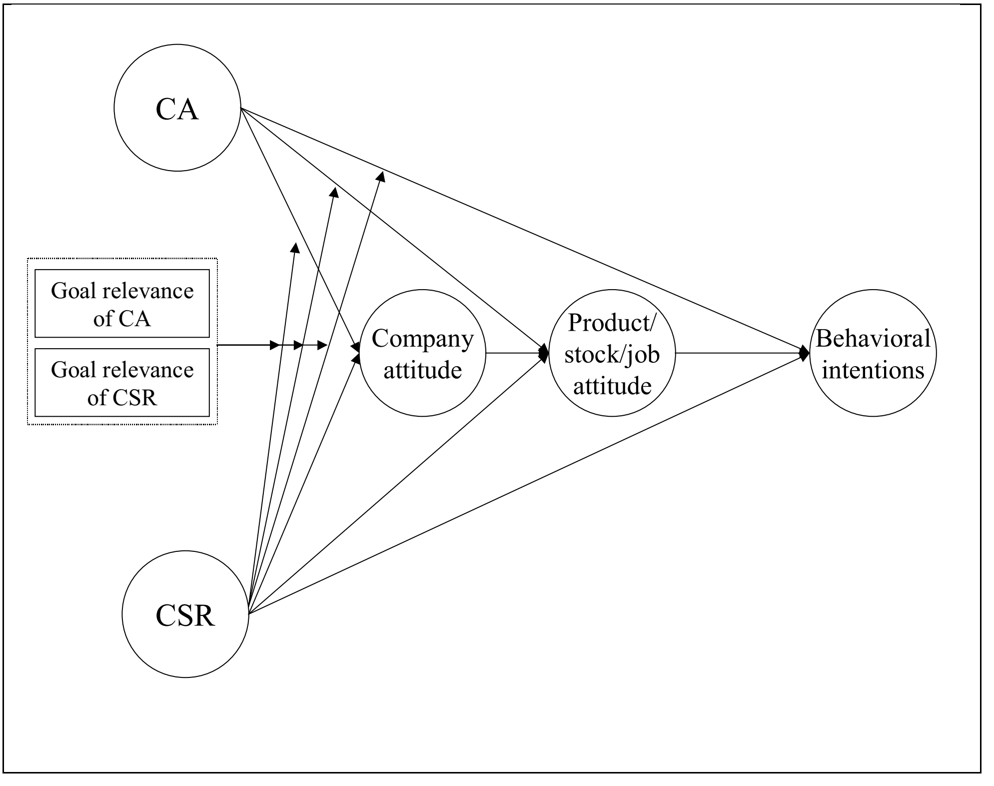
Following previous studies which examined the question of whether CA and CSR can compensate each other (Barone et al. 2000; Folkes & Kamins 1999; Handelman & Arnold 1999), I expect that on average, a good CSR cannot compensate for a poor CA, and vice versa, that a good

CA cannot compensate for a poor CSR. As Billings and Marcus (1983) point out, non-compensatory processing may be investigated by examining interactions between attributes. A significant positive interaction would indicate that when one attribute is poor, the value of other attributes has less effect than when the attribute is good. Furthermore, analogous to the reasoning I advanced in Chapter 3, I expect that this interactive effect occurs both for the indirect effects of CA and CSR, and for their direct effects. That is, both the indirect and the direct effects of CSR on attitudes and intentions will depend on whether CA is good or poor, and both the direct and indirect effects of CA will depend on whether CSR is good or poor. The first hypothesis is therefore:

> $H_{4.1}$: *CA positively moderates the direct and indirect effects of CSR, and CSR positively moderates the direct and indirect effects of CA.*

But under what *conditions* can we expect that such an effect is most likely to occur? As noted above, research in the psychology of decision-making has shown that some attributes of objects may pose threats to important goals (e.g., good health, survival, happiness) when they are unfavorable (Baron, J. & Spranca 1997; Luce et al. 1999; Tetlock et al. 2000). People presumably have a hierarchy of goals they want to achieve, and important goals are those that rank highly in this hierarchy (cf. Luce et al. 1999).

Figure 4.1: The effect of goal relevance on the interactive effects of CA and CSR on company attitude, and on attitude and intentions toward products, stocks and jobs



When such goals are threatened, these attributes become associated with potential negative emotions (Lazarus 1991). As a way to cope with these emotions, people may then resist trading off the attributes against other attributes (Jones & Johnson 1973; Luce et al. 1999). For example, most consumers would prefer a safe car to an unsafe car, no matter how much cheaper the unsafe car is. Research has also shown that such perceived threats to important goals are more than 'merely' evaluations of attribute importance (Luce, Bettman & Payne 2000; Luce et al. 1999). For example, in choosing a car, a person may judge safety to be equally important as style or price, but still find an unsafe car to far be more threatening to important goals than an ugly or expensive car.

Following this reasoning, we can expect that when CA or CSR associations are relevant to people's important goals, people will not consider entering into a relationship with a company with a poor CA or CSR record, no matter how favorable other attributes are. However, it still remains to be seen whether CA and CSR associations really can be directly relevant to people's goals. Corporate associations are not "intrinsic" attributes of the products, stocks or jobs that a company offers. A person does not "buy" corporate associations, but only uses them as an *indication* of the real attributes of the product, stocks, or jobs. In the next section, I discuss situations in which a company's CA could be relevant to people's important goals, so that they would refuse to compensate a low CA. Next, I consider situations in which a company's CSR may be relevant to people's important goals.

The goal relevance of CA

In some situations, a company's CA can be relevant to people's goals in the context of deciding to buy a product or a company's stocks, or in deciding whether to apply for a certain job. For example, when a customer is planning to invest a large sum of money in a fund, an investment company's CA can be relevant to the customer's goal of making money, or avoiding losing money. The customer may reason that doing business with a low-CA company will increase the probability of losing money. Similarly, an investor may reason that a company's CA will likely impact the company’s financial performance, and therefore the returns he or she will get from a company’s stocks. Finally, because of this link with a company’s financial performance, a company’s CA may impact the security of a job at the company, which may also be an important goal to people when they have to decide about accepting a job offer. In addition, a company’s CA could influence the self-esteem that a person derives from working at the company (cf. Greening & Turban 2000).

When company CA is linked to the goals that people want to achieve in a certain situation, it is likely that a good CSR record cannot compensate a poor CA. For example, in such a case, a person will not consider investing in a fund from a company with a low CA, no matter how well it performs in terms of CSR. When a company has a good CA, however, having a good CSR may increase the favorability of people’s attitudes and intentions with respect to the company.

Conversely, some people may perceive CA associations to be less relevant for the fulfillment of their goals. For example, some people may believe that the performance of an investment fund depends on the performance of the market as a whole, rather than on the expertise of the investment company. Or they may find the quality of the product itself to be relatively unimportant to fulfill their goals. This would likely be the case for typical “low-involvement” products, such as fast moving consumer goods. Similarly, some people may not think that working for a company with a poor CA would endanger their job security or self-esteem. In such cases, CA associations should not be relevant to predict whether or not an important goal will be fulfilled. Then, we can expect that CSR associations can have a positive effect on attitudes and intentions, even when CA is unfavorable. I therefore formulate the following hypothesis.

$H_{4.2}$: *The interaction between CA and CSR will be stronger when CA is perceived as goal relevant, than when CA is not perceived as goal relevant.*

The goal relevance of CSR

A company's CSR may also be relevant to people' goals in the context of choosing a product, stock or job. For example, a company's reputation for environmental friendliness may be relevant for consumers to evaluate the quality of a specific environmentally friendly product (cf. Madrigal 2000). Similarly, a company's reputation for CSR may be relevant for investors who have to decide whether or not to buy a company's stocks. They may reason that the quality of a company's relationships with its stakeholders is likely to impact its performance (cf. Epstein & Schnietz 2002). Finally, people's perceptions of the way a company treats its employees (a type of CSR) are likely to be relevant for the satisfaction they expect from accepting a job offer from the company (cf. Schwoerer & Rosen 1989). In addition, for decisions regarding products, stocks, as well as job offers, paying attention to CSR may be relevant for people in order to live their lives according to their moral values (Frank 1996). Furthermore, entering into a relationship with a socially responsible company may be a way to express one's personal identity (Sen & Bhattacharya 2001). When CSR is relevant to important goals, we can expect that a favorable CA cannot compensate for an unfavorable CSR.

Conversely, some people may not perceive CSR to be relevant to their goals in a specific situation. For example, some people may think that a company's CSR activities are irrelevant in predicting the performance of the company's stock. Or they may not perceive the type of CSR activities that a company displays to be relevant to their values or personal identities. When CSR is not relevant to people's important goals, we can expect that a good CA can compensate for a poor CSR. I therefore hypothesize:

$H_{4.3}$: *The interaction between CA and CSR will be stronger when CSR is perceived as goal relevant, than when CSR is not perceived as goal relevant.*

Method

To test the hypotheses, I conducted an Internet-based experiment. In this experiment, I manipulated CA and CSR associations between subjects in the form of scenarios[9]. These scenarios were about a financial services provider offering investment funds. The reason for this choice was that, on the one hand, these types of products can have clear negative consequences that are hard to avoid, but that on the other hand, some may see CA as irrelevant to these consequences[10]. Therefore, it seems more likely that

[9] While a study of the compensation of attributes would strictly speaking necessitate a within-subjects design, this would be problematic for the present study. Because corporate associations concern a company as a whole, I felt that realistic manipulations of CA and CSR associations demand fairly elaborate descriptions of a company on these aspects. In such a situation, allowing each subject to see all combinations of CA and CSR (in different companies) would almost 'give away' the purpose of the study, which may create demand artifacts. The few other experimental studies that explicitly looked at interactions between corporate associations (Barone et al. 2000; Folkes & Kamins 1999; Handelman & Arnold 1999) also used a between-subjects design.

[10] Thus, there are no warranties in case the fund turns out to perform badly, in contrast to most other high-risk products like electronics or cars. On the other hand, some people

there would be sufficient variation in the degree to which respondents perceived the company's CA as goal relevant in the context of evaluating a product.

Materials

I provided respondents with descriptions of a fictitious Canadian company called "Groupe Lejeune". I chose a Canadian company because the population used in this study (Dutch students) could be assumed to be relatively unfamiliar with Canadian companies in general, and because Canada as the country of origin of a bank would likely neither evoke very negative nor very positive associations. CA was operationalized as the overall quality of this company's products and services (high and low), in the form of *Consumer Reports* type tables regarding two different services: advice about loans and car insurance. CSR was operationalized as the degree to which the company 'screens' companies and other entities it invests in on their ethical conduct (to a high degree versus not at all). All experimental materials appear in Appendix B. To ensure sufficient realism of the CA and CSR manipulations, I deliberately chose to avoid extreme levels of either one. Thus, the company's service quality was portrayed as one of the weaker in the "high CA" condition, and as one of the better in the "low CA" condition. Similarly, the type of CSR that was discussed (investments in rainforest logging companies) was not such that most people would perceive it as extremely negative or extremely positive. All experimental materials are provided in Appendix B.

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believe that the returns of an investment fund, even when it involves a high risk, depend for the most part on market performance, rather than the ability of the investment bank.

In addition to CA and CSR, I manipulated the type of preference within subjects, by giving information about a high risk investment fund (an “Asian Tigers Fund”) marketed by the company, a job offer by the company (a traineeship), and the company’s own stocks. The dependent variables are the evaluation of the three “products” in terms of quality and purchase intention. The result is a 2 (CA) × 2 (CSR) × 3 (preference type) mixed design. The order of all manipulations was randomized between subjects, to avoid order effects.

Respondents

One hundred and sixty-one undergraduate business administration students participated in the study. Students were recruited via their enrollment in specific courses, and assigned randomly to one of the experimental conditions.

Procedure

An online (HTML) questionnaire was used for the experiment. Subjects were instructed to follow a link to a web page, on which the questionnaire could be found. The descriptions of the company’s CA and CSR were presented first, followed by descriptions of the fund, stocks, and job. For each of these ‘products’, questions were asked about the goal relevance of CA and CSR in the context of this ‘product’, as well as questions about attitudes and behavioral intentions. After this, manipulation check measures were taken regarding the favorability of respondent’ CA and CSR associations with the company. The questionnaire concluded with inquiries into subjects’ expertise regarding investing, as well as their age and sex.

Measures

All measures and their reliabilities can be found in Appendix B. Descriptive statistics for all composite scales for each experimental cell, are provided in Table 4.1, and correlations between the main variables for each of the three types of preference are provided in Table 4.2.

Dependent measures. I measured people's overall attitude toward the company on a 7-point semantic differential scale. Subjects' overall attitudes regarding the fund, stocks, and job were measured on a 7-point semantic differential scale for each "product". Behavioral intentions were measured on two semantic differentials for the fund and the stocks, and on three scales for the job offer (cf. Schwoerer & Rosen 1989). The ensure that judgments regarding the investment fund and the company's stocks would be perceived as significant, subjects were asked to imagine they had unexpectedly received a large amount of money (€100,000) and had already decided to invest this money in an Asian investment fund or in a portfolio of stocks, respectively.

Moderator measures. To measure the degree to which CA and CSR was goal relevant for the investment fund, the stocks, and the jobs, I adapted measures of perceived diagnosticity, asking for the perceived usefulness of a specific piece of information for a specific judgment (e.g., Aaker, J. L. & Sengupta 2000). Specifically, I asked subjects to evaluate the perceived usefulness of the information on CA and the information on CSR for judging possible negative consequences of accepting the company's product, stocks, and job offer. These potential negative consequences were first made salient to the subjects by asking them about several potential risks associated with the product: functional, financial, psychological, social, and overall risk (Jacoby & Kaplan 1972)[11].

Table 4.1: Descriptive statistics for each experimental cell

			Fund		Stocks		Job	
			Mean	Std.dev.	Mean	Std.dev.	Mean	Std.dev.
Low CA	Low CSR	Company attitude	3.23	.92	3.23	.92	3.23	.92
		Product attitude	4.13	1.10	2.91	.90	4.43	1.20
		Behavioral intention	3.15	1.36	2.46	1.19	2.46	1.19
		Emotions CA	3.98	1.43	4.85	1.19	4.54	1.27
		Emotions CSR	4.24	1.45	4.80	1.58	4.87	1.67
	High CSR	Company attitude	3.96	.92	3.96	.92	3.96	.92
		Product attitude	3.78	1.22	3.59	1.15	4.52	1.25
		Behavioral intention	3.52	1.35	3.11	1.18	3.93	1.18
		Emotions CA	3.96	1.75	4.76	1.10	4.74	1.42
		Emotions CSR	3.80	1.58	4.44	1.70	4.83	1.52
High CA	Low CSR	Company attitude	4.25	1.16	4.25	1.16	4.25	1.16
		Product attitude	4.55	.96	4.29	1.04	5.16	.81
		Behavioral intention	4.23	1.41	3.78	1.41	4.25	1.19
		Emotions CA	3.87	1.41	4.32	1.40	4.48	1.31
		Emotions CSR	4.11	1.50	4.45	1.48	4.79	1.16
	High CSR	Company attitude	5.17	1.00	5.17	1.00	5.17	1.00
		Product attitude	4.52	.95	4.97	.87	5.21	1.18
		Behavioral intention	4.38	1.15	4.57	1.12	4.24	1.12
		Emotions CA	4.00	1.36	4.69	1.24	4.67	.99
		Emotions CSR	3.98	1.49	4.55	1.14	4.74	1.29

Manipulation check measures. Manipulation check measures for CA were taken from the "expertise" dimension of Newell and Goldsmith's (2001) corporate credibility scale. This dimension consists of four items, but two of those seem to deal more with the company's experience than with actual expertise. I therefore only used the two items directly related to perceived expertise. Two items dealing with the company's perceived ethical behavior and social responsibility served as a manipulation check for CSR.

[11] The question about financial risk was only posed for the fund and the stocks.

Table 4.2 Correlations

		CA	CSR	Company attitude	Product attitude	Intention	Goal relevance of CA
Fund	CSR	-.05					
	Company attitude	.44	.34				
	Product attitude	.27	-.10	.20			
	Intention	.34	.07	.27	.61		
	Goal relevance of CA	-.01	.02	.14	-.04	-.21	
	Goal relevance of CSR	.02	-.09	-.09	.02	-.15	.38
Stocks	CSR	-.05					
	Company attitude	.44	.32				
	Product attitude	.54	.24	.60			
	Intention	.47	.23	.51	.68		
	Goal relevance of CA	-.12	.07	.09	-.09	.05	
	Goal relevance of CSR	-.04	-.04	-.03	-.01	.16	.46
Job	CSR	-.05					
	Company attitude	.44	.32				
	Product attitude	.31	.01	.26			
	Intention	.15	.01	.21	.45		
	Goal relevance of CA	-.03	.08	.02	.29	.09	
	Goal relevance of CSR	-.03	-.01	-.05	.30	.14	.39

Scale validation

I conducted the process of scale validation separately for the fund, shares and job evaluations. In addition, to control for the effect of the manipulations on the correlations between the measures, I used the residuals obtained from ANOVAs estimating the influence of the experimental conditions on all measured variables (Voss & Parasuraman 2003). First, I conducted reliability analyses to see whether any items did not correlate highly (> .4) with the scales to which they belonged. This was not the case for any of the measures. Second, I conducted a confirmatory factor analysis of all measures, to assess whether all items loaded significantly on their respective scales, and not on other scales. The factor model showed adequate fit for all three types of preference (see Table 4.3).

Table 4.3: Results of the scale validation for the three preference types

	$X^2_{(df)}$	p	Standardized RMR	Comparative Fit Index
Fund	33.48 $_{(35)}$	.58	.00	1.00
Stocks	45.24 $_{(36)}$	.14	.05	.97
Job	45.70 $_{(46)}$	.48	.05	.99

Analysis

The data were analyzed using hierarchical moderated regression models with dummy variables representing the CA and CSR conditions, and the measures of the goal relevance of CA and CSR as moderators. I analyzed respondents' evaluations of the three types of preference (fund, stocks, and job) separately. For each preference type, three regression models were estimated, one for each dependent variable (company attitude, product/stock/job attitude, and behavioral intention). The degree to which the effects of the independent variables were mediated was assessed using the procedure described by (Baron, R. M. & Kenny 1986). In addition, following the regression procedure described by Judd, McClelland, and Smith (1996), I tested whether any of the effects differed significantly between the fund, stocks, and job. This was done to avoid capitalizing on chance when evaluating the same model for three different types of preference.

Results

Before discussing the results of the regression models, I investigate whether the manipulations of CA and CSR had the intended effects on people's evaluations of these attributes. The results of 2 × 2 ANOVAs showed that the manipulation of CA associations had a significant positive influence on perceived CA ($F_{(1, 107)} = 109.00$, $p = .00$). It did not have a significant effect on perceived CSR ($F_{(1, 107)} = .93$, $p = .34$). Likewise, the manipulation of CSR associations had a significant positive influence on perceived CSR ($F_{(1, 107)} = 185.70$, $p = .00$), and no significant effect on perceived CA ($F_{(1, 107)} = 1.51$, $p = .22$). Neither one of the manipulations had a significant effect on the perceived goal relevance of CA and CSR associations in the context of the investment fund, the company's stocks, or the job.

The results of the regressions are shown in Tables 4.4 through 4.6[12]. It can be seen that CA has a significant effect on people's attitude toward the company, as well as on people's attitudes and intentions toward the investment fund, the company's stocks, and the company's job offer. CSR has a significant effect on respondents' attitude toward the company, and on their attitude and intentions toward the company's stocks. The differences between the effects of CA and CSR on the three preference types are confirmed to some degree by the regression models testing these differences: the effect of CSR is significantly larger for the stocks than for the job ($t = 1.80$), and the same holds for the effect of CA ($t = 2.72$).

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[12] All coefficients reported are unstandardized regression coefficients. Coefficients that are significant at the 90% level are in **bold**. The values in brackets are the coefficients and t-values from the regression models that did not include the relevant mediating variables.

All significant effects of CA and CSR on attitudes toward the "products" are partially mediated by company attitudes, and all effects on behavioral intentions are partially mediated by company attitudes and product/stock/job attitudes. This can be seen from the fact that all significant coefficients were substantially smaller in the models that included the mediating variables, than in the models that did not include the mediating variables (see Tables 4.4 through 4.6).

Given the results of previous studies, it is somewhat surprising that CSR has no significant influence on people's attitudes and intentions toward the company's job offer. However, we can also see that for the job, there is a significant positive interaction between CSR and the goal relevance of CSR, and a significant negative interaction between CSR and the goal relevance of CA. These interactions show that when CSR is perceived as goal relevant, CSR has a stronger effect on attitudes and intentions regarding the job offer. Similarly, when CA is not perceived as goal relevant, CSR also has a stronger effect. These results are also supported by the fact that the interaction between CSR and the goal relevance of CA is significantly more negative for the job than for the fund (t = -1.67), and by the fact that the interaction between CSR and the goal relevance of CSR is significantly more positive for the job than for the fund (t = 1.89).

Table 4.4: Regression results for the investment fund

		Company attitude		Product attitude			Purchase intention		
		B	t	B	t		B	t	
Main effects	(Constant)	**3.05**	**8.40**	**3.58**	**9.61**		.13	.25	
	CA	**1.12**	**5.68**	**.43**	**1.81**	**(.58, 2.89)**	**.52**	**2.11**	**(.96, 3.82)**
	CSR	**.84**	**4.25**	-.30	-1.35	(-.18, -.88)	.33	1.44	(.25, 1.00)
	Company attitude			.14	1.40		.05	.45	
	Product attitude						**.72**	**7.20**	
	Adjusted R²	*.30*		*.07*			*.41*		
Two-way	(Constant)	**3.39**	**5.59**	**4.46**	**5.95**		**1.82**	**2.18**	
	CA	**1.07**	**3.71**	.33	.99		**.86**	**2.73**	
	CSR	**.81**	**2.66**	-.39	-1.14		.43	1.31	
	Goal relevance of CA	.04	.25	-.18	-1.11		-.20	-1.25	
	Goal relevance of CSR	-.07	-.49	-.02	-.10		-.25	-1.56	
	Company attitude			.15	1.36		.09	.82	
	Product attitude						**.69**	**7.17**	
	CA x CSR	.11	.28	.31	.74	(.32, .77)	-.32	-.79	(-.10, -.21)
	CA x Goal relevance CA	.21	1.40	.12	.71	(.15, .93)	.18	1.14	(.31, 1.60)
	CA x Goal relevance CSR	-.20	-1.31	.06	.38	(.03, .19)	**.30**	**1.89**	(.30, 1.55)
	CSR x Goal relevance CA	-.04	-.28	.13	.85	(.13, .82)	.00	-.01	(.08, .41)
	CSR x Goal relevance CSR	.19	1.30	.05	.34	(.08, .53)	.01	.04	(.09, .48)
	Adjusted R²	*.32*		*.04*			*.47*		
Three-way	(Constant)	**3.18**	**4.59**	**4.10**	**5.00**		**1.57**	**1.82**	
	CA	**1.07**	**3.59**	.19	.55		**.70**	**2.19**	
	CSR	**.79**	**2.54**	-.49	-1.41		.29	.89	
	Goal relevance of CA	-.08	-.37	.06	.24		.12	.55	
	Goal relevance of CSR	.09	.39	-.16	-.69		**-.46**	**-2.10**	
	Company attitude			.15	1.41		.10	.98	
	Product attitude						**.66**	**6.81**	
	CA x CSR	.16	.38	.51	1.14		-.08	-.19	
	CA x Goal relevance CA	.34	1.34	-.23	-.82		-.27	-1.04	
	CA x Goal relevance CSR	-.41	-1.64	.20	.75		**.53**	**2.05**	

	Company attitude		Product attitude			Purchase intention		
CSR x Goal relevance CA	.11	.44	-.20	-.72		**-.44**	**-1.71**	
CSR x Goal relevance CSR	-.04	-.17	.22	.80		.28	1.05	
CA x CSR x Goal relevance CA	-.18	-.54	.55	1.60	(.52, 1.52)	**.72**	**2.19**	**(1.06, 2.72)**
CA x CSR x Goal relevance CSR	.34	1.07	-.16	-.48	(-.11, -.32)	-.29	-.90	(-.35, -.90)
Adjusted R²	*.32*		*.04*			*.48*		

Turning now to the hypotheses, I expected that the effect of CSR would depend on the level of CA, and vice versa, that the effect of CA would depend on the level of CSR ($H_{4.1}$). The two-way interaction between CA and CSR, presumably indicating to what degree CA and CSR are integrated in a non-compensatory way (Billings & Marcus 1983), is not significant in any of the models.

However, I also expected that CSR could not compensate for a low CA when CA was goal relevant, but that CSR *could* compensate for a low CA when CA was not goal relevant ($H_{4.2}$). In agreement with this expectation, the three-way interaction between CA, CSR, and the goal relevance of CA is significant and positive for the fund. It is not significant for the stocks or for the job. This pattern of results is supported by the fact that the interaction is also significantly larger for the fund than for the stocks (t = 1.93). In addition, for the fund, the interaction is only significant for purchase intentions. This suggests that the interaction affects the direct effects of CA and CSR on purchase intentions, and not their indirect effects.

Table 4.5: Regression results for the stocks

		Company attitude		Stock attitude			Purchase intention		
		B	t	B	t		B	t	
Main effects	(Constant)	**3.05**	**8.40**	**1.62**	**5.03**		.26	.60	
	CA	**1.12**	**5.68**	**.96**	**4.74**	**(1.38, 7.21)**	.42	1.59	**(1.40, 5.91)**
	CSR	**.84**	**4.25**	**.36**	**1.90**	**(.67, 3.57)**	.23	1.00	**(.73, 3.08)**
	Company attitude			**.40**	**4.50**		.13	1.09	
	Product attitude						**.60**	**5.29**	
	Adjusted R^2	*.30*		*.46*			*.47*		
Two-way	(Constant)	**4.66**	**5.92**	**2.54**	**2.86**		1.15	1.14	
	CA	**1.03**	**3.78**	**.98**	**3.47**		.33	1.02	
	CSR	**.64**	**2.29**	**.47**	**1.69**		.16	.52	
	Goal relevance of CA	-.19	-1.24	-.22	-1.51		.08	.50	
	Goal relevance of CSR	-.11	-.92	.06	.53		**-.23**	**-1.87**	
	Company attitude			**.35**	**3.56**		.08	.67	
	Product attitude						**.61**	**5.50**	
	CA x CSR	.03	.09	-.11	-.30	(-.07, -.19)	.16	.41	(.09, .20)
	CA x Goal relevance CA	**.49**	**2.87**	.22	1.28	**(.41, 2.40)**	-.06	-.30	(.23, 1.13)
	CA x Goal relevance CSR	-.14	-.97	**-.28**	**-2.01**	**(-.33, -2.28)**	**.50**	**3.27**	**(.29, 1.67)**
	CSR x Goal relevance CA	.09	.52	-.04	-.28	(-.04, -.02)	-.20	-1.10	(-.20, -.96)
	CSR x Goal relevance CSR	**.24**	**1.68**	**.27**	**1.89**	**(.35, 2.40)**	**.43**	**2.75**	**(.66, 3.79)**
	Adjusted R^2	*.38*		*.49*			*.55*		
Three-way	(Constant)	**4.12**	**6.36**	**2.10**	**2.08**		1.53	1.36	
	CA	**1.08**	**3.88**	**1.03**	**3.57**		.27	.81	
	CSR	**.72**	**2.44**	**.56**	**1.89**		.04	.14	
	Goal relevance of CA	-.11	-.62	-.15	-.83		-.03	-.16	
	Goal relevance of CSR	-.07	-.54	.08	.61		-.20	-1.47	
	Company attitude			**.34**	**3.42**		.08	.70	
	Product attitude						**.62**	**5.55**	
	CA x CSR	-.06	-.15	-.20	-.53		.29	.71	
	CA x Goal relevance CA	**.38**	**1.69**	.11	.48		.12	.51	
	CA x Goal relevance CSR	-.21	-1.12	**-.31**	**-1.74**		**.45**	**2.25**	
	CSR x Goal relevance CA	-.06	-.23	-.21	-.81		.07	.23	

		Company attitude		Stock attitude			Purchase intention		
	CSR x Goal relevance CSR	.19	1.05	.25	1.41		**.34**	**1.74**	
	CA x CSR x Goal relevance CA	.21	.60	.25	.74	(.29, .81)	-.45	-1.21	(-.23, -.55)
	CA x CSR x Goal relevance CSR	.14	.47	.05	.18	(.10, .33)	.20	.63	(.27, .73)
	Adjusted R^2	*.38*		*.48*			*.55*		

As in Chapter 3, I estimated the significance of the conditional effects composing this interaction following the procedure described by Jaccard et al. (1990). This procedure uses conservative levels of alpha, to correct for the fact that multiple significance tests are conducted. The estimated conditional effects that compose this interaction are illustrated in Figure 4.2. It can be seen that in case CA is goal relevant, the direct effect of CSR on behavioral intentions is larger when CA is high (b = .61, t = 1.31, alpha = .05), than when CA is low (b = -.34, t = -.62, alpha = .05). This is consistent with hypothesis 4.2, although it can be seen that even when CA is good, the effect of CSR does not reach significance. On the other hand, when CA is not goal relevant, the effect of CSR is larger when CA is low (b = .96, t = 2.13, alpha = .03), than when CA is high (b = -.20, t = -.56, alpha = .10). This latter pattern was not predicted.

Table 4.6: Regression results for the job

		Company attitude		Job attitude			Behavioral intention		
		B	t	B	t		B	t	
Main effects	(Constant)	**3.28**	**7.16**	3.94	1.13		**1.32**	**2.37**	
	CA	**1.16**	**5.90**	**.53**	**2.18**	**(.71, 3.34)**	-.11	-.42	(.38, 1.60)
	CSR	**.79**	**4.03**	-.05	-.20	(.07, .31)	-.13	-.56	(.05, .21)
	Company attitude			.16	1.48		.14	1.30	
	Product attitude						**.47**	**4.74**	

		Company attitude		Job attitude			Behavioral intention		
	Adjusted R²	*.30*		*.09*			*.19*		
Two-way	(Constant)	**4.77**	**6.62**	1.41	1.55		**1.92**	**1.94**	
	CA	**.98**	**3.51**	**.62**	**2.01**		.07	.22	
	CSR	**.66**	**2.29**	-.08	-.26		.01	.03	
	Goal relevance of CA	-.12	-.68	**.36**	**2.00**		.05	.24	
	Goal relevance of CSR	-.21	-1.54	.14	1.02		-.07	-.49	
	Company attitude			**.20**	**1.91**		.04	.34	
	Product attitude						**.44**	**4.03**	
	CA x CSR	.09	.24	-.06	-.16	(.01, .03)	-.12	-.29	(-.19, -.42)
	CA x Goal relevance CA	**.33**	**1.81**	-.12	-.60	(-.03, -.17)	.25	1.21	(.23, 1.07)
	CA x Goal relevance CSR	.18	1.19	-.20	-1.22	(-.16, -1.01)	-.05	-.31	(-.11, -.61)
	CSR x Goal relevance CA	-.07	-.39	-.27	-1.44	(-.27, -1.44)	**-.57**	**-2.83**	**(-.69, -3.28)**
	CSR x Goal relevance CSR	**.26**	**1.75**	**.28**	**1.74**	**(.34, 2.12)**	**.40**	**2.26**	**(.54, 3.01)**
	Adjusted R²	*.35*		*.23*			*.25*		
Three-way	(Constant)	**4.19**	**5.19**	1.23	1.27		**1.79**	**1.71**	
	CA	**1.04**	**3.68**	**.64**	**2.00**		.09	.26	
	CSR	.72	2.46	-.06	-.20		.02	.06	
	Goal relevance of CA	.01	.03	**.45**	**2.02**		.11	.46	
	Goal relevance of CSR	-.20	-1.28	.10	.60		-.10	-.56	
	Company attitude			**.19**	**1.78**		.03	.28	
	Product attitude						**.44**	**3.94**	
	CA x CSR	-.05	-.14	-.10	-.23		-.15	-.33	
	CA x Goal relevance CA	.12	.48	-.25	-.93		.16	.55	
	CA x Goal relevance CSR	.09	.41	-.16	-.69		-.03	-.13	
	CSR x Goal relevance CA	-.26	-.98	-.42	-1.49		**-.67**	**-2.21**	
	CSR x Goal relevance CSR	.23	1.08	.35	1.50		**.44**	**1.76**	
	CA x CSR x Goal relevance CA	.41	1.14	.28	.73	(.33, .86)	.19	.46	(.35, .82)
	CA x CSR x Goal relevance CSR	.16	.51	-.08	-.26	(-.06, -.18)	-.05	-.15	(-.06, -.15)
	Adjusted R²	*.35*		*.22*			*.24*		

I also expected that the three-way interaction between CA, CSR, and the goal relevance of CSR would be significant ($H_{4.3}$). However, this is not the case. This suggests that the degree to which CSR is relevant to people's important goals does not determine whether favorable CA associations can compensate for unfavorable CSR associations.

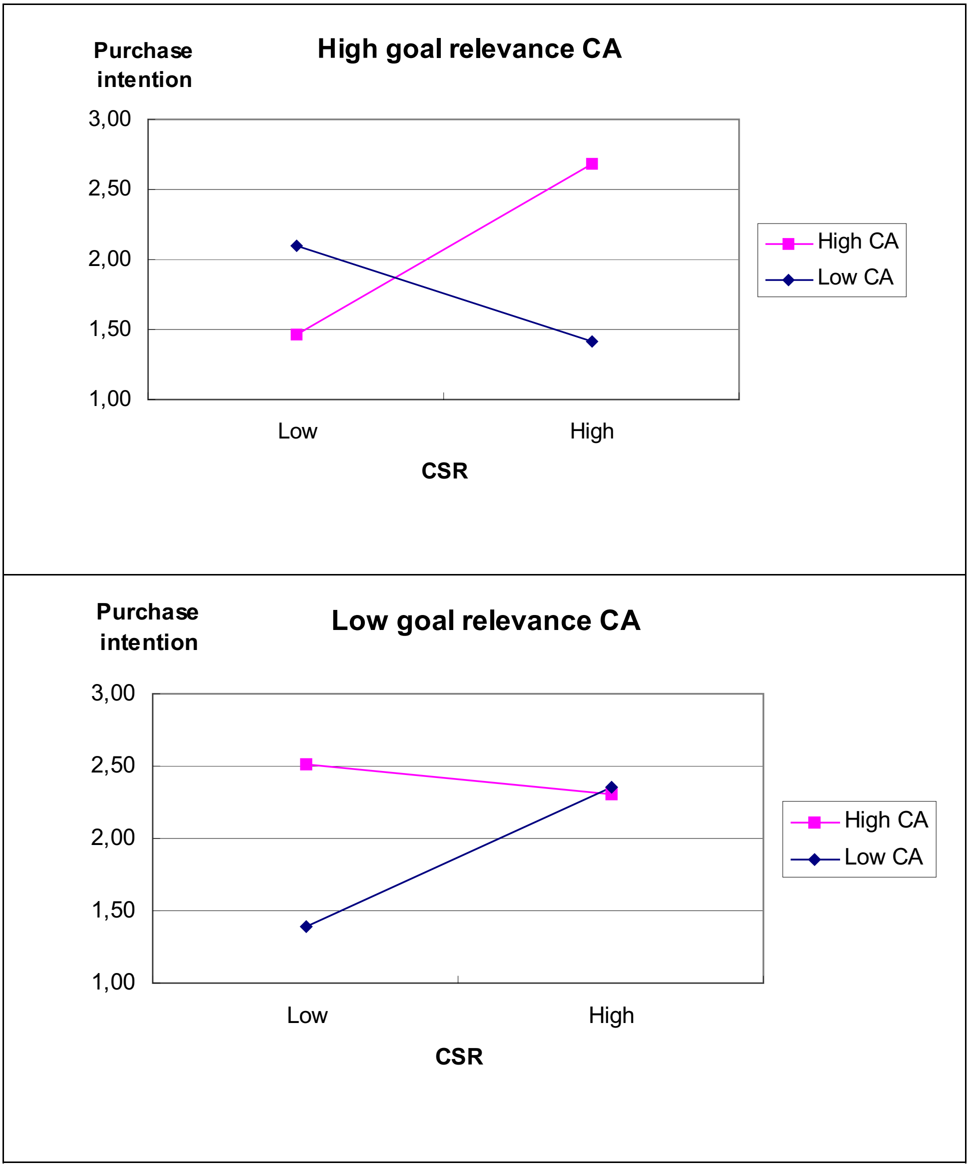
It should be noted that some of the variables included in the regression models were correlated quite substantially with each other (up to .73). This was particularly the case for the interaction variables. This multicollinearity may have reduced the power of the statistical tests, and therefore may be the cause for the lack of support for some effects (cf. Mason & Perreault 1991).

Discussion

Theoretical implications

The results reported in this chapter demonstrate two points regarding the influence of CA and CSR on consumer reactions. First, the two types of associations have different effects for different types of reactions. The results show that when people had to evaluate a company's product or job offer, CA, but not CSR, had a significant influence on their attitudes and intentions regarding these offerings. On the other hand, when people had to evaluate the company's own stocks, both CA and CSR had a significant influence. The absence of a significant effect of CSR on reactions to products and jobs could be explained by assuming that many of the respondents did not sufficiently care about the type of CSR that was discussed (i.e., environmental protection). This explanation is supported by the fact that the effect of CSR on evaluations of the job was stronger when people perceived CSR to be relevant to their goals.

Figure 4.2: Conditional effects of CSR for different levels of CA and the goal relevance of CA



Second, the results showed that for a company's products, a good CSR may sometimes, but not always, compensate for a poor CA. When people associated CA with important goals in the context of buying a product, e.g., because of the possibility of losing a lot of money, a good CSR could not compensate for a poor CA. In such a case, CSR only had a significant effect on attitudes and behavioral intentions toward the product when CA was high, but not when CA was low. This suggests that in this case, having a good CA is a necessary precondition for a positive reaction to occur.

On the other hand, the results also showed that when CA was not goal relevant in the context of evaluating a product, a favorable CSR *was* able to compensate for a poor CA. In fact, in this case CSR had a stronger effect on behavioral intentions when CA was *poor*, than when CA was good. While this result may seem puzzling at first, it might be explained by what in information integration theory has been called a "positivity effect" (Skowronski, John J. & Carlston 1987). Under certain conditions, people attach more importance to positive information than to negative information. It could be that the absence of goal relevance is one condition facilitating such an effect.

These non-compensatory effects were not found for people's evaluations of the company's stocks and jobs. This suggests that when people evaluate a company's stocks or jobs, a good CSR is able to compensate for a relatively poor CA, even when people perceive CA to be highly relevant to their goals. Therefore, the roles of CA and CSR associations seem to be more balanced for stocks and jobs than for products. It seems likely that the fact that having a good CA is not absolutely necessary for people to establish favorable preferences regarding the company's stocks and jobs, leaves more room for CSR associations to play a role.

On the other hand, for none of the three 'products', the goal relevance of CSR determined whether a good CA could compensate for a poor CSR. This suggests that a good CA is able to compensate for an unfavorable CSR, even when people think that negative consequences might result from a relationship with a company that is relatively poor on CSR. It appears that such negative consequences, which may include a decrease in self-esteem or losing money, are not strong enough to make a good CSR a necessity in the eyes of people. However, we have to be cautious in drawing conclusions from this result, as such conclusions would be based on confirming the null hypothesis. A possible explanation for these findings may be in the levels of CA and CSR that I chose: I deliberately avoided extreme levels of these variables. When evaluating companies with an extremely poor CA or CSR, it may be more likely that such negative attributes cannot be compensated by positive attributes. In addition, it may be that the respondents did not show enough variation in the degree to which they thought CA was goal relevant in the context of stocks and jobs, and in the degree to which they thought CSR was goal relevant at all. Finally, a lack of statistical power due to multicollinearity may be an explanation for the absence of support for some of the hypothesized effects.

Practical implications

As the results reported in chapter 3, the results of this study have implications for corporate positioning strategies. In particular, they suggest that when people when people feel that a company's CA is relevant to the important goals they want to achieve when buying a product, the company should make it absolutely clear that its CA is adequate. When people have doubts about the company's CA, positioning the company as a socially responsible company will not increase their willingness to buy the company's products. Only when the adequacy of the company's CA is clear, can a positioning focused on CSR be effective. Conversely, when people do not perceive the company's CA to be particularly relevant to the important goals they have, a positioning focused on CSR may be effective even if the company's CA is relatively weak. This could be the case when people think the company's expertise bears little relation with the expected quality of the product, or when the product itself is relatively unimportant to them. For example, because ice cream is a low-involvement product, people could perceive Ben & Jerry's ice cream favorably because of the company's CSR programs, even if they thought the company's CA was not so good.

For people's reactions to a company's stocks and jobs, the results would have different implications. The effectiveness of positioning the company on CA or on CSR would not seem to be dependent on how relevant these attributes are to people's goals. However, as noted above, it is likely that this is not the case when people have extremely favorable or extremely unfavorable associations with a company's CA or CSR.

Limitations and suggestions for future research

There are a number of limitations to this study. As I noted above, I did not use extreme levels in manipulating the information about the company's

CA and CSR. In the “good CA” condition, the focal company only appeared as one of the best among its competitors (not as the absolute best), and in the “poor CA” condition, it only appeared as one of the weaker companies. Similarly, regarding CSR, the issue discussed (the protection of a rain forest) was not such that it would lead most people to regard the company as extremely good or extremely poor in terms of CSR. I used these moderate levels to make the materials more realistic. However, this implies that the results of this study cannot be generalized to more extreme levels of CA or CSR, such as large-scale scandals.

In order to ensure that respondents would understand the questions about the goal relevance of CA and CSR, I first asked questions about the potential consequences that a poor CA and CSR could have. However, this may have created a demand effect. The questions may have made people more aware of potential negative consequences, and therefore may have increased their ratings of the goal relevance of CA and CSR. The respondents may therefore have perceived the company’s CA and CSR to be more relevant to their goals than they would have done in their daily lives. To avoid such a demand effect, future research could employ (realistic) *manipulations* of the goal relevance of CA and CSR, rather than measures. The use of such manipulations would also avoid the multicollinearity problems that I encountered in this study.

In the theoretical part of this chapter, I have argued that CA and CSR may be relevant to a number of different goals, such as avoiding the loss of money, acting according to one’s moral values, or expressing one’s identity. Furthermore, the importance of these goals may differ widely between persons. However, in the experiment I have not distinguished between these different goals. ‘Goal relevance’ was measured as a one-dimensional variable. Therefore, it is not possible to see which goals were important to the respondents, and which goals determined the interaction between CA and CSR. Similarly, I also noted that there may be different *reasons* why CA and CSR are or are not relevant to a specific goal. For example, the reason that some people perceive a company’ s CA as irrelevant to the risk they run when buying a certain product, may be either that they perceive no link between CA and the risk, or because they do not think that they run a risk in the first place. I also did not distinguish between these different possible reasons when measuring goal relevance. Knowledge about the kind of goals that CA or CSR are relevant for in a specific situation, and about the reasons why CA or CSR are relevant for these goals, may provide a deeper insight into why a person does not allow a poor CA or CSR to be compensated.

Finally, in examining the effects of the goal relevance of CA and CSR, I did not control for the importance that people attached to these attributes. While Luce and her colleagues (Luce et al. 2000; Luce et al. 1999) have demonstrated that the goal relevance of attributes is distinct from the importance of attributes, it seems likely that they are often highly correlated. If so, the importance of CA and CSR, rather than the relevance of the attributes to people’s important goals, may have lead to the non-compensatory effects of CA and CSR that were observed. While there seem to be no strong reasons why the importance of attributes as such would lead to non-compensatory effects of CA and CSR, future research could examine whether this is indeed not the case.

Chapter 5: The influence of corporate ad factualness on the establishment of corporate associations

In the previous two chapters I have investigated the conditions under which different types of corporate associations are more likely to impact stakeholder preferences for a company's products, stocks, and jobs. These investigations provide an answer to the second research question that I posed in this thesis. However, both from an academic and from a managerial viewpoint, these findings beg the question of how companies can make sure that people hold favorable corporate associations regarding them in the first place. The third broad research question of this thesis was therefore, under which conditions favorable corporate associations are more likely to be established through corporate communication.

In this chapter I look at corporate communication in the form of corporate advertising. While this is only one form of corporate communication, it is an important one. Each year, large companies spend billions of dollars on corporate advertising campaigns (Blankenhorn 1998). Corporate adverting focuses on a *company as a whole* instead of specific products, and is generally aimed at improving the company's image among the general public. A substantial number of corporate advertisements relate to a company's social and environmental responsibilities (CSR). In the past, several studies have confirmed that this type of corporate advertising can have a positive influence on corporate associations (e.g., Davis 1994; Winters 1988). But it is likely that this does not hold for every corporate advertising campaign regarding CSR. Obviously, some campaigns have been highly successful, whereas others have not. So what factors determine the success of a CSR ad campaign in terms of the establishment of favorable corporate associations?

Table 5.1 provides an overview of 23 corporate CSR ad messages that have recently appeared in international business and opinion magazines[13]. One thing that is striking from this overview is that while a number of ads make specific, verifiable claims, others do not. For example, software company Computer Associates communicates in one ad that it has been recognized as one of the top ten companies for working mothers. Similarly, Toyota provides us with details about the environmental performance of its "Hybrid Synergy Drive technology". On the other hand, an ad by chemical company BASF provides a general description of their principles regarding sustainable development, without providing specific examples or results. Similarly, pharmaceutical company Altana states that it supports education, science and the arts, without saying exactly how it does this. When dividing the ads roughly into those that make verifiable claims and those that do not, we see that more than one-third of the ads do not make any verifiable claims (see Figure 5.1). Therefore, while the majority of corporate CSR ads do provide facts, the number of ads that do not is still substantial.

Even more strikingly, a content analysis of corporate environmental ads reported by Banerjee, Gulas, and Iyer (1995) showed that the majority of 'green ads' published between 1987 and 1991 only make general, vague statements about a company's commitment to the environment, without

[13] Specifically, they appeared between October 2002 and October 2003 in *Fortune*, *Time*, *the Economist*, *der Spiegel*, *Business Week*, and the *Far Eastern Economic Review*.

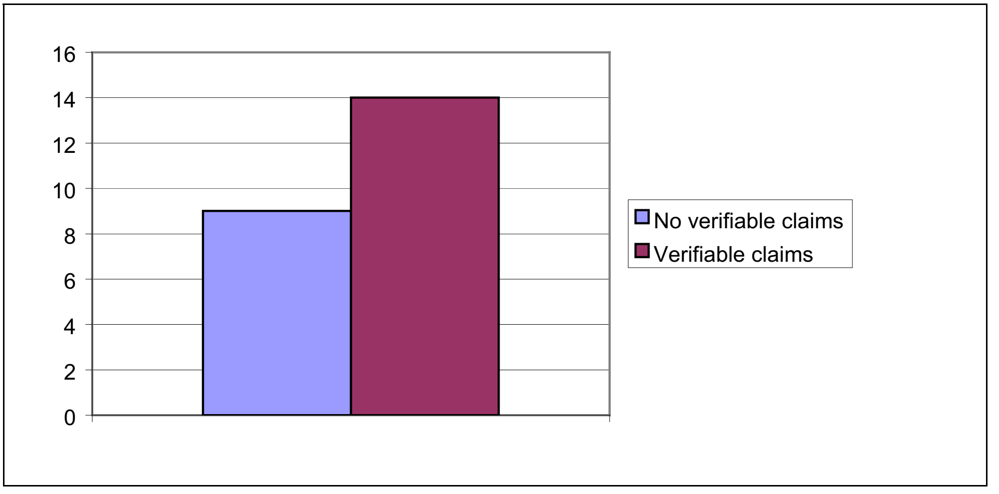
discussing specific environmental actions of the company. The question arises whether such a strategy is effective. Can "vague" corporate ads lead the public to hold favorable corporate associations? Or is it always better to communicate about concrete, verifiable facts? In this chapter, I address the question of whether the factualness of information provided in advertising about corporate social responsibility (CSR) influences the degree to which people develop favorable corporate associations regarding a company.

Table 5.1: Some recent corporate advertising messages regarding CSR

Company	Sample text
Altana	We are laying the foundation for innovation by establishing a genomics research center near Boston, USA, and by increasing our research investments annually by a double-digit percentage.
Altana	We also take responsibility for enriching the society in which we succeed by promoting education, science and the arts. We invest in the values that will take us further tomorrow.
BASF	By using nature as a model in the search for new active ingredients, researchers at BASF, one of the world's leading crop protection companies, develop innovative products which protect crops from disease without harming other plants and animals.
BASF	BASF is at home all over the world. So we think and act globally, based on values and principles applied worldwide. They cover sustainable development and include safety, health, labor standards and environmental protection.
BASF	Als Systempartner hat BASF mit führenden Automobilunternehmen und Lackieranlagenherstellern ökonomisch und ökologisch bessere Lackierverfahren entwickelt.
CA Computer Associates	… we've been recognized as one of the top ten [for working mothers]. Maybe it's because of our subsidized child development program. Or our adoption assistance program, which helps employees through the process of adopting a child.
DaimlerChrysler	If nature had one wish, what do you think it would be? A car that doesn't produce exhaust? We thought so too. That's why our hydrogen powered Fuel Cell vehicles only emit water.
DaimlerChrysler	Unachtsamkeit ist eine häufige Unfallursache. Deshalb entwickeln wir Autos, die selbständig Hindernisse erkennen und dem Fahrer helfen, Unfälle zu vermeiden.
GE	…the GE Innova 2000 can help surgeons pinpoint coronary blockages with such precision that they may find alternatives to bypass surgery.
Hexal	Muss Gesundheit wirklich teuer sein? Wir haben was dagegen.
Norilsk Nickel	Our goal is to strengthen Stillwater and our own company for the

Company	Sample text
	benefit of our shareholders, customers, employees and communities
PermataBank	Trust, integrity, professionalism, service and excellence are our values to build long lasting relationships
Ruhrgas	Gut zum Himmel. Gut zur Erde. Gut zum Kochen: Unser Erdgas.
RWE	Imagine - Überall frisches Wasser … überall reines Wasser … überall genügend Wasser ...
Shell	… we have to strike a balance. Between the need to protect people's way of life and their environment and the need to provide them with affordable energy. Between the cost of developing new technology to extract the utmost from current fuels and the cost of developing new power sources.
Shell	…when Shell went looking for oil and natural gas in this region, we looked for help from Jim Ray - a marine biologist and Shell employee. For some thirty years now, Jim and others just like him have been working to protect this magnificent area and other sensitive marine environments.
Shell	... it has actually led to cleaner, greener fuels capable of greatly reducing CO2 emissions. Which has proven potential to significantly lessen these emissions in cities around the world. In effect, it represents the creation of a forest more than 100 times the size of Manhattan.
Shell	We are delivering on our commitment to reduce greenhouse gas emissions from our operations. We're working to increase the provision of cleaner burning natural gas and encouraging the use of lower-carbon fuels for homes and transport.
Shell	We are one of the top performers in the energy sector of the Global Dow Jones Sustainability Index and included in the UK's FTSE4 Good Index from its inception in 2001.
Siemens	Helping people get ahead means opening the door to young talent. It's what we do every day. Creating opportunities for students and employees.
Siemens	As a corporate citizen, we're supporting schools and universities with technology, resources and scholarships.
Toyota	Take Toyota's Hybrid Synergy Drive technology: it cuts fuel consumption by almost 45%, compared to a conventional petrol engine, and its emissions are 80% below the European standards for 2005.
Vodafone	Das Buddy-Projekt. Für Lehrer, für Schüler, für den Ausbau von gemeinsamen sozialen Engagement.

Figure 5.1: Claim verifiability in recent corporate CSR ads



Literature review

A number of previous studies have addressed the effectiveness of corporate advertising about CSR as a way to create favorable corporate associations (see also Rossiter & Percy 1997; Roznowski 2002 for reviews; Schumann, Hathcote & West 1991). Grass, Bartges, and Piech (1972) addressed the effectiveness of a corporate ad campaign by Du Pont that focused on the company's "interest in the welfare of society" and public safety. They found that this campaign positively affected people's opinion of the company's commitment to society. Similarly, in a series of articles, Winters (1977; 1982; 1986; 1988) investigated the effectiveness of several corporate ad campaigns by Chevron. One interesting finding was that ads mentioning specific actions regarding the environment (e.g., constructing wooden platforms above electricity wires to protect eagles) were perceived more favorably than ads that merely stated the company's commitment to the environment (Winters 1988). More recently, Sheinin and Biehal (1999) found that corporate advertising focusing both on a company's CA and its CSR influenced people's attitudes toward the company's product brands.

While previous studies have compared the effectiveness of different advertising campaigns, most have not systematically investigated what aspects of the content of the corporate advertising message may influence its effectiveness. The few studies that did do so have compared the effectiveness of communicating about different CSR domains. Specifically, Davis (1994) compared the effectiveness of three different environmental advertising messages. He found that for companies with a positive environmental reputation, communicating about environmentally friendly production methods was most effective, whereas for companies with a negative environmental reputation, communicating about monetary donations to environmental organizations was most effective. Similarly, Reeves and Ferguson-DeThorne (1980) (although in the context of annual reports rather than corporate ads) looked at the effects of communicating different corporate motivations. They found that describing the company as mainly motivated by serving stakeholder interests was perceived most favorably, and that describing the company as mainly motivated by profit making was perceived least favorably. Describing the company as striving to serve the interests of society as a whole took an intermediate position.

In product advertising, more research has been devoted to the issue of message content (Darley & Smith 1993; Debevec, Meyers & Chan 1985; Holbrook 1978). In particular, it has been established that objective, factual product claims lead to more favorable brand attitudes than subjective, impressionistic claims. The effects of message factualness have been examined in the context of product quality (Darley & Smith 1993;

Holbrook 1978), product innovativeness (Debevec et al. 1985), product health effects (Kozup, Creyer & Burton 2003), and product environmental effects (Maronick & Andrews 1999). However, to my knowledge, the impact of message factualness has not yet been examined in the area of corporate CSR ads. It is possible that factualness has a different effect on this type of ads, because they generally have a different goal than product ads. Product ads aim to persuade people to buy the product, whereas corporate CSR ads aim to create a favorable impression of a whole company. Therefore, product ads have a far more specific goal than corporate ads, which may lead to differences in the way people react to the two types of ads.

Hypotheses development

A factual claim can be defined as a claim that "includes specific data that can be measured by a standard scale *not* subject to individual interpretation" (Darley & Smith 1993, p. 101). The opposite of a factual claim is an impressionistic claim, which can be defined as a claim that uses "descriptions that *are* subject to individual interpretations" (Darley & Smith 1993, p. 101). For example, "we reduced our CO_2 emissions by 20%" is a factual claim, because it is expressed on a scale that is not subject to individual interpretations. By contrast, "we behave responsibly toward the environment" is an impressionistic claim, because both "responsibly" and "toward the environment" are subject to individual interpretations. Factualness is one dimension of *objectivity*, which can be defined as the verifiability of a claim. The other dimension that determines objectivity is the tangibility of a claim, i.e., the degree to which attributes "can be directly perceived through the senses" (Darley & Smith 1993, p. 101). Factualness and tangibility are conceptually distinct, although they largely overlap in reality. A claim may relate to tangible attributes, and still be non-factual (impressionistic). However, factual claims always relate to tangible attributes. This is illustrated in Table 5.2, which is adapted from Darley and Smith (1993). In this chapter, I focus on the factualness of ad claims. That is, I focus on messages that refer to tangible attributes, but that vary in their degree of factualness.

Table 5.2: Illustration of the concepts of factualness and tangibility

		Tangibility	
		Tangible	Intangible
Factualness	Factual	"We reduced our CO_2 emissions by 20%"	-
	Impressionistic	"We act responsibly toward the environment"	"We are committed to preserving the environment"

Studies in product advertising that looked at the effect of message factualness have generally found that providing factual information about product attributes produces more favorable attitudes towards products than providing only impressionistic information (Darley & Smith 1993; Debevec et al. 1985; Holbrook 1978). Only Maronick and Andrews (1999), who investigated environmental product claims, found no significant effect of factualness on product attitudes. The research on factualness in product advertising has also demonstrated that factual information is generally perceived as more *credible* than impressionistic information, because it is objectively verifiable (Darley & Smith 1993; Holbrook 1978).

The effect of factualness on CSR associations

We may expect that these findings in the field of product advertising can be generalized to corporate advertising about CSR. Providing factual information about CSR, e.g. about the company's environmental programs or philanthropic donations, is likely to be perceived as more credible by stakeholders, than providing impressionistic statements like "we act responsibly toward the environment". This increased credibility could lead stakeholders to be more easily persuaded by the message, and therefore to develop stronger associations regarding the company's CSR, and/or to rate the company's CSR more favorably. This latter expectation is consistent with findings in the advertising literature, that the credibility of an ad influences brand attitudes (MacKenzie & Lutz 1989). I therefore formulate the following hypotheses.

$H_{5.1}$: *Factual CSR ad information will be perceived as more credible than impressionistic CSR ad information.*

$H_{5.2}$: *To the degree that factual CSR ad information is perceived as more credible than impressionistic CSR information, it will lead to more favorable CSR associations.*

However, factualness may also have other effects besides increasing the credibility of a message. Semin and his colleagues (Semin & de Poot 1997; Semin & Fiedler 1988; Wigboldus, Semin & Spears 2000) have investigated the effects of the abstractness of language on people's inferences regarding other people. Abstractness can be defined as the degree to which words "maintain an immediate reference to concrete behavioral events" (Semin & Fiedler 1988, p. 560), and is therefore almost synonymous to factualness. Similar to the research on advertising objectivity, this research has shown that people perceive abstract language as providing less credible information than concrete language. However, it also shows that people perceive abstract words as providing *more* information about a person than concrete words. Abstract words suggest a generalization beyond the immediate situation under discussion, or in other words, they give more information about the attributes of an actor than about the attributes of the situation. By contrast, specific words give more information about the situation than about the actor. For example, when a company provides facts about its waste reduction program, people may not automatically perceive this to imply that the company will display pro-environmental behavior in other situations as well. They may attribute the behavior to situational circumstances, like pressure from stakeholders. Therefore, the facts that are provided do not imply that the company is an "environmentally responsible" company. By contrast, the statement that a company is "acting to preserve the environment" may automatically imply a generalization across a whole range of situations (even though it may be perceived as less credible than the statement about the waste reduction program). The claim implies that the company is truly 'environmentally responsible', i.e., acting from a commitment to preserve the environment, rather than from situational pressures. Although it may be relatively easy for people to make the 'step' of generalizing factual information about a company's CSR activities to situations other than those discussed, this step may be even easier for impressionistic CSR information.

In terms of inference making theories (Lynch et al. 1988; Schum 1977), it may be that impressionistic information is more *diagnostic* (i.e., useful) than specific information for making inferences about companies.

The diagnosticity of an information input can be defined as “the degree [to which] consumers believe that the decision implied by that input alone would accomplish their decision goals” (Lynch et al. 1988, p. 171). As suggested by the psycholinguistic research described above, the information *implied* in impressionistic information (independently of its credibility) would be more useful than specific information to evaluate the company’s CSR. Based on this reasoning, I formulate the following hypotheses.

> $H_{5.3}$: *Factual CSR ad information will be perceived as less diagnostic for evaluating the company’s CSR than impressionistic CSR ad information.*
>
> $H_{5.4}$: *To the degree that factual CSR ad information is perceived as less diagnostic for making inferences about CSR than impressionistic CSR information, it will lead to less favorable CSR associations.*

What overall effect of factualness on the favorability of CSR associations could we expect? Schum (1977) has argued that the diagnosticity and credibility of information jointly determine the degree to which people use the information to make inferences. However, it is hard to predict which factor will have a larger weight in determining the favorability of CSR associations. Because I assume that it may be relatively easy for people to generalize facts about a company’s actions to similar situations, and because previous studies in product advertising have found a positive effect of factualness on product attitudes (e.g., Darley & Smith 1993; Holbrook 1978), I hypothesize that the overall effect of factualness will be positive.

$H_{5.5}$: *Overall, factual CSR ad information will lead to more favorable CSR associations than impressionistic information.*

The influence of factualness on CA associations

When people see a corporate CSR ad, they may also use it to make inferences regarding other attributes of the company than its CSR. Specifically, they may infer something about the company's expertise (CA). A study by Goldberg (1998) showed that such inferences do indeed occur. When her respondents saw favorable information about the company's CSR, they also evaluated the company's CA more favorably. When people infer something about a company's CA from a CSR ad, it seems likely that these inferences will be more favorable when the ad is perceived as more credible. Therefore, I expect that:

$H_{5.6}$: *To the degree that factual CSR ad information is perceived as more credible than impressionistic CSR information, it will lead to more favorable CA associations.*

On the other hand, the smaller diagnostic value of a factual message, when compared to an impressionistic message, may be more pronounced when people make inferences about a company's CA than when they infer CSR associations. Although a factual CSR message presumably provides less information about the company than a impressionistic CSR message (Semin & Fiedler 1988), it still would be straightforward to infer at least something about the company's CSR from such a message. On the other hand, a factual CSR message provides no information at all about CA, whereas an impressionistic message, being subject to multiple interpretations, may make it easier for people to make a ‘step’ from the information about CSR to other attributes (cf. Maronick & Andrews 1999). Research in social judgment (see Srull & Wyer 1989) has shown that when people are provided with abstract words describing a person’s character, they more easily form an overall favorable or unfavorable impression of that person, than when they are provided only with descriptions of concrete behaviors. Once people have formed an overall impression, this impression may be used as the basis for making inferences about traits about which no information is provided. This latter process has often been termed a ‘halo effect’ (e.g., Balzer & Sulsky 1992). Therefore, it seems likely that impressionistic claims in a corporate CSR ad make it easier for people to establish an overall (favorable) impression of the company, and therefore to make inferences about the company’s CA. Based on these considerations, I formulate the following hypotheses.

> $H_{5.7}$: *Factual CSR ad information will be perceived as less diagnostic for evaluating the company’s CA than impressionistic CSR ad information.*

> $H_{5.8}$: *To the degree that factual CSR ad information is perceived as less diagnostic for making inferences about CA than impressionistic CSR information, it will lead to less favorable CA associations.*

We might expect that in the case of CA associations, the ‘balance’ of the effect of factualness may be shifted more in the direction of the negative effect on the diagnostic value of the message. The reason is that I assumed that this negative effect of factualness is stronger for CA associations than for CSR associations. I therefore formulate the following hypothesis.

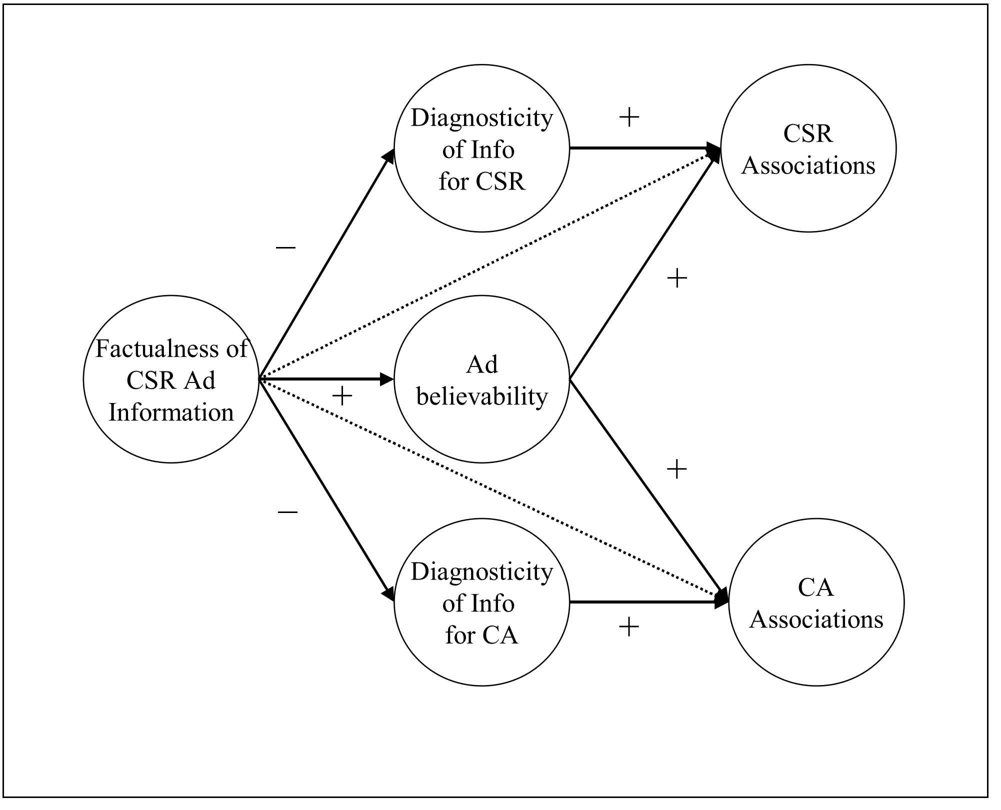
$H_{5.9}$: *Overall, factual information will lead to less favorable evaluations of a company's CA, than impressionistic information.*

This reasoning regarding the effects of factualness on the strength and favorability of both CSR and CA associations is illustrated in Figure 5.2.

Method

To test the hypotheses formulated above, I conducted a classroom experiment in which two groups of students were asked to evaluate an ad about a company's CSR. One group saw an ad containing only factual information, and the other group saw an ad containing only impressionistic information. After viewing the ad, subjects were asked questions regarding their evaluations of the company's CSR and CA, the diagnostic value of the information in the ad (for evaluating CSR and CA), the credibility of the ad, and the degree to which they perceived the ad to be factual versus impressionistic (a manipulation check). Finally, some demographic questions were asked (gender, age, and nationality). The materials, measures and procedures used are described in more detail below.

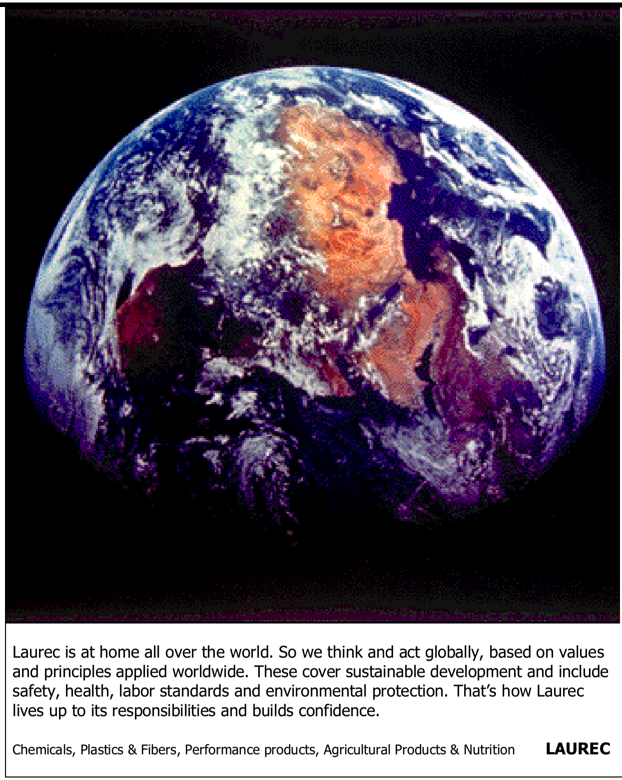
Figure 5.2: The influence of CSR ad factualness on diagnosticity, ad credibility, and corporate associations

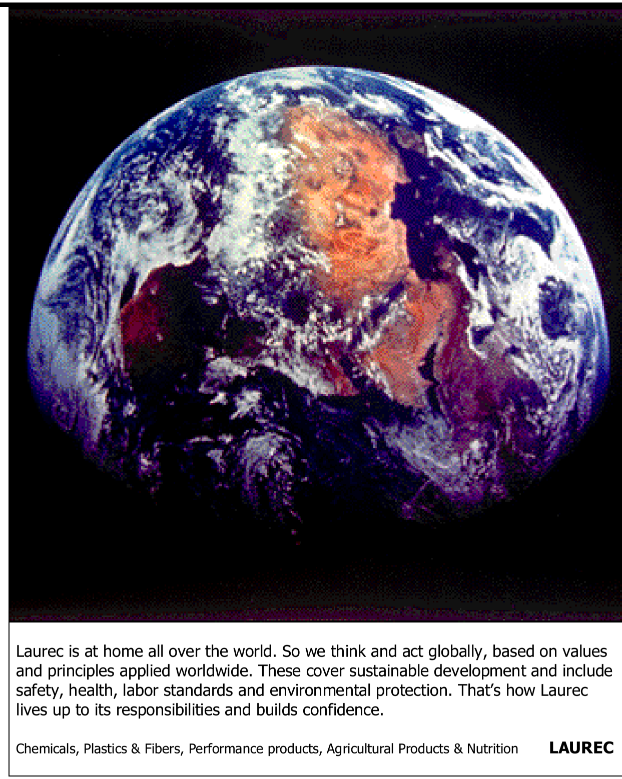


Materials

Two corporate CSR ads were prepared, one of which included only factual content, while the other included only impressionistic content. The ad was presented as a test ad for a large chemical company, which was termed "Laurec". I chose to focus on a chemical company because CSR issues are particularly salient in this industry. Therefore, respondents would be more likely to view the issues discussed in the ad as relevant. To ensure sufficient realism, the 'impressionistic' ad was adapted from a real recent ad by the chemical company BASF. The two ads are shown in Figure 5.3.

Figure 5.3: The factual (left) and impressionistic ad (right) used in the experiment





Through pretesting, I assessed whether these two versions were perceived to be sufficiently different in terms of the degree of factualness, and also whether they were not significantly different in terms of other variables (i.e., potential confounding). Specifically, I assessed potential differences in realism (since only the impressionistic ad was directly adapted from a real ad) and in the favorability of the information given (i.e., how 'objectively' positive the information is). In the final versions, there appeared to be no significant differences on these variables.

Respondents

One hundred and twenty-seven undergraduate students in the International Business Administration program at the Erasmus University Rotterdam participated in this study. They were recruited at the entrance of two lecture halls and were given a sandwich and a drink in return for a filled-out questionnaire. Of these people, 61.4% were male, and 72.7% had Dutch nationality. Altogether, there were 20 different nationalities represented in the sample, with the largest groups (after Dutch) being Chinese (6 people or 4.5%) and German (also 6 people). Most other nationalities were represented by only one person. The age of the respondents ranged between 18 and 38, with a median of 21.

Procedure

Students were assigned randomly to one of the experimental groups. To avoid effects of the order in which questions about CSR and CA were asked (CSR first, or CA first), this order was counterbalanced between subjects. The respondents were instructed to carefully look at the ad, and then fill in the questionnaire without looking back at the ad.

Measures

All relevant constructs in this study were measured using 7-point semantic differential or Likert scales, mostly by multiple items for each construct. All items and the reliability coefficients of the composite scales are provided in Appendix C. The means, standard deviations, and correlations of the composite variables for each of the two experimental groups are shown in Tables 5.3 and 5.4. Because I used structural equation modeling to analyze the data (see under "Results" below), these statistics are provided for the individual observed measures, rather than for the composite scales.

Dependent measures. The dependent variables are CA and CSR associations. As in Chapter 3, the favorability of CA associations was measured by items from two subscales of the "Reputation Quotient" questionnaire (Fombrun et al. 2000), namely, "Products and Services", and "Workplace Environment". To measure the favorability of respondents' CSR associations, I used two items from the "Social and Environmental Responsibility" subscale.

Mediator measures. The diagnostic value of the ad content for making inferences about the company's CSR and CA was assessed using questions about the information's usefulness, relevance, and importance for judging the company's CSR and CA, respectively (cf. Aaker, J. L. & Sengupta 2000). The credibility of the ad was measured by three items used by MacKenzie and Lutz (1989). I also included another item asking about the ad's 'reliability'.

Table 5.3: Means, standard deviations and correlations for the impressionistic ad

	Descriptives		Correlations														
	Mean	Std. Dev.	Perc. factual-ness	Ad cred. (1)	Ad cred. (2)	Ad cred. (3)	Diagn. for CSR (1)	Diagn. for CSR (2)	Diagn. for CSR (3)	Diagn. for CA (1)	Diagn. for CA (2)	Diagn. for CA (3)	CSR (1)	CSR (2)	CA (1)	CA (2)	CA (3)
Perceived factualness	2.92	1.44															
Ad credibility (1)	3.91	1.34	.19														
Ad credibility (2)	3.97	1.45	.22	.69													
Ad credibility (3)	4.31	1.25	.08	.49	.64												
Diagnosticity for CSR (1)	3.69	1.75	.29	.25	.50	.23											
Diagnosticity for CSR (2)	4.09	1.69	.15	.32	.42	.17	.60										
Diagnosticity for CSR (3)	4.34	1.72	.17	.41	.47	.25	.56	.75									
Diagnosticity for CA (1)	3.45	1.47	.35	.43	.58	.44	.52	.51	.62								
Diagnosticity for CA (2)	3.72	1.46	.24	.37	.53	.33	.26	.28	.39	.56							
Diagnosticity for CA (3)	3.81	1.57	.14	.32	.42	.23	.39	.45	.61	.70	.60						
Favorability of CSR (1)	4.63	1.70	.19	.26	.29	.28	.52	.50	.34	.36	.07	.19					
Favorability of CSR (2)	4.88	1.09	.26	.23	.37	.25	.58	.42	.38	.34	.06	.11	.70				
Favorability of CA (1)	4.70	1.14	.08	.36	.48	.27	.42	.23	.36	.41	.33	.26	.27	.28			
Favorability of CA (2)	4.61	.92	-.14	.14	.41	.30	.24	.30	.19	.29	.26	.14	.30	.27	.36		
Favorability of CA (3)	4.83	.99	.07	.17	.33	.24	.47	.55	.32	.30	.11	.17	.49	.38	.48	.40	
Favorability of CA (4)	4.75	1.09	.05	-.07	.12	.02	.39	.43	.22	.13	-.20	-.02	.43	.30	.14	.26	.72

Table 5.4: Means, standard deviations and correlations for the factual ad

	Descrip-tives		Correlations														
	Mean	Std. Dev.	Perc. Factual-ness	Ad cred. (1)	Ad cred. (2)	Ad cred. (3)	Diagn. for CSR (1)	Diagn. for CSR (2)	Diagn. for CSR (3)	Diagn. for CA (1)	Diagn. for CA (2)	Diagn. for CA (3)	CSR (1)	CSR (2)	CA (1)	CA (2)	CA (3)
Perceived factualness	3.60	1.31															
Ad credibility (1)	4.00	1.31	.30														
Ad credibility (2)	4.18	1.37	.21	.64													
Ad credibility (3)	4.53	1.16	.26	.50	.64												
Diagnosticity for CSR (1)	4.40	1.49	.07	.39	.29	.25											
Diagnosticity for CSR (2)	4.32	1.53	.05	.36	.45	.36	.71										
Diagnosticity for CSR (3)	4.26	1.62	.10	.50	.53	.46	.63	.57									
Diagnosticity for CA (1)	3.26	1.40	.03	.24	.42	.25	.29	.40	.38								
Diagnosticity for CA (2)	3.40	1.48	.08	.42	.55	.47	.34	.40	.42	.63							
Diagnosticity for CA (3)	4.06	1.52	.08	.37	.51	.41	.35	.43	.58	.63	.64						
Favorability of CSR (1)	5.18	1.29	.07	.36	.38	.18	.36	.36	.35	.19	.28	.25					
Favorability of CSR (2)	5.15	1.07	.07	.32	.21	.00	.29	.32	.22	.04	.09	.17	.58				
Favorability of CA (1)	5.11	1.12	.00	.10	.33	.16	.13	.34	.13	.24	.22	.26	.48	.65			
Favorability of CA (2)	4.79	1.06	.06	.26	.50	.28	.41	.47	.43	.41	.41	.32	.34	.26	.38		
Favorability of CA (3)	4.73	1.12	-.02	.20	.31	.28	.14	.33	.19	.21	.16	.24	.21	.35	.42	.42	
Favorability of CA (4)	4.95	1.22	-.08	.13	.28	.24	.14	.26	.07	.23	.17	.20	.21	.22	.43	.37	.56

Manipulation check measure. I measured the perceived factualness of the information given in the ad with a single semantic differential scale adapted from Darley and Smith (1993), which asked how "factual" versus "impressionistic" the message was. Following these authors, I also provided definitions of these terms below the labels.

Scale validation

To validate the measures, I first examined the reliabilities of all the composite scales to see if any items in a scale did not correlate well with the others, and then conducted a confirmatory factor analysis of all measures, to test whether they can be regarded as separate and unidimensional constructs (see Churchill 1979). In assessing the reliability and validity of the measures, I replaced the original variables with the residuals from ANOVAs predicting the original variables from the factualness manipulation (cf. Voss & Parasuraman 2003). The reason for using this procedure is that the experimental treatment may bias the covariances between the variables when the pooled data set is analyzed.

I removed one of the items in the "Products and Services" subscale, because it had a low item-to-total correlation. In addition, I removed one item from the "Workplace Environment" subscale, because it bears some relevance to the CSR issues discussed in the ad ("Laurec looks like a good company to work for"). In the ad credibility scale, the item concerning the amount of 'bias' in the ad had a very low correlation with the other items. Since only two of the respondents were native English speakers, it could be that a number of people were uncertain about the meaning of this word. I therefore removed the item from the scale.

To test the dimensionality of the measures used, I conducted a confirmatory factor analysis. I expected that a higher order "CA" factor would underlie the two subscales intended to measure this construct, and that CSR, the two diagnosticity scales, and the ad believability scale, would form separate factors. This model fit the data adequately ($\chi^2_{(79)} = 90.19$, $p = .18$; Standardized RMR = .06, Comparative Fit Index = .99), and all items loaded significantly on the factors they belong to. In addition, the decrease in fit that resulted from adding the second-order CA-factor was not significant ($\Delta\chi^2_{(4)} = 7.74$, $p = .10$), suggesting that there is indeed a "CA" factor underlying the "Products & Services" and "Workplace Environment" subscales (cf. Rindskopf & Rose 1988).

Results

To test the hypotheses, I ran a structural equation model. This choice was made because contrary to more 'traditional' approaches like (M)ANOVA and multiple regression, a structural equation model corrects for measurement error in the observed variables. This feature is particularly important when testing mediated effects (cf. Baron, R. M. & Kenny 1986). However, because experimental data often do not satisfy the requirements of maximum likelihood estimation, I used a partial least squares (PLS) estimation, following the recommendations by Bagozzi, Yi, and Singh (1991). This estimation was done using the computer program PLS 1.8 (Lohmöller 1987). Following the recommendations by Chatelin, Esposito Vinzi, and Tenenhaus (2002), I determined the standard deviations of the parameter estimates by running ordinary least squares regressions in SPSS, using the latent variables estimated by PLS.

To investigate the degree to which the effect of an experimental manipulation is really due to the intended reason (in this case, respondents' perception of message factualness), MacKenzie (2001) advocates the estimation of the direct and indirect effects of the manipulation, using the manipulation check measure as a mediator. The indirect effects of the manipulation then represent the intended effects, while the direct effects represent any unintended effects that the manipulation may have. I followed this recommendation.

Before looking at the coefficients of the path model, I first examined whether the presence of multiple nationalities could bias the results. To do this, I tested whether the covariance matrix of the observed variables in the model was equal for Dutch and non-Dutch respondents. The likelihood ratio test suggested that this was the case, as the test statistic was not significant ($\chi^2_{(210)} = 213.54$, $p = .42$). I also tested whether the results of the path model were substantially different when only the data from the Dutch students were analyzed. This was not the case. The size of the coefficients was comparable across the two analyses, and there was only one coefficient for which the significance level was different[14]. I therefore proceeded using the pooled data set. Second, I examined whether the correlations of the observed variables with their corresponding latent variables were (1) significant and (2) higher than their correlations with other latent variables (cf. Chatelin et al. 2002). Both were the case.

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[14] Specifically, the coefficient representing the effect of the perceived factualness of the ad on the diagnostic value of the ad for judging CA was not significant in the analysis of only the Dutch students' data.

The estimated path coefficients of the model and the corresponding *t*-values are shown in Table 5.5[15]. It can first be seen that the manipulated factualness of the ad has a significant positive influence on the degree to which people *perceive* the ad to be factual. This suggests that the manipulation has the intended effect on perceived factualness, although it does not exclude the possibility that it also has other, unintended effects.

The first hypothesis stated that the factual message would be perceived as more credible than the impressionistic message. We can see that the manipulated factualness of the message (mediated through perceived factualness) indeed has a significant positive effect on ad credibility (γ = .06, t = 1.88). I also predicted that factualness would have a *negative* effect on the degree to which the message was perceived as diagnostic for evaluating the company's CSR and CA (Hypotheses 5.3 and 5.7). Contrary to these expectations, we see that the effects of factualness on the diagnostic value for inferring CSR and CA, are not significant (γ = .04 and .05, t = 1.53 and 1.63 for CSR diagnosticity and CA diagnosticity, respectively). The direct (unmediated) effects of the manipulation on the diagnostic value and credibility of the ad are also not significant.

[15] All coefficients reported are unstandardized regression coefficients. Coefficients that are significant at the 90% level are in **bold**. The values in brackets are the coefficients and t-values from the model that did not include the relevant mediating variables.

Table 5.5: Results of the PLS structural equation model

	Dependent variables															
	Perc. factual-ness		Diagnosticity for CSR			Diagnosticity for CA			Credibility			CSR			CA	
	B	t	B	t		B	t		B	t		B	t		B	t	
Manipulated factualness	**.24**	**2.75**	.08	.89	(.12, 1.37)	-.09	-.93	(-.04, -.43)	.02	.20	(.08, .86)	.10	1.28	**(.18, 2.01)**	**.14**	**1.68**	(.13, 1.44)
Perceived factualness	-	-	**.18**	**1.92**		**.19**	**2.11**		**.25**	**2.75**		.06	.74	(.14, 1.53)	-.12	-1.38	**(.20, 2.20)**
Diagnosticity for CSR	-	-	-	-		-	-		-	-		**.44**	**4.96**		-		
Diagnosticity for CA	-	-	-	-		-	-		-	-		-			**.21**	**2.16**	
Credibility	-	-	-	-		-	-		-	-		.12	1.32		**.34**	**3.43**	
R^2	*.06*		*.04*			*.04*			*.06*			*.30*			*.24*		

To what degree does the effect of factualness on ad credibility "pass through" to the favorability of people's corporate associations? The indirect effects of the manipulation on CSR and CA associations, as mediated through perceived factualness and credibility/diagosticity, are non-significant (γ = .02, t = .48 for the effect on CSR as mediated through diagnosticity; γ = .01, t = .63 for the effect on CSR as mediated through credibility; γ = .01, t = .48 for the effect on CA as mediated through diagnosticity; and γ = .02, t = .60 for the effect on CA as mediated through credibility). However, the manipulation does have a marginally significant *direct* effect on the favorability of CA associations. This suggests that the effect of the manipulation on inferences about CA is not completely due to a higher perceived factualness of the ad. The manipulation does not have significant direct effects on the favorability of CSR associations. The overall effect of factualness (composed of both direct and indirect effects) on the favorability of CSR and CA associations is also not significant (γ = .04 and .02, t = 1.48 and 0.85 for CSR associations and CA associations, respectively).

When we look only at the effects of the *perceived* factualness of the ad, we see more significant results. Perceived factualness has significant positive effects on ad credibility, as well as on the perceived diagnostic value of the message for evaluating the company's CSR and CA. In addition, these effects to some degree "pass through" to the favorableness of corporate associations. The indirect effect of perceived factualness on the favorability of CSR associations, as mediated through the diagnostic value for inferring CSR, is significant (γ = .08, t = 1.81). The same holds for the indirect effect of perceived factualness on the favorability of CA associations, only in this case ad credibility acts as the mediator (γ = .08, t = 2.04). Finally, perceived factualness has a significant overall effect on the favorability of CSR associations (γ = .17, t = 1.83). While these analyses show more significant results than the analyses using manipulated factualness as the independent variable and perceived factualness as a mediator, the latter more closely reflect the effect of factualness. The effect of perceived factualness might be affected by individual differences (such as mood), and may therefore to some degree be biased, for example by a halo effect. While such a bias would also be present in the indirect effects of the manipulation (mediated through perceived factualness) it would be smaller, because it presumably does not pertain to the effects of the manipulation itself.

Discussion

In this study I have investigated whether the degree to which an advertising message about a company's corporate social responsibility (CSR) is impressionistic versus factual, influences the establishment of people's associations with the company. The results showed that overall, message factualness had a positive influence on the credibility of the message. On the other hand, factualness did not have a positive influence on the favorability of people's associations regarding the company's CSR and CA. In addition, message factualness did not affect the degree to which people perceived the message to be useful for evaluating the company's CSR, or for evaluating the company's ability in delivering products and services (CA).

Theoretical implications

The finding that factual ads are perceived as more credible than impressionistic ads is consistent with studies in product advertising that have looked at message factualness (Darley & Smith 1993; Holbrook 1978). Factual ads provide information that is not subject to multiple interpretations, and that therefore is more verifiable than impressionistic information. Hence, people are more likely to perceive this information as reliable. The finding that factual and impressionistic messages did not differ in the degree to which they were perceived as diagnostic for making inferences about the company's CSR and CA, was contrary to my expectation. I had expected that factual ads would be perceived as *less* diagnostic than impressionistic ads, because their information should be perceived as less generalizable across situations and across a company's different attributes.

One possible explanation for the absence of an effect of factualness on the diagnosticity of the message could be that diagnostic value and credibility are hard to separate empirically. It may be the case that when people judge the diagnostic value or usefulness of information for making an inference, they also take the credibility of the information into account. When people think information is not credible, it seems likely that they also will perceive it as less useful as a basis for inferences. Alternatively, this problem could be specific to the way I have operationalized diagnostic value. For example, Schum (1977) clearly separates the diagnostic value of an *event* from the credibility of a *report* about that event. Thus, a certain event may be perceived as having a very high diagnostic value *given that* it really occurred, even though the report about it may be perceived as completely unreliable, so that people do not *know* if it really occurred. I could have incorporated this conceptualization into the questionnaire by asking people about the diagnostic value of the *attributes* mentioned in the ad, rather than the diagnostic value of the ad itself. For example, I could have asked questions like “Given that the company really would ‘think and act globally, based on values and principles applied worldwide’, how useful would this information be for assessing its social responsibility?”. However, it may be questionable whether people really make the distinction between credibility and diagnosticity when they see a corporate ad in ‘real life’.

More importantly, analogous to findings in research on factualness in product advertising, I had also expected that a factual message would lead to more favorable corporate associations, especially to more favorable CSR associations. The results of the present study suggest that in corporate advertising on CSR, “being factual” does not lead to more favorable associations regarding a company’s CSR, or to more favorable associations regarding CA. Why would this be the case? One explanation could be in the nature of this type of advertising, which is generally intended to create an overall positive feeling regarding the company. Garbett (1988) terms this “goodwill advertising”. Even though people may perceive an impressionistic message as less credible, this effect may be relatively weak because they may feel that a “goodwill ad” does not *need* to make factual claims. The company is not trying to persuade people into taking some specific action, but is just painting an overall picture of itself.

Some provisions should be made here. First, when looking at the effect of the *perceived* factualness of the ad, we saw that this variable did have significant positive effects on the favorability of CSR and CA associations. While these effects may have been caused by a halo effect or other biases, I cannot exclude the possibility that they do reflect the ‘true’ effects I am interested in more closely than the mediated effects of the experimental manipulation. Second, an alternative explanation for the lack of an effect of factualness on the favorability of associations, and on the diagnosticity of the ad for inferring CSR and CA, may be that the nature of these effects depends on other factors that I did not take into account. For example, when people are highly involved in the CSR issue discussed in an ad, the factualness of the ad may strongly determine the degree to which they perceive it as credible, and therefore their opinion of the company. This is consistent with research in persuasion, which has shown that people who have a high involvement with a message, are more critical of its contents (e.g., Eagly & Chaiken 1993; Petty & Cacioppo 1986). Similarly, factualness may have more effect on the diagnostic value of an ad message when people have a *low* involvement with the issues discussed in an ad. In that case they may find impressionistic messages to be more useful to infer something about the company, than factual messages. It may be that in such a case people may determine the usefulness of the information more by the ease with which they can draw inferences about corporate characteristics from it, than by the reliability of the information. Then, an impressionistic CSR ad would be perceived as more diagnostic for inferring the company’s CSR and CA, and therefore would lead to more favorable associations regarding these attributes.

Therefore, variations in people’s involvement with the CSR issue discussed in the ad could explain why I found no overall effect of factualness on the favorability of people's CA and CSR associations. Factualness could have positive effects for people who are highly involved in the CSR issue, and negative effects for people are not highly involved.

Practical implications

The results of this study suggest that when companies want to highlight their social responsibility through a corporate advertising campaign, it is better to provide factual information, than to provide "impressionistic" statements that are open to multiple interpretations. People perceive factual ads as more credible than impressionistic ads, which would be especially important when the credibility of a company is at stake. However, in this study the higher credibility of factual ads did not lead to more favorable associations regarding the company's CSR and CA. Therefore, providing factual information would not seem to be an absolute necessity.

Moreover, as Roznowski (2002) explains, the message sometimes *needs* to be vague and impressionistic, because corporate advertising may serve goals other than persuading stakeholders outside the organization. In particular, companies may use corporate advertising to convey to internal stakeholders (i.e., their employees) an image of the company with which they can all identify. When trying to achieve this goal, the advantage of an impressionistic message is that everyone can interpret it in his or her own way. This is what Eisenberg (1984) calls "strategic ambiguity". So even when factualness would be better in establishing favorable associations among external stakeholders, it might have unfavorable effects on the opinions of internal stakeholders. In addition, as noted above, external audiences who have an extremely low involvement with the issue under consideration, may also react more favorably to impressionistic ads, than to factual ads.

Under some conditions, however, it would be advisable for companies to communicate facts in their corporate advertising. As noted above, being factual may be essential for audiences who are strongly involved with the issue discussed in an ad, such as ‘socially conscious’ consumers and NGOs. While such audiences will have other sources of information about the company besides its advertising (e.g. its annual report and website), they may perceive impressionistic corporate advertising as a form of deceit, and therefore form negative associations regarding the company. This expectation is consistent with recent work by Heugens (2001) on issues management. This research has suggested that the reason why some advocacy advertising campaigns (campaigns aimed at defending the company’s position on a controversial issue like genetically modified foods) are ineffective, is that they are too general. It seems likely that the highly involving nature of the topic would make people less likely to accept non-factual messages.

Limitations and suggestions for future research

There are some limitations to this research, related to both the external validity of the study, and to its internal validity. The first limitation is constituted by the fact that I focused on corporate advertising. While an important communication tool, corporate advertising is only one form of corporate communication. Therefore, it is not clear how the results could be generalized to other corporate communication tools, like websites or public interviews. In addition, corporate advertising cannot be seen in isolation from other communication tools. In practice, companies do not profile themselves *only* through corporate advertising. Therefore, the brevity of the corporate ad copy that was provided to respondents in this study, may have created an artificial situation. In fact, several of the respondents remarked that it was very hard for them to infer anything from such a brief text. While the length of the text was quite representative for real corporate ads, in these cases people can generally 'supplement' this information with what they know about the company through other sources. Future studies could examine corporate ads in the context of other corporate communication efforts that provide additional information about the company, like a corporate website.

Second, I looked at a limited range of factualness. While I tried to vary whether or not an ad mentions any facts at all, both ads contained relatively little information. An interesting question may be what the effect is of varying the *number* of factual claims that are made. A message can provide too few facts, but also too many. This relates to the often documented problem of consumer information overload (see e.g., Rotfeld 2002; Scammon 1977).

Third, the fact that I have found no significant effect of factualness on the favorability of people's corporate associations does not mean that there is no effect. The mediated effects of the factualness manipulation were small, and the sample may have been too small to detect such small effects (cf. Green 1991). In addition, as I noted above, it may be that the effect of factualness is dependent on other factors. In particular, people's interest or involvement in the subject discussed in an ad may determine the way in which message factualness influences their associations. In this study I did not include measures of respondents' involvement with the CSR topics discussed in the ads. Therefore, there is no way to verify whether this variable affected the results. This may also be a valuable area of future research.

Fourth, I used a convenience sample of international undergraduate students. The respondents were relatively homogeneous with respect to age and educational background, but at the same time they came from widely different cultural backgrounds. The homogeneity of age and education is good for the internal validity of the study, but raises concerns about external validity. Bias caused by potential differences in age and education between the experimental conditions is minimal, but the results cannot be generalized to older or younger people or to people with a different educational background. The heterogeneity of cultural backgrounds, on the other hand, is good for external validity, but raises concerns about internal validity. The results could be generalized to people with a variety of cultural backgrounds, but the fact that different nationalities are represented in the two experimental groups could have produced bias.

Fifth, the company that was displayed in the ad was a chemical company. The reason I chose a chemical company is that CSR issues (especially the environment) are particularly salient in this industry. On the other hand, many people may believe that the chemical industry is somewhat 'suspect' because of the very nature of its activities, and may therefore react with some skepticism when a chemical company announces positive environmental principles or behaviors. Therefore, the results might have been different if I had chosen a company in a less controversial industry. However, there are numerous other industries that are controversial in some area of CSR (e.g., accounting, cars, tobacco), so the results would seem to be generalizable to those industries.

Finally, with respect to the internal validity of the study, the manipulation of factualness that I used may to some extent have confounded factualness with other variables such as third-party endorsement (as the World Health Organization was mentioned only in the 'factual' ad) or the broadness of the issue discussed in the ad (environmental protection in general versus greenhouse gasses in particular). To the extent that this was the case, the results may be biased either upward or downward, depending on the direction of the relationship of the confounding variable with the dependent variables. The third-party endorsement could have produced a positive bias, since it was only present in the 'factual' ad and will probably be positively related to the favorability of corporate associations. On the other hand, the broadness of the CSR issues could have produced a negative bias, since broader CSR issues were discussed in the 'impressionistic' ad, and broader issues would likely result in more favorable associations. While I followed MacKenzie's (2001) recommendation to estimate the *indirect* effects of the manipulation, as mediated through the manipulation check measure (i.e., the *perceived* factualness of the ad), it seems unlikely that confounding can be controlled for completely in this way. The reason for this is that the omission of the potential confounding variables from the model could also have biased the relationship between manipulated factualness and perceived factualness. To really control for the effects of confounding variables it would be necessary to include them in the model.

While I cannot rule out the potential of confounding effects, I think that they do not completely invalidate the results, because the potential confounding variables are very closely related to the concept of factualness. For example, a third-party endorsement is one type of factual information that a company can use in an ad. And the use of impressionistic claims to describe a company's CSR strongly suggests a broader range of CSR topics. Still, it would be possible to design a study that 'disentangles' these aspects from factualness per se, and provides a cleaner manipulation.

PART III: DISCUSSION

Chapter 6: Discussion

Corporate branding refers to the way a company creates a favorable reputation through corporate communication efforts. The overall question I addressed in this thesis is: *How do external stakeholders react to a company's corporate communication efforts?* I argued that in order to answer this question, we have to distinguish the different types of associations or perceptions that these stakeholders may have of a company. Such perceptions are indicated by the term "corporate associations". I addressed the following three research questions:

1. Which different types of corporate associations can be distinguished?
2. When do different types of corporate associations influence people's preferences for products, stocks, and jobs?
3. When does corporate communication lead to the establishment of favorable corporate associations?

In Chapter 2 I have discussed which different types of corporate associations can be distinguished in the literature, and have found that these types can be grouped into three main clusters. These clusters are based on the concepts of corporate social roles, corporate personality, and trust, respectively. I decided to focus on the concept of social roles, and more specifically, on two specific types of corporate associations, namely "corporate ability" (CA) and "corporate social responsibility" (CSR) associations (cf. Brown & Dacin 1997). CA associations are perceptions that have to do with the way a company delivers its products and services. They can relate to the overall quality of the company's products, but also to the company's customer orientation or innovativeness. CSR associations relate to a diversity of social responsibilities that people attribute to companies, such as limiting environmental damage, providing good working conditions, and donating money to charities. In Chapters 3 and 4, I have investigated the way in which these two types of corporate associations influence people's responses to a company's products, stocks, and jobs. In Chapter 5, I have examined the way in which people form these two types of associations through contact with a company's corporate advertising. I will discuss the main contributions of this thesis in detail below.

Theoretical implications

This thesis contributes to the literature on corporate branding in several ways. First, consistent with other recent studies on corporate associations (e.g., Brown & Dacin 1997; Madrigal 2000), it demonstrates that it is generally not feasible to investigate the development or influence of corporate associations "in general". The results of the empirical studies that I conducted show that the processes of the development and influence of corporate associations are different for different types of associations.

Second, I have shown that although many different types of corporate associations can be distinguished, there is a limited number of ways to makes such distinctions. One can distinguish associations on the basis of the different social roles of a company (e.g., Fombrun et al. 2000), on the basis of perceptions of different corporate personality traits (e.g., Davies et al. 2003), or on the basis of the dimensions of trust in a company (e.g., Geyskens et al. 1998). Furthermore, I have provided some indications about which way of distinguishing associations is the best in a certain situation. While the major concepts on which typologies are based (social roles, corporate personality, and trust) likely reflect the different theoretical starting points that researchers have used, they presumably also have something to do with the concepts people use in their everyday lives to organize their corporate associations. In some circumstances, people may be likely to regard a company from the perspective of the partnership they have with it, and therefore focus on the reasons they have to trust or not to trust the company. This may be especially the case when they have a longer-term relationship with the company, and/or a relationship that is based primarily on functional attributes such as quality and price. In other circumstances, people may be more inclined to regard a company as a person, and to attribute a diversity of personality traits to it, which may or may not match their own personality. This may be especially the case when people have a short-term relationship with a company, or a relationship that is primarily based on symbolic or experiential benefits, such as pleasure or prestige. In still other circumstances, people may be more likely to regard a company as a social institution that has a number of different roles in society, and assess how well the company fulfills each of these roles. This may be especially the case for people who do not have a direct relationship with the company. Because these people have no direct personal interest in the company's activities, they may be more likely to consider the company's broader obligations to society.

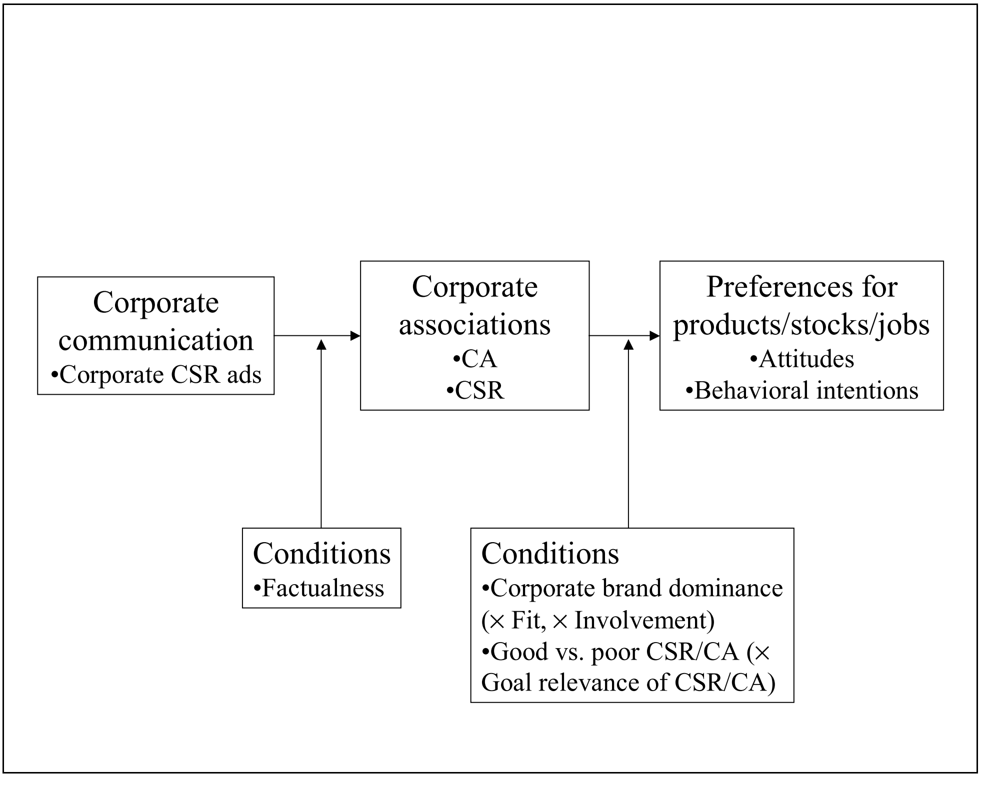
This reasoning also provided part of the justification for my choice to focus on the concept of social roles to distinguish different types of corporate associations: the empirical studies reported in this thesis mostly deal with people who do not have a direct relationship with the company they evaluate. The company's social roles may be more salient to these people than the company's personality traits or trustworthiness. In addition, in this thesis I focused on corporate communication efforts that are directed at more than one stakeholder group. Social roles may be especially important when looking at people's reactions to this type of corporate communication, because it generally addresses a company's behavior toward all of its stakeholders.

The third contribution of this thesis is that I have provided insights into the conditions under which different types of corporate associations influence stakeholder preferences, and into the conditions under which favorable corporate associations are more likely to be established through corporate communication. The model show in Figure 6.1 summarizes the conditions I have investigated in this thesis. I will discuss the specific contributions regarding these conditions in more detail below.

The influence of corporate associations on stakeholder preferences

A number of previous studies have addressed the influence of corporate associations on stakeholder preferences, mostly with respect to products. They have generally found that both CA and CSR associations can influence people's product responses, but that the effect of CA associations is stronger than the effect of CSR associations (e.g., Brown & Dacin 1997; Maathuis 1999). However, relatively few previous studies have investigated *when* CA and CSR associations are most likely to influence people's preferences.

Figure 6.1: The conditions affecting stakeholder reactions to corporate communication, as investigated in this thesis



Particularly, one interesting variable that has not received much attention yet is the corporate branding strategy that a company uses. A corporate branding strategy refers to the brand names a company uses in its communication about individual products or business units. This is an aspect that is very important for businesses that have multiple products and/or business units. In Chapter 3, I investigated the moderating role of this variable in the influence of CA and CSR associations. The results suggest that the way in which people are influenced by CA and CSR associations in their responses to a company's products depends on the degree to which the corporate brand is dominantly visible in product communications. When a company uses its corporate brand dominantly in its product communications, people seem to use CA and CSR associations as heuristic cues to evaluate the company's products. This is evidenced by the finding that CA especially had a strong effect on people's product responses when the product was perceived as fitting well with the company, and that both CA and CSR had a stronger effect when people had a low involvement with the product.

When a company does not use its corporate brand as the dominant brand in product communications, but as an "endorser" behind a subsidiary brand, people seem to use CA associations in a different way. Specifically, they use the associations as an extra 'backup' that can increase their confidence in their judgment of the product. This is suggested by the finding that when the corporate brand was not the brand that was dominantly visible, CA associations mainly influenced people's product responses when they had a high involvement with the product. On the other hand, CSR associations seem to be still used as a heuristic when the corporate brand is not dominantly visible. This is suggested by the finding that these associations had a stronger influence on product responses when people had a low involvement, and also when people perceived the product as fitting well with the corporate brand.

These effects can be explained in terms of the accessibility-diagnosticity framework that is often used in cognitive psychology (Feldman & Lynch 1988; Lynch et al. 1988). Presumably, CA and CSR associations are less diagnostic for evaluating a product than actual product attributes. However, a high dominance of the corporate brand makes the associations more accessible in people's memories. Furthermore, a high perceived fit increases their diagnostic value as a cue to evaluate a product. Finally, a low product involvement decreases the minimum level of diagnosticity that people require, so that they will be satisfied with information that is not so diagnostic as information about product attributes. Therefore, a high fit and a low involvement will increase the probability that people will use their corporate associations in forming their product preference. By contrast, a low corporate brand dominance makes corporate associations less accessible, so that they are less easily used in product judgments. However, when people are highly involved with the product they are evaluating, they require a higher level of diagnosticity for their judgment. In this case, they are likely to use information that is less accessible. Therefore, a high involvement will increase the probability that corporate associations will be used in forming product preferences. The latter reasoning only seems to hold for CA associations, not for CSR associations. The finding that the effect of CSR was higher when fit was high and involvement was low, even when the corporate brand was not dominantly visible, suggests that the lower visibility of the corporate brand did not decrease the accessibility of CSR associations. Perhaps the "endorser" role of the corporate brand makes CSR associations with this brand more salient to people, so that the lower accessibility due to a lower dominance of the corporate brand would be "offset" by a higher accessibility due to a higher salience of CSR associations.

In Chapter 4, I addressed two additional issues regarding the influence of corporate associations on people's preferences. First, I also investigated other evaluations regarding a company than evaluations of its products. Specifically, I looked at the influence of CA and CSR associations on people's preferences for the stocks that the company offers on the stock market, and for the jobs it offers on the job market. Second, I examined the possibility that CA and CSR associations do not merely *influence* people's preferences, but also function as "thresholds", i.e., attributes that have a minimum acceptable level. This would imply that a company cannot *compensate* a poor CA by a good CSR, and vice versa, that it cannot compensate a poor CSR by a good CA.

The results reported in Chapter 4 suggest that both CA and CSR strongly influence consumers' responses to a company's stocks, and also influence responses to a company's job offers. Furthermore, favorable CA associations served as a necessary condition in the eyes of consumers, in that a poor CA could not be compensated by a good CSR. However, this was only the case under certain conditions. First, this result held only for people's evaluations of products, not for their evaluations of stocks and jobs. Second, the degree to which a poor CA could be compensated depended on the degree to which people perceived CA to be relevant to their important goals in life. When people thought that doing business with a company with a poor CA record could endanger the fulfillment of these goals, a good CSR could not compensate for a poor CA. When CA was not perceived as relevant to goal fulfillment, a good CSR *was* able to compensate for a poor CA.

In sum, by looking at the role of corporate brand dominance and at (non-) compensatory effects, Chapters 3 and 4 provide important insights into the conditions under which CA and CSR associations influence stakeholder preferences regarding a company' s products, stocks, and jobs.

The establishment of corporate associations

In Chapter 5, I aimed to gain insight into the conditions under which corporate communication efforts lead to establishment of favorable corporate associations. I focused on the influence of corporate advertising about a company's CSR. While previous research has established that this type of corporate advertising can have favorable effects on people's corporate associations, only very few authors have looked at which aspects of the message in a corporate ad determine the establishment of favorable corporate associations. In the empirical study reported in Chapter 5, I looked at the effects of the factualness of the claims made in an ad, which is one important aspect suggested by research in product advertising (e.g., Darley & Smith 1993; Holbrook 1978).

The results of this study suggest that when a company communicates about its CSR in a corporate advertising campaign, making factual claims is perceived as more credible than making only "vague", impressionistic claims. Presumably, this is because factual claims are objectively verifiable, whereas impressionistic claims are not. On the other hand, this difference in credibility did not appear to translate into people's associations with the company. People appeared to form about equally favorable associations about a company's CA and CSR when the company communicated factual information, as when it provided impressionistic statements. The latter finding contrasts with previous research in product advertising, which has quite consistently shown that providing factual information leads to more favorable attitudes toward the product. This suggests that establishing corporate associations through corporate CSR advertising is of a fundamentally different nature than establishing product associations through product advertising. Corporate advertising is not aimed at persuading people to take a specific course of action, like product advertising is. Therefore, compared to product advertising, people may be more easily 'satisfied' with non-factual claims when they perceive a company's corporate advertising.

On the other hand, it seems likely that the involvement people have with the issue that is discussed in the ad is important in this respect. When people have a high involvement with the issue, factual claims may lead to more favorable corporate associations than impressionistic claims. In this case, people are likely to be more critical of the content of corporate advertising, and therefore to regard impressionistic claims with more skepticism. Conversely, when people have a low involvement with the issue, impressionistic claims may lead to more favorable associations than factual claims. This could be because it is easier to make inferences about a company from impressionistic claims, than from facts. An impressionistic claim about a company's actions, like "we support education", suggests that the company displays such behaviors across a whole range of situations, and also that it may have other favorable attributes as well. In contrast, a factual statement, like "each year, we sponsor 50 talented students with $5000 grants", does not suggest such a generalization.

In sum, by investigating the role of message factualness, the discussions in Chapter 5 provide insights into the conditions under which favorable associations are likely to be established by corporate communication efforts.

Practical implications

Besides contributing to an understanding of the establishment and influence of different types of corporate associations, the results of this thesis also have important implications for companies with respect to the way they should communicate to the public. There are three aspects of communication for which the results are relevant: first, the positioning of the company; second, the way in which this positioning is communicated, and third, the choice of a corporate branding strategy.

Positioning

A company's "positioning" refers to the attributes that a company emphasizes in its corporate communication (cf. Rossiter & Percy 1997). When positioning its corporate brand, on what type of attributes should a company focus? The discussion in Chapter 2, although tentative, suggests that this decision can be based on the type of relationship that stakeholders have with the company. When most stakeholders have a short-term relationship with the company, or a relationship that is based on experiential or symbolic benefits (like fun or status), using personality traits as a basis for positioning could be the most logical strategy. When most stakeholders have a long-term relationship with the company, or a relationship that is based on functional benefits (like dependability or quality), it may be better to use different dimensions of trust as a basis for a positioning strategy. Finally, when there are many important stakeholder groups who do not have a direct relationship with the company, using the company's social roles as a basis for positioning may be the best strategy. However, it may often be very hard, if not impossible, to determine which stakeholders are the most important to a company. The concept of social roles may then be the “safest” one to use as a starting point, because it includes the interests of all stakeholders.

When the concept of social roles is used as the starting point of a positioning strategy, the next question is on which types of social roles the company should focus. Particularly, should a company focus on its CA or on its CSR? The results discussed in Chapters 3 and 4 suggest that overall, a positioning focused on CA is likely to lead to more favorable consumer product responses than a positioning focused on CSR. However, some precautions should be made here. First, both of these studies dealt with people’s perceptions of one type of company (financial services providers), which furthermore did not display extremely positive or extremely negative CSR actions. The results may have been quite different for companies in other industries, or companies that display more extreme behaviors. Second, the results of Chapter 4 suggest that focusing on CSR is far more important when communicating to potential investors, and also when communicating to the job market. Third, the effectiveness of a positioning focused on CA or CSR may depend on several other factors. In fact, I addressed several of such factors in Chapters 3 and 4.

In particular, the results of Chapter 3 suggest that the branding strategy that a company uses, and the type of product that people are evaluating, may be important factors that influence the effectiveness of a positioning strategy. Specifically, the results suggest that when a company uses its corporate brand as the primary brand in product communications, and when people perceive the product as fitting well with the corporate brand, focusing on CA would be the most effective strategy. However, for products with which people have a low involvement (regardless of how well the products fit with the corporate brand), focusing on CA and CSR would be about equally effective. When a sub-branding strategy is used, focusing on CA would be most effective for high-involvement products (like consumer durables), and focusing on CSR would be most effective for low-involvement products (like fast moving consumer goods).

In its positioning strategy, a company sometimes cannot simply choose between focusing exclusively on CA and focusing exclusively on CSR. It is likely that companies often have to convince stakeholders that both their CA and CSR are acceptable, simply because stakeholders demand this (cf. Handelman & Arnold 1999). In agreement with this expectation, the results of Chapter 4 suggest that when CA is highly relevant to people's important life goals, focusing on CSR while neglecting CA will not provide benefits to the company in terms of people's preferences. When people perceive the company's CA to be poor, they will be likely to respond negatively to the company's products, regardless of how well the company performs in terms of CSR. Similarly, although I was not able to confirm this in the empirical work, it seems likely that CSR can also be highly relevant to people's goals. In this case, focusing on CA while neglecting CSR will also not provide benefits in terms of people's reactions toward the company.

Way of communicating

When a company has decided to position itself as a company with a good CA and/or CSR, it has to decide in which way it will communicate about these aspects. In this thesis, I have looked at the degree to which a company provides verifiable facts in corporate advertising about CSR. The results imply that when ad credibility is an issue, it is better to provide factual information, than to provide "impressionistic" statements that are open to multiple interpretations. However, 'being factual' seems not per se to lead to more favorable associations regarding the company's CSR and CA. This is an interesting result, since many corporate ads are *intentionally* vague because they are aimed at internal as well as external audiences (cf. Roznowski 2002). The research reported in this thesis suggests that this vagueness is not per se detrimental to the perceptions of external audiences.

However, as I noted above, it seems likely that at least under some conditions, providing facts in corporate ads *will* lead to more favorable corporate associations than providing only impressionistic statements. This would be particularly the case when many people have a high involvement with the CSR issue that is being discussed in the ad. These people may be more likely to view impressionistic claims as deceptive, and therefore to respond negatively in terms of their associations with the company.

Choice of a corporate branding strategy

The results reported in Chapter 3 suggest that the effectiveness of a company's corporate branding strategy in product communication depends on (1) the type of corporate associations the company would want to "transfer" to the product, and (2) the type of product under consideration. Specifically, given that a company wants CA associations to transfer to consumer product responses, using only the corporate brand to label products or business units (which Olins (1989) called a "monolithic" strategy) would be most effective for products with which people have a low involvement, or for products that they perceive as fitting well with the corporate brand. Conversely, the use of a subsidiary brand as the primary brand, and the corporate brand as an “endorser” in the background (which Olins called an “endorsed” strategy), would be most effective for high-involvement products.

When the transfer of CSR associations is the focus of the company, the “endorsed” strategy seems to be the most effective one when people perceive the product as fitting well with the corporate brand. The “monolithic” and “endorsed” strategies seem to be about equally effective when people have a low product involvement. Apparently, the fact that a corporate brand merely functions as the “endorser” of the product, and not as the primary brand, does not make the CSR associations people have with the corporate brand less accessible.

General limitations and suggestions for future research

In all academic research, choices have to be made regarding the scope of the investigation and the research methods. Inevitably, these choices limit the validity of the conclusions that can be draw from the research. In the preceding chapters, I have already discussed a number of limitations that were specific to each chapter. To conclude this thesis, I will now discuss some more general limitations, and offer some suggestions for future research.

First, I had to make choices regarding the types of corporate associations and the types of corporate communication I wanted to look at. I decided to focus on two specific types of corporate associations, namely, CA and CSR associations. However, in Chapter 2, I argued that there is not one definite typology of corporate associations, but several typologies, each of which is based on a different concept. Although the concept of corporate social roles, which is the basis for the distinction between CA and CSR, is a feasible one to use in the context of this thesis, I could have taken another concept as a starting point. Future research could examine the development and influence of other types of corporate associations, based on different concepts. For example, future studies could look at the development and influence of associations related to a company's personality traits, or associations related to the different dimensions of trust in a company. It would be interesting to see if the conditions affecting the development and influence of these types of associations would be different from the ones found in this thesis. In addition, when investigating the establishment of corporate associations, I focused on the effectiveness of one corporate communication instrument, namely, corporate advertising. However, companies can employ many different corporate communication tools, and interesting questions can be asked regarding each of these tools. An interesting issue for future research would be the establishment of corporate associations through multiple corporate communication channels.

Second, in all of the empirical studies, the range of people's CA and CSR associations was quite limited. The reason for this is presumably that the companies that I focused on (whether existing or fictitious) were not the kinds of companies that many people have strong opinions of. None of the companies were involved in large-scale scandals or other issues that would generally provoke strong reactions. Of course, the majority of companies are like this, so that the results presented in this thesis can be generalized to this majority. However, the extraordinary companies are often the ones that are most salient to people. It would therefore be interesting to investigate the development and influence of corporate associations also for these companies.

Third, I have focused on the corporate associations of consumers or the “general public”. These are people who generally do not have a relationship with the companies they form their opinion about. It can be expected that the discussions in this thesis would have been substantially different if I had focused on people who did have a relationship with the companies under consideration. First, it is likely that different *types* of corporate associations would be relevant to these people. For example, if I had decided to focus on actual customers of a company, it may have been more logical to focus on associations related to the different types of personality traits people attribute to the company, or on associations related to the different sources of trust in the company. Second, it can be expected that the influence of corporate advertising on the establishment of these associations would be substantially different as well. Stakeholders who have a relationship with a company are likely to be more involved with the company’s corporate ads and other corporate communication efforts. Therefore, they may react differently to the factualness of the message than the “general public” would. Third, the influence of corporate associations on people’s preferences is also likely to be different for people who actually have a relationship with the company. For example, a company’s business-to-business customers may care more about the company’s CA, and less about its CSR, than the general public. Conversely, a company’s employees may care more about CSR and less about CA. In addition, the conditions under which these associations influence people’s reactions to the company may be different. It could be, for example, that for people who have a relationship with a company, corporate associations function more as heuristic cues and less as backups to increase confidence. This is because the corporate associations these people have will generally be more accessible in their memories than the associations of people who do not have a direct relationship with a company. Therefore, the associations could more easily be used as heuristic cues. In sum, a viable avenue for future research may be to investigate the way stakeholders who have a direct relationship with a company respond to the company's corporate communication efforts. In particular, it may be interesting to look at the reactions of people who actually invest in a company, or who actually work for a company. So far, relatively little research has investigated the reactions of these stakeholders.

Finally, I investigated people's reactions to companies in the form of beliefs, attitudes, and behavioral intentions. However, it is well known that such constructs are often poor predictors of people's actual behavior toward companies. Preferably, when saying something about people's reactions to corporate communication efforts, we also want to say something about the way in which corporate communication ultimately influence stakeholders' behaviors toward companies. While it is generally difficult to study people's actual behavior, research in social psychology has suggested that people's attitudes *are* a good predictor of their behavior when these attitudes are strongly held (e.g., Fazio, Powell & Williams 1989; Krosnick et al. 1993). However, I did not include measures of attitude strength in any of the empirical studies. I noted this problem already in the discussion of Chapter 3. People may rate a company's CA and CSR when asked to, but how do we know that they really have a strong opinion about these aspects? I think this is a limitation that is common to almost all empirical studies on corporate associations. Therefore, in future research, it will be valuable to include measures of the strength of people's associations and attitudes regarding a company and its products, stocks, and jobs.

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APPENDICES

Appendix A: Measures Chapter 3

Scale	Items	Alpha
CA associations	Products & Services • Do you think that [company] develops innovative products and services? • Do you think that [company] offers high-quality products? • Do you think that [company] offers products with a good price-quality ratio? Workplace environment • Do you think [company] is well-managed? • Do you think that [company] employs talented people in comparison with competitors?	.88
CSR associations	• Do you think that [company] supports good causes? • Do you think that [company] behaves responsibly regarding the environment?	.85
Company/ Subsidiary attitude	• Do you find [company/subsidiary] sympathetic? • Do you find [company/subsidiary] respectable? • Do you find [company/subsidiary] reliable?	.93/ .91
Fit with corporate brand	• Do you think that this product fits the image of [company]? • Do you think that this is a logical product for [company] to market?	.84
Product involvement	• How essential do you find this type of products? (“essential” - “not essential”) • How useful do you find this type of products? (“useful” - “useless”)	.85
Product attitude	Quality (very low” - “very high”) • What do you think about the quality of this product? • What do you think about the quality of this product in comparison with similar products? • How high do you think the returns of this product are for the customer? Appeal • Do you find this product sympathetic? • Do you find this product attractive? • Does this product give you a pleasant feeling? Reliability • Do you find this product reliable? • Does this product give you a safe feeling?	.90

Scale	Items	Alpha
Purchase intention	• If you were planning to buy a product of this type, would you choose this product? • Would you purchase this product? • If a friend were looking for a product of this type, would you advise him/her to purchase this product?	.81

Appendix B: Materials and measures Chapter 4

Experimental materials

General information

Information Groupe Lejeune

GROUPE LEJEUNE

Groupe Lejeune, established in 1930, is a Canadian financial service provider, offering banking as well as insurance services. In comparison to competitors like AXA and Citigroup, the company is relatively small, but since long it has occupied a strong position on the internal market, especially in the French-speaking region of Québec. With over 38.000 employees, Lejeune is the third largest bank in Canada, after the Banque Royal du Canada and the Toronto Dominion Bank. In the past few years, the company has sought to fortify its position in Canada by acquiring smaller domestic banks and insurance companies, like Canada Trust and Royal & SunAlliance. Outside of Canada, Lejeune is practically unknown. However, the bank is planning to develop activities on the European market in the near future, starting in the Netherlands.

[Good CA:] Lejeune pays a lot of attention to the quality of its products and services, and is generally regarded as a reliable company, that knows how to capitalize on new developments like Internet-banking. The French-Canadian consumer organization Protégez-Vous generally has given Lejeune’s various services, both in banking and in insurance, a favorable evaluation in comparison to competitors’ services.
[Poor CA:] In the last few years, Lejeune has experienced problems with the quality of its products and services. In addition, the company has encountered difficulties in taking advantage of new developments like Internet banking. The Canadian consumer organization Protégez-Vous has generally evaluated the services of Lejeune negatively in comparison with competitors.

[Good CSR:] Regarding its social responsibility, the company has a good reputation. For example, the company donates a lot to charities and sponsors various social institutions. In addition, Lejeune is known for its habit to screen companies and other institutions applying for a loan on ethical criteria. For example, Lejeune was one of the first financial institutions that refused to do business with the military government of Burma.
[Poor CSR:] Regarding its social responsibility, the company has a less favorable reputation. The company contributes little to charity and hardly sponsors. In addition, Lejeune has had some negative publicity because of its loans to controversial companies and institutions, such as the military government in Burma.

“Consumer Reports” tables

Good CA

Who gives the best advice on loans?
To the six most important banks in Québec, we posed the following question: “I wish to buy a car; how much can I borrow?” We used both the desks at the banks’ offices and the telephone lines especially designated for loans. We noted the amount of time we had to wait and whether we received adequate information about the different types of loans (personal loans, continuous credit), whether adequate inquiries were made into relevant information (like age, family situation, income and expenses), and whether the amount that was eventually recommended, was not too high or too low, given the “customer’s” situation. Based on all this information, we eventually arrived at an overall judgment regarding the quality of loan advice.

Institution	Average waiting time loan line	Average waiting time information desk
Banque de Montréal	1:47	3:22
Toronto Dominion Bank	1:28	0:41
Banque Royal du Canada	0:30	1:41
Citibank	1:02	2:11
ING DIRECT	1:15	n/a
Lejeune	0:52	1:52

Institution	Information loan types	Inquiries	Adequacy recommended amount
Banque de Montréal	□	□	□
Toronto Dominion Bank	+	+	+
Banque Royal du Canada	+	+	□
Citibank	□/+	+	□
ING DIRECT	□	□	+
Lejeune	+	+	+

Institution	Overall judgment
Banque de Montréal	–/□
Toronto Dominion Bank	+
Banque Royal du Canada	□/+
Citibank	□
ING DIRECT	□/+
Lejeune	+

– = inadequate, □ = adequate, + = good

Large differences between car insurances

We compared the car insurance premiums of the most important companies. We also conducted a survey among 2750 car-owning members of Protégez-Vous. We asked them how quickly, on average, their company pays out, and how satisfied they are with their insurance company. Based on both the height of the premiums and the results of the survey, we arrived at an overall judgment of the quality of each company's car insurances.

Institution	Average comprehensive premium	Average collision premium	Average liability premium
AXA	€1467	€1022	€785
Banque Royal du Canada	€2278	€1263	€1012
Toronto Dominion Bank	€2525	€1630	€982
CGU	€1048	€620	€490
The Co-operators	€1233	€648	€482
Lejeune	€1148	€614	€530

Institution	Speed of settlement	Customer satisfaction
AXA	+	+
Banque Royal du Canada	□/+	□/+
Toronto Dominion Bank	+	□/+
CGU	□	□
The Co-operators	–	–/□
Lejeune	+	+

Institution	Overall judgment
AXA	+
Banque Royal du Canada	□/+
Toronto Dominion Bank	□/+
CGU	□
The Co-operators	–/□
Lejeune	+

– = inadequate, □ = adequate, + = good

Poor CA

Who gives the best advice on loans?

To the six most important banks in Québec, we posed the following question: “I wish to buy a car; how much can I borrow?” We used both the desks at the banks’ offices and the telephone lines especially designated for loans. We noted the amount of time we had to wait and whether we received adequate information about the different types of loans (personal loans, continuous credit), whether adequate inquiries were made into relevant information (like age, family situation, income and expenses), and whether the amount that was eventually recommended, was not too high or too low, given the “customer’s” situation. Based on all this information, we eventually arrived at an overall judgment regarding the quality of loan advice.

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ING DIRECT	1:15	n/a
Lejeune	1:52	2:02

Institution	Information loan types	Inquiries	Adequacy recommended amount
Banque de Montréal	□	□	□
Toronto Dominion Bank	+	+	+
Banque Royal du Canada	+	+	□
Citibank	□/+	+	□
ING DIRECT	□	□	+
Lejeune	□	–	□

Institution	Overall judgment
Banque de Montréal	-/□
Toronto Dominion Bank	+
Banque Royal du Canada	+
Citibank	□
ING DIRECT	□/+
Lejeune	-/□

– = inadequate, □ = adequate, + = good

Large differences between car insurances
We compared the car insurance premiums of the most important companies. We also conducted a survey among 2750 car-owning members of Protégez-Vous. We asked them how quickly, on average, their company pays out, and how satisfied they are with their insurance company. Based on both the height of the premiums and the results of the survey, we arrived at an overall judgment of the quality of each company's car insurances.

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Toronto Dominion Bank	€2525	€1630	€982
CGU	€1148	€614	€530
The Co-operators	€1233	€648	€482
Lejeune	€1477	€1058	€821

Institution	Speed of settlement	Customer satisfaction
AXA	+	□
Banque Royal du Canada	+	+
Toronto Dominion Bank	+	+
CGU	□	+
The Co-operators	–	□
Lejeune	–	–

Institution	Overall judgment
AXA	□/+
Banque Royal du Canada	+
Toronto Dominion Bank	+
CGU	+
The Co-operators	□/+
Lejeune	–

– = inadequate, □ = adequate, + = good

Newspaper article

Poor CSR

GREENPEACE PROTESTS AGAINST INVESTMENTS LEJEUNE

MONTRÉAL Yesterday, Greenpeace activists demonstrated at financial service provider Lejeune's head office in Montréal. Greenpeace wants Lejeune to stop providing loans to logging companies that are cutting wood in the Great Bear rain forest in British Columbia. This forest is one of the few places in Canada where a large population of grizzly bears still lives in the wild. This population is, however, being seriously threatened by large-scale logging in the last few years. A number of other Canadian banks recently withdrew investments from companies that keep logging in the rain forest. Greenpeace had repeatedly asked Lejeune asked to do the same, but the bank was always opposed to this. Yesterday, Greenpace activists mounted a large banner to the front of Lejeune's head office showing a quote from a letter of Lejeune Asset Management to Greenpeace, in which the company stated never to reject investments "based on moral or ethical grounds". In the last years, Lejeune has been the target of activists more than once, among other things because of loans to the controversial military government of Burma.

Good CSR

LEJEUNE WITHDRAWS INVESTMENTS IN GREAT BEAR RAIN FOREST LOGGING

MONTRÉAL Financial services provider Groupe Lejeune has announced that it will withdraw its $1.5 million investment in the West Fraser Timber Company in British Columbia. Earlier, Lejeune repeatedly asked West Fraser to suspend its logging activities in the Great Bear rain forest, but the company refused. The forest is one of the few places in Canada where a large population of grizzly bears still lives in the wild. This population is, however, being seriously threatened by large-scale logging in the last few years. In a press release, Lejeune declared that "the rain forests of the West Coast are a global rarity and need special protection". Lejeune is the first financial institution in Canada that has undertaken this kind of action. The company is known for its habit to screen organizations it invests in with respect to possible damage to social interests. For example, Lejeune was one of the first banks that refused to do business with the controversial military government of Burma.

Measures

Scale	Items	Alpha
Attitude regarding "product"	What is your overall impression of this fund [Lejeune's stocks/ Lejeune's job offer]? (Very negative - Very positive)	-
Behavioral intentions regarding "product"	• What are the chances that you would request additional information about this fund [Lejeune's stocks/ Lejeune's job offer]? (Very low – Very high) • What are the chances that you would purchase this fund [invest an important part of your €100,000 in Lejeune's stocks/ apply for this job with Lejeune]? • What are the chances that you would accept an offer for this job from Lejeune? [job offer only]	.78/ .82/ .85
Risk related to "product"	• What are the chances that you will lose money if you would purchase this fund [Lejeune's stocks]? (Very low – Very high) • What are the chances that the returns of this fund [the returns of Lejeune's stocks/ this job with Lejeune] will not meet your demands? • What are the chances that you will sooner or later feel dissatisfied with yourself when you would purchase this fund [purchase Lejeune's stocks/ accept such a job with Lejeune]? • What are the chances that others will think more negatively of you when you would purchase this fund [purchase Lejeune's stocks/ accept such a job with Lejeune]?	.77/ .79/ .76
Goal relevance of CA	Earlier, you saw some information on the quality of Lejeune's products and services (a.o. loan advice and car insurance). Please briefly think back to this information. • How relevant do you find this information in judging possible negative consequences (of purchasing this fund [purchasing Lejeune's stocks/ accepting such a job with Lejeune]? (Very irrelevant – Very relevant) • How useful do you find this information in judging possible negative consequences (of purchasing this fund [purchasing Lejeune's stocks/ accepting such a job with Lejeune]? (Useless – Very useful)	.84/ .81/ .82
Goal relevance of CSR	You also saw some information on Lejeune's social responsibility (a.o. regarding loans to logging companies) Please briefly think back to this information. • How relevant do you find this information in judging possible negative consequences (of purchasing this fund [purchasing Lejeune's stocks/ accepting such a job with Lejeune]? (Very irrelevant – Very relevant) • How useful do you find this information in judging possible negative consequences (of purchasing this fund [purchasing Lejeune's stocks/ accepting such a job with Lejeune]? (Useless – Very useful)	.84/ .83/ .82

Scale	Items	Alpha
CA associations	• Lejeune are skilled in what they do (Fully disagree – Fully agree) • Lejeune has great expertise in the area of financial services	.85
CSR associations	• Lejeune behaves in an ethically responsible manner (Fully disagree – Fully agree) • Lejeune has a large commitment to society	.91

Appendix C: Measures Chapter 5

Scale	Items	Alpha
CA associations	Products & Services • Do you think that [company] develops innovative products and services? • Do you think that [company] offers high-quality products? Workplace environment • Do you think [company] is well-managed? • Do you think that [company] employs talented people in comparison with competitors?	.73
CSR associations	• Do you think that [company] supports good causes? • Do you think that [company] maintains high standards in the way it treats people?	.76
Diagnostic value of content for evaluating CA	• How useful do you find the information given in the ad for judging Laurec's overall expertise / social responsibility? • How relevant do you find the information given in the ad for judging Laurec's overall expertise? • How important do you find the information given in the ad for judging Laurec's overall expertise?	.84
Diagnostic value of content for evaluating CSR	• How useful do you find the information given in the ad for judging Laurec's social responsibility? • How relevant do you find the information given in the ad for judging Laurec's social responsibility? • How important do you find the information given in the ad for judging Laurec's social responsibility?	.83
Ad credibility	• How would you describe the information given in the ad? o Unreliable – Reliable o Unconvincing - Convincing o Unbelievable - Believable	.82
Ad factualness	• How would you describe the information given in the ad? o Factual – Impressionistic ▪ Factual: everyone can agree on the meaning of the information in the ad ▪ Impressionistic: the meaning of the information in the ad is subject to interpretation	-

SUMMARY

In the past decade, companies have increasingly started to profile themselves to society. Through various corporate communication efforts (like press releases, interviews, websites, and corporate advertisements) they try to create a favorable image of themselves. Such activities are designated by the term “corporate branding”. An important, and still controversial, topic in this area is the way in which people outside the company react to these corporate branding efforts. For example, to what degree do people care about the company behind the products they buy? And especially, when do people care, and when don’t they care?

In this thesis I have investigated the conditions under which the opinion people have of a company influences their preferences for the products, stocks, and jobs that the company offers. In addition, an examination has been made of the conditions under which people develop a favorable opinion on a company following exposure to the company’s communication efforts.

To be able to do this, I first investigated which types of corporate associations (perceptions of companies) people may have. It would not be feasible to look at “the” opinion people have of companies. This opinion may consist of a large variety of perceptions, each of which may have a different influence on people’s preferences. Therefore, this thesis focuses on the following three research questions:

1. Which different types of corporate associations can be distinguished?

2. When do different types of corporate associations influence stakeholder preferences for products, stocks, and jobs?
3. When does corporate communication lead to the establishment of favorable corporate associations?

With regard to the first research question, it appeared that there are three important ways to distinguish different types of associations. First, associations can be distinguished based on the different social roles of the company, such as delivering good products, being a good employer, and not polluting the environment too much. Second, associations can be classified according to the different personality traits that people may attribute to companies, like modern, friendly, and competent. Third, a classification can be based on the reasons people may have to trust or not to trust a company, such as honesty, reliability, and benevolence. The relevance of each of these ways in a certain context is presumably determined by (among other things) the type of relationship that people have with a company.

In this thesis I focus on associations related to the different social roles of a company. These roles presumably are especially important to people who do not have a direct relationship with the company, and this is the category of people that I mainly investigated. More specifically, following Brown and Dacin (1997), I focused on two types of associations, namely, associations related to *corporate ability* (CA), and associations related to *corporate social responsibility* (CSR).

In three empirical studies I investigated under what conditions these two types of associations are more likely to influence people's preferences (Research Question 2), and under what conditions the two types are more likely to be influenced by corporate communication efforts (Research Question 3).

With respect to the influence of corporate associations, two empirical studies were conducted. In the first study I conducted a field experiment regarding the influence of a company's branding strategy (the visibility of the corporate brand in product communications) on the role of CA and CSR associations. From the results of this study it appeared that when the corporate brand is dominantly present in product communications, CA and CSR associations play the role of heuristics, i.e., of easily accessible information that can be helpful for a person to form an opinion of a product. Therefore, they especially influence product preferences when people are not strongly involved with the type of products, and thus are not strongly motivated to give a reliable judgment on the product. On the other hand, when the corporate brand is not dominantly present in product communications, CA associations play the role of "backup" information that can be used to improve the product judgment. In this case, these associations mainly influence preferences when people are strongly involved with the product, and thus are strongly motivated to make a reliable judgment. For CSR associations a different pattern was observed: these associations also seem to be used as heuristics when the corporate brand is not prominently visible.

In the second empirical study, some important additional aspects of the influence of CA and CSR associations were examined through an experiment among students. First, I also looked at the influence of the associations on people's preferences for the stocks and jobs that a company offers. The results showed that CSR associations have a stronger influence on preferences for stocks and jobs than on preferences for products. Second, I investigated to what degree people perceive a good CA and a good CSR as necessary conditions that a company should satisfy. The results showed that when evaluating products, some people indeed perceive a good CA as a necessary condition. When a company had a relatively poor CA, these people did not intend to buy the product, even when the company had a good CSR. However, this was only the case for people who thought that the poor CA could have important negative consequences for them, like losing a lot of money. People who did not have these thoughts had stronger intentions to buy the product when the company had a good CSR, even when the company had a relatively poor CA. For stocks and jobs, this latter pattern of results was observed for all people. Presumably, the roles of CA and CSR are more "balanced" in these types of preferences than in product preferences, so that neither one is perceived as an absolutely necessary condition.

While it is important to know under what conditions corporate associations can have a positive influence on people's preferences, from a practical perspective, the question then immediately arises how these associations can be established. In order to gain more insight in the latter issue, I investigated in a third empirical study what way of communicating in corporate advertisements leads to the most favorable corporate associations. In an experiment, I examined whether the factualness of the claims made in an ad about CSR influences the degree to which people form favorable associations with the company. The results of this study show that people perceived a "factual" ad as more credible than an ad in which only "impressionistic" (non-factual) statements were made.

However, this increased credibility did not lead to more favorable associations regarding the company’s CSR and CA. Perhaps people less strongly expect companies to show facts in corporate advertising than in product advertising.

In sum, this thesis shows (1) which different types of associations people can have regarding companies, (2) when different types of associations influence people’s preferences, and (3) when corporate communication efforts lead to favorable associations. These insights can be useful for companies’ decisions about the way to position their corporate brands, about the way to communicate this positioning, and about the way to show their corporate brand in product communications.

SAMENVATTING (SUMMARY IN DUTCH)

Gedurende de laatste tien jaar zijn bedrijven zich steeds meer gaan profileren in de samenleving. Door verschillende corporate communicatie-uitingen (zoals persberichten, interviews, websites en "corporate" advertenties) proberen ze een positief beeld te creëren van zichzelf. Deze activiteiten worden aangeduid met de term "corporate branding". Een belangrijk en nog steeds controversieel onderwerp met betrekking tot corporate branding is de manier waarop mensen buiten de bedrijven reageren op deze stroom van informatie. In hoeverre kan het mensen bijvoorbeeld werkelijk schelen welk bedrijf er zit achter de producten die ze kopen? En vooral: wanneer kan het mensen wel iets schelen, en wanneer niet?

In dit proefschrift is gekeken naar de omstandigheden waaronder de mening die mensen hebben over een bedrijf invloed heeft op hun voorkeuren voor de producten, aandelen en banen die het bedrijf aanbiedt. Ook is aandacht besteed aan de omstandigheden waaronder mensen een positieve mening over een bedrijf ontwikkelen naar aanleiding van de corporate communicatie-uitingen van het bedrijf.

Om dit te kunnen doen heb ik eerst onderzocht welke typen ondernemings-associaties (percepties van bedrijven) mensen kunnen hebben. Het is weinig zinvol om te kijken naar "de" mening van mensen over bedrijven. Deze mening kan bestaan uit een grote variëteit aan percepties, die allemaal een andere invloed kunnen hebben op hun de voorkeuren van mensen. Dit proefschrift richt zich daarom op de volgende drie onderzoeksvragen:

1. Welke verschillende typen ondernemings-associaties kunnen worden onderscheiden?
2. Wanneer beïnvloeden verschillende typen ondernemings-associaties de voorkeuren van mensen voor producten, aandelen en banen?
3. Wanneer leidt corporate communicatie tot het ontstaan van positieve ondernemings-associaties?

Met betrekking tot de eerste onderzoeksvraag is gebleken dat er drie belangrijke manieren zijn om typen associaties te onderscheiden. Ten eerste kunnen associaties onderscheiden worden aan de hand van de verschillende sociale rollen van de onderneming, zoals goede producten leveren, een goede werkgever zijn en het milieu niet te zeer belasten. Ten tweede kan men associaties indelen aan de hand van de verschillende persoonlijkheidstrekken die mensen aan ondernemingen kunnen toeschrijven, zoals modern, vriendelijk en capabel. Ten derde kan uitgegaan worden van de redenen die mensen kunnen hebben om de onderneming wel of niet te vertrouwen, zoals eerlijkheid, betrouwbaarheid en welwillendheid. Welke van deze drie manieren het meest relevant is in een bepaalde situatie, wordt (onder andere) bepaald door het type relatie dat mensen met een bedrijf hebben.

In dit proefschrift richt ik me op associaties die betrekking hebben op de verschillende sociale rollen van een onderneming. Deze rollen zijn wellicht vooral belangrijk voor mensen die geen directe relatie hebben met het bedrijf, en naar deze categorie mensen heb ik voornamelijk gekeken. In navolging van Brown en Dacin (1997) richt ik mij in het bijzonder op twee typen associaties, namelijk associaties met betrekking tot de *capaciteiten* van de onderneming (“corporate ability”, kortweg CA), en associaties met betrekking tot de *maatschappelijke verantwoordelijkheid* van de onderneming (“corporate social responsibility”, kortweg CSR).

In drie empirische studies heb ik onderzocht onder welke omstandigheden deze twee typen associaties vooral invloed hebben op de voorkeuren van mensen (Onderzoeksvraag 2), en onder welke omstandigheden de twee typen associaties vooral beïnvloed worden door corporate communicatie (Onderzoeksvraag 3).

Met betrekking tot de invloed van ondernemingsassociaties is een tweetal empirische studies verricht. In de eerste studie heb ik door middel van een veld-experiment gekeken naar de invloed van het merkenbeleid van een bedrijf (d.w.z. de mate van zichtbaarheid van het ondernemingsmerk in product-gerelateerde communicatie) op de rol van CA- en CSR-associaties. Uit de resultaten van dit onderzoek bleek dat wanneer het ondernemingsmerk dominant aanwezig is in communicatie-uitingen over producten, CA en CSR associaties de rol spelen van heuristieken, d.w.z. van gemakkelijk toegankelijke informatie die iemand kunnen helpen bij het vormen van een mening over een product. Ze hebben daarom met name invloed als mensen niet erg betrokken zijn bij het product, en daardoor niet sterk gemotiveerd zijn om een betrouwbaar oordeel over het product te geven. Wanneer, aan de andere kant, het ondernemingsmerk niet dominant zichtbaar is in communicatie over het product, spelen CA associaties meer de rol van “extra” informatie die gebruikt kan worden om een beter oordeel over een product te geven. In dit geval hebben deze associaties met name invloed als mensen juist wèl sterk betrokken zijn bij het type producten, en daardoor sterk gemotiveerd zijn om een betrouwbaar oordeel te vellen. Voor CSR associaties is een ander patroon te zien: deze associaties lijken ook als heuristieken te fungeren wanneer het ondernemingsmerk niet prominent zichtbaar is.

In de tweede empirische studie zijn enkele belangrijke aanvullende aspecten van de invloed van CA- en CSR-associaties aan de orde gesteld door middel van een experiment onder studenten. Op de eerste plaats heb ik hierin ook gekeken naar de invloed van de associaties op de voorkeur van mensen voor de aandelen en de banen die een bedrijf aanbiedt. De resultaten lieten zien dat CSR-associaties meer invloed hebben op voorkeuren voor banen en aandelen dan op product-voorkeuren. Daarnaast heb ik gekeken naar de mate waarin mensen een goede CA en een goede CSR zien als noodzakelijke voorwaarden waaraan een onderneming moet voldoen. Uit de resultaten bleek dat wanneer mensen een product beoordelen, sommigen een goede CA inderdaad zien als een noodzakelijke voorwaarde. Als een bedrijf een relatief slechte CA had, waren deze mensen niet van plan het product aan te schaffen, zelfs niet als het bedrijf een goede CSR had. Echter, dit gold alleen voor mensen die dachten dat de slechte CA voor hen belangrijke negatieve consequenties zou kunnen hebben, zoals het verliezen van veel geld. Mensen die dat niet dachten, waren meer geneigd het product te kopen wanneer het bedrijf een goede CSR had, zelfs als de CA van het bedrijf relatief slecht was. Met betrekking tot voorkeuren voor de aandelen en banen die het bedrijf aanbood, werd het laatstgenoemde patroon gevonden voor alle mensen. Wellicht zijn de rollen van CA en CSR bij deze voorkeuren meer “in balans” dan bij voorkeuren voor producten, zodat geen van beiden als absoluut noodzakelijke voorwaarde wordt gezien.

Weten wanneer ondernemings-associaties een positieve invloed kunnen hebben op de voorkeuren van mensen is weliswaar nuttig, maar vanuit een praktisch perspectief rijst dan onmiddellijk de vraag hoe deze associaties tot stand gebracht kunnen worden. Teneinde in dit laatste meer inzicht te verkrijgen, heb ik in een derde empirische studie bekeken welke manier van communiceren in zogenaamde corporate advertenties leidt tot de gunstigste ondernemings-associaties. In een experiment heb ik onderzocht of de feitelijkheid van de beweringen in een advertentie over CSR invloed heeft op de mate waarin mensen positieve associaties vormen met het bedrijf. Uit de resultaten van dit onderzoek bleek dat mensen een "feitelijke" advertentie als geloofwaardiger ervaarden dan een advertentie waarin alleen "impressionistische" (niet-feitelijke) beweringen gedaan werden. Echter, deze hogere geloofwaardigheid vertaalde zich niet in positievere associaties met betrekking tot de CSR en CA van het bedrijf. Wellicht verwachten veel mensen bij corporate advertenties in mindere mate dat een bedrijf feiten laat zien, dan bijvoorbeeld bij product-advertenties.

Samenvattend laat dit proefschrift zien (1) welke verschillende typen associaties mensen kunnen hebben met betrekking tot bedrijven, (2) wanneer verschillende typen associaties invloed hebben op de voorkeuren van mensen, en (3) wanneer corporate communicatie-uitingen leiden tot positieve associaties. Voor bedrijven kunnen deze inzichten nuttig zijn bij beslissingen over de manier waarop ze hun ondernemings-merk positioneren, de manier waarop ze over deze positionering communiceren, en de manier waarop ze het ondernemings-merk laten zien in communicatie over producten.

CURRICULUM VITAE

Guido Berens was born on April 24, 1974, in Oss. Between 1992 and 1999, he studied both psychology and philosophy at Nijmegen University. In 1999, he started his PhD project with the Corporate Communication Centre at the Erasmus University Rotterdam. During this project, he has taught courses in both the Business Administration program and the International Business Administration programs. He also did consultancy work for the Corporate Communication Centre. His work has been published in international books, and presented at major international academic conferences. Since November 2003, he has been working as an Assistant Professor at the Corporate Communication Centre.

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Corporate branding: The development of corporate associations and their influence on stakeholder reactions

Companies are becoming increasingly transparent toward society. But how do people respond to this transparency? Some critics state that the majority of people do not care about the way companies behave, at least as long as it does not affect them personally. Obviously, this criticism is overstated since there have been large-scale consumer boycotts. However, the question is under which conditions people are more likely to care about the way a company behaves.

This thesis contributes to an understanding of this issue by looking at the development and influence of corporate associations, i.e., of the perceptions that people have regarding companies. It addresses three important questions. First, which types of corporate associations can be distinguished? Second, under which conditions do different types of corporate associations influence people's preferences for a company's products, stocks, and jobs? And third, which way of communicating about a company leads to the most favorable corporate associations? These questions are addressed by three experimental studies and by a thorough review of the literature.

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