



# Reputation Management – A social environmental perspective



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# Overview CSR



- ◆ Corporate citizenship=corporate social responsibility=sustainable business.
- ◆ Corporate responsibility/sustainability are not new concepts but have been thrust forward as a mainstream business consideration due to 9/11 and the Enron debacle.
- ◆ Philanthropy is the oldest form of corporate responsibility – Andrew Carnegie was a ruthless businessman associated with poor treatment of workers. However, he is recognized most often as a generous philanthropist who started the United States public library system.
- ◆ Specific corporate social responsibility issues of public concern vary among countries.



# Corporate Citizenship



Being a perceived as a good corporate citizen encompasses two elements:

- ◆ Transparency\*
- ◆ Balancing the needs of stakeholders

\* Transparency is not synonymous with communication.



# Trends in the Economy



The current economic climate makes it critical that companies communicate their positive social and environmental initiatives:

- ◆ globalization
- ◆ speed of communication
- ◆ increased public awareness of issues
- ◆ increased competition
- ◆ greater demand for transparency



# Cause Branding vs. CSR Communication



## **Cause Branding:**

- short term
- one issue
- aligned with a cause
- consistent with product
- strengthens brand identity
- often includes partnerships

## **CSR Communication:**

- long term
- interdisciplinary
- emphasizes social and environmental practices
- communications match actions
- often includes cause branding
- serves as precursor to dialogue with stakeholders



# Cause Marketing



- ◆ Avon's Breast Cancer Awareness campaign is perhaps the most widely recognized cause marketing campaign.
  - Breast Cancer is an issue of particular concern to the customers of Avon products.
  - Campaign improves Avon's image as a good corporate citizen.
  - Campaign is highly publicized.



# CSR Communication



- ◆ CSR communication reach employees, investors, consumers, and communities in which the company operates.
- ◆ CSR communication is a process whereby the company makes public their social and environmental challenges, commitment, and successes.
- ◆ A successful CSR communication plan will involve multiple departments including human resources, publicity, marketing, investor relations, and internal communications.



# Benefits of Communicating CSR Initiatives



Communicating positive aspects can lead to a competitive advantage in the following ways:

- ◆ Increased employee loyalty
- ◆ Improved consumer trust
- ◆ More engaged investors
- ◆ Better community relations



# The Business Case



- ◆ According to a poll released by the Cherson Group, almost 80 percent of adults say they would rather work for a company with an excellent reputation than for a company with a poor reputation, even if the company with the poor reputation offered a higher salary.
- ◆ A successful physical rehabilitation service reduced annual staff turnover by 30% after establishing and communicating their organizational purpose, beliefs, and principles.- Financial Times
- ◆ A major food company increased sales by 13 percent by offering to donate a percentage of sales to a national nonprofit addressing issues of current public concern.- New York Times
- ◆ Hill and Knowlton's 2001 Corporate Citizen Watch survey found that 79 percent of respondents consider corporate citizenship in their decisions to purchase a company's product or service.



# Primary Points



- ◆ There is no such thing as a socially or environmentally responsible company.
- ◆ Every company has positive aspects that they need to communicate in order to remain competitive in today's crowded marketplace.
- ◆ The public is savvier than ever before and is looking for positive corporate information to balance out the abundance of negative.
- ◆ Reputation is a company's most valuable asset. Building a reputation as a good corporate citizen can lead to a competitive advantage and decrease risks of external threats.