Building Reputation Here, There and Everywhere

Worldwide views on local impact of corporate responsibility

REPUTATION INSTITUTE

BOSTON COLLEGE
CARROLL SCHOOL OF MANAGEMENT
Center for Corporate Citizenship

This joint report provides some baseline statistics on the public's attitudes about companies in 27 countries, looks at factors that seem to be shaping views of corporate reputation and responsibility in these countries, and highlights at least some of the implications for managers with responsibilities in these areas.

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Contents

Preface

The Boston College Center for Corporate Citizenship's biennial survey of U.S. companies found that two of every three business leaders today believe corporate citizenship or corporate social responsibility (CSR) makes a tangible contribution to the bottom line. What is behind the thinking of America's executives? One poll found that 80 percent of CEOs believe CSR contributes to their company's reputation.[1] The survey also reports that the CEOs believe reputational benefits can significantly increase their company's ability to recruit and retain employees, appeal to and attract consumers, differentiate their firm and its offerings in the marketplace, generate additional sales and achieve many other business benefits.

For the past several years, practitioners have built a business case for action based on this linkage between CSR and reputation. Books, seminars and corporate programs on "competing on reputation" and the "CSR advantage" abound. But today, amid a global financial crisis, trust in business is at a 10-year low. Edelman's 2009 poll found that in the United States only 38 percent say they trust business to do what's right and just 17 percent trust what they hear from company CEOs.[2] Trust in Europe is down as well. In this context, practitioners need a more sophisticated understanding of how the public sees CSR and which of its multiple dimensions are the most significant drivers of corporate reputation. And, in a global economy, where reputational risks abound and CSR investments are expected to create value, a more nuanced view on how national culture and traditions factor into this CSR ⟶ Reputation equation is essential.

Reputation Institute has measured and studied the components of corporate reputation through in-depth studies of individual firms and an annual global study of the reputations of more than 600 companies through 30,000 online interviews with consumers in some 27 countries. For the 2008 data collection, the Boston College Center and Reputation Institute partnered to analyze how CSR, in its several dimensions, factors into companies' reputations. A joint report was released in October 2008 revealing how the U.S. public views American companies in this light.[3] Here the data is used to look at ratings of, and the link between, reputation and corporate social responsibility around the world.

Executive summary of findings

There is an innate understanding in the business community that corporate reputations are valuable intangible assets key to building and protecting a company's success in its operating environment. Practitioners know that corporate reputation is driven by stakeholder engagement and CSR activities. This study demonstrates how important these are to the world's public.

Research shows that the public says that CSR is important to trust and reputation. This study asks: Do people make this link when they think about a specific company? Is it a stronger or weaker link when compared to, say, their views of the financial performance or leadership of a firm? Is the link between CSR and a company's reputation pretty much the same in countries around the world or are their key variations? This report aims to answer these questions through an in-depth analysis of global reputation data on the largest companies in more than 25 countries around the world. In addition, the authors provide a model and guidelines for practitioners on how to use CSR to improve reputation in a global arena.

Methodology

Reputation Institute has identified several different dimensions of a company's activity that relate to its overall reputation. The Pulse measure is a summative indicator of reputation overall. The global survey also asks the public to rate a selected company in terms of its performance (financial results), innovation, products and services, leadership and its citizenship (support for causes and the environment), workplace (treatment of employees) and governance (ethics, openness and transparency). A research team from the Boston College Center for Corporate Citizenship and Reputation Institute summed the ratings of citizenship, governance and the workplace to create the CSR Index. Analysis of this index and its components constitutes the basis of the researchers' findings.

What drives reputation?

In the 2008 Global Pulse Report survey, the top driver of reputation is ratings of products and services (predicting 17.6 percent of reputation). What is notable is that the next highest drivers are perceptions of a company's citizenship (16.3 percent), governance (14.5 percent) and workplace (14.6 percent) practices. This affirms the power of CSR as a driver of reputation in the public's mind. Ratings of innovation, leadership and financial performance all factor into corporate reputation, but somewhat less so among a nation's general public.

Ratings on the CSR Index

A first analysis looks at how the public rates 600 global companies in 27 countries on the CSR Index. Companies in the Netherlands score highest on the index followed by Sweden and Norway. India and South Africa rank highly, too, largely on the strength of their strong governance scores. U.S. companies, ranked in the top third in all three CSR dimensions, score sixth overall. Firms based in Portugal, on the strength of governance ratings, and in Canada and Japan round out the top tier on the index.

In the middle tier of the CSR Index are firms based in Italy (upgraded on citizenship ratings), Denmark (downgraded on governance) and Germany (downgraded on the workplace). In the lower tier are firms based in Latin America, China and Spain.

Ratings of reputation – The Pulse Score

This is the overall rating of people's trust, respect and positive feeling toward companies in their nation. Companies in Brazil (1), India (3) and Russia (5) – three of the four big emerging market dynamos – score in the top tier. The public in the Netherlands, Sweden, Denmark and Norway – all homes of big, prestigious, high performance companies – feel very positively about their companies overall, too. Japanese and American firms round out the top tier.

Importance of CSR in reputation ratings (driver weights)

There is considerable variation in the power of CSR Index to predict a company's reputation – ranging from high predictive power in Finland (55.3 percent) to the global average (45.4 percent) to relatively low power in Spain (41.4 percent). The Scandinavian countries and the Netherlands give citizenship a high weight in their judgments about a company overall. The highest weights given to governance are found in emerging global business markets (Chile, Mexico and India) and in the most advanced countries with Anglo-Saxon capitalism (Australia, Canada, the United States and United Kingdom). The Finns and Danes stand out along with the Portuguese in putting a heavy emphasis on the workplace when judging companies.

On a country-by-country basis there are notable differences in relative importance of the three CSR factors versus the other measured dimensions to predict corporate reputation. Globally, for example, the measure of corporate citizenship (social and environmental) is the second most important predictor of reputation. Throughout Scandinavia, however, and in the Netherlands and France, perceptions of a company's citizenship are even more important than its products and services in ratings of overall reputation. In the United States, India, Latin America and Commonwealth countries, governance (ethics and transparency) leapfrogs corporate citizenship as a driver of reputation (though it is still less of a driver than products and services).

Using CSR to improve reputation

There is a set of countries where companies are rated comparatively high on CSR but it is not a strong predictor of corporate reputation. Firms in India, Japan, the United States and South Africa, among others, are not capitalizing on the strength of their CSR performance in their overall reputation. Here concerted work on communicating about CSR is needed to help the public to "connect the dots" to reputation.

Companies in Denmark, France, Finland and South Korea, by comparison, are not capitalizing on the power of CSR to positively drive their reputation. Here the challenge is to improve their CSR performance and its visibility to an interested public. The same is true in Argentina, Chile and Australia.

Introduction

Managing reputation and responsibility on a global scale

Business leaders today face an increasingly complex operating environment. Markets are global. Customers, suppliers, and staff are located around the world in vastly different cultural, linguistic and economic operating environments. As a result, intentions and practices that may be valued or prudent in a home market can instead backfire, be misunderstood, or at best seem irrelevant in another country. This has significant implications for managing corporate reputation and CSR.

One major factor reshaping the corporate environment today has been the rapid rise in the public's expectations of business. This, combined with the absence of global regulation and gradual withdrawal of the state from public services provision, has increased both the expectation of, and need for, a more responsible, stakeholder-driven approach to business wherever a firm operates – or what is called global corporate citizenship.

As most corporations, including a large portion of the Boston College Center's membership, expand their business reach and operations around the world, they are also globalizing their CSR programs. Just as misreading the business culture in a new environment can prove disastrous, so can adopting the wrong approach to citizenship – whether that be in terms of corporate governance, workplace practices, environmental investments or community relations.

Business leaders today have ready access to information to help them assess the demographic, financial and marketing environments of global business destinations. There are also many guides to managing across cultures. But there is not much data available on the public's expectations of corporations around the world and how they rate their social performance.

Reputation Institute has published several works on managing global reputations[4]. In turn, the Center has issued reports, drawing from members of the Global Education Research Network, on the practice of corporate citizenship in select parts of the world (e.g., the United States, United Kingdom, Germany, South Africa, China, Southeast Asia, Chile and Brazil).[5] This joint report provides some baseline statistics on the public's attitudes about companies in 27 countries, looks at factors that seem to be shaping views of corporate reputation and responsibility in these countries, and highlights at least some of the implications for managers with responsibilities in these areas.

The body of the report is divided into five parts

- Global corporate citizenship: Background
- Measuring corporate reputation and responsibility
- CSR index: Global ratings of citizenship, governance and workplace
- Reputation and corporate social responsibility: What matters most
- Managing reputation and responsibility globally

For researchers and readers with an interest in attitude measurement, the report contains research notes on "How the Public Rates CSR and Reputation around the World."

Creating local value on a global scale

I. Global corporate citizenship

There are global as well as local (national, cultural) forces that shape public expectations and set the context for corporate citizenship around the world. Starting with some global trends, consider, first, how the past decades saw a dramatic surge in the relative power of the private sector as the globalization of the world's economy opened up new opportunities for businesses. The number of multinational corporations doubled in just the past 15 years. And the number of their foreign operations and affiliates nearly tripled in the same period to more than 700,000. Today 200 corporations account for 23 percent of the world's GDP, and 51 of the top 100 economies in the world are corporations.[6]

The integration of a global marketplace, the internationalization of capital and labor markets, and the retraction of the public sector in the United States and abroad have together spurred this unprecedented growth in business activity. Productivity gains and innovation have improved competitiveness and efficiency; greater market opportunities worldwide have raised revenues and expanded the scope of business opportunity; and access to cheaper sources of labor and raw materials continually lowers costs. These advantages have raised the power position of business, often beyond national governments. They have also produced undeniable economic, social and environmental costs. Not surprisingly, this rise in business power has led to calls among the world's populace for business to assume broader social and environmental responsibilities in the 21st century.

One consequence is that CSR is itself in a state of transformation. Most countries are experiencing a shift from a traditional view of the responsible corporate citizen as providing jobs, earning profits, and paying taxes while "giving back" through philanthropy, to a new view that is more encompassing of the impact of business on society. Furthermore, the global media, most especially the Internet, has put corporate conduct into the spotlight. As a result, leading companies themselves are going beyond traditional definitions of a "good company" and are taking steps to increase transparency about their doings and to move CSR from the margins to the mainstream of their business management.[7] Now CSR is about risk management and, where appropriate, value creation.

Large multinationals are themselves a driving force behind the expanding corporate citizenship agenda across the globe. They influence one another's practices and the practices of large regional and domestic companies. Institutions like the U.N.'s Global Compact, whose signatory companies commit themselves to high ethical standards and social-and-environmental performance, help to speed this cross-corporate exchange.[8]

Dimensions of corporate citizenship

Researchers in their studies and work with executives regularly hear this refrain: What is involved in CSR? To begin, the field, whether termed corporate citizenship, corporate responsibility or sustainability, has its roots in ethics. This stresses the importance of moral corporate conduct, very much in the spotlight this decade given Enron and its ilk, corporate human rights violations in supply chains, and the latest financial misdoings by banks and brokerage firms. At a minimum, this translates into compliance: behaving in line with current law, accepted business principles and codes of conduct. But companies can choose to comply not only with the letter but also with the spirit of regulations, and to exceed the law in product safety, environmental protection or employee relations. Taking this to a global scale, companies also have to decide whether to apply the high standards for ethics and transparency found in the United States and Europe to their operations in nations where there is no legal requirement or strong public expectation that they do so.

Public companies have today developed many mechanisms to ensure compliance and ethical operation including codes of conduct, board level oversight, corporate-wide audits and, increasingly, social reporting whereby stakeholders can see and evaluate how firms have performed as corporate citizens.[9]

Beyond compliance, philanthropy is an important part of the business-society equation. Firms, in the United States and increasingly globally, are more or less expected to give back a portion of their profits to help the disadvantaged, support community life and, when necessary, provide disaster relief. This translates into a voluntary contribution to society in exchange for business benefits such as market infrastructure and a general license to operate. Of course, corporate giving and employee volunteerism can also yield firm-specific benefits such as an improved reputation and stronger community relationships.[10]

Business has its biggest impact on society through (1) its own operations and (2) its interactions with suppliers, distributors and other stakeholders through the entire value chain to end users (including business-to-business customers and/or consumers). In this context, the social and economic impact of philanthropy is comparatively modest. Most would agree then that corporate citizenship encompass the harms and benefits of a company's commercial activities on society.

Front and center today are worries over climate change and environmental sustainability. McKinsey & Co. found that more than 50 percent of consumers and business leaders in more than 10 countries sampled rate "environmental issues, including climate change" as the most important issues facing business. The study also found that more than 90 percent are personally worried about global warming.[11]

Finally, it is well documented that how employees are treated is the "litmus test" for how the public evaluates its corporations. In GolinHarris surveys in the United States, for instance, the public's perception of whether or not a company "values and treats employees fairly and well" has been the No. 1 criteria in ratings of corporate citizenship – more so than charity, community involvement, environmental performance and other citizenship factors. This raises a central question of this study: what are public expectations of a corporate citizen around the globe?

The responsibilities of business – A global view

The short answer is that the public today expects a lot from business and holds firms responsible for their conduct. GlobeScan, a leader in CSR surveys, has asked the public around the world whether or not companies are "not at all" or "somewhat" or "completely" responsible for various aspects of business operations and their impact on society.[12] In 2007, the pollsters found that large majorities in 25 countries hold companies completely responsible for the safety of their products, fair treatment of employees, responsible management of their supply chain, and for not harming the environment. These are, of course, operational aspects of firms and well within their control. But, in addition, a significant number held them completely responsible for improving education and skills in communities, responding to public concerns, increasing global economic stability, reducing human rights abuses and reducing the rich/poor gap. Add in the category of partially responsible, and business is responsible, in the public's eye, not only for minding its own store but also for addressing myriad world ills.[13]

Naturally, public priorities for corporate citizenship vary from country to country. On this point, GlobeScan has asked in several countries: "What is the most important thing a company can do to be seen as socially responsible?" Its 2005 study found some differences in top citizenship priorities around the globe: the public in the United States, Canada and Brazil, for example, puts a prime emphasis on community involvement; in Australia, the United Kingdom and much of Europe on protecting the environment; and in Mexico and China on the quality and safety of products. The most important criterion across the range of countries sampled: treating employees well.

In turn, the practices of corporate citizenship vary from country-to-country and company-to-company (see socio-cultural roots box on Page 9). These local influences include the arc of a nation's history, its religious and moral traditions, relevant cultural and corporate values, market structure and economy, and of course the roles assumed by government, business and civil society interests and non-governmental organizations (NGOs).

How is business doing overall on its responsibility scorecard? A multiyear look at public opinion worldwide by GlobeScan shows that while public expectations of companies have been rising, ratings of their social responsibility have been dropping. Surveys from Reputation Institute, in turn, document that in 25 countries studied, an average of just one-in-five people agree that "most companies are socially responsible." Roughly 16 percent of Americans see it this way – fewer than in Mexico (35 percent) and Canada (26 percent) but more than in the United Kingdom (11 percent) and Japan (9 percent).

No database or set of surveys is sufficient to parse out the relative importance of global versus the many socio-cultural factors in shaping the public's expectations of business in different parts of the world. Nor can a survey study document how these influence corporate practices and the public's perception of corporate conduct. Still, a closer look at how the public views the CSR of companies in their nation yields some hunches and insights into both global and local dimensions of corporate citizenship.

Socio-cultural roots of corporate citizenship

The Boston College Center report "Corporate Citizenship around the World" highlights "How local flavor seasons the global practice." Key influences include:

Religious and moral traditions: Given the importance of faith and moral traditions in a society, it is not surprising that the public's definitions of corporate citizenship and how business should conduct itself are rooted in belief systems that stress ethical conduct, fairness, charity and the caring treatment of employees. These beliefs are cited as a basis for CSR in the United States, Europe and Latin America (Judeo-Christian roots), in Asia (Buddhism, Catholicism), and in the Middle East (the Islamic value of Zakat – concerning donations).

Cultural and corporate values: Naturally, public expectations and corporate practices in a nation are also informed by national traditions and values. As an example, the countries of Scandinavia, with their cultural emphasis on egalitarianism, and Scandinavian companies, with traditions of progressive environmental and workplace practices, present a different milieu for corporate citizenship than one finds in, say, Southern Europe or the United States. Scholars have devised different frameworks for comparing cultures around the world. One facet concerns the extent to which more individualistic versus collective values undergird a society. A more individualistic culture, for example, stresses laissez-faire business practices while a more collectivist society emphasizes common norms and more state influence over corporate conduct. These cultural characteristics, in turn, could influence public expectations of, and attitudes about, the social role of business in their society. This report will show how a few of these cultural concepts map on to corporate citizenship ratings around the world.

Market structure and economy: The market structure and economy in a nation also figure into its citizenship profile. One relevant factor is the state of development of a nation. Studies by Accountability show, for example, that highly developed countries demand and foster much more transparency from their companies than less developed ones. In turn, the relative prevalence of family-owned enterprise in developing countries in Latin America and Southeast Asia seems to foster caretaking of workers and communities more so than public ownership. On the practical side, take note that companies with a global reach operate under the rubric of Anglo-Saxon capitalism in the United States and United Kingdom, more of a social welfare economy in parts of Europe, a state-defined command economy in China and mixed socio-economies in Brazil, South Africa and to some extent Chile.

Social institutions: Finally, while companies themselves seem to be at the forefront of innovation around corporate citizenship, in many countries the civil society sector and the government have significant roles. Government, for instance, plays a strong advocacy role for CSR in many parts of Asia and throughout the European Union. Select nations in Europe an South America have extensive regulations about corporate citizenship (in its social and environmental dimensions). South Africa has produced a flurry of legislation around CSR, including the Black Economic Empowerment initiative. In contrast, the government plays a far lesser role in the United States, where companies favor a voluntary approach. But this, too, could be in flux with the government's bail out of select industries and a new administration in power.

II. Measuring corporate reputation and responsibility

For the past several years, Reputation Institute has been measuring public perceptions of corporations worldwide. Two years ago it asked consumers in 25 countries about the linkage between corporate reputation and social responsibility. In response to this general question, between 50 percent and 80 percent of the public (depending on the country) agreed that CSR programs have a significant effect on the reputations of companies. This perception was strongest in developing countries such as South Africa, Brazil and Mexico where, the researchers hypothesized, companies play a more important role in societal development. Still, more than 53 percent of the public in the United States saw a strong link between social responsibility and reputation.

Through its annual Global Pulse study, Reputation Institute measures the reputations of the world's largest companies around the world on the basis of their total revenues (see Exhibit 1). Rated companies had to have significant consumer presence and be minimally familiar to the general public. All companies are measured in their home country only, and the results standardized to remove unique country-level variation and enable cross-country comparisons. (see Appendix 3 on survey methodology). This put some 150 U.S. companies on the list, as well as 40 companies from Japan, 35 each from China and the United Kingdom, 30 each from France and Germany, 20 from Russia, and smaller numbers from the other countries studied.

Exhibit 1:

The RepTrak™ Model

- A company's corporate reputation is measured by the degree people:
  – Admire and Respect the company
  – Trust the company
  – Have a Good Feeling about the company
  – Feel that the company has a good overall reputation
- The reputation is captured in the RepTrak™ Pulse score from 0-100 with 100 being the best
- A company can influence this reputation by focusing on 7 key dimensions:
  – Products/Services
  – Innovation
  – Workplace
  – Governance
  – Citizenship
  – Leadership
  – Performance
- The driver analysis will identify which of these attributes has the highest impact in creating a strong corporate reputation

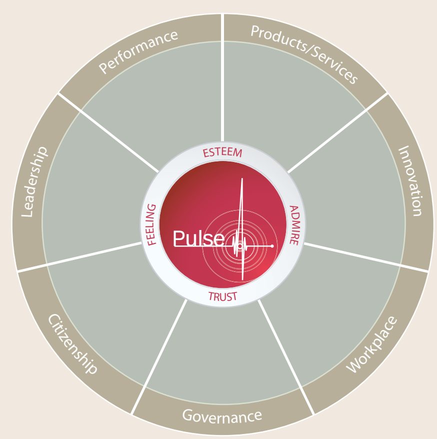
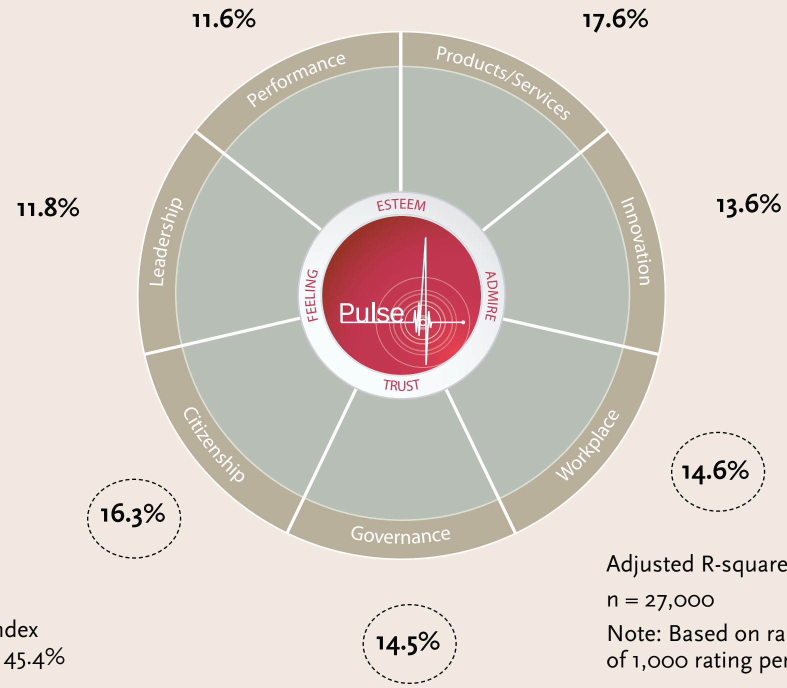


Exhibit 2:

The RepTrak™ Model – Dimensions and Global Drivers of Reputation



Adjusted R-squared = 0.774

n = 27,000

Note: Based on random sample of 1,000 rating per country

CSR Index
Weight = 45.4%

RepTrak™ Pulse scores are based on questions measuring Trust, Admiration & Respect, Good Feeling and Overall Esteem (captured in the Pulse score on a 0-100 scale)

Dimension scores are based on the evaluations of the following statements:

Product/Services: ‘Company’ offers high quality products and services -- it offers excellent products and reliable services

Innovation: ‘Company’ is an innovative company -- it makes or sells innovative products or innovates in the way it does business

Workplace: ‘Company’ is an appealing place to work -- it treats its employees well

Citizenship: ‘Company’ is a good corporate citizen -- it supports good causes & does not harm the environment

Governance: ‘Company’ is a responsibly-run company -- it behaves ethically and is open & transparent in its business dealings

Leadership: ‘Company’ is a company with strong leadership -- it has visible leaders & is managed effectively

Performance: ‘Company’ is a high-performance company -- it delivers good financial results

In this study, the combined Reputation Institute and Boston College Center for Corporate Citizenship team dig deeper into the global data to look at how people around the world rate their companies as corporate citizens. What is important to note is that most polls on corporate citizenship address the public’s expectations of business overall and/or their ratings of business conduct in general. The Global Pulse, by comparison, measures public perceptions of *specific* companies. Through the survey, consumers are asked to opine on the reputation and conduct of individual companies based in their home countries. The data here represents how countries see their companies.

This allows researchers to test the relationship between social responsibility and reputation with actual companies as a referent point.

Dimensions of reputation: The Global Pulse survey

Reputation Institute has identified several different dimensions of firm activity and its overall reputation.[14] The pulse measure – what is termed the "heartbeat" – reflects the public's good feeling about, respect for, and trust in a company. This is a summative indicator of reputation overall. The global survey also asks the public to rate a selected company in terms of its performance (financial results), innovation (in products and ways it does business), products and services (quality and reliability), leadership (visibility and effectiveness), citizenship (support for causes and the environment), workplace (treatment of employees) and governance (ethics, openness and transparency).

A first analysis looks at the relationship of these seven factors with the overall reputation ratings for a company (see Exhibit 2). In the 2008 Global Pulse survey, the top predictor of reputation – as in prior years – is ratings of products and services. Products and services are of course the most visible representation and presence of a company in the marketplace and the most familiar indication of corporate conduct to consumers that purchase them, see them in stores, the media, and advertisements, and learn about them from other consumers. In statistical language, ratings of a company's products and services are the strongest driver (predicting 17.6 percent) of reputation.

What is notable is that the next higher predictors of reputation are perceptions of a company's citizenship (16.3 percent), governance (14.5 percent), and workplace (14.6 percent) practices. In some instances, these aspects of a company may be experienced directly by consumers but for most are learned about through corporate communications, media coverage and word of mouth. As you see in the exhibit, perceptions of innovation, leadership, and financial performance all factor into corporate reputation, but somewhat less so among a nation's general public.

Attention in this study turns to the three of the dimensions of reputation most germane to social responsibility. In the 2008 survey, the combined ratings of a company's citizenship, governance, and workplace practices – what the research team calls the CSR Index – accounted for 45.4 percent of the variation in ratings of its reputation. To understand how the world sees the CSR of companies, the team looked at how specific companies are rated on these counts (mean ratings).

III. CSR index: Global ratings of citizenship, governance, and workplace

Exhibit 3 presents the public's ratings of 600 or so corporations' citizenship, governance and workplace practices around the world. A quick look shows there is a larger range across countries in ratings of corporate governance compared to the other two. The global average for governance (62.0) is also somewhat higher than for the workplace (60.4) and citizenship (59.0). A look at these ratings begins by drilling down in each dimension.

Exhibit 3:

2008 Ratings (*Means*) of Citizenship, Governance, and Workplace Dimensions by Country

Citizenship		Governance		Workplace		CSR Index	
Netherlands	65.8	South Africa	71.8	Norway	66.0	Netherlands	65.5
Norway	64.0	India	67.3	Netherlands	65.8	Sweden	64.8
Denmark	63.2	Portugal	67.1	Sweden	65.6	Norway	64.7
India	63.1	Sweden	66.1	USA	64.4	India	64.7
Sweden	62.6	Poland	65.2	India	63.6	South Africa	64.6
Russia	61.9	Netherlands	65.0	Canada	63.0	USA	63.5
Japan	61.6	USA	64.8	United Kingdom	62.0	Portugal	62.6
Italy	61.3	Norway	64.2	South Africa	61.7	Canada	62.2
USA	61.2	Canada	64.2	South Korea	61.7	Japan	62.2
Poland	60.9	Japan	64.0	Denmark	61.3	Italy	61.7
South Africa	60.4	Brazil	64.0	Japan	61.0	Russia	61.7
Portugal	60.2	Russia	63.8	Portugal	60.6	Denmark	61.5
France	60.2	Italy	63.6	AVERAGE	60.4	Poland	61.5
Canada	59.5	Finland	62.9	Italy	60.3	Brazil	61.0
South Korea	59.3	France	62.6	Switzerland	59.8	France	60.8
Germany	59.3	AVERAGE	62.0	Brazil	59.7	AVERAGE	60.5
Brazil	59.1	Germany	61.9	France	59.7	Finland	59.9
AVERAGE	59.0	Denmark	60.1	Greece	59.6	South Korea	59.5
Switzerland	58.5	China	59.9	Russia	59.5	Germany	59.4
Finland	57.6	Switzerland	59.7	Finland	59.2	Switzerland	59.4
United Kingdom	56.5	Greece	58.9	Poland	58.3	United Kingdom	58.9
Spain	55.6	Spain	58.6	Argentina	58.3	Greece	57.8
China	55.1	United Kingdom	58.3	Mexico	58.0	Spain	57.3
Greece	54.9	Mexico	57.8	Spain	57.6	China	57.1
Mexico	54.2	South Korea	57.6	Germany	57.1	Mexico	56.7
Australia	54.0	Argentina	56.0	China	56.3	Argentina	56.0
Argentina	53.6	Chile	55.5	Chile	55.9	Australia	54.6
Chile	50.0	Australia	54.4	Australia	55.5	Chile	53.8

Note: Ratings are a mean of company scores collected in each country. All scores are globally adjusted. The CSR Index is a mean of the citizenship, governance and workplace dimension scores per country.

Ratings for each dimension

When it comes to ratings of corporate citizenship, specifically the extent to which a firm supports good causes and does not harm the environment, firms in the Netherlands, Norway, Denmark and Sweden are ranked highest on this dimension by their nation's public. This should not surprise because, as noted, companies in Scandinavia have a long heritage of environmental stewardship and many of the larger ones are connected to national, European Union-wide, and global initiatives aimed at remedying social ills.

Interestingly, India scores highly on the citizenship dimension as well. Several of the nation's leading companies have gained a reputation on the world's stage for their outreach to society and green agenda. A closer look shows that Indians give their companies comparatively high marks on all three dimensions of CSR.

Also highly rated on citizenship, but in the next tier, are companies in Russia, Japan, Italy and the United States. There may be an objective basis to these public perceptions: an EIRIS study found that European companies are generally ahead of U.S. firms in adopting responsible business practices.[15] When it comes to managing environmental impacts, for example, European and Japanese companies (also rated highly on citizenship) are clear leaders. Where U.S. firms stand out is in their community engagement through philanthropy, volunteerism and cause marketing.

Comparatively lower ratings of corporate citizenship come from the public in Chile, Argentina and Mexico, as well as Australia and China. (The "average" rating in each nation is near to the midpoint on a five-point rating scale.) Obviously, corporate conduct is a factor in these ratings. Remember, too, that the largest companies in these smaller commercial markets are being rated. As such, they are highly visible targets for the public's disappointment with its material and social circumstances.

A different pattern across nations emerges in ratings of corporate governance – the extent to which a company is open and transparent and behaves ethically. Here the highest scores come from two emerging markets: South Africa and India. One hypothesis is that strong and highly publicized guidelines on corporate conduct from the King Commission have shaped corporate conduct and influenced public perceptions of the same in South Africa. In the case of India, Infosys Technologies and the Tata Group, highly visible companies and early signatories to the United Nation's Global Compact Principles, score among the world's leaders in ratings of governance. Governmental crackdowns on business misbehavior in India may also feature here.

The U.S. scores in the top third of countries in the governance measure. This may seem a bit surprising in light of corporate scandals during the past decade. Remember, though, that the legal system and codes of corporate conduct in the United States are far more developed than in other nations where corruption is commonplace. Post-Enron corporate governance reforms and Sarbanes-Oxley legislation could be factors in ratings here. Firms in Portugal, Sweden, Poland and the Netherlands also score high with their publics on ethics and transparency. Interestingly, Denmark and the United Kingdom typically score highly in experts' rankings of corporate transparency and governance. In this study, however, the public rates them comparatively lower. This may have something to do with corporate scandals in each nation in 2008.

On the other end of the rating scale, companies in Latin American countries (not Brazil) and in Australia score lower on governance in the public eye. South Koreans also give their firms low marks on governance – not surprising given that several of the big South Korean chaebols have been involved in highly visible financial and influence-peddling scandals.

Under ratings of workplace conditions or how companies treat their people, the Netherlands, Norway and Sweden reappear at the top of the list. The United States and Canada give their companies high ratings in this regard, too.

Look now at the United Kingdom's CSR ratings of companies. Brits give their firms high marks on the workplace (ranked seventh), but comparatively low scores on citizenship (20th) and governance (22nd). One wonders about the impact of extensive media coverage of citizenship and governance issues in the United Kingdom in this regard. Contrast, for example, the achievements of Tesco and Marks & Spencer versus the failings of BP in these areas.

Russian public opinion about corporate conduct, by contrast, moves in the opposite direction. Russians give their companies relatively lower marks on the workplace (ranked 18th) versus citizenship (6) and governance (12). The same pattern is found in Poland. Here a factor could be the absence of media coverage of corporate citizenship and governance in these nations. By comparison, people can form opinions about workplace practices from their own experiences and that of friends and neighbors.

Again, the Latin American and Australian companies rate lower on the how they treat their workers. German firms also score lower on ratings of the workplace (24). A strong pro-labor tradition in Germany running up against downsizing and layoffs may help to explain lower workplace ratings found there.

Combined ratings: Corporate Social Responsibility Index

Summing these three ratings of citizenship, governance, and the workplace yields a CSR Index. Companies in the Netherlands score highest on this summative index followed by Sweden and Norway. India and South Africa rank highly also – largely on the strength of their strong governance scores. U.S. companies, ranked in the top third in all three dimensions, score sixth overall. Firms based in Portugal, on the strength of governance ratings, and in Canada and Japan round out the top tier on the overall CSR Index.

In the middle tier of the CSR Index are firms based in Italy (upgraded on citizenship ratings), Denmark (downgraded on governance), and Germany (downgraded on the workplace). In the lower tier are firms based in Latin America, China and Spain.

To complete the analysis of reputational ratings, the research team looked at how the public rates companies on the other four dimensions of reputation (see Exhibit 4). On the top row, see how the global average for citizenship is the lowest-rated component of corporate reputation. Corporate governance and the workplace – the other elements in the CSR Index – are also rated lower than financial performance, products and services, leadership and innovation.

Because of differences in means across these reputational dimensions, researchers next ranked the countries in each dimension from high (1) to low (27) relative to the ratings of firms in other countries. Some interesting patterns emerged looking at how countries rank their companies on these seven dimensions:

- **High rankings across the board:** Several countries gave high ranks to their enterprises nearly across the board: The Netherlands and Sweden (as illustrated in Exhibit 4) as well as Norway, India and Denmark. The United States gives its companies relatively high mean ratings (above the global

Exhibit 4:

Ratings and Rankings Across the Seven Dimensions of Reputation

Reputation Ratings	**Products**	**Innovation**	**Workplace**	**Governance**	**Citizenship**	**Leadership**	**Performance**
Global Averages	65.5	62.4	60.4	62.0	59	63.5	66.9
Global Ranks 1-27							
High rankings							
Netherlands	1	1	2	6	1	2	3
Sweden	4	2	3	4	5	1	9
United States	8	12	4	7	9	10	10
Mid rankings							
Japan	12	14	11	10	7	16	20
Italy	15	11	13	13	8	15	12
Low rankings							
Australia	27	27	27	27	25	25	26
China	25	26	25	18	22	20	27
Mixed pattern							
South Korea	6	4	8	24	16	7	8
Poland	14	15	20	5	10	14	21
Single strength							
Spain	22	24	23	21	21	21	1
Mexico	16	20	22	23	24	26	7
Chile	17	23	26	26	27	24	5

Note: Ratings are a mean of company scores collected in each country. All scores are globally adjusted. Countries are ranked from 1 to 27 based on these scores.

average in every category) that puts them into the top tier of rankings as well.

- **Mid rankings across the board:** Several countries gave mid ranks to their enterprises pretty much across the board: Japan and Italy as well as Canada and Russia.

- **Low rankings across the board:** A few countries gave low ranks to their enterprises across the board: Australia and China.

- **Mixed ratings across the dimensions:** A second pattern has countries give mixed marks to firms across the dimensions. For instance, South Korean firms are ranked comparatively high on their products and services (6th out of 27 countries) and innovation (4). On their citizenship (16) and especially governance (24), however, they are ranked much lower. In Poland, by contrast, another mix of ratings is found. Polish firms rank relatively high on governance (5) and citizenship (10), but low on the workplace (20) and financial performance (24).

- **Ratings of a single strength:** Take a look at the rankings of companies in Chile, Mexico and Spain. In those nations the CSR scores of companies (and leadership and innovation) rank low versus other nations but their financial performance rankings are relatively high.

These relative rankings across the seven dimensions invite fresh thinking. Do the high ratings of the financial performance of firms in Latin America reflect national pride in their financial prowess versus disappointment with their social performance? Or is this merely a reflection of what people read about and see from their companies. These questions are important to attend to because a company's overall reputation – in Latin America as around the world – is influenced by ratings on all seven factors of reputation.

IV. Reputation and corporate social responsibility: What matters most

Where are companies rated highest on Reputation Pulse? This is the overall rating of people's trust, respect and positive feeling toward companies in their nation. Interestingly, companies in Brazil (1), India (3), and Russia (5) – three of the four big emerging market dynamos – score in the top tier. Some of this may have to do with increased national pride in the global visibility and market performance of big companies in these countries. Brazil, as an example, has five companies rated in Reputation Institute's Top 50 Most Reputable Companies including Petrobras, Grupo Gerdau and Usiminas. India's Tata Group and Infosys increased their reputation scores dramatically versus 2007 to join the top global ranks. Interestingly, consumers in the other BRIC country – China – are not so favorable in rating their Chinese corporations (20). Only Haier scored in the top reputation tier.[16]

Looking at overall corporate reputations in each country, consumers in the Netherlands, Sweden, Denmark, Norway – all homes of big, prestigious, high performance companies

Exhibit 5:

2008 Global Reputation Rankings by Country

		RepTrak Pulse
1	Brazil	68.6
2	Netherlands	68.2
3	India	67.8
4	Sweden	67.5
5	Russia	66.8
6	Denmark	66.7
7	Norway	65.5
8	Japan	64.9
9	United States	64.6
10	Argentina	64.3
11	Chile	64.3
12	Spain	64.1
	AVERAGE	63.0
13	South Korea	62.3
14	Canada	62.1
15	Portugal	62.0
16	Switzerland	61.5
17	France	61.5
18	Italy	61.5
19	United Kingdom	61.4
20	China	61.4
21	Finland	61.1
22	Germany	61.0
23	Mexico	60.8
24	Poland	60.5
25	South Africa	58.5
26	Australia	56.4
27	Greece	56.2

Note: Ratings are a mean of company scores collected in each country. All scores are globally adjusted.

– feel very positively about their companies overall. Japanese and American consumers have comparatively high regard for their companies as well.

In the lower tier of corporate reputations by country are ratings by the Finns, Germans, Mexicans and Australians, who give their companies low marks on reputation overall and, as seen earlier, on the CSR Index as well. South Africans stand out because they give their firms high ratings on social responsibility but low ones on trust, respect and overall reputation.

Interestingly, in Argentina, Chile and Spain, where companies score relatively low on CSR, consumers give them far higher marks on the Reputation Pulse measure. This is due, in part, to the high ratings they give to firms' financial performance which in turn is a strong driver of overall reputation in these nations.

The importance of CSR in reputation ratings (driver weights)

As part of their analyses of the importance of the seven reputation dimensions, the Reputation Institute researchers undertake regression-based driver analyses that parse out the relative contribution of each of these "drivers" to a firm's reputation Pulse score. This looks at the distinctive contribution of the CSR ratings to a company's reputation in the countries sampled (Exhibit 6).

A close look at this chart shows that there is considerable variation in the power of CSR Index to predict a company's reputations – ranging from very high predictive power in Finland (55.3 percent) to the global average (45.4 percent) to relatively low power in Spain (41.4 percent). This means that CSR is a more robust "driver" of the reputation of companies in Finland and in other nations near the upper end of the scale and far less significant a driver for companies in Spain and in other nations on the lower end.

The picture gets more granular in the case of the predictive power of the individual CSR Index components. Consider, for example, the relative importance assigned to corporate citizenship (social and environmental). As noted, the Scandinavian countries and the Netherlands give citizenship a high weight in their judgments about a company overall. By comparison, the Latin Americans, Spanish and Italian publics assign citizenship much less importance when assessing the reputations of companies in their nations. Interestingly, people in the United States, United Kingdom and Canada don't give citizenship near as strong a weighting in overall reputation ratings in their nations.

This story changes in the case of governance. The highest weights given to governance – behaving ethically and being open and transparent – are found in emerging global business markets (Chile, Mexico, India) and in the most advanced countries with Anglo-Saxon capitalism (Australia, Canada, U.S., U.K.). What accounts for this? Consumers in these emerging markets may be especially sensitive to ethics as their corporations gain more power and have the potential to do more harm with misbehavior. Scandals by companies in emerging markets naturally reinforce the importance of governance in the public's mind. The same is true in the Anglo-Saxon countries where corporate scandals are given a high profile in the media. Note how South

Exhibit 6:

Importance (Driver Weights) of Citizenship, Governance, and Workplace Dimensions by Country

Citizenship		Governance		Workplace		CSR Index	
Finland	21.8%	Chile	18.1%	Finland	18.9%	Finland	55.3%
Norway	20.8%	South Korea	17.4%	Portugal	17.0%	France	49.6%
Netherlands	20.1%	Australia	17.1%	Denmark	16.6%	Denmark	49.4%
Denmark	20.0%	Canada	16.5%	Canada	15.7%	Netherlands	47.5%
Sweden	19.1%	India	16.5%	France	15.6%	Portugal	47.4%
Portugal	18.7%	United States	16.4%	Brazil	15.3%	South Korea	47.4%
France	18.6%	Italy	16.3%	Switzerland	14.9%	Canada	47.1%
Russia	18.5%	Mexico	16.1%	Netherlands	14.7%	Sweden	46.5%
Poland	18.3%	Un Kingdom	15.8%	AVERAGE	14.6%	Switzerland	46.3%
Switzerland	17.5%	Argentina	15.7%	Poland	14.5%	Norway	46.2%
Japan	16.7%	France	15.4%	Argentina	14.4%	Poland	46.2%
AVERAGE	16.3%	Spain	15.1%	China	14.4%	AVERAGE	45.4%
Brazil	16.1%	Germany	14.8%	Japan	14.4%	Brazil	45.3%
Greece	15.9%	Finland	14.6%	South Korea	14.3%	Australia	45.0%
South Korea	15.7%	AVERAGE	14.5%	Greece	13.9%	Chile	44.7%
China	15.5%	South Africa	14.5%	Sweden	13.9%	Argentina	44.4%
South Africa	15.5%	Greece	14.3%	Chile	13.7%	United States	44.3%
India	15.3%	Brazil	13.9%	Germany	13.7%	India	44.2%
Germany	15.1%	China	13.9%	United Kingdom	13.7%	United Kingdom	44.2%
Australia	15.0%	Switzerland	13.9%	Mexico	13.3%	Japan	44.1%
Canada	14.9%	Russia	13.7%	United States	13.3%	Greece	44.1%
United Kingdom	14.7%	Sweden	13.5%	Italy	13.0%	China	43.8%
United States	14.6%	Poland	13.4%	South Africa	13.0%	Germany	43.6%
Argentina	14.3%	Japan	13.0%	Australia	12.9%	Mexico	43.0%
Mexico	13.6%	Denmark	12.8%	Spain	12.8%	Russia	43.0%
Italy	13.5%	Norway	12.8%	Norway	12.6%	South Africa	43.0%
Spain	13.5%	Netherlands	12.7%	India	12.4%	Italy	42.8%
Chile	12.9%	Portugal	11.7%	Russia	10.8%	Spain	41.4%

Note: Weights are derived from the Driver Analysis (see Exhibits 1 and 2). Each weight represents unique contribution of given dimension to explaining companies' reputation. The CSR Index weight is a sum of weights for citizenship, governance and workplace dimension weights.

Koreans – who have witnessed repeated misdoings by their biggest companies – also see corporate governance as a significant driver of reputation.

The relative weight assigned to citizenship versus governance may also have something to do with the freedom of business versus its regulation in particular countries. The "cowboy capitalism" practiced in the United States and other English-speaking countries emphasizes self-regulation by business. This may make the public especially attentive to corporate ethics. By contrast, stronger social norms ("soft governance") and the regulatory environment in Northern Europe put more constraints on business conduct. Not surprisingly, the people in Denmark, Norway and the Netherlands, who put a high value on citizenship in judging their companies, don't put near as much stress on ethics, openness and transparency – where this is more or less expected from firms. Differences in how the world's public sees social performance versus governance is one of the interesting "issues" to be addressed in the final section of this report.

Finally, when it comes to the workplace – how companies treat their people – the Finns and Danes stand out along with the Portuguese in putting a heavy emphasis on it when judging companies. It's much less of a driver in the United Kingdom and United States, where decent working conditions are more or less expected from employers. Interestingly, the Russians, who give some primacy to corporate citizenship in reputational ratings compared to other nations, put less stress on the workplace. The same pattern is found in Norway.

The relative power of CSR versus other reputation dimensions

On a country-by-country basis there are decided differences in the relative importance of the three CSR factors versus the other measured dimensions to predict corporate reputation. Globally, for example, the measure of corporate citizenship (social and environmental) is the second most important predictor of reputation. But throughout Scandinavia, and in the Netherlands and France, perceptions of a company's citizenship are even more important than its products and services in ratings of overall reputation. In the United States, India, Latin America and Commonwealth countries, governance (ethics and transparency) leapfrogs corporate citizenship as a driver of reputation, though it is still less of a driver than products and services.

Looking at the power of the combined ratings (the CSR Index) to predict a company's reputation, shows that the Finns put much more weight than consumers in any other nation on the role of CSR. But, in doing so, they put much less weight on a company's financial performance. The French and Danes also emphasize CSR in corporate reputation more so than in other nations. What do they put less emphasis on? The French put less stress on corporate leadership and performance and the Danes somewhat less on these two factors as well as product and services.

By contrast, the public in other nations give less weight to CSR in their ratings of how much they trust and admire firms. Look at the list below of countries that to some extent discount CSR and the factors they elevate in importance versus other nations. Does it surprise that relative to other countries, the Germans and Italians put more emphasis on corporate leadership in judging reputation? Or that the Mexicans and Russians put much more on goods and services in their countries? This would conform with the hypothesis that national culture and the stage of economic development in different countries figure into how consumers rate what matters most to them in judging corporations.

While the importance of these other factors helps to explain a portion of what drives reputation ratings in a country, there's more to look at when comparing how consumers rate the social responsibility of companies and how important it is to them in judgments of overall reputation.

Corporate reputation versus CSR scores

Overall, there is a strong, positive alignment between Global Pulse reputation ratings of corporations and their CSR scores in almost

Predictors of reputation	
CSR is not as important a driver of reputation in... (versus other nations)	Other 'drivers' that are rated more important... (versus other nations)
Germany	Leadership
Mexico	Products/Services
Russia	Products/Services
South Africa	Financial performance
Italy	Leadership
Spain	Products/Services

every country in this study (Exhibit 7 displays this relationship graphically in terms of ranks of the countries 1 to 27 on the two scores). The power of CSR as a reputational driver is plain: the people in nations that give their companies high marks on CSR tend to trust, admire and respect them. And the people in nations that think less of their companies overall tend to give them lower CSR scores. There is, however, by no means a one-to-one correspondence between these ratings. Remember, this relationship is influenced by a) the statistical error involved in any measurement, b) the weights attached to other reputational drivers, and c) distinctions people make between their feelings about a company overall and perceptions of its ethics, citizenship and how it treats its employees.

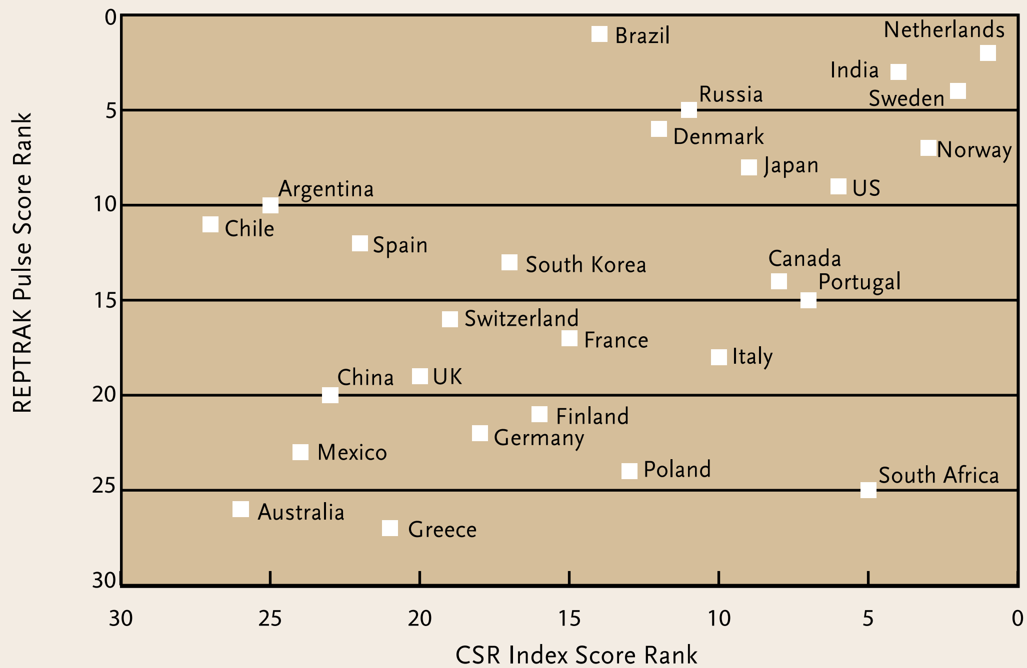
A cursory look at this chart shows there are some significant gaps between reputation and CSR ratings in select countries. South Africans, for example, rank their firms comparatively high on CSR but have much lower regard for them. The same pattern, albeit with lower ratings on both scales, is found for Greece. On the other side, the public in Spain and Latin America – Chile, Argentina, and Brazil – have more positive feelings about their companies overall than they do about their CSR performance.

What are the implications of these comparative ratings? Obviously where there are significant gaps between ratings of reputation and CSR, companies can reduce them by 1) strengthening their CSR performance and/or 2) strengthening, in stakeholders' minds, the relationship between CSR and company reputation overall. This twin prescription is especially relevant to firms operating in nations where firms are scored relatively low on overall reputation and on CSR. This includes developing global business markets, such as Mexico and China, and mature ones such as Australia and to some degree the United Kingdom, Germany and Switzerland. The broader point is that strengthening CSR has the potential to yield reputational rewards to firms wherever they operate around the world.

V. Managing reputation and social responsibility globally

Partly because of rising stakeholder expectations and partly because of the evident payoff in reputation and returns, many firms are striving to improve their social and environmental performance, governance and workplace practices. On the social front, for instance, there has been growth in strategic corporate philanthropy, in business-relevant volunteering, and in cause-related marketing. More firms are "greening" their plants

Exhibit 7:
Reputation pulse score rank versus index score rank by country



Note: Rankings are based on means of company scores collected in each country.

Source: 2008 Global Pulse, Reputation Institute

and products and reducing their carbon footprints. Corporate governance reform continues to evolve. And innovations in work/life programs, flextime and such complement other CSR-type initiatives aimed at working people.

Doing CSR on a global stage adds complexity to all of this. Strategic and value choices have to be made at the enterprise level. Should, for example, CSR policies and practices developed in the context of laws and expectations in the United States and Europe be extended to operations throughout Asia, Africa and Latin America? Does this mean applying world-class standards to governance and environmental management everywhere a firm does business or just where it's required by rule or custom? How much should companies invest in social programs on a global versus regional or local scale? Such decisions are surely informed by internal corporate values and codes of conduct. But careful consideration of how much they will pay off in terms of reputational gains and other business benefits is an important strategic consideration.

At the operating level, there's the challenge of engaging stakeholders and factoring their inputs into design and delivery decisions. What's most relevant to consumers, employees and civil society organizations? Should these inputs be gathered globally or in-country? To what extent should programs be pushed out globally versus tailored to social and environmental priorities in distinct locales and markets around the world? Here, too, corporate values have to be clarified and strategic directions and priorities set. In turn, trade-offs may have to be made in light of what matters most to different stakeholders and with respect to the commercial question: where's the biggest bang for the buck?

Scholars are only beginning to study the linkages between reputation management and CSR and there are not a lot of well-tested corporate practices on how to integrate these two thrusts. There are nevertheless some guidelines on how to build a CSR strategy that improves business performance and corporate reputation.[17] To begin, this is not simply a matter of a firm taking sensible actions and then publicizing how improved performance serves to benefit both the business and society. Rather, it is taking a holistic approach to reputing and CSR that takes account of, and often engages directly, a firm's multiple stakeholders in clarifying expectations, setting directions and shaping actions in each relevant reputational domain.

At the operating level (see Exhibit 8), the main elements of a more interactive strategy include:

- **Identify and engage key stakeholders:** Decisions about priorities, actions and investments and needed actions depend on identifying and establishing a relationship with parties that have a "stake" in the business. This includes investors, customers and employees, to be sure, but also community leaders, government officials, NGOs, the media and opinion leaders – all of whom play a part in "reputing."

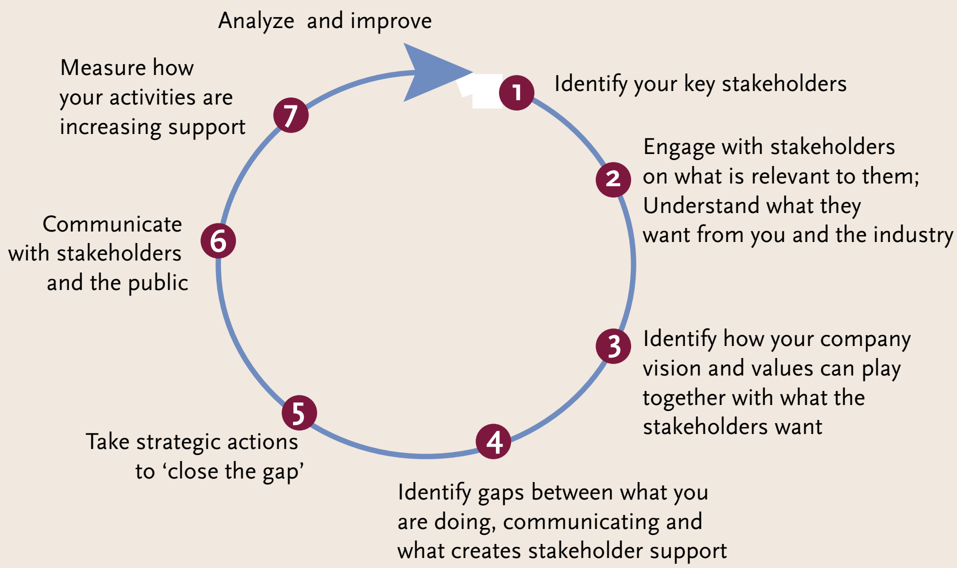
- **Understand their expectations:** Stakeholders carry into a firm the myriad expectations of society and, when engaged openly and equitably, can provide an early-warning signal about emerging risks as well as upside opportunities. Experts on social, environmental, governance and workplace trends can offer background information and help in framing the context for future action.

- **Consider company vision and values:** A CSR agenda can't be shaped solely from the "outside in." Inputs on stakeholder expectations and social issues have to be considered in light of financial performance, products-and-services and other reputation drivers. Getting clarity on fundamental questions of corporate identity and vision provides an "inside-out" view that is needed to make CSR activities authentic and credible.

- **Identify performance gaps:** As CSR surveys show, some performance gaps are within

Exhibit 8:

Using CSR to Drive Improvements in Reputation



a firm: good intentions, poor execution, a lack of alignment, resistance to change and so on. Some are based in external relationships: misunderstandings of or miscommunications with stakeholders; or unrealistic expectations compounded by a failure to deliver on promises; and so on. A process of candid self-reflection and open feedback is essential to building a CSR strategy that improves business performance and reputation

- **Take strategic action to close the gaps:** Leading experts recommend that companies align CSR activities with business strategies, make use of core corporate competencies, pick issues to address that are "material" to the firm; look to reduce risks and capitalize on opportunities to create value. Practical experience says that trade-offs abound and midcourse corrections are commonplace. This is what management gurus term strategy-in-action.

- **Communicate credibly:** Corporate reputation is created through a combination of stakeholders' experiences, corporate messaging and the broader media conversation about business and specific companies. Mechanisms such as social reporting and third-party audits can lend credibility and transparency to corporate claims about social and environmental performance. But in today's stakeholder-driven context, there is a need for less one-way and more two-way communication.

- **Measure, assess, correct:** Leading global companies today scan and calibrate their stakeholders' interests and expectations through databases, surveys and focus groups. They also construct measurement systems to monitor the impact of their investments on stakeholders and, in select cases, track the reputational impact.

1. Identify and engage key stakeholders
The world's most progressive companies in CSR, such as Royal Dutch Shell, Novo Nordisk, IBM, General Electric, BBVA and others have developed a core competence in stakeholder engagement and regularly work with panels of stakeholders on key issues pertaining to community needs, environmental challenges, transparency, human rights and economic and social development.[18] On a global scale, this means engaging stakeholders in key regions or nations where a company does business and factoring these inputs into global and local strategies.

Exhibit 9 depicts the range of stakeholders a company might connect with to formulate and refine its reputational and CSR strategies. Studies show that investors, not surprisingly, are most concerned with financial performance, and certainly with how products and

Exhibit 9

Stakeholder map

Source: htpp://www.reputationinstitute.com/advisoryservices_keystakeholders.

services and innovations might affect corporate growth and return on capital.[19] These reputational dimensions would naturally be part of a firm's engagement with them. At the same time, investors are also quite interested in corporate ethics and transparency (governance is a significant risk factor) and more are honing in on social and environmental performance for the same reasons (citizenship is also a risk factor and a proxy for how well a firm is managed).

The media and regulators, by comparison, might want to focus on products and services and also on citizenship, governance, and workplace factors as these mirror the public's prime interests and their regulatory scope respectively. Select non-governmental organizations, in turn, might be more or less interested in one or another of the seven reputation dimensions.

Stakeholder consultation is core to determining what's most relevant to corporate constituents and to deciding what to invest in, how much and where. As a start, however, global scans and multicountry data sets can be especially useful in seeding consultations and helping practitioners estimate to what extent CSR investments might improve their reputations. On this count, there is some global data on employee and customer expectations.

In one of its annual surveys, Reputation Institute asked to what extent people would "prefer to work for a company that is known for its social responsibility." On average, two-thirds of those polled in some 25 countries would "prefer to work for a company that is known for its social responsibility." The highest interest (based on globally adjusted scores) was shown in Norway, South Korea, Germany, Finland, Denmark and Poland – all highly industrialized countries. The least interest was found in the United Kingdom, United States, Mexico, France, India, South Africa and Australia. All of this ranking is relative – interest levels in working for a socially responsible company across the countries ranged from a low of 50 percent of the populace to a high of 80 percent. The study shows that the appeal of corporate citizenship to employees is by no means limited to more developed economies with their comparatively prosperous and well-educated work forces. Along this same line, GlobeScan has found that nine out of 10 employees worldwide are interested in participating in the CSR initiatives of their companies (increasing from 81 percent in 2002 to 92 percent in 2005).[20]

How about consumers' views of CSR? How does it factor into their buying behavior? On this point, Reputation Institute data show that, on average, roughly 40 percent of consumers have personally "refused to buy the products of a company that was not socially responsible." Consumers most apt to make this claim are again found in Finland and Scandinavia, and South Korea. The Italians and Chinese, who don't especially prefer to work for a socially responsible company, say in comparatively large number that they have chosen not to buy products from an irresponsible firm. Consumers in Japan, the United Kingdom and United States are in the middle of the pack on this dimension. Relatively fewer consumers in South Africa, India, Mexico and Chile say that they have boycotted a product because of CSR issues.

Exhibit 10:

Global Demand for CSR Performance (Globally Adjusted Scores)

Companies should...

Provide Assistance to Communities		Take Care of Employee well-being		Avoid Lawful but Unethical Initiatives		Total Corporate Expectations (TCE)	
Norway	97.3	Norway	100	Norway	94.9	Norway	97.4
Russia	93.7	Finland	98.6	Australia	90.8	Australia	92.7
Australia	91.1	Sweden	96.4	Finland	89.3	Finland	92.2
Denmark	89.1	Australia	96.3	Germany	89.2	Russia	91.7
Finland	88.7	Russia	96.1	Denmark	88.7	Denmark	91.0
Sweden	87.9	Denmark	95.2	Sweden	86.4	Sweden	90.2
Argentina	87.3	Germany	94.0	Russia	85.4	Germany	89.8
Japan	87.0	Switzerland	93.6	South Korea	85.1	Argentina	86.8
Germany	86.3	UK	93.6	Japan	84.9	Canada	86.6
Canada	86.1	Canada	92.2	Switzerland	84.1	Switzerland	86.1
Poland	85.6	Argentina	91.9	Poland	83.4	UK	86.0
United Kingdom	85.1	Netherlands	91.7	Netherlands	83.1	Japan	85.1
Brazil	85.1	France	91.3	Canada	81.4	Poland	84.3
Italy	83.2	Spain	90.4	Argentina	81.3	Netherlands	84.3
Spain	82.2	Brazil	89.5	Spain	79.7	Brazil	84.3
Chile	81.6	Italy	89.0	UK	79.4	Spain	84.1
Mexico	81.6	USA	87.2	France	79.4	France	84.0
France	81.3	Chile	86.1	USA	79.3	Italy	83.2
Switzerland	80.8	Mexico	84.0	Brazil	78.3	USA	82.3
United States	80.3	Poland	83.7	Italy	77.4	Chile	80.7
South Korea	78.9	Japan	83.3	Chile	74.4	Mexico	79.2
Netherlands	78.0	South Africa	81.5	China	74.4	South Korea	79.1
South Africa	76.9	China	79.3	Mexico	71.8	South Africa	76.1
China	73.2	South Korea	73.3	South Africa	69.9	China	75.6
India	70.2	India	72.7	India	62.7	India	68.5

Note: Ratings are a mean across respondents in each country. All scores are globally adjusted.

Source: 2007 Global Pulse, Reputation Institute.

How about the public's interest in purchasing goods and services from socially responsible businesses? It is well documented that a firm's social credentials can help differentiate its brands, that consumers will switch brands due to CSR issues, and that when they know about a firm's bona fides in this area, it is a factor in purchasing decisions. Indeed, there is evidence that when a product's social content aligns with its consumers' personal interests, it can be decisive in building brand loyalty.[21]

2. Understand their expectations

More general but relevant data is available about what is expected of business in various countries around the world. These data can inform a company's understanding of the business climate in markets of interest. In one of its Global Pulse studies, Reputation Institute asked the world about its expectations of corporate conduct. Specifically, the public was asked to what extent companies should: 1) provide assistance to local communities where they operate; 2) be concerned about the personal well-being of their employee; and 3) not support initiatives that are unethical, even if they are legal. The research team combined these expectations to compute a TCE (Total Corporate Expectations) Index for 25 countries (Greece and Portugal were not part of the TCE study).

As for the findings, note first that the great majority of the public in every nation studied has high expectations of companies in each of these domains. The global average for each question registered strong support from between 80 percent and 90 percent of the public. This reinforces the main point that the world expects CSR from companies. Still, there are local differences in degree of expectations across the countries sampled.

Which countries have the highest TCE scores? Not surprisingly, the publics in Norway, Finland, Denmark and Sweden are represented in the top tier of countries with the highest expectations of companies overall (globally adjusted scores). Recall that they were also in the top tier in terms of the importance they assigned to CSR as a "driver" of reputation for specific companies. This illustrates how general preferences for CSR in a nation translate into what matters when the public judges specific firms. At the same time, the Australians and Russians also report high expectations of companies in general but don't give as much weight to CSR when it comes to their judgments about the reputations of companies.

On the lower end of the expectation scale are several countries that don't have quite as high expectations of companies. This includes India, China, South Africa and several of the Latin American countries for whom CSR is not an especially high reputational driver as well. The exception here is South Korea, where the public has low expectations of companies but gives more weight to CSR in judging specific companies.

Companies that want to find what matters most to their stakeholders can gather and mine data like these to get a sharper picture of CSR expectations around the world. Obviously, more detailed surveys among targeted stakeholder groups can yield a clearer picture of how, for example, employees, consumers and other relevant groups think about social responsibility and the other dimensions of corporate reputation. These global data are a starting point, but not a substitute for more hands-on engagement with stakeholders in these regards.

3. Consider company vision and values

Even as companies gather an "outside in" perspective on what society expects of them, equal attention must be given to understanding a company's vision and values and how these play together with what stakeholders want. Here's when an "inside out" perspective fits into the strategic calculus.

Scholars Mary Jo Hatch and Majken Schultz emphasize that brand identity emerges from a "conversation" between a company and its stakeholders that takes place in the context of a firm's strategic vision and aims. They refer to this inclusive orientation as enterprise branding.[22] This orientation calls for the redesign of organizations to emphasize the brand in the full portfolio of corporate interactions, not only in marketing and communication campaigns, but also in product and service innovations, and in the firm's engagement with relevant social and environmental issues. New models of employee, community and stakeholder engagement dovetail neatly with the idea of enterprise branding. When CSR is added to enterprise branding, for instance, this conversation extends to the development and delivery of healthier, socially useful and sustainable products and services at every stage of the value chain from sourcing to disposal. The challenges both branding and CSR face are to deliver corporate social innovations that their stakeholders desire and that fit the values and style of the brand.

4. Identify performance gaps

One key to improving CSR performance and reputation is to locate and redress gaps between expectations and performance. Polling data on national expectations of business and ratings of its performance have a place in corporate management of reputation and CSR. It can serve as a "wake up" call about, say, a loss of trust or confidence in business in select regions. Or it can signal, more specifically, CSR challenges in entering into new markets or not keeping pace with changing expectations in established ones.

The Boston College Center's survey of American business and McKinsey's surveys in select countries reveal specific gaps between public expectations and corporate performance in areas of social and environmental performance.[23] The Reputation Institute global data presents a global picture of potential performance gaps. The public's rating of their general expectations of business in the various countries is compared with ratings of the performance of specific companies on citizenship, governance and the workplace.

In ranking across the nations, several high expectation versus low performance gaps stand out:

- **Germany's** expectations about the workplace (7th) versus low corporate ratings (24th)
- **Argentina's** expectations about citizenship (7th) versus low corporate ratings (26th)
- **South Korean's** expectations about governance (8th) versus low corporate ratings (24th)
- **Australian's** expectations about all aspects of CSR (2nd) versus low corporate ratings (26th)

Obviously, these would be target areas for CSR activity for companies in these nations. In other countries, there is more alignment between expectations and performance – for better and worse. For instance, there are lower expectations and performance ratings for CSR in China, Mexico and Chile (in the lower third on both measures), mid-range expectations and performance scores in France, Poland and Brazil, and slightly higher scores on both counts in Japan and Canada. The public and companies in Norway and Sweden match on high expectations and high performance ratings.

5. Taking strategic action to close the gaps

Any manager knows that implementing any program to use CSR to drive improvements in business performance and reputation is no mean feat. Effective reputation and CSR management involves new levels of cooperation between multiple departments within a firm, and with external consultants and contractors as well. This means breaking down silos within a firm between, say, investor and community relations, public affairs, environmental, health and safety, human resources, and communication functions. And many matters require close coordination with marketing, product development and stewardship, and other business functions. Studies by the Center have documented how an integrative approach yields better perceived CSR performance within firms.[24] Reputation Institute has found the same when it comes to enhancing corporate reputation in the marketplace.

There are also important corporate and national culture elements to consider when attempting to improve reputation through CSR. On the supply side, for instance, companies whose actions and messaging are seen as distinct, authentic and "true to the brand" tend to score best on brand trackers and reputation ranking systems. On the demand side, in turn, the public and savvy NGOs and media monitors are wary of and vocal about empty PR exercises and "greenwashing." One implication, then, is that companies need to think through how they want to configure CSR in their home market and around the world. Another is that they need to gain a more sophisticated understanding of how CSR initiatives "work" on a global and local level.

On this first point, Naomi Gardberg and Charles Fombrun of Reputation Institute argue that citizenship programs are strategic investments comparable to advertising and R&D.[25] As such, there are global and local dimensions to consider when devising a CSR and reputing strategy. On one side, for instance, a case can be made that a company's CSR platform should originate from its "home" market and thus reflect core competencies, brand traditions and home cultural inputs. This adds to its authenticity and to its global differentiation versus other firms. On the other side, a case can be made that a company's CSR strategy should be adapted to "host" markets where, after all, there are different requirements, expectations and needs in play.

Applying these home-vs.-host arguments to decisions about how much to invest in CSR yields some interesting strategic choices to ponder (see Exhibit 11). Take a company based in a market with lower expectations for CSR. It might choose to fit in its local market by

Exhibit 11:

Citizenship expectations, the range of acceptability and customization

Level of citizenship expectations in the host market	**Low** (home market)	**High** (home market)
High	3 Expansionists Companies adopt citizenship profiles that are greater than in their home market.	4 Activists Companies adopt citizenship profiles that are active both at home and abroad.
Low	1 Minimalists Companies adopt citizenship profiles that are at a minimum at home and abroad.	2 Reductionists Companies adopt citizenship profiles that are lower than in their home market.

Level of citizenship expectations in the home market

Source: Naomi A. Gardberg and Charles J. Fombrun, 2006.

simply meeting these expectations (Quadrant 1--a minimalist strategy). But what happens when it moves into a higher expectation host market? Here it would be expected to increase its CSR investments (Quadrant 2—an expansionist strategy). As this grid predicts, many Japanese, Korean and Indian firms (Quadrant 1) moving into the United States and Europe (Quadrant 2) have had to expand their CSR agendas accordingly.

How about a company operating in a relatively high expectation home market? U.S. firms tend to rank highly in a home market that expects a lot from companies. Moving into a lower expectation market, such firms might lower their CSR attention and investments (Quadrant 3—a reductionist strategy). This may sound sensible buts it's risky. Look, for example, at how Nike, Home Depot and others were pilloried for exploiting people and natural resources in their global supply chains. In these instances, a host country may not have expected or been in a position to demand higher CSR from a company but the world expected better and corporate reputations suffered. This is why many of the world's leaders in CSR have chosen to operate as global corporate citizens (Quadrant 4—an activist strategy).

The data collected on how nations rate the CSR performance of companies and its relative importance as a driver for reputation can also inform strategic actions. In the box below [Keep linked to text], the country scores are arrayed in three columns. The first column shows how countries rate companies on the CSR Index (mean score ranked from 1-27). The second column shows how countries rank in terms of the importance assigned to CSR in reputation (the driver weight of CSR in reputation scores). The third column shows the difference in the two rankings.

Higher Score, Lower Weight
Not Capitalizing on High CSR Rating

Nation	CSR Index Score Rank (1-27)	CSR Index Weight Rank (1-27)	Score Rank - Weight Rank
South Africa	5	25	20
Italy	10	26	16
India	4	17	13
Russia	11	24	13
Japan	9	19	10
United States	6	16	10

This first set of comparisons is between countries that rate their companies relatively highly on CSR but give it a lower weight in judgments of corporate reputation (e.g., the Pulse scores – the extent to which people like, admire and respect a company). The public in South Africa, Italy, India and Russia seem to discount the high ratings given to CSR of companies in judgments of overall corporate reputation. Each of them put more emphasis on other reputation drivers. However, Japan and the United States also to some extent discount the value of CSR in their reputational judgments. The implication is that companies in these nations are simply not capitalizing on comparatively good ratings of their CSR performance when it comes to building reputation.

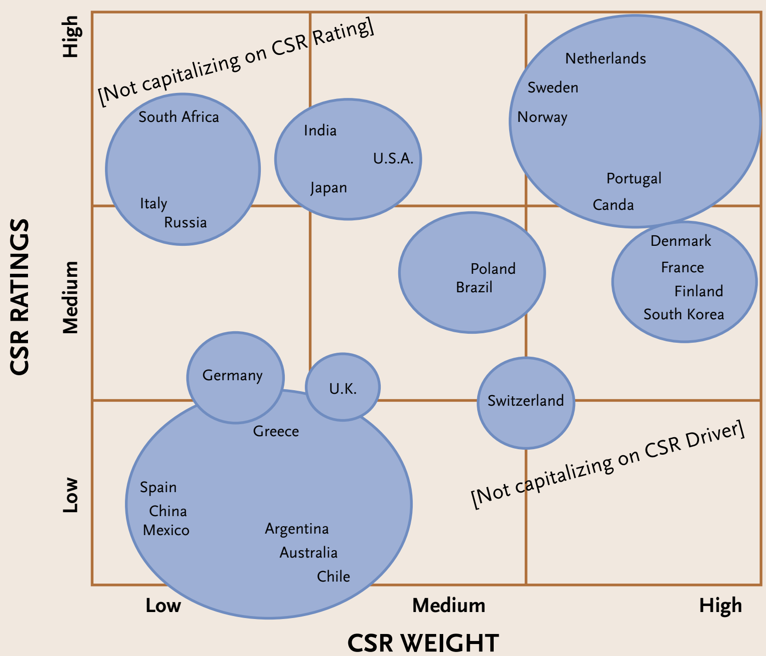
Lower Score, Higher Weight Not Capitalizing on High CSR Driver

Nation	CSR Index Score Rank (1-27)	CSR Index Weight Rank (1-27)	Score Rank Weight Rank
Argentina	25	15	-10
Switzerland	19	9	-10
South Korea	17	6	-11
Australia	26	13	-13
Chile	27	14	-13
France	15	2	-13
Finland	16	1	-15

A second set of comparisons (illustrated in box at a left) is between countries that rate their companies relatively low on CSR but give it a higher weight in judgments of corporate reputation. They, in essence, put a premium on CSR. The publics in Chile, Australia and Argentina give low marks to the CSR of their companies and these low marks, in turn, factor more significantly into reputation scores. The public in France, Finland, South Korea and Switzerland have mixed views of the CSR of firms in their nation (ranking in the middle third of nations). But these CSR ratings, too, dampen reputation Pulse scores

Exhibit 12:

CSR Index Rating versus CSR Index Driver Weight



Source: 2008 Global Pulse, Reputation Institute because of their significant power as drivers of reputation in these nations. The implication is that these companies are not capitalizing on the power of CSR to positively drive their reputation. Indeed, the reputation of companies in these nations is to some extent hurt by their lower perceived CSR performance.

Exhibit 12 displays all of the countries on these dimensions. It shows in the upper left sector, the set of countries where companies are not capitalizing on strong CSR performance to drive reputation. Here efforts might be made to strengthen, in stakeholders' minds, the relationship between CSR and company reputation overall. Some ideas on how to do that are covered in the next section on communications. Countries where businesses are not capitalizing on the power of CSR to drive reputation are found in a diagonal running across the lower right sector of this graph. Here efforts might be made to strengthen CSR performance and communicate it to a public that will reward it by giving a firm a better reputation.

Along the diagonal from the lower left to the upper right of the chart, there is general alignment between CSR ratings and the importance given to them. Companies in Greece, Mexico, China and Spain, for example, have low CSR ratings but their publics also assign less importance to CSR in their reputational ratings. Here concerted work on CSR performance and helping the public to "connect the dots" to reputation is needed. Companies in Poland and Brazil are in the middle grouping. And the public in the Netherlands, Sweden and Norway, and to some extent Portugal and Canada, gives firms relatively high ratings on CSR and assigns them high importance in ratings of reputation.

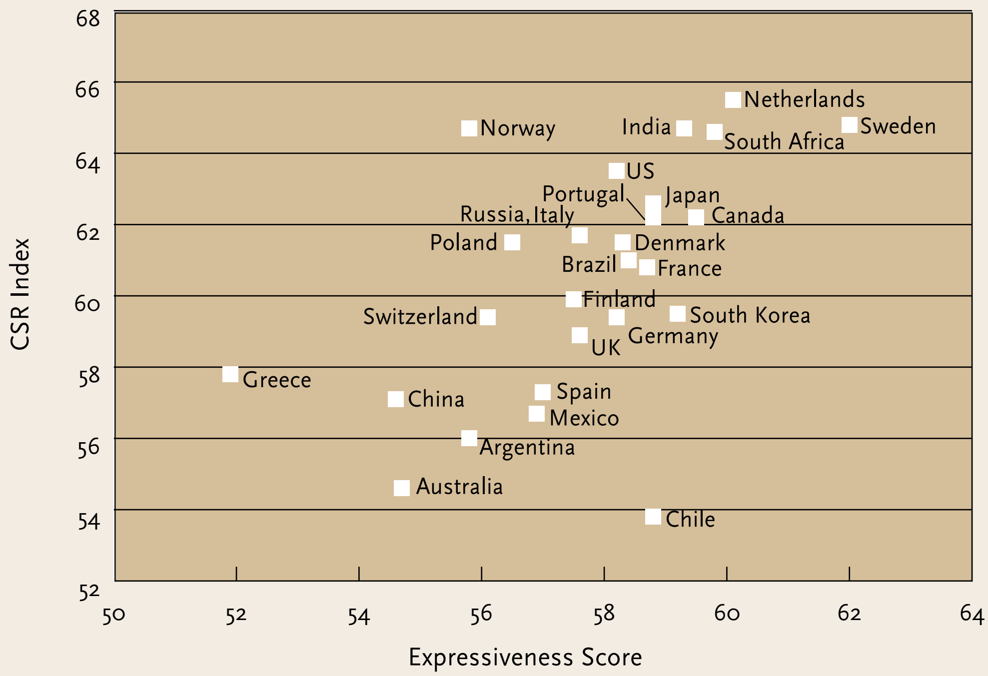
A caveat: it is important to remember that CSR factors significantly into reputation ratings in all of these countries. This table simply illustrates that high ratings of companies in India and low ratings in China are discounted a bit by their publics – compared to other nations. And, it means that high ratings to some extent boost the reputation of companies in the Netherlands and middling ratings depress the reputation of companies in France.

6. Communicate credibly

Even with country differences in rankings and weightings of CSR, there is a worldwide appetite for it. GlobeScan, for instance, finds that the majority of people in every country it surveys are very interested in "learning more about the ways companies are trying to be more socially responsible." This runs from a high of 90 percent in Mexico to 78 percent in the United States to 68 percent in South Korea to 56 percent in Russia. The challenge for companies is to communicate credibly about CSR in countries where there is interest in but endemic skepticism about what companies are up to.

In this Reputation Institute data set, some interesting relationships are found between the public's ratings of a company's CSR and its credibility as a communicator. The global survey asked the public to rate a company's communication in terms of its expressiveness: a combined assessment of a company's visibility, distinctiveness, consistency, transparency, sincerity and responsiveness. Looking across the 27 countries, a correlation

Exhibit 13:
Relationship between CSR and communication credibility



Note: Ratings are a mean of company scores collected in each country.
The CSR Index is a mean of the citizenship, governance and workplace dimension scores per country.
All scores are globally adjusted. Expressiveness is a score based on a mean of the evaluations of the six corporate communication; Visible - the company communicates often and widely; Distinctive - The way the company communicates makes it stand out from its competitors; Consistent - the company conveys a consistent message across its communications; Transparent - the company provides an appropriate amount of information about what it does and how it operates; Sincere - the company appears genuine about what it says and does; Responsive - the company invites and welcomes feedback about its activities and what it says and does.

Source: 2008 Global Pulse, Reputation Institute

of .57 is found between ratings of CSR and expressiveness (Exhibit 13).

In media savvy markets, the public is increasingly interested in the CSR performance of companies. The 2007 Fleishman-Hillard/National Consumer's League survey found that some 54 percent of U.S. consumers seek out information "sometimes" about the social responsibility of particular companies. Increasingly, they are turning to the Internet to search for information. Interestingly, more than half of the consumers surveyed turned to the web sites of independent groups, such as consumer-watch groups or accrediting agencies, to garner data. This is a substantial increase from prior years. When it comes to judging the credibility of data, consumers favor independent (cited by 43 percent as credible) versus company web sites (cited by 29 percent). The most credible sources are personal experience (cited by 60 percent) and word of mouth (56 percent).

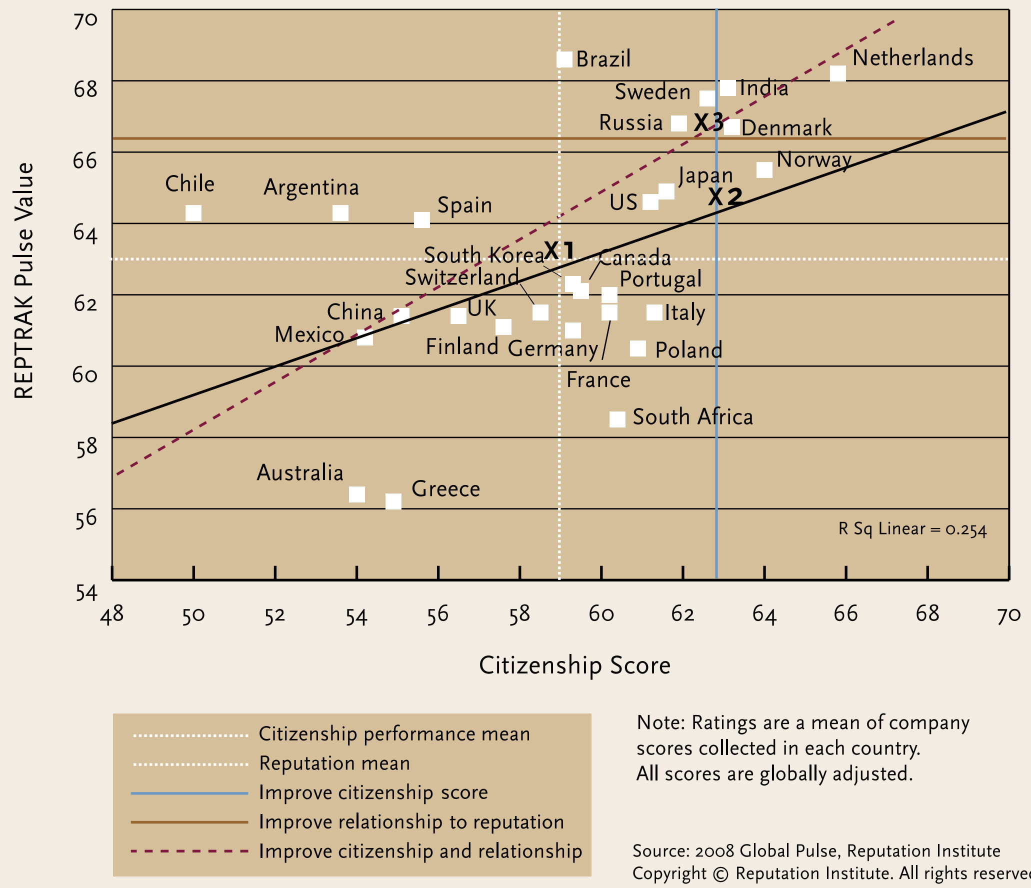
On the reputation front, personal experience and word of mouth are key to driving improvements in the reputation of firms. Here, too, there is a relationship between ratings of a firm's CSR and whether or not people would recommend it to others. The graph, for U.S. companies, shows a strong relationship between the two (see Exhibit 14). Note that this relationship works from top to bottom – higher ratings of CSR garner more word of mouth support whereas lower ratings lead people to not recommend or even speak against a firm. This is how credible communication translates CSR into a good reputation that in turn reaches many ears.

7. Measure, assess, correct
As noted earlier, companies can reduce the gaps between stakeholder expectations, ratings of CSR and its connection to reputation by 1) strengthening their CSR performance and/or 2) strengthening, in stakeholders' minds, the relationship between CSR and company reputational overall. Here's how these prescriptions might pay off for a global

Exhibit 14:
Relationship between CSR and consumer support
(recommend company to others, US sample)

Note: Ratings are a mean of company scores collected in each country. The CSR Index is a mean of the citizenship, governance and workplace dimension scores per country. All scores are globally adjusted. Support scores are based on evaluations of the following statement: "I would recommend [COMPANY] to others.

Exhibit 15:
How citizenship can improve reputation



Note: Ratings are a mean of company scores collected in each country. All scores are globally adjusted.

Source: 2008 Global Pulse, Reputation Institute

company that has used CSR to improve its reputation in different parts of the world.

Exhibit 15 shows the overall positive relationship between citizenship and reputation Pulse ratings around the globe. Assume, for the sake of illustration, that these represent public ratings of one company doing business globally. Assume, too, that it adopted an activist strategy and improved its CSR performance. How would you document the result? The dotted lines in this graph show the current intersection between 1) ratings of its citizenship (environmental and social performance) and 2) its overall reputation at the mean of each scale (X1). Now suppose in a subsequent measurement, the company improved perceptions of its citizenship globally (from 58.5 to 60.5 or one standard deviation). This would improve its mean reputation rating (X2) accordingly (from 63.0 to 65.0).

Now assume that a company not only improves in its ratings of citizenship, but that the driver weight of citizenship as a predictor of reputation also increases (represented as a dotted line with a higher slope). Given a higher rating of citizenship, and an increase in the relationship between citizenship and reputation, a firm's global reputation rating (X3) would increase even more (from 63.0 to nearly 66.5).

While this is only a hypothetical example (using real data), it shows how a company can use survey tools to track its CSR performance globally and in different markets. It's also possible to even put an economic value on reputation improvements (or declines) by, for instance, assigning a value to reputation (estimates are that reputation accounts for between 4 and 8 percent of a company's market value). These are the tools by which companies track their product and innovation performance. Why not CSR?

Obviously good CSR performance, when communicated effectively, can yield increases in public perceptions of a firm. But is it possible to increase the linkage between ratings of CSR and reputation in people's minds? There seems to be movement is afoot as an increasing appetite for CSR around the globe has made this linkage more salient, as the strong CSR "driver weight" in predicting reputation suggests. Research is needed to show whether the linkage is even stronger among select stakeholders, such as members of the Millennial Generation born between 1978 and 1998 who are entering and moving up in companies today. The 2006 Cone Millennial Cause Study found that more than three out of four young people who are part of or entering the U.S. work force want to work for a company that "cares about how it impacts and contributes to society."[26] The relationship may be stronger also well among growing numbers of ethical consumers worldwide who make a strong connection between CSR and the brands they purchase.

A case could be made, of course, that perhaps a company need not improve its CSR to enhance its reputation, but rather choose to improve and emphasize even more its products and services, innovativeness, leadership and financial performance – the other reputational drivers. In the research team's estimation, this argument falls short on two dimensions. First, there is considerable evidence that the public expects and even demands social responsibility from companies in every nation in this sample. Failing to improve on this front risks losing public support and dampening a company's reputation. Second, public perceptions of the various facets of a company are interrelated and mix both cognition and emotions. Thus, failing to meet the public's expectations for social responsibility could, in turn, not only depress the "likability" of a company overall, but even judgments about its products, leadership and so on.

In short, when it comes to reputation, CSR matters a great deal and offers companies a chance to use their CSR performance to differentiate themselves among stakeholders and drive reputational improvements around the world.

Endnotes

[1]Hill and Knowlton and Crown Ferry International. "Corporate Reputation Watch" (September, 2003). See also Return on Reputation: Corporate Reputation Watch 2006. www.HillandKnowlton.com.

[2]2009 Edelman Trust Barometer, Edelman.com.

[3]U.S. Corporate Reputation and Social Responsibility Rankings 2008. New York and Boston: Reputation Institute and Boston College Center for Corporate Citizenship. www/Reputationinstitute.com. www.BCCorporateCitizenship.org.

[4]Fombrun, C. and C. van Riel. Fame and Fortune: How Successful Companies Build Winning Reputations. New York: Financial Times Prentice-Hall, 2003.

[5]Corporate citizenship around the world. Boston: Global Education Research Network and Center for Corporate Citizenship, 2008.

[6]On the growth of corporations see Gabel, M. and H. Bruner. Globalinc: An Atlas of the Multinational Corporation. (New York: The New York Press, 2003); updates at worldbank.org.

[7]Googins, B, P. H. Mirvis, and S. Rochlin. Beyond Good Company: Next generation corporate citizenship. New York: Palgrave. 2007

[8]See Waddock, S., Mirvis, P. H., and Ryu, K. United Nations Global Compact leading companies retreat summary report. Boston: Center for Corporate Citizenship, 2008.

[9]See Morgan, G., Ryu, K, and Mirvis, P. H. Leading corporate citizenship: Governance, structure, systems. Corporate Governance. 9, 1, 2009: 39-49; for a study on social reporting practices see BCCorporateCitizenship.org

[10]See Porter, M.E. and M. R. Kramer. "The Competitive Advantage of Corporate Philanthropy," Harvard Business Review. December, 2002.

[11]The McKinsey Quarterly. "How Companies think about Climate Change" (2007), McKinsey.com

[12]See GlobeScan, Corporate Social Responsibility Monitor (2001-2008), Globescan.com

[13]GlobeScan finds that, among the countries they've surveyed, more than 80 percent of Brazilians hold business responsible for its performance in some 10 dimensions of corporate citizenship. This dips to 59 percent of the public in Great Britain, 57 percent in the United States and 53 percent in India. Interestingly, some 46 percent of Chinese now hold business responsible for citizenship – double the number in comparison to six years ago.

[14]See Márquez, A. and C. J. Fombrun, "Measuring Corporate Social Responsibility." Corporate Reputation Review, 7, 4, (January, 2005): 304-308.

[15]EIRIS, The State of Responsible Business, 2007. www.eiris.com.

[16]For more information about ratings of specific global companies download Reputation Institute's Global Pulse Report at www.reputationinstitute.com.

[17]See Porter M. E. and M. Kramer. "Strategy & Society: The Link between Competitive Advantage and Corporate Social Responsibility," Harvard Business Review, December, 2006; Schultz, M. and M. J. Hatch. "The cycles of corporate branding", California Management Review, 46, 1, 2006: 6-26; Mirvis, P. H. and B. Googins. Moving to next generation corporate citizenship. Berlin: Center for Corporate Citizenship Deutschland, 2008.

[18]Freeman, R.W., J. S. Harrison, and A. C. Wicks. Managing for Stakeholders, New Haven: Yale University Press, 2007.

[19]See the January 2009 survey by McKinsey & Co. and the Boston College Center for Corporate Citizenship comparing the views of analysts/investors, CFOs, socially responsible investors and CSR specialists at bccorporatecitizenship.org.

[20]A recent survey by Sirota Survey Intelligence shows how much corporate social responsibility factors into the job attitudes of working people. The Sirota survey of 1.6 million employees in 70 companies found sharp differences in attitudes between employees who did and did not approve of their company's commitments to social responsibility. Some 71 percent of employees who approve of their company's commitments have favorable perceptions of their management's integrity versus 21 percent of those who do not approve. Those who favor their company's commitments are also more engaged in their job (86 percent versus 37 percent) and more apt to believe that their employers are interested in their well-being (75 percent versus 17 percent). Interestingly, they rate their company's as more competitive, too (82 percent versus 41 percent). This link between strong and socially conscious corporate values, commitments to citizenship, and the resulting business benefits is what the Center has called the "value proposition" for corporate citizenship. (See Sirota Survey Intelligence, sirota.com; Rochlin, S. and B. Googins, The Value Proposition for Corporate Citizenship. (Boston: Boston College Center for Corporate Citizenship, 2005).

[21]Bhattacharya C. B. and S. Sen. "Doing Better at Doing Good: When, Why, and How Consumers Respond to Corporate Social Initiatives." California Management Review. 47/1 (2004): 9-24.

[22]Hatch, M. J. and M. Schultz, Taking brand initiative: How companies can align strategy, culture, and identity through corporate branding. San Francisco: Jossey-Bass, 2008.

[23]The Center's 2007 survey of U.S. business compared executives' views on corporate responsibilities with the GlobeScan U.S. expectation data. We found some alignment between executives' and the public's ratings on business' responsibility to provide equal treatment of employees and to support charities and community projects. But there were some notable gaps. For instance, the public (85 percent) more so than business leaders (74 percent) believes that corporations should apply the same high standards everywhere they operate in the world. And the gap grows larger when it comes to business producing goods and services in a socially and environmentally responsible way and to helping reduce the rich-poor gap. McKinsey & Co., in turn, documents gaps between public and corporate views in the United States, parts of Western Europe, Japan, India and China. In its 2005-06 polling, the public puts far more importance than do business leaders on environmental issues, pensions and retirement benefits, and health care benefits. No wonder these have been labeled as

key risks facing business in the years ahead. Still, there is movement afoot: A follow-up survey finds that today corporate leaders rate environmental issues every bit as important as consumers do – a 20 percent increase from 2006. (See The State of Corporate Citizenship in the U.S. 2007. "Time to Get Real: Closing the Gap between Rhetoric and Reality." Boston: Boston College Center for Corporate Citizenship, 2007; Beardsley, S., S. Bonini, L. Mendonca and J. Oppenheim. "A new era for business," Stanford Innovation Review, (Summer, 2007); S. Bonini, K. McKillop, and L. Mendonca, "The trust gap between consumers and the corporations," The McKinsey Quarterly; S. Bonini, G. Hintz and L. Mendonca, "Addressing consumer concerns about climate change." The McKinsey Quarterly.

[24]See Kinnicutt, S. and P. H. Mirvis. Structure and strategies, Profile of the Practice 2008: Managing corporate Citizenship. Boston: Boston College Center for Corporate Citizenship, 2008.

[25]Gardberg, N.A. and C. J. Fombrun, "Corporate Citizenship: Creating Intangible Assets across Institutional Environments. Academy of Management Review, 31, 2, 2006: 329-346.

[26]Cone Inc./AMP Insights, "The 2006 Cone Millennial Cause Study", (October 24, 2006). Coneinc.com

Research notes

How the public rates CSR and reputation around the world

For managers involved in CSR and reputation tracking around the world, and for researchers who study these subjects globally, the research team's analyses raised some issues for reflection and further research.

Public ratings of CSR: Showing support versus frustration

The statistical analysis shows citizenship (environmental and social performance) and governance (corporate ethics, openness and transparency) are both strong predictors of people's trust, respect and admiration for companies in every nation involved in this study. However, the importance assigned to these two dimensions of reputation around the world takes on a different slant in each case (see Exhibits 16a and 16b).

Exhibit 16a shows the relationship between ratings of citizenship in some 27 countries and the driver weight associated with it as a predictor of reputation. The graph shows a generally positive upward trend. This means that countries that give their companies a higher rating on corporate citizenship are more apt to see it as an important driver of reputation.

Exhibit 16b shows the relationship between ratings of governance and its importance to reputation. Here we see a negative trend. The lower a nation rates governance of its companies the more it is a driver of reputation.

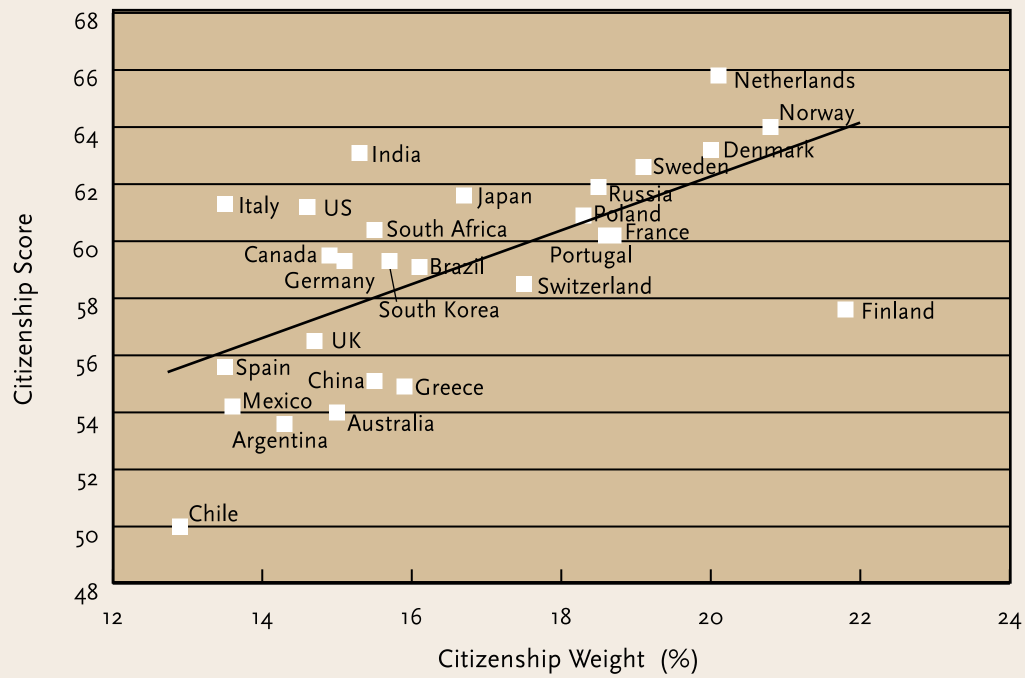
One hypothesis is that ratings of citizenship take place in the context of global public support for corporate efforts in these regards. The more they see, the more they value it. Ratings of the ethics, openness and transparency, by contrast, perhaps take place in the context of global public frustration with business misbehavior. Governance seems to matter a great deal in nations like Chile, Australia and South Korea, where ratings of companies on ethics are comparatively low but register as a significant predictor of corporate reputation.

Practicing managers and communicators need a sensitive ear to understand why one or another facet of CSR may be important in a nation. Improved citizenship, for instance, looks like an opportunity to win public support. Better governance, by comparison, might only reduce the risk of public outcry. For academics, this is an interesting subject for further theorizing and research.

Predictive power of CSR: Factoring in surprise versus disappointment

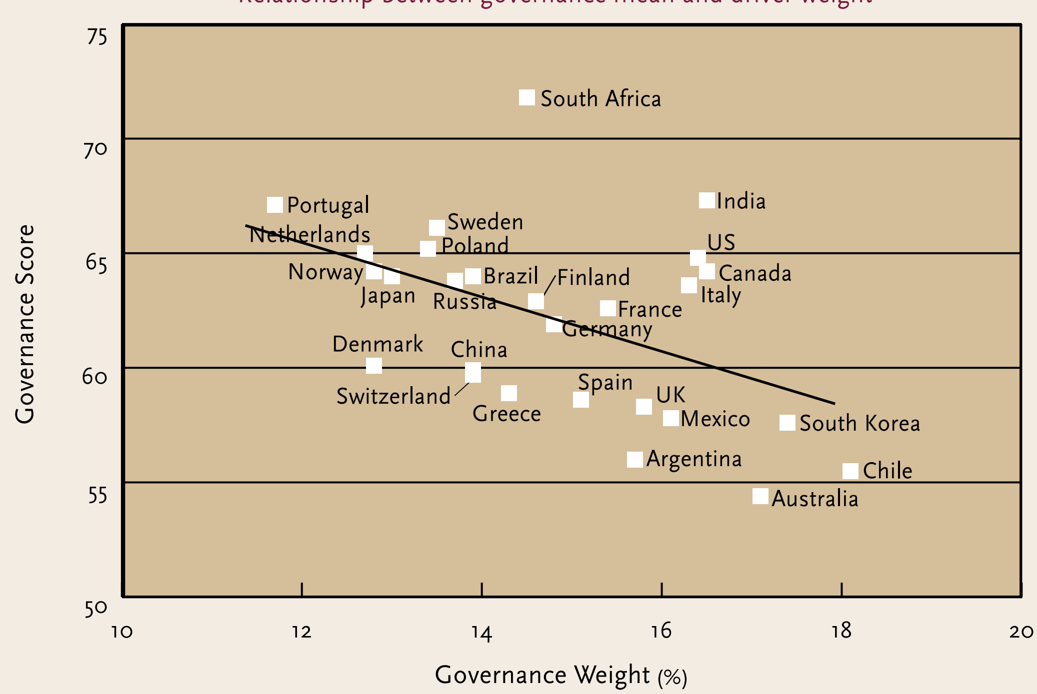
In the analysis comparing the means and driver weights of CSR across the countries, researchers noted that the public in a few nations seemed to discount high ratings of CSR when judging corporate reputation, whereas in a few other countries low scores were nevertheless high predictors of reputation. Subsequent analyses of the connections between public expectations, ratings of CSR, and its relative importance to reputation across the countries generate some interesting country patterns worth exploring in future research.

Exhibit 16a:
Relationship between citizenship mean and driver weight



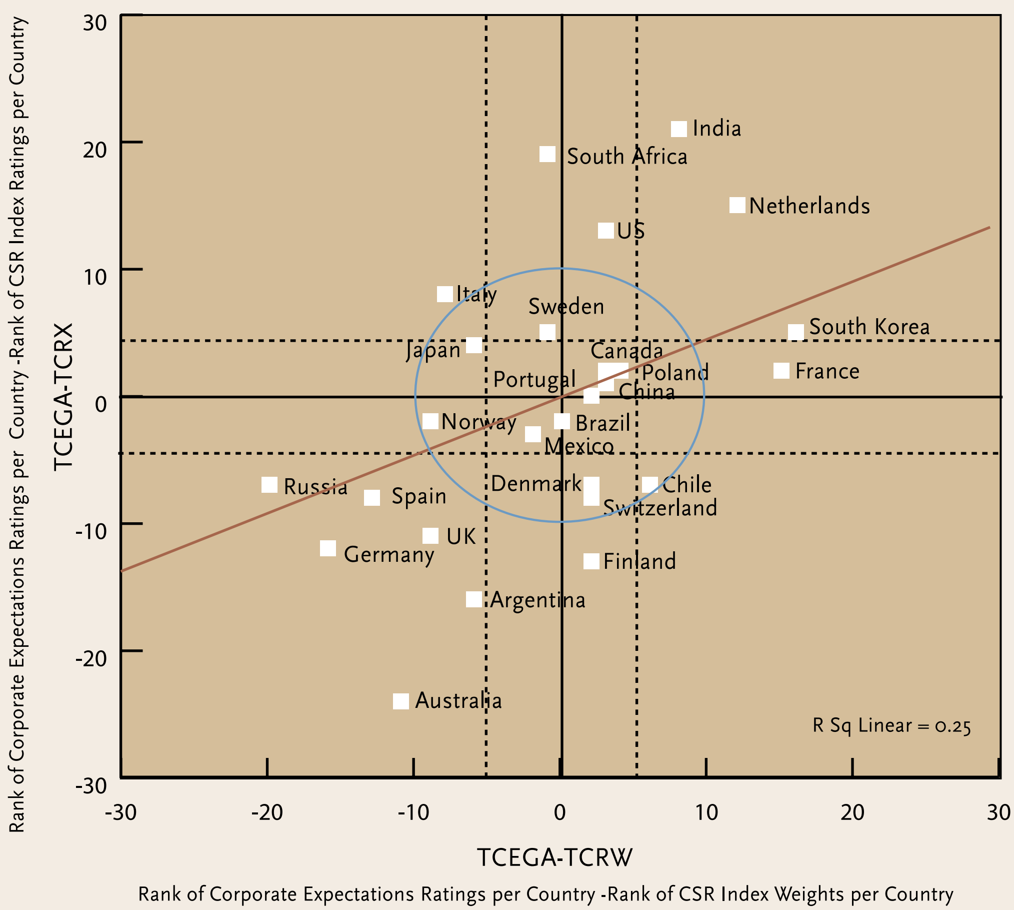
Note: Ratings are a mean of company scores collected in each country. All scores are globally adjusted. Weights are derived from the Driver Analysis (see Exhibit 1).

Exhibit 16b:
Relationship between governance mean and driver weight



Note: Ratings are a mean of company scores collected in each country. All scores are globally adjusted. Weights are derived from the Driver Analysis (see Exhibit 1).

Exhibit 17:
Relationship between CSR scores with CSR driver weight
(adjusted by TCE- Expectations)



Source: 2007 and 2008 Global Pulse, Reputation Institute

pares rankings (1-26) of the countries on their CSR ratings (TCRX) and driver weights (TCRW). For each measure, scores were adjusted by subtracting them from the country's expectation rank (TCE). This subtraction highlights national expectation versus ranking gaps.

The y-axis in the exhibit ranks countries on the mean CSR ratings minus expectations. The upper level shows a set of countries where the public doesn't strongly believe that companies should be socially responsible but rates them highly on their CSR (e.g., India, South Africa the Netherlands and the United States). People in these countries are pleasantly surprised by companies versus their expectations.

The lower level shows countries where the public has very strong beliefs that companies should be socially responsible but gives firms in their nation lower scores on their CSR (Australia, Argentina, Finland, Germany and the United Kingdom). People in these countries are likely disappointed. A key question, then, is to what extent do people's expectations about a company's social responsibility factor into the weight assigned to CSR in reputation.

The y-axis ranks countries on their CSR driver weight minus expectations. The right side of the graph shows a set of countries where the public doesn't have strong expectations of social responsibility but weights CSR highly as a factor in reputation (South Korea, France, the Netherlands and India). They are amplifying its importance versus expectations. The left side shows countries where the public has very strong beliefs that companies should be socially responsible but doesn't weight CSR highly as a predictor of reputation (e.g., Russia, Germany, Spain and a few other countries). In a sense, they are discounting its importance.

An interesting pattern emerges across these dimensions. The graph shows that a great majority of the countries are clustered in the center (where expectations, ratings and weightings are more or less aligned). At the upper right are a few countries (especially the Netherlands and India) where the public doesn't have strong expectations of CSR from companies, but 1) rates the CSR performance of firms in their nation higher than expectations and 2) weights it more highly in reputational judgments. Here good CSR performance is a pleasant surprise amplified in its importance to reputation.

Now look to the lower left of the graph where there are several countries (notably Australia and Germany). In these nations, the public has strong expectations of CSR from companies, but 1) rates them lower on their CSR performance and 2) devalues CSR in reputation judgments. Here lower CSR performance is a disappointment that is discounted in its importance to reputation.

For researchers and those who track public opinion data questions emerge about the relationship between expectations, performance and the weighting of performance in reputation judgments. Consider the upper right quadrant again: One hypothesis suggested from these findings is that when companies significantly exceed the CSR expectations of the public in their nations, this is associated with its increased importance in reputation rankings. The logic is this: the CSR of the companies I rated exceeded what I expect from business, therefore that's a more important factor in my judgments about them. What cannot be determined from these data is to what extent lower expectations of CSR from business, the comparatively stronger performance of specific companies rated, or some intra-psychic operation in people's minds (such as surprise and perhaps support) account for this pattern.

Similar questions arise when looking at the lower left quadrant: A second hypothesis is that when companies significantly underperform versus CSR expectations in their nations, this is associated with its decreased importance in reputation rankings. Here the logic is: the CSR of the companies I rated was below what I expect from business, therefore that's a less important factor in my judgments about them. Again, what we cannot determine from these data is to what extent higher expectations of CSR from business, the comparatively weaker performance of specific companies rated, or some intra-psychic operation in people's minds (such as disappointment and frustration) account for this pattern.

These are more than simply academic questions. On the practical side, practitioners and communicators trying to reach audiences in different nations (who are interested in learning more about the CSR activities of companies) have to understand public expectations of business and how they factor into judgments about firms. Where will positive CSR programs be greeted with positive support ("I'm glad that the company is involved in this") versus discounting ("It's about time they did something") versus dismissal ("It's just PR—a load of rubbish").

CSR and cultural characteristics

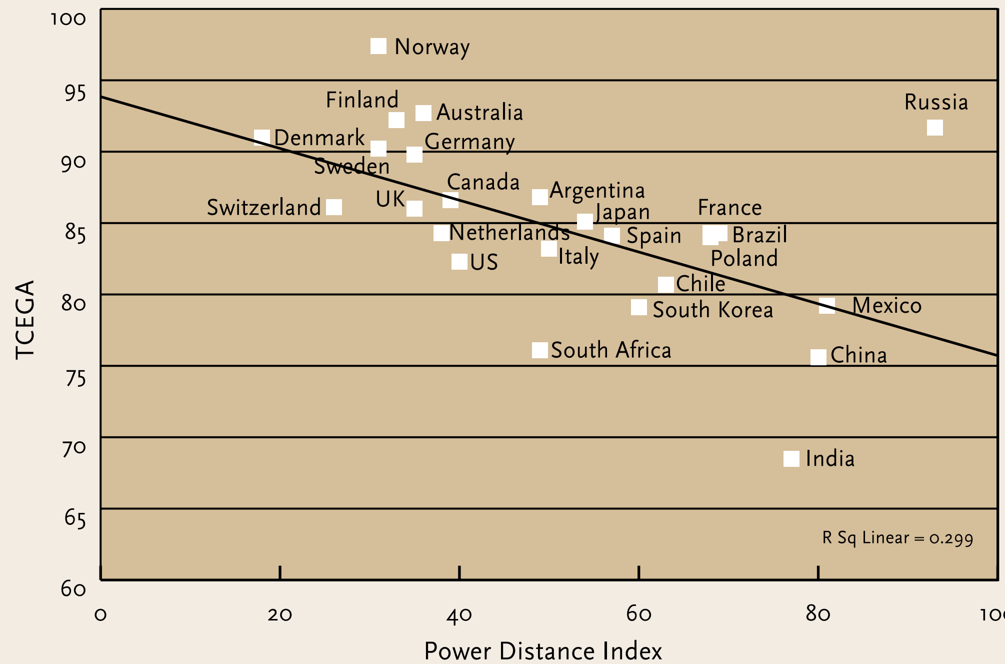
Finally, there are some interesting patterns where expectations of CSR (the TCE scores) seemed to associate with some cultural characteristics across the countries sampled. Researchers have speculated throughout how local forces can shape public expectations and perceptions of CSR around the world. Scholars, using cross-cultural constructs, have speculated how, for example, culture preferences for individualism versus collectivism might figure into attitudes about CSR. Researchers analyzed data across countries in this sample to test relationships between public expectations of CSR from business versus select cultural characteristics of these nations.

One well-known set of cross-cultural constructs was developed from data collected in the 1970s by Geert Hofstede. His original and subsequent studies have differentiated between more individualistic vs. communalistic societies; long-term vs. short-term oriented societies; low- vs. high-power distance societies; and more masculine vs. feminine societies. These distinctions have been replicated in considerable global research. Analyses for this report show how two of these dimensions correlate with expectations rankings around the globe.

The first dimension is the extent to which people accept unequal power distributions in a society. The Power-Distance Index (PDI) measures the acceptability of inequality in a society and of dependency versus interdependence. Countries that score high on the PDI are Russia, India and China. In these countries, powerful actors and institutions are accepted, and people tend to be complacent toward power, and more dependent on it. Conversely, in countries that score lower on the PDI, for example those in Scandinavia, the exercise of power needs more legitimization. Exhibit 18a shows the ranking of countries on their expectations of CSR from business (TCE) versus their power-distance scores (PDI). When expectations for CSR from business against the PDI was analyzed a negative relationship was observed -- low PDI countries tend to have higher corporate responsibility expectations and high PDI countries tend to have lower expectations of corporate responsibility ($r = -.547$, $p<.01$). A tentative conclusion is that in countries where inequality is less desirable and interdependence is nurtured (low PDI) the public tends to have high expectations of corporate responsibility (e.g., Denmark, Switzerland and Australia). On the other hand, in countries that tend to be more accepting toward power differences

Exhibit 18a:

Total corporate expectation (TCE) versus power distance index



Note: Total Corporate Expectations scores are means of the evaluations of the following statements:
Companies should provide assistance to the local communities in which they operate
Companies should be concerned about the personal well-being of their employees
Companies should not support initiatives that are unethical even if they are legal

Source: 2007 Global Pulse, Reputation Institute
Hofstede, G. (1983) The Cultural Relativity of Organizational Practices and Theories.
Journal of International Business Studies; Hofstede, Geert; Hofstede, Jan (2005).
Cultures and organizations: software of the mind (Revised and expanded 2nd ed.) New York: McGraw Hill.

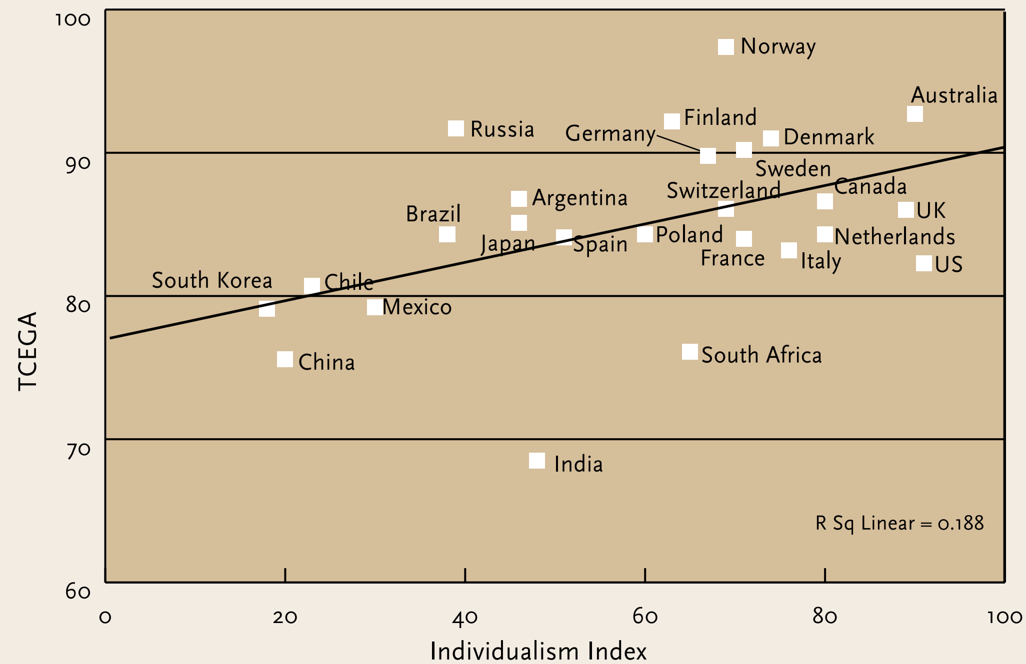
(high PDI), such as India, China and Mexico (and also France), the public tends to have low expectations of corporate responsibility.

Obviously, there is not a one-to-one match between rankings on these two dimensions around the world. But a strong correlation invites further thinking about how companies acquire and retain their "license to operate" in high versus low power distance countries and what distinctive role CSR might play in this.

A second cultural dimension that relates to expectations for CSR concerns societal preferences for individualism versus collectivism.

In individualistic societies the ties between individuals are loose (e.g., the United States, Australia and the United Kingdom). Thus relationships to institutions such as business are more distant and are individually mediated. In collectivist societies, by contrast, there are stronger communal bonds among people and institutions (e.g., South Korea, China and Chile). Interestingly, in this sample (see Exhibit 18b), countries that score highest on individualism have the highest expectations of CSR from business while more collectivist societies score lower on the TCE score ($r = .433$, $p < .05$).

Exhibit 18b:
Total corporate expectation (TCE) versus individualism-collectivism index



Note: Total Corporate Expectations scores are means of the evaluations of the following statements:
Companies should provide assistance to the local communities in which they operate
Companies should be concerned about the personal well-being of their employees
Companies should not support initiatives that are unethical even if they are legal

Source: 2007 Global Pulse, Reputation Institute
Katz, J. P., Swanson, D.L., and Nelson, L.K. (2001)
Culture-based Expectations of Corporated Citizenship: A Propositional Framework and Comparison of Four Cultures.
The International Journal of Organizational Analysis. Vol. 9 (20), pp 149-171

What might account for this? One idea is that in more individualistic societies people exercise their influence on corporations as consumer and environmental advocates and by seeking out more information about corporate conduct. This, in turn, translates into stronger expectations that business should attend to its responsibilities and improve its conduct. By contrast, in more collectivist societies, institutions such as the government might be expected to regulate business conduct. Moreover, there might also be the expectation that business, as part of the collective, simply would attend to its responsibilities.

These findings, tentative as they are, highlight how select cross-cultural constructs help to explain patterns of CSR around the world. Further research into these constructs is invited and encouraged so that all might better understand the linkage between corporate reputation and CSR globally, locally and across cultures.

Appendices

Appendix 1:

2008 Ratings (Means) of Citizenship, Governance, and Workplace Dimensions by Country

Country	Citizenship	Governance	Workplace	CSR Index
Argentina	53.6	56.0	58.3	56.0
Australia	54.0	54.4	55.5	54.6
Brazil	59.1	64.0	59.7	61.0
Canada	59.5	64.2	63.0	62.2
Chile	50.0	55.5	55.9	53.8
China	55.1	59.9	56.3	57.1
Denmark	63.2	60.1	61.3	61.5
Finland	57.6	62.9	59.2	59.9
France	60.2	62.6	59.7	60.8
Germany	59.3	61.9	57.1	59.4
Greece	54.9	58.9	59.6	57.8
India	63.1	67.3	63.6	64.7
Italy	61.3	63.6	60.3	61.7
Japan	61.6	64.0	61.0	62.2
Mexico	54.2	57.8	58.0	56.7
Netherlands	65.8	65.0	65.8	65.5
Norway	64.0	64.2	66.0	64.7
Poland	60.9	65.2	58.3	61.5
Portugal	60.2	67.1	60.6	62.6
Russia	61.9	63.8	59.5	61.7
South Africa	60.4	71.8	61.7	64.6
South Korea	59.3	57.6	61.7	59.5
Spain	55.6	58.6	57.6	57.3
Sweden	62.6	66.1	65.6	64.8
Switzerland	58.5	59.7	59.8	59.4
United Kingdom	56.5	58.3	62.0	58.9
USA	61.2	64.8	64.4	63.5
AVERAGE	59.0	62.0	60.4	60.5

Note: Ratings are a mean of company scores collected in each country.
All scores are globally adjusted. The CSR Index is a mean of the citizenship, governance and workplace dimension scores per country.

Appendix 2:

Importance (Driver Weights) of Citizenship, Governance, and Workplace Dimensions by Country

Country	Citizenship	Governance	Workplace	CSR Index
Argentina	14.3%	15.7%	14.4%	44.4%
Australia	15.0%	17.1%	12.9%	45.0%
Brazil	16.1%	13.9%	15.3%	45.3%
Canada	14.9%	16.5%	15.7%	47.1%
Chile	12.9%	18.1%	13.7%	44.7%
China	15.5%	13.9%	14.4%	43.8%
Denmark	20.0%	12.8%	16.6%	49.4%
Finland	21.8%	14.6%	18.9%	55.3%
France	18.6%	15.4%	15.6%	49.6%
Germany	15.1%	14.8%	13.7%	43.6%
Greece	15.9%	14.3%	13.9%	44.1%
India	15.3%	16.5%	12.4%	44.2%
Italy	13.5%	16.3%	13.0%	42.8%
Japan	16.7%	13.0%	14.4%	44.1%
Mexico	13.6%	16.1%	13.3%	43.0%
Netherlands	20.1%	12.7%	14.7%	47.5%
Norway	20.8%	12.8%	12.6%	46.2%
Poland	18.3%	13.4%	14.5%	46.2%
Portugal	18.7%	11.7%	17.0%	47.4%
Russia	18.5%	13.7%	10.8%	43.0%
South Africa	15.5%	14.5%	13.0%	43.0%
South Korea	15.7%	17.4%	14.3%	47.4%
Spain	13.5%	15.1%	12.8%	41.4%
Sweden	19.1%	13.5%	13.9%	46.5%
Switzerland	17.5%	13.9%	14.9%	46.3%
United Kingdom	14.7%	15.8%	13.7%	44.2%
United States	14.6%	16.4%	13.3%	44.3%
AVERAGE	16.3%	14.5%	14.6%	45.4%

Note: Weights are derived from the Driver Analysis (see Exhibit 1). Each weight represents unique contribution of given dimension to explaining companies' reputation. The CSR Index weight is a sum of weights for citizenship, governance and workplace dimensions.

APPENDIX 3

RI and BCC Report—Charts and Illustrations

Exhibit 1: 2008 Global Pulse Methodology

The Global Pulse 2008 is the third annual study of the reputations of the world's largest companies. The study was developed by the Reputation Institute to provide executives with a high-level overview of their company's reputation with consumers. More than 60,000 online interviews with consumers in 27 countries on six continents were conducted in February and early March 2008. More than 150,000 ratings were used to create reliable measures of the corporate reputation of more than 1,000 companies. Rated companies had to have significant consumer presence and be minimally familiar to the general public. All companies are measured in their home country only.

Companies selected for inclusion in the Global Pulse 2008 met the following criteria:

1. They were among the largest companies in their country of origin based on the most recent record of their total revenues.
2. They engaged in commercial activities and so were not purely investment trusts or holding companies.
3. They were not wholly-owned subsidiaries of another foreign company.
4. If they were large B-to-B companies, they were only included if they had reasonably high familiarity to the public.

Survey methodology. The Global Pulse 2008 was conducted online in all countries, except South Africa. The Global Pulse is a measure of corporate reputation calculated by averaging perceptions of 4 indicators of trust, esteem, admiration and good feeling obtained from a representative sample of at least 100 local respondents who were familiar with the company. All Global Pulse scores are standardized on both the country and global level. Scores range from a low of 0 to a high of 100. The Global Pulse 2008 questionnaire is a 10-minute online survey that invites respondents to describe their perceptions of companies. Through rigorous statistical analysis, Reputation Institute connects the Pulse dimensions with the Global Pulse scores as well as with a measure of overall public support, in order to identify the drivers of corporate reputation. Doing so enables companies to understand how the general public perceives the world's largest companies.

Measure standardization. Market research shows that people are inclined to rate companies more or less favorably in different countries, or when they are asked questions directly or online. When asked in a personal interview, for example, it's known that people tend to give a company higher ratings than when they are asked by phone, or when they are asked to answer questions about the company online. This is a well-established source of "systematic bias." Another source of systematic bias comes from national culture – in some countries, people are universally more positive in their responses than in other countries. In statistical terms, it means that the entire distribution of scores in a "positive" country is artificially "shifted" because of this propensity for people in that country to give higher ratings to all companies, good or bad. The distribution of scores in that country may also be more spread out than in another because people have more information and are able to make more subtle differences between companies.

To overcome these sources of systematic bias, Reputation Institute's policy is to adjust reputation scores by standardizing them against the aggregate distribution of all scores obtained from the RI's annual Global Pulse study. Standardization has the effect of lowering scores in countries where consumers tend to overrate companies, and has the effect of raising scores for companies in countries in which consumers tend to rate companies more negatively. The Reputation Institute uses its cumulative database of reputation scores measured internationally to carry out two adjustments:

1) Country adjustment: All scores derived from surveys are standardized by subtracting the country mean and dividing by the standard deviation of all known scores previously obtained in that country. In statistical terms, this adjustment "normalizes" the distribution of scores in the country to a mean of 0 and a standard deviation of 1, producing a "z-score" for the company.

2) Global adjustment: A global mean and standard deviation are calculated from all of the country-adjusted ratings. A Global Pulse score is scaled back by multiplying each company's z-score by the global standard deviation and adding back the global mean. The resulting number is the Global Pulse or Dimension score that is reported.

The 2008 Global Distribution of Reputations

The reputations of the largest companies in the world in 2008 range from a low of 17.44 (Northern Rock in the U.K.) to a high of 86.53 (Toyota in Japan). The global mean is 64.2 and the largest concentration of companies have a Global Pulse score between 60 and 70.

In interpreting results, note that all Global Pulse scores that differ by more than +/-0.5 are significantly different at the 95 percent confidence level.

Based on analyzing the global distribution of scores, Reputation Institute proposes the following benchmarks for benchmarking standardized corporate reputation results internationally:

Excellent/Top Tier	above 80
Strong/Robust	70 – 79
Average/Moderate	60 – 69
Weak/Vulnerable	40 – 59
Poor/Lowest Tier	below 40

Driver analysis

Reputation Institute uses Factor Adjusted Linear Regression to determine the drivers of reputation (dimension weights):

- Factor analysis is used to determine unique contributions of each attribute to variance in the Pulse measure
- Rotation is used to assign factors to attributes
- An orthogonal structure is used to maximize interpretation of the final set of regression coefficients

When it comes to reputation, CSR matters a great deal and offers companies a chance to use their CSR performance to differentiate themselves among stakeholders and drive reputational improvements around the world.

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