

CSR, Reputation & Communication

Madrid, October 6th, 2011

Fernando Prado
Partner - Reputation Institute
Twitter: @fpradoRI



Corporate Reputation

Charles Fombrun, 1996
Founding Partner of Reputation Institute



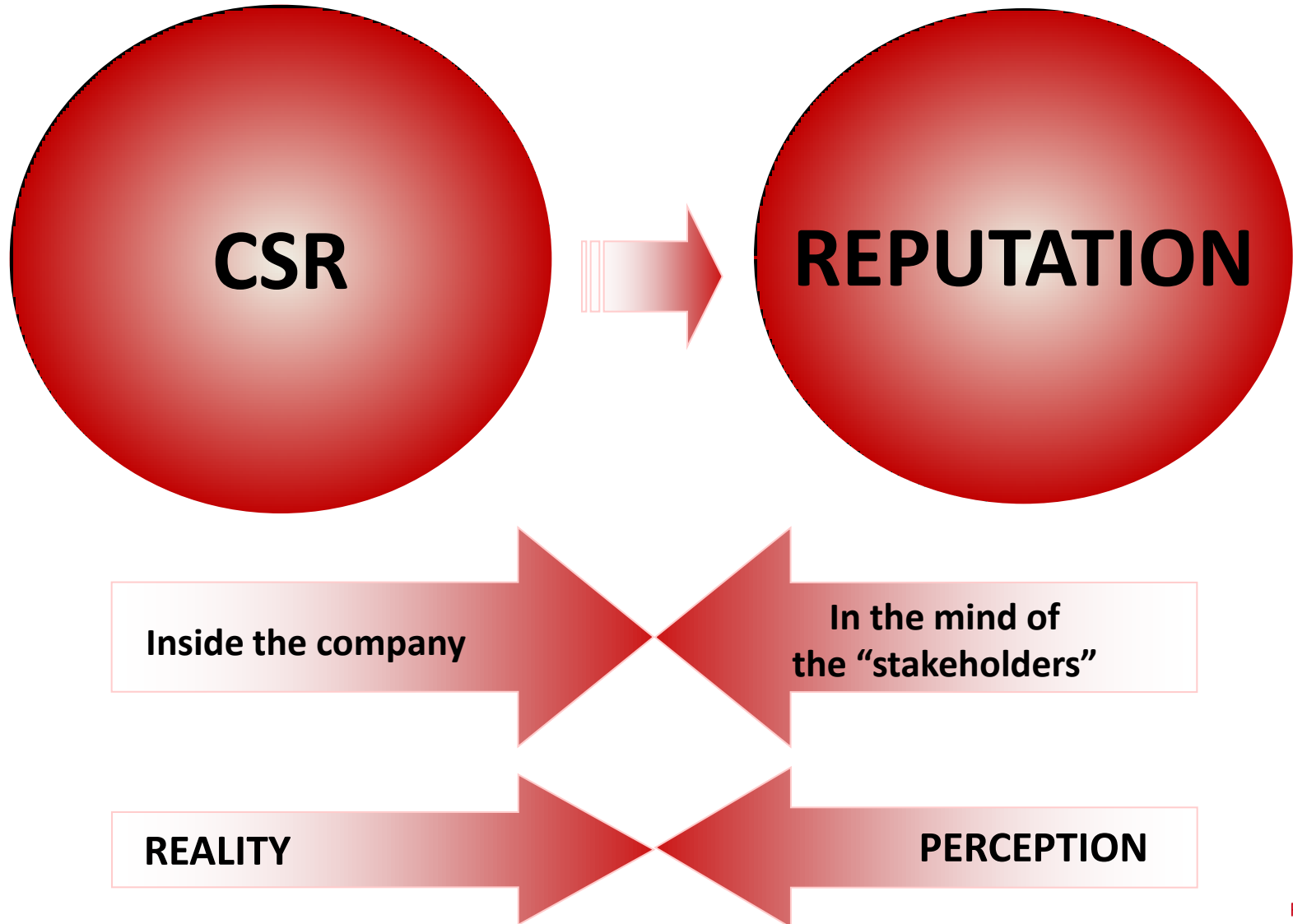
*“A corporate reputation is a **perceptual representation** of a company’s past actions and future prospects that describe the firm’s overall appeal to all of its key **constituents** when compared with other leading rivals.”*

European Commission



“A concept whereby companies **integrate social and environmental concerns in their business operations** and in their interaction with their stakeholders **on a voluntary basis.**”

Corporate reputation versus CSR



Understanding and measuring corporate reputation

RepTrak™ Pulse: the corporate reputation KPI

- Corporate reputation encompasses the feelings individuals have toward a company
- RepTrak™ Pulse measures this emotional attractiveness
- The KPI is a construct comprised of four elements:
 - ❑ Admiration and respect
 - ❑ Recognized reputation
 - ❑ Good feeling
 - ❑ Trust



Measuring reputation

RepTrak™ measures
the seven pillars of reputation



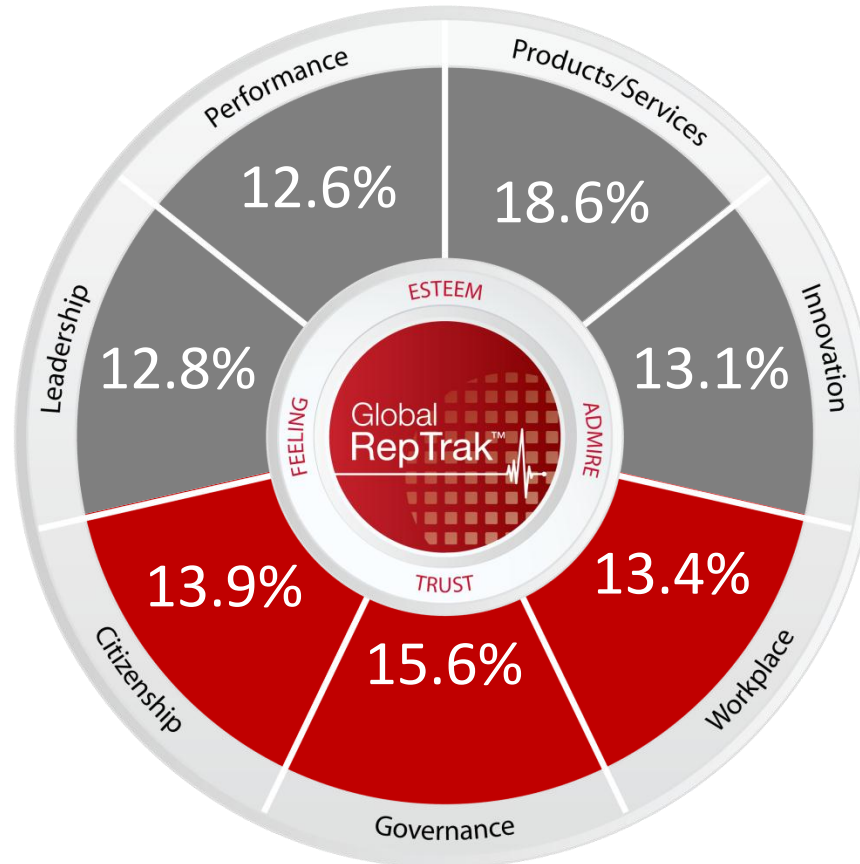
EMOTIONAL



RATIONAL explanation
of the emotional

42,9% of a company's reputation is based on the three CSR dimensions

RepTrak™ Model



Factor Adjusted Regression
n = 18,000
Adj-R² = 0.692

The “Reputation Economy”

Direct experience

Products Investments
Client service Employment

Company initiatives

Branding Marketing
Public relations Corporate responsibility

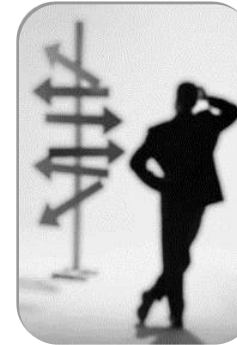
Third-party perspective

Media (traditional, digital, social networks) Opinion leaders
Family & friends

Perceptions



Attitudes and behaviors

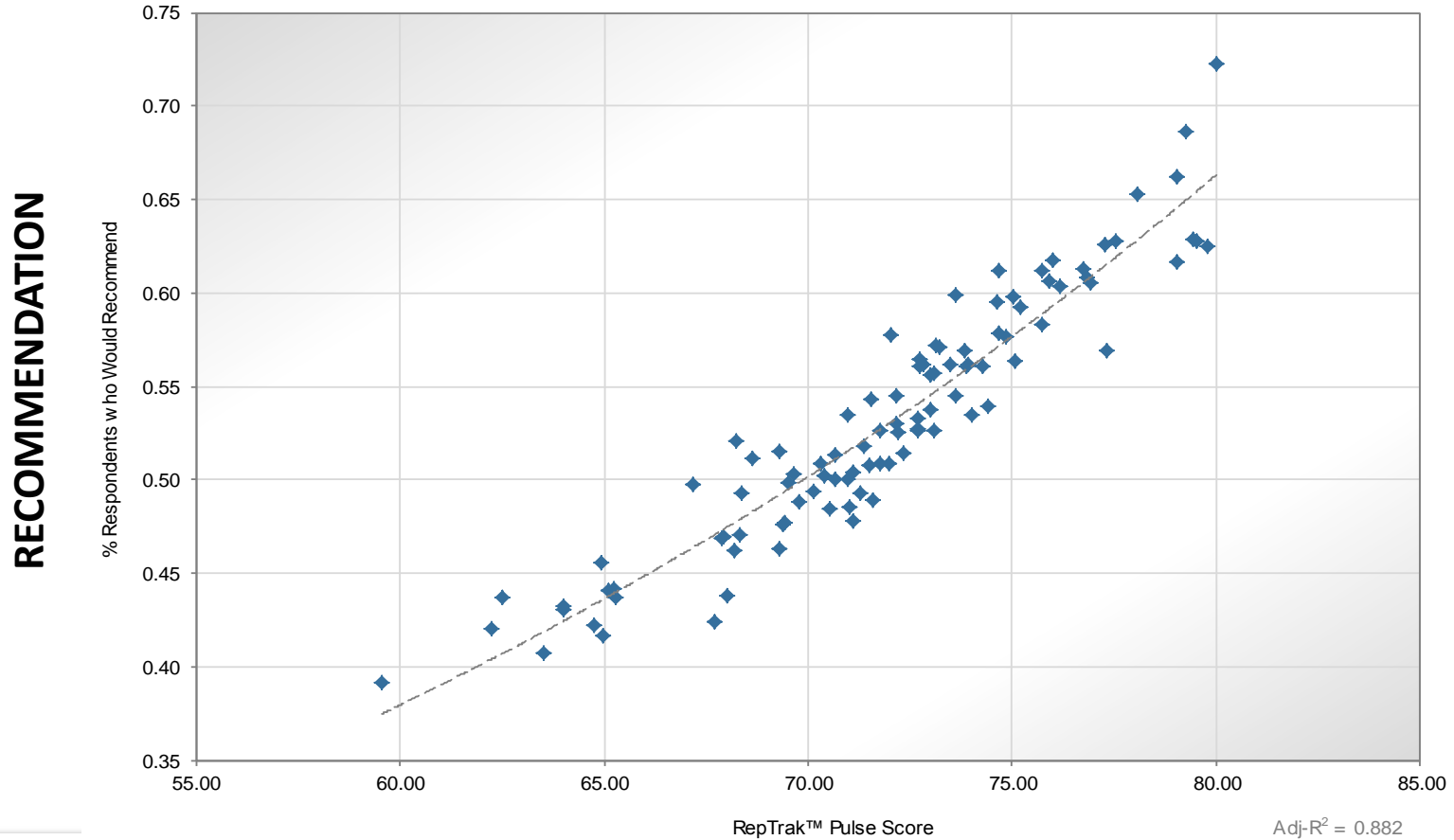


Business results



Strong relationship between reputation and support

Improve reputation by 5 points and increase consumer recommendation by 7.3%

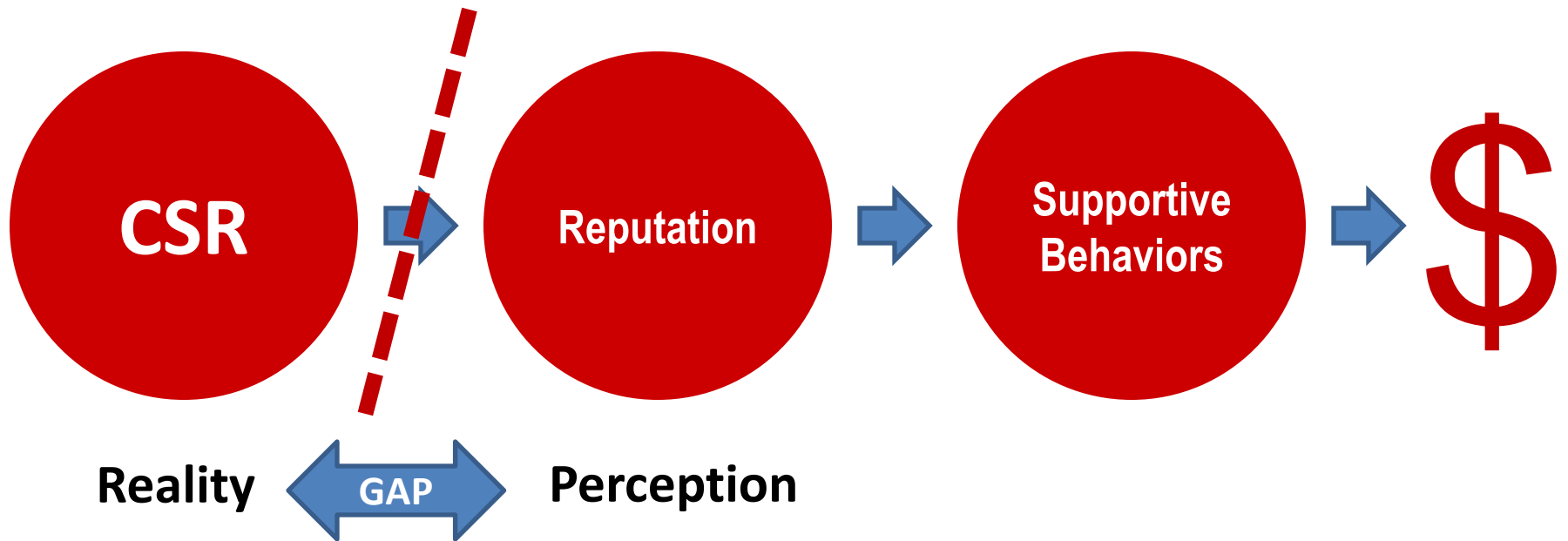


Excellent/Top Tier	80+
Strong/Robust	70-79
Average/Moderate	60-69
Weak/Vulnerable	40-59
Poor/Bottom Tier	Below 40

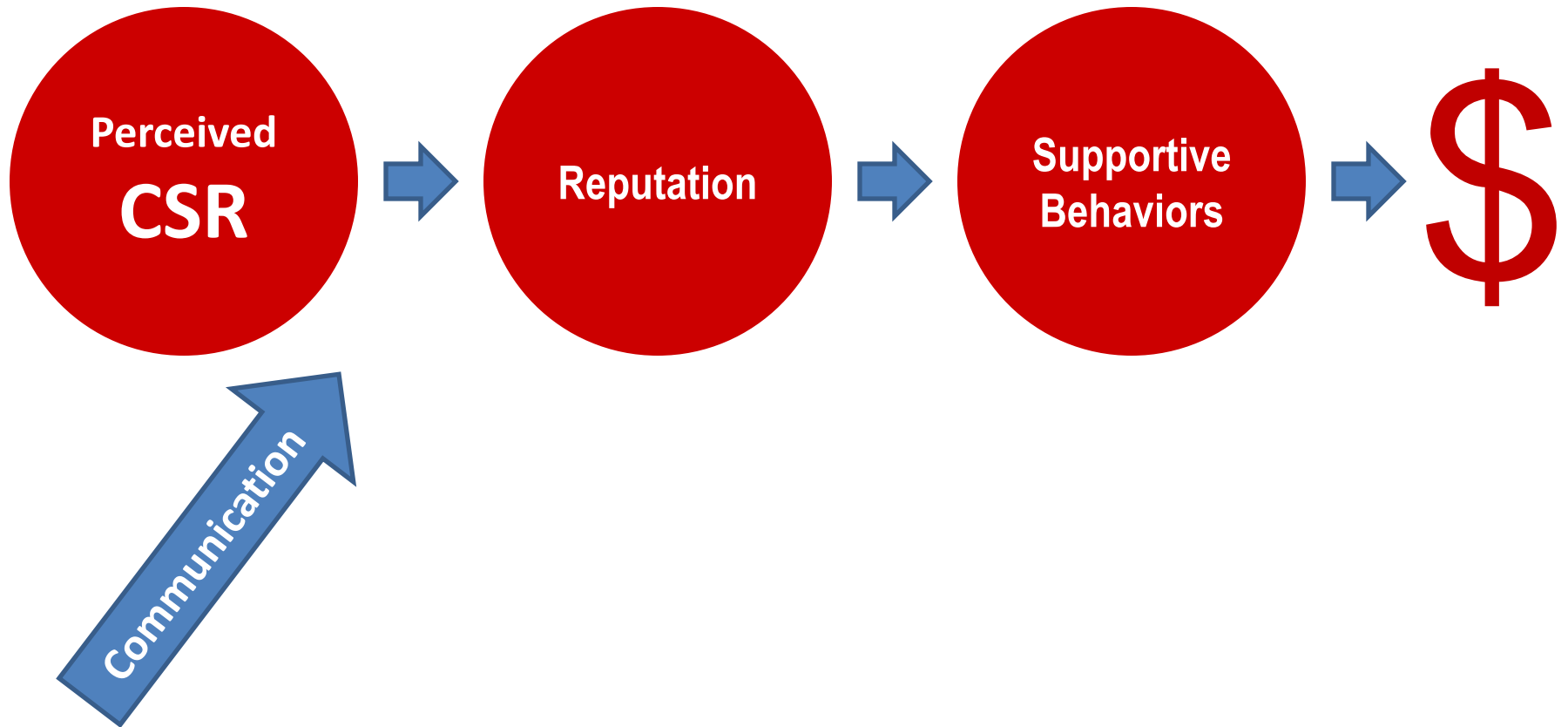
REPUTATION

Adj-R² = 0.882






CSR Business Model



CSR Business Model

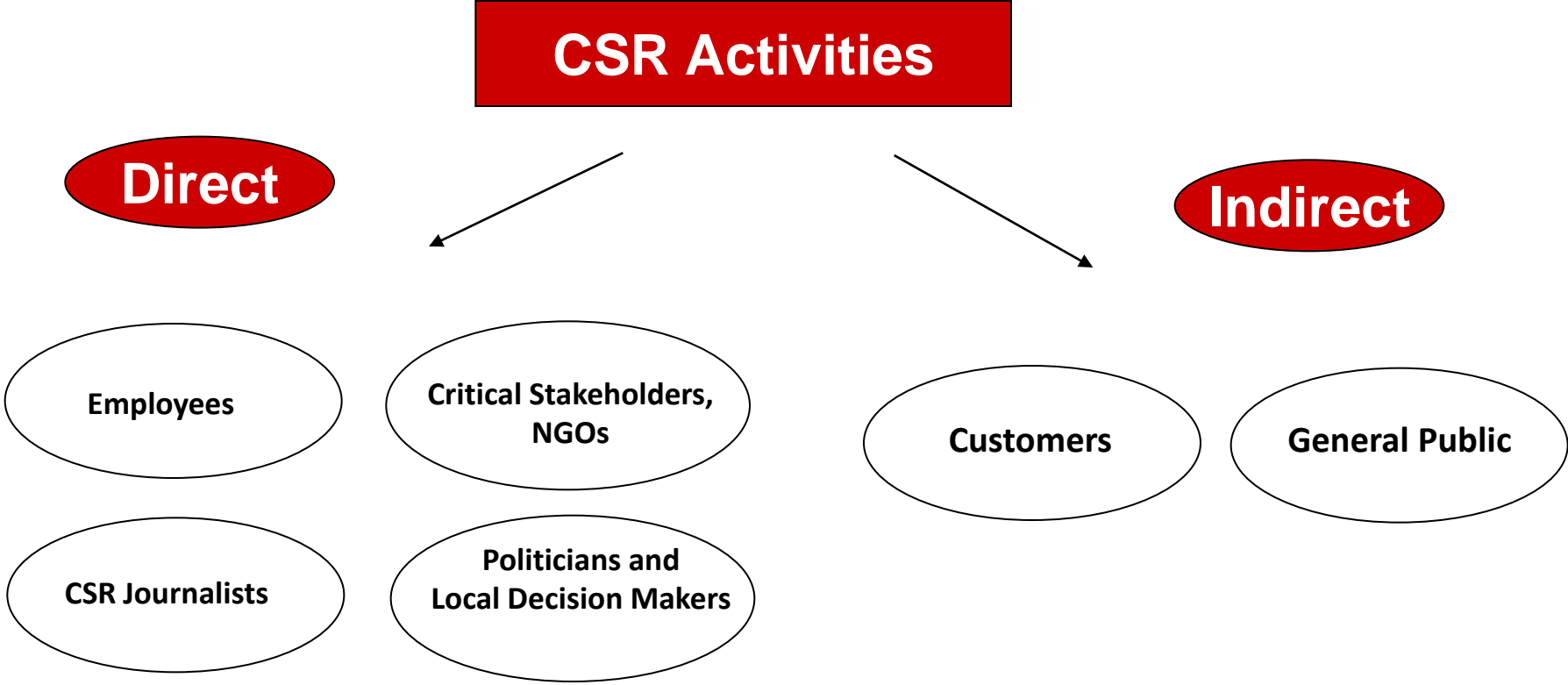


Should companies communicate their efforts in CSR?

Q. When companies engage in acts of corporate citizenship, do you think they should publicize their good deeds?	 Sweden 2004	 Norway 2004	 Denmark 2004	 USA 2003	 Netherlands 2003
Yes, publicize through corporate advertising and public relations	50%	50%	33%	52%	34%
Yes, but minimal releases such as annual reports and on website	45%	39%	45%	41%	52%
No, should not publicize	5%	10%	21%	7%	14%

Source: Reputation Institute, 2003-4

Traditional theory of how to communicate CSR activities



***Informative Communication Strategy:
Communicating legitimacy
through facts and figures***

***Endorsed Communication Strategy:
Communicating legitimacy through
other stakeholders***

Based on Christian doctrine?

“So when you give to the needy, do not announce it with trumpets, as the hypocrites do in the synagogues and on the streets, to be honored by others. Truly I tell you, they have received their reward in full.

*But **when you give to the needy, do not let your left hand know what your right hand is doing**, so that your giving may be in secret. Then your Father, who sees what is done in secret, will reward you.”*

Matthew 6, 2-4

Massive Communication of CSR actions?

Real life example:

Foreign company in Latin America in a high regulated sector. It is the objective of an illegitimizing campaign by political leaders of the country.

General public believes that information and the reputation of the company (Pulse) falls strongly.

Solution

1st

Diagnosis based on specific reasons



What is the current reputation of the company in the country? **Pulse=50**

Open question: **Why** do you evaluate the company that way?

JUNIO 2006	
	%
Es una compañía extranjera	12.1%
Crea empleo	7.5%
Invierte en el país	7.5%
Apropiación de recursos del país	7.5%
Prácticas corruptas	6.5%
No sabe/ No contesta	6.5%
Se lleva los beneficios al extranjero	4.0%
Otros (*)	48.4%
TOTAL	100.0%

(*) % inferiores al 3.5%

2nd

Defense documentation



Data that support the positive effect of the company in the country.

3rd

Communication campaign



Focused in clarifying people's doubts about company practices. It communicates about its activities and contribution to the country.

Communication of CSR may have a positive influence on reputation ...

Results from the real life example

Initial Situation

Pulse = 50

**Informative campaign
(6 months)**

Results from campaign

Pulse = 59

JUNIO 2006	
	%
Es una compañía extranjera	12.1%
Crea empleo	7.5%
Invierte en el país	7.5%
Apropiación de recursos del país	7.5%
Prácticas corruptas	6.5%
No sabe/ No contesta	6.5%
Se lleva los beneficios al extranjero	4.0%
Otros (*)	48.4%
TOTAL	100.0%

(*) % inferiores al 3.5%

ENERO 2007	
	%
Invierte en el país	15.8%
Produce petróleo y otros productos de alta calidad	13.7%
Es una compañía extranjera	9.8%
Construye en pueblos/ Da servicios a la gente pobre/ Salud y Educación	8.7%
Crea empleo	8.2%
Presente en los medios (TV/Radio/Noticias)	8.2%
Prácticas corruptas	4.9%
Apropiación de recursos del país	4.4%
Otros (*)	26.3%
TOTAL	100.0%

(*) % inferiores al 3.5%

% Negative mentions= 32%

% Positive mentions= 15%

% Positive mentions= 56%

% Negative mentions= 20%

Basic rules for communicating CSR efforts

Do communicate as widely as you can, but always...

- Be **true**
- Be **proportional**
- Be **transparent**

Thank you!

Fernando Prado
Partner - Reputation Institute
Twitter: @fpradoRI
fprado@reputationinstitute.com