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**Corporate Citizenship  
and Reputational Value:  
The Marketing of Corporate Citizenship**

**The Hawke Institute, University of SA  
The National Heart Foundation of Australia**

**Research Report**



University of  
South Australia  
Magill, South Australia  
2000

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# **Corporate Citizenship and Reputational Value:**

## **The Marketing of Corporate Citizenship**

**Debra King**  
with **Alison Mackinnon**

Hawke Institute,  
University of South Australia  
Magill, South Australia

<http://www.unisa.edu.au/hawke/institute>

2000



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# Foreword

The Hawke Research Institute at the University of South Australia undertakes research and fosters debate on a wide range of issues concerning democratic participation in Australian and international settings. One of its central themes concerns the social, economic and cultural aspects of globalisation and its sustainability.

Within this context we are increasingly challenged to redefine links between government, business and civil society. Recent citizen protests against large global bodies such as the World Trade Organization and the World Economic Forum demonstrate very clearly that there is social unease about closed meetings between governments and business which appear to leave out the voices of civil society and non-government organisations. In a world where some corporations have budgets larger than the gross national product of some small countries the balance of responsibilities often appears to be shifting towards corporate rather than state power.

It is timely then to consider anew the social responsibilities of business. It will be increasingly expected to be accountable to an educated and media-wise public. The report looks beyond the needs of shareholders and executives to ask how members of the wider public see corporations and their reputations. It offers corporate leaders insights into the social responsibilities valued by a wider public. Further it offers a tool by which businesses can measure their reputational value through the eyes of several different groups of stakeholders.

We were delighted to be able to undertake this study in partnership with the National Heart Foundation of Australia.

Professor Alison Mackinnon, Project Director and Director, Hawke Institute

Dr Debra King, Principal Research Officer, Hawke Institute.

September 2000

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# Biographies

## **Dr Debra King**

In addition to her current research work focusing on corporate citizenship, Dr King has a background in community development during which time she worked with numerous community organisations to gain funding for various projects and causes. This combination has meant that she has developed an awareness of both the business and community perspectives on corporate citizenship. Her other research interests include globalisation, social change, work and organisations, volunteer work and emotion work.

Dr King has worked on several research projects both within academia and the community, and has skills in qualitative and quantitative data collection, analysis and reporting.

## **Professor Alison Mackinnon**

Professor Mackinnon is the Director of the Hawke Research Institute and has extensive experience in conducting and supervising research. She has a strong research track record in areas such as higher education and its impact on personal life, on demographic change, on changing relations between men and women, and women and information technology.

Professor Mackinnon has expertise in project management, qualitative and quantitative research and analysis, supervision of research to the highest academic and ethical standards, working in research teams and preparing publications.

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# Summary

## Overview

This research was designed as a twelve-month project. Instigated by Professor Alison Mackinnon of the Hawke Institute, University of South Australia and the National Heart Foundation of Australia, the aim was to examine whether reputation and reputational value could be legitimately used as a lever in increasing the take-up of corporate citizenship practices in Australia.

The results from the pilot study, a random survey of 2200 households and interviews with corporate citizenship advocates and reputation managers, indicate that the relationship between corporate citizenship, reputation and reputational value is both highly significant and causal. Notably, the research showed that between 69% and 77% of the changes in reputational value (measured by intentions to deal) could be explained by changes in perceptions of a corporation's reputation. Based on this data there can be no doubt that reputation will be a powerful lever for advocating better corporate citizenship.

In the process of conducting the research we addressed a variety of issues relating to the debates in Australia around corporate citizenship. It was necessary to define key terms, differentiate between the historical models, and examine the factors that were likely to be opportunities and constraints on increasing its take-up amongst Australian business.

## Defining Corporate Citizenship

*Corporate citizenship* is related to the **practices** involved in implementing a corporate culture based on the *corporate social responsibility* framework. This framework views business as embedded in society, proactively engaged with its stakeholders, and having a responsibility to attend to the social, economic and environmental sustainability of its operations. *Corporate community involvement* is a subset of corporate citizenship.

## Models of Corporate Citizenship

The *economic model* of corporate citizenship is focussed upon maximising the financial return to society through shareholder dividends, taxes and wages.

The *philanthropic model* of corporate citizenship is based on the view that voluntary social/community investment is an ethical responsibility, usually made at management's discretion.

The *strategic model* of corporate citizenship is based on the principles of sustainability and the triple bottom line (financial, social, environmental), in which a range of stakeholders are identified and consulted and where the ethics, values and commitments of the corporation are integral to its identity.

The research identified a trend towards the strategic model of corporate citizenship, even though the other two models were more widespread.

### **Opportunities for extending corporate citizenship**

- Community expectations and pressure for change.
- Global trends.
- Government policies.
- Enhancing corporate reputation.

### **Constraints on extending corporate citizenship**

- Traditional corporate cultures.
- Need for a common language.
- Lack of leadership.
- Confusing image with reputation.

### **Factors influencing reputation**

The research showed that the reputation of a corporation is significantly influenced by its corporate citizenship practices. However, reputation is also influenced by other factors, including:

- How a corporation is positioned in terms of its brands, industry group, geographical location, size, structure and market orientation.
- The perceptions held of a corporation's attributes.
- A corporation's relationship with its stakeholders.
- The extent to which a corporation is accountable and its claims can be verified regarding its social and environmental outcomes.

### **Marketing corporate citizenship**

The research resulted in the development of the Corporate Citizenship Scale which can be used as a tool for marketing corporate citizenship to the business community.

### **The Corporate Citizenship Scale**

The Corporate Citizenship Scale is comprised of four sub-scales of corporate citizenship: the community, workplace, management and environment. Using these sub-scales as a framework, forty corporate citizenship practices were identified and questions were constructed to measure the level of corporate citizenship expected by the community. Following rigorous analysis, and the elimination of just three items, the scale was shown to be a very coherent measure of corporate citizenship. This means that the scale can be replicated and used for either specific corporations or on different sample groups.

The Corporate Citizenship Scale can be used to:

- Provide benchmarks across a number of areas of corporate citizenship.
- Compare how different stakeholder groups perceive a corporation.
- Identify what particular stakeholder groups view as important, either generally or for a specific corporation.
- Provide the necessary information to facilitate a strategic implementation (by targetting or staggering) of a comprehensive corporate citizenship strategy.

Dr Debra King (Principal Research Officer, Hawke Institute)

Professor Alison Mackinnon (Project Director and Director, Hawke Institute)



University of  
South Australia



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# 1. Introduction

There is little doubt that corporate citizenship is on the agenda. Corporations are under scrutiny as a well-educated community, informed by an active media, becomes more aware of corporate misdemeanours in off-shore settings, of high executive salaries and of an apparently never-ending litany of takeovers, downsizings and redundancies. At the same time, and sometimes in response to this scrutiny, corporations are becoming increasingly anxious to develop and showcase 'good' corporate citizenship practices. Signs of this interest in corporate citizenship are everywhere. The Federal Government has launched its Community Business Partnerships project that advocates cause-related marketing strategies to entice corporations to recognise their responsibilities to the communities in which they operate. The business community is using the concepts of sustainability and strategic investment to explore its social, economic and environmental responsibilities. Management consultants are foreshadowing an emphasis on stakeholder relations and triple bottom line reporting in the businesses of the twenty-first century.

## 1.1 Background to the Project

When the Professor Alison Mackinnon of the Hawke Institute and the Marketing Director of the National Heart Foundation of Australia began to discuss the possibility of a research project, the main concern was finding ways to increase the take-up of good corporate citizenship practices in Australia. One of the means through which it was thought this could occur was using reputation as both a driver and a lever. Based on ideas drawn from the cause-related marketing literature, reputation was seen to have a value that was likely to be influenced by the level, and extent, to which a corporation was perceived to be a 'good' citizen. The aim of the research was to determine the relationship between corporate citizenship and reputational value. The hope was that:

*The research findings will develop an ethically based management model which provides the tools for education, implementation and leverage across a corporation, and which will also integrate good corporate citizenship into corporate practice as an articulated key value. (original submission)*

At the time, late 1998, there had been little research conducted in this area in the Australian context. Because of this, the scope of the study was originally very broad, encompassing the impact of changes in government policy; the influence of reputation on the value of a corporation's intangible assets; and the practicalities of institutionalising changes in organisational culture. However, as neither 'reputational value' nor 'corporate citizenship' were clearly defined, and the relationship between the two was usually discussed in anecdotal - and often selective - terms it was decided that a better strategy would be to confine the research to the core issue: examining the relationship between corporate citizenship and reputational value.

The core hypothesis that the research sought to test was:

*That adopting corporate citizenship practises influences the value of a corporation's reputation.*

From this, four research aims were developed:

- a) Examine the extent to which corporate citizenship influences stakeholder perceptions regarding the reputation of corporations.

- b) Examine the extent to which stakeholder perceptions regarding reputation influences stakeholder behaviour (taken as a key indicator of reputational value).
- c) Identify the attributes/factors that influence corporate reputation.
- d) Develop a mechanism for measuring/comparing corporate reputation.

Although the research took a different shape than that originally planned, the outcomes have been equally significant. In developing a Corporate Citizenship Scale, the NHF are in an ideal position to advocate the increased 'take-up' of corporate citizenship in Australia. In addition, the models of corporate citizenship and reputational value which were developed will enable the NHF to take leadership in this emerging area.

## 1.2 Using This Report

This report can be read in different ways depending on your interests. For those who would like an overview of the project from inception to end, the report can be read as a sequential discussion of the processes involved and the ideas that emerged out of the research. However, for those interested specifically in either corporate citizenship or reputation, chapters three and four can be read on their own or as part of the broader project. Anyone with a particular interest in the corporate citizenship survey might like to browse through chapter two and then move straight to chapter five.

While this chapter provides the background to the research, **chapter two** discusses the research process including the research tools that were used, the different types of data that were collated, the ways in which the data was analysed, and how the findings have been disseminated. **Chapter three** combines the academic literature and the research data to examine the concept of corporate citizenship: what it means, the different models and the issues around increasing its up-take. **Chapter four** has an emphasis on the other half of the project – reputation and reputational value. In this chapter, the competitive advantages relating to corporate citizenship are set in the broader context of corporate reputation. In **chapter five** the research instruments developed from this project are discussed in terms of their usefulness as management tools as well as providing information about their implementation.

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## 2. The Research Process

### 2.1 Mesa-Level Research

Research into corporate citizenship has traditionally focussed on business. Senior managers and directors have been surveyed, corporations exemplifying 'best practices' have been showcased, and the cost-benefits have been identified. However, this research provides a different perspective by:

- Adopting a *mesa-level approach to data collection and analysis*, which offers a complementary perspective to macro-level research that has concentrated on general attitudes toward corporate citizenship and micro-level research that has been more concerned with corporate citizenship within specific corporations.
- Focusing on the *perceptions of community members* toward corporate citizenship.

Community attitudes toward corporate behaviour and the relationship between business and society are widely regarded as influencing the development of responsible corporate citizenship practices (Peters 1999; Marsden and Andriof 1998; Khoury et al 1999; Wartick and Wood 1998; Nolan 1996). Within specific corporations, community members have been asked for their opinions on corporate performance, and sometimes involved in identifying the ways in which a corporation can address its social responsibilities (for example, see the annual reports of corporations such as Shell 2000; WMC 1999, Body Shop 1998). At a more general level, the community has been canvassed for its opinion on the generic performance of business and whether or not business as a whole should be more ethical, environmentally sustainable and socially responsible (Enviro-nics 1999). Research at both of these levels indicates that the community has a significant impact on corporate behaviour.

Whilst both of these levels of analyses are important in understanding the relationship between community expectations and corporate citizenship practices, there is another level that offers new insights into this relationship. Between the macro level of the community's attitude to the responsibilities of business in general, and the micro level of stakeholders' attitudes toward a specific corporation's citizenship practices, is a mesa level focusing upon the community's attitude to particular corporate citizenship practices.

Mesa-level research was undertaken for two reasons:

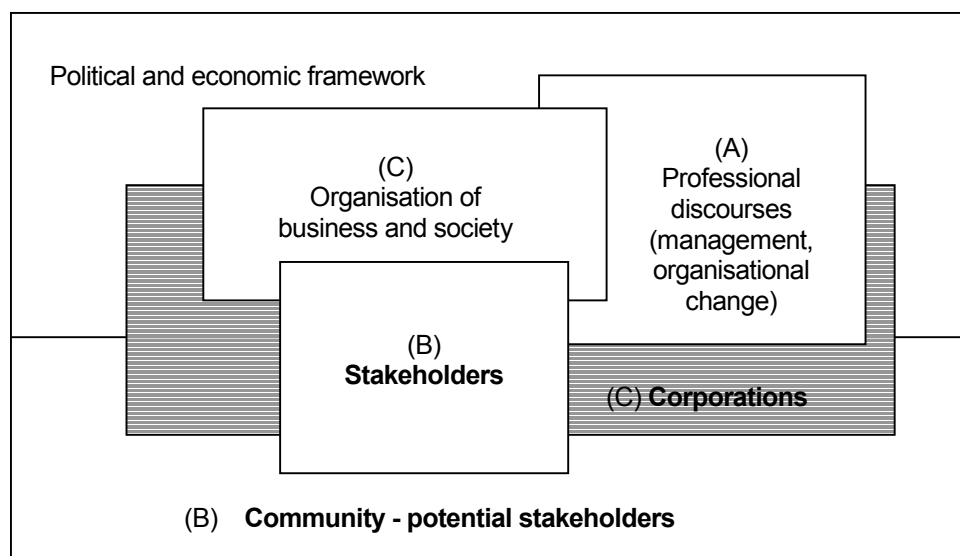
- One reason was the gap in knowledge about corporate citizenship created by a focus on the micro and macro levels. What we sought to establish in this project was whether the general community valued some aspects of corporate citizenship over others and, if so, whether these differences were associated with particular demographic or stakeholder groups.
- The other reason was that the mesa level appeared to be more relevant for producing information required for increasing the take-up of responsible corporate citizenship practices among corporations. In effect, our project sought to find an effective way to market corporate citizenship to corporations. This meant conceptualising the community as 'potential' stakeholders, who not only had an interest in corporate behaviour, but could also influence a corporation's reputation and success.

In effect, the research attempted to fill in some of the gaps between the macro level, which provides a generalised overview of the benefits of corporate citizenship, and the micro level, which provides information to corporations once they have already embarked on their corporate citizenship strategy. Our aim was to produce information that would be useful to corporations that had some knowledge about the benefits of corporate citizenship, but had not taken any steps to systematically incorporate corporate citizenship practices into the organisation.

## 2.2 An Embedded Model of Business and Society

The discussions of corporate citizenship and reputation tend to be centrally concerned with the relationship between business and society, in particular the relationship between a business and its stakeholders. In recent years, the notion of the corporate stakeholder has moved beyond a focus on shareholders and senior management to include employees, consumers, suppliers, trade partners, community members, non-government organisations, governments, and pressure groups. This shift toward a much greater sensitivity toward stakeholder perceptions of the corporation is reflected in the research by its focus on the community as potential stakeholders. In this way the relationship between stakeholders, corporations and society can be seen as embedded within each other (Diagram 2.1). As such it creates a framework for rigorously mapping the reputation and corporate citizenship debates.

The research took a 'bottom-up' approach to researching corporate citizenship. Prior to data collection the professional discourses (A) relating to corporate citizenship and reputation were analysed and this informed the questions that were asked in the survey. The survey was distributed to 2200 Australian households (B) and the preliminary analysis informed the interviews that were conducted with corporate citizenship advocates and reputation managers from (C). This included management consultants, peak body business and community organisations, corporations and non-government organisations.



**Diagram 2.1: Relationship between stakeholders, corporations and the community.**

## 2.3 Research Methodology

Primary data was collected from two sources, the survey and the interviews, resulting in both quantitative and qualitative data. Analysis of the survey was broken down into two categories: the survey of the corporate citizenship scale, and the pilot survey of corporate citizenship in Australia. The methods used in collecting, collating and analysing this data are discussed in this section.

### 2.3 (a) The Survey: The Corporate Citizenship Scale

Participants in the survey were asked their opinions about 40 corporate citizenship activities (Appendix A). These activities were grouped into four categories, some of which had sub-sets. The hierarchical relationships among the items are illustrated in Diagram 2.2. In the survey, however, the order in which the corporate citizenship activities were listed was randomly selected. For each activity, participants were asked two questions about a nonspecified corporation:

- To what extent would knowing about this aspect of corporate behaviour influence what you think about the corporation's reputation?
- To what extent would knowing about this aspect of corporate behaviour influence your decision to deal with (use products/services, invest in, work for) this business in the future?

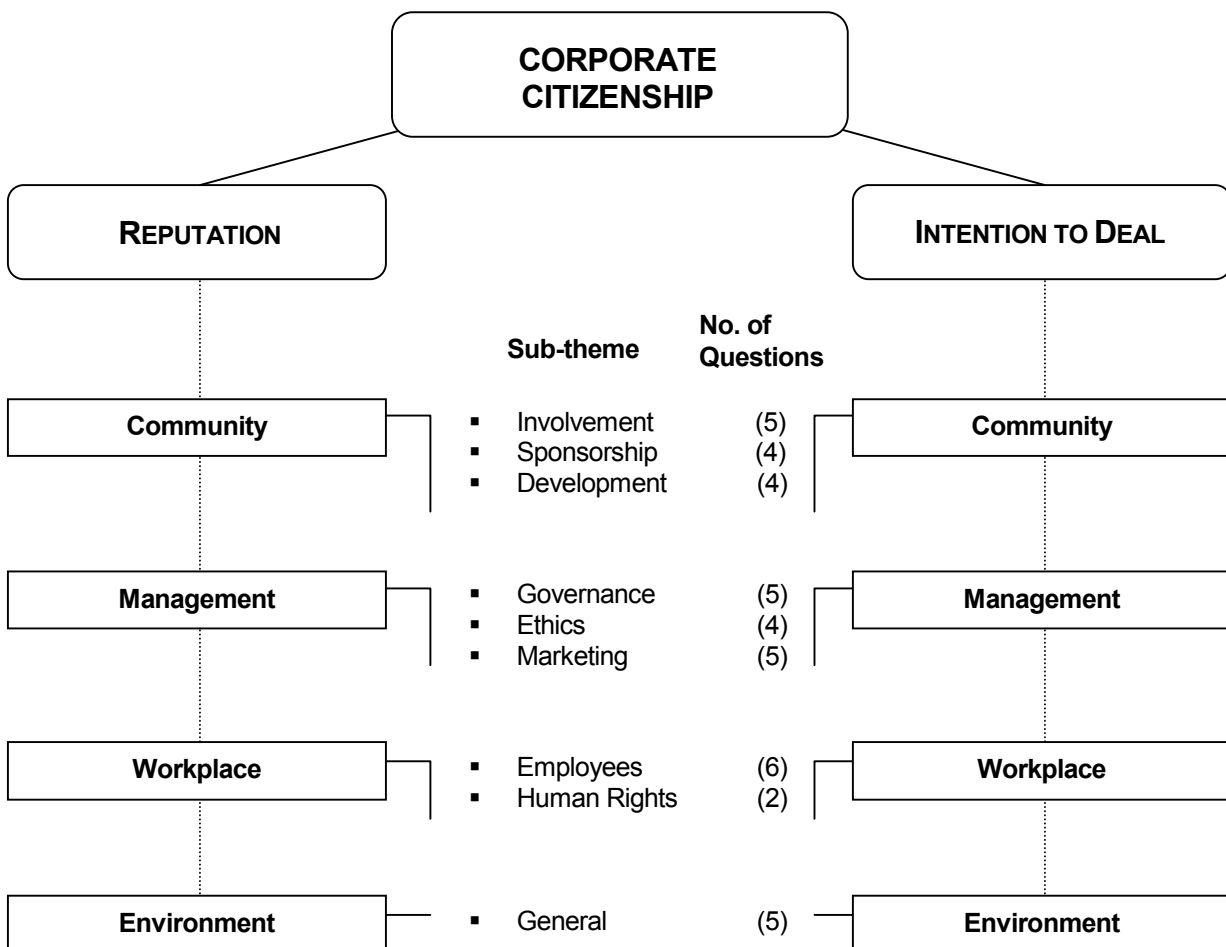


Diagram 2.2: The hierarchical relationships among the sub-scales of the corporate citizenship scale

A mail-out of 2200 surveys was sent to randomly selected households throughout Australia. Of these, 213 were returned unopened or undelivered.<sup>1</sup> A phone follow-up was conducted with an overall response from 279 participants, 7 of which were incomplete and not used. The response rate of useable surveys was therefore 13.7% of those delivered, which was considered reasonable given the unsolicited and specific nature of the survey.<sup>2</sup>

In addition to the questions relating to corporate citizenship, reputation and reputational value, the survey also sought basic demographic details and information relating to the participant's identification with stakeholder groups. Although the survey was sent to a national random group, the respondents differed from the national average in significant ways. It is reasonable to infer from these differences that a certain group of Australians have an interest in corporate citizenship. Compared to national figures compiled by the Australian Bureau of Statistics (1999; 2000), the survey respondents were better educated, more likely to be between the ages of 35 and 54, somewhat more likely to be female and have a slightly higher income (see Table 2.1).

<b>Demographic information</b>	<b>ABS national profile (%)</b>	<b>Survey respondents (%)</b>
<b>Gender</b>		
• Male	49.4	44.9
• Female	50.6	55.1
	100.0	100.0
<b>Age (years)</b>		
• 15-34	37.5	20.8
• 35-54	36.2	52.6
• 55+	26.3	26.6
	100.0	100.0
<b>Income (\$)</b>		
• Nil - 19,999	41.4	34.0
• 20,000 - 39,000	30.1	28.8
• 40,000 - 59,000	14.9	18.6
• 60,000 - 79,000	6.2	6.6
• Over 80,000	7.7	8.0
• No answer		4.0
	100.0	100.0
<b>Educational Attainment</b>		
• Secondary school (not completed)	46.6	17.9
• Secondary school (completed)	16.3	28.1
• TAFE or diploma	24.4	19.3
• Undergraduate degree	11.1	17.9
• Postgraduate degree	1.6	12.8
• No Answer		4.0
	100.0	100.0

**Table 2.1: Comparison of demographic profile of the Australian population and survey respondents**

<sup>1</sup> This was an unfortunate effect of taking the sample from the Australian Telephone Directory White Pages. Where the address did not contain a unit or house number the survey was returned stamped 'insufficiently addressed'.

<sup>2</sup> Nevertheless, this response rate is recognised as being low. Although piloted prior to distribution it is possible that the complexity of the survey, as well as it being totally unsolicited, were the main reasons for this low rate. It is therefore likely that those responding to the survey had an interest in either the subject matter (as was indicated by the comments they made on the surveys) or in filling out surveys.

Following the preliminary SPSS analysis to establish data integrity, frequencies, scale reliability, basic multiple regressions and an exploratory factor analysis, the data was further subjected to two more levels of analysis.<sup>3</sup> Quest was used to conduct a Rasch analysis of the validity and generalisability of the scale that was used, while PLS Path was used to implement a partial least squares approach to determine the relationships between the major variables. The findings from our research both reinforce trends delineated in previous studies, and extend knowledge regarding community perceptions of particular corporate citizenship activities.

### **2.3 (b) The Pilot Survey: Corporate Citizenship in Australia**

The pilot survey was comprised of the number of full surveys that were returned by mail (as opposed to the phone follow-up). Due to cost and time constraints, the phone follow-up was restricted to questions relating to the corporate citizenship scale which was viewed as the key information required. Nevertheless, 74 respondents provided data on the full survey and this provided a basis for the pilot survey. A basic descriptive analysis of the pilot survey was undertaken using SPSS and, although the results cannot be generalised, they point to interesting trends that may be worth further research at a later date. Many of these surveys also contained comments from respondents and these have been incorporated into the analysis.

Questions analysed as part of the pilot survey include:

- Examples of punishing and/or rewarding corporations for being socially responsible.
- The extent to which social and economic performance is important.
- Why corporations should extend their corporate citizenship programs.
- Examples of good and/or bad corporate citizens.
- The extent to which various stakeholders can influence corporate behaviour.
- The key attributes of corporate reputation.
- Which sources of information respondents rely on regarding corporate behaviour and reputation.

### **2.3 (c) The Interviews**

Confidential interviews were conducted with fourteen people identified as being either corporate citizenship advocates or reputation managers in Adelaide, Sydney and Melbourne. Each interview went for between sixty and ninety minutes, was taped with the interviewee's permission, and fully transcribed.

The interview schedules are listed in Appendix B. Questions focused on delineating the participants' understanding of corporate citizenship and reputation; canvassing opinions on the 'state of play' of corporate citizenship in Australia; and discussing the relationship between corporate citizenship and reputation.

Once transcribed, the interviews were coded and analysed using NUD\*IST, a qualitative data analysis software program. Several key themes were identified in relation to the project and these are discussed in a later section in the report.

## **2.4 Dissemination of Findings**

The public dissemination of the findings from the research has occurred in three ways: the publication of articles, the presentation of data at seminars and conferences, and through establishing institutional links with interested parties. The research findings were launched in Adelaide on November 1, 2000, and a research report has been made available to participants in the research and other interested parties.

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<sup>3</sup> We would like to gratefully acknowledge the generous assistance provided by David Curtis, whose expertise was especially useful in the data analysis stage.

### **Articles published:**

King, D. & Mackinnon, A. (submitted). 'Who Cares? Community Perceptions in the Marketing of Corporate Citizenship', *Corporate Citizenship Journal*, Vol 1/2.

King, D. S. (2000). *Stakeholders and Spin Doctors: The Politicisation of Corporate Reputation*, Hawke Institute working Paper, No 5, Magill, SA: Hawke Institute, Uni of South Australia.

King, D. (2000) 'The Social Responsibilities of Business: Who Cares?', *Hawke Centre Update*, No 4, August, University of South Australia.

In addition to the above articles, the following will be written before the project's completion:

- An article for release in the business media to coincide with the launch of the findings in October.
- A brief publication covering the highlights from the project for distribution to corporations and people participating in the seminars in October.

### **Presentations at Seminars and Conferences:**

Debra King made the following presentations:

2000. 'What Have They Got To Lose? Reputation, Identity and the Challenge of Corporate Citizenship', at the *Questions of Identity Seminar Series*, Hawke Institute, University of South Australia, June.

2000. 'Corporate Citizenship: What's In It For Us?', at the *Sociology Seminar Series*, Flinders University S.A., June.

1999. 'Spin Doctors and Stakeholders: Corporate Reputations Contested', at *The Australian Sociology Association Annual National Conference*, Monash University, December.

1999. 'Can Corporations Change Their Spots?' at the *Work in the Balance, Issues for the Future Workshop*, Hawke Institute, University of South Australia, December.

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## 3. Corporate Citizenship

It is not difficult to find examples of good and bad corporate citizenship. Respondents in the pilot survey routinely filled the space allowed with names of corporations and the reasons for such judgement. What is much more difficult is defining corporate citizenship and finding a common language with which to articulate the vision of business and society with which it is associated. Drawing on the interviews, pilot survey and the literature the issues surrounding corporate citizenship and corporate citizenship advocacy are discussed below.

### 3.1 Finding a Common Language

*One of the problems we've got in Australia is there's a mix up in the language that we're all speaking - corporate citizenship, corporate social responsibility ... (we need) to find a common language that will define this because with some people you mention corporate social responsibility or whatever and they think, 'is this all a socialist plot?'* (RM11)<sup>4</sup>

Theories of corporate social responsibility, corporate citizenship, the triple bottom line and stakeholder companies have come to Australia via America and Europe, where the debates and interest in this area are more clearly articulated. Consequently there are a plethora of definitions, with terms used interchangeably and without any recognition of their history or specificity. There is, then, already a sense that a common language is emerging. People readily recognise the terms associated with this paradigm of business practice and this provides the basis for developing an Australian language relating to the social responsibilities of business.

While the research focus was on corporate citizenship, it soon became clear that this was not easy to separate from the notions of corporate social responsibility and corporate community involvement. However, delineating between these three terms is necessary in order to articulate what corporate citizenship is and how corporations might become good citizens.

#### 3.1 (a) The Interviewees' Perspective

Participants in the research identified several key features of corporate citizenship:

- It is related to corporate social responsibilities.
  - *understanding that what you're doing is impacting upon people who work for you and around you, the environment, the community, the society* (CCA 7)
  - *corporate citizenship is the process by which a company demonstrates that it has another agenda as well as the bottom line profit.* (CCA 8)
- It requires a proactive position.
  - *it is a positive commitment, aimed at preventing socially irresponsible outcomes.* (CCA 6)

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<sup>4</sup> Quotations from interviews are identified by the group of interviewees: CCA (corporate citizenship advocate) or RM (reputation manager), and the interview number.

- *to be a good citizen, I think, always has that leadership capacity within it. (CCA 4)*
- It is centrally concerned with the practices of corporations.
  - *how companies behave with their stakeholders ... what they actually do, not what they say they're going to do, but how they treat everybody on a day to day basis and what are their actions. (RM 13)*
  - *I see corporate citizenship as a totality of behaviours and attitudes and practices of the organisation, as a sort of interconnected whole. (CCA 4)*
- It views corporations as being embedded in the community.
  - *It's ultimately how you're viewed by the community and how you view yourselves. You've got to be comfortable with yourself as a company and the community has to be comfortable with the company. If you get that right then I think you're a good corporate citizen. (RM 14)*
  - *I don't talk about corporate citizenship as philanthropy and things like that. I talk about it as shaping a society and how you do that with the various players, business players being one of them, corporate citizens being one of the citizens. (CCA 5)*
- But it is different to just community involvement.
  - *I don't talk about corporate citizenship as philanthropy and things like that by and large. (CCA 5)*
  - *I'm familiar with what other people do in that area, but as a company response we're looking at our philanthropic activities as a bit of a discreet subset of community relations. (RM 10)*

Using these principles and drawing upon the literature already developed in this area, it is possible to delineate between the different terms in a way that has meaning in the Australian context.

### **3.1 (b) Defining key terms:**

**Corporate social responsibilities:** relates to the **THEORETICAL AND ETHICAL** framework underpinning a view of business as embedded in society, proactively engaged with its stakeholders, and having a responsibility to attend to the social, economic and environmental sustainability of its operations (Khoury et al 1999).

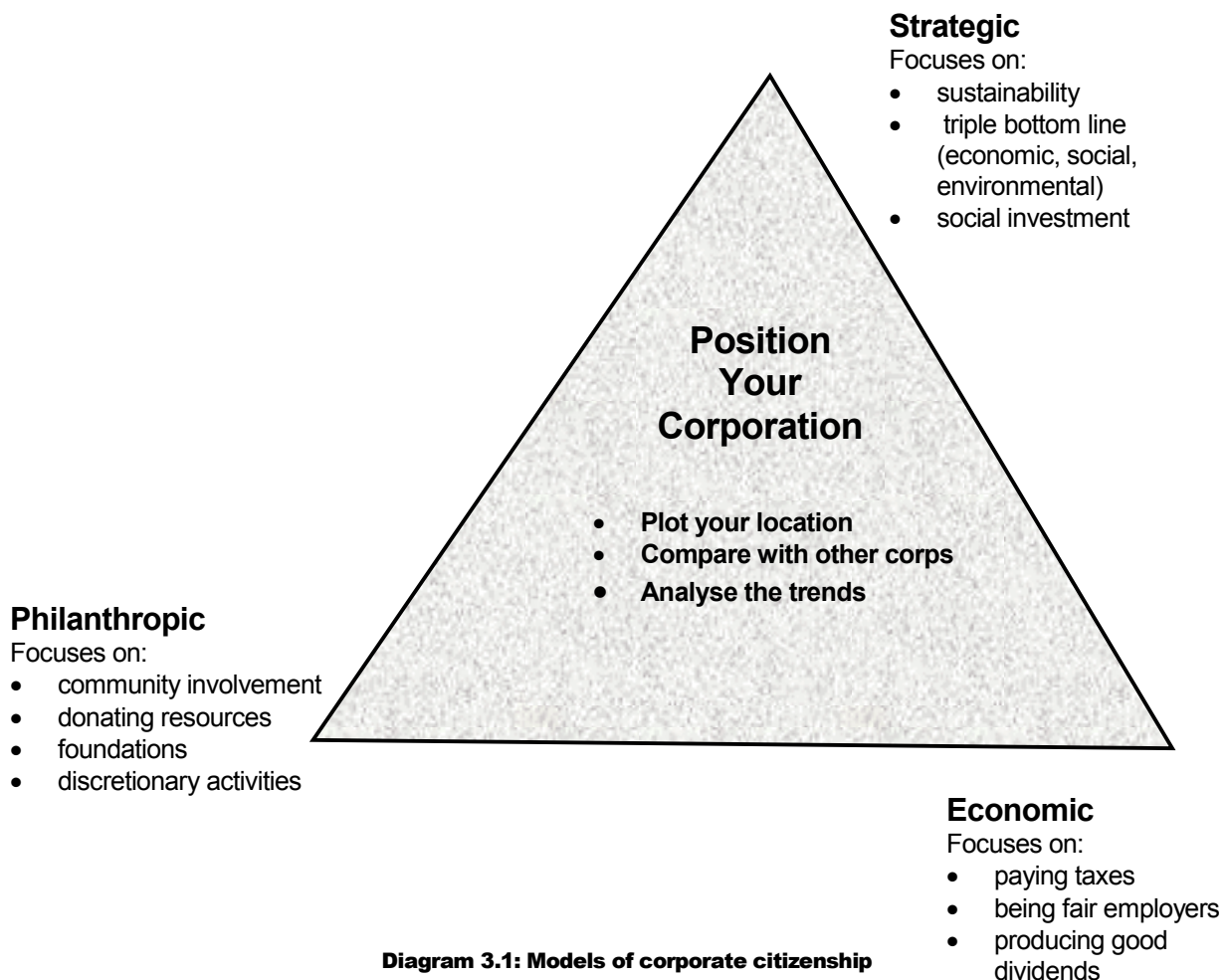
**Corporate citizenship:** relates to the **PRACTICES** involved in implementing a corporate culture based on the corporate social responsibility framework (Maignan et al 1999). The notion of citizenship implies that a corporation has both rights and responsibilities to the community in which it operates.

**Corporate community involvement:** is a **SUBSET OF CORPORATE CITIZENSHIP** relating to the contributions made (voluntarily) by a corporation to the community. Such contributions might include charitable donations, community investment or commercial initiatives such as partnerships and cause-related marketing (CCPA 2000: 77).

## 3.2 Models of Corporate Citizenship

Defining corporate citizenship was a necessary first step before examining the different models being used by the interviewees and in the literature. To some extent, however, the difficulty in defining corporate citizenship arose precisely because of the existence of more than one model. Three models were identified as relevant to this project: economic, philanthropic and strategic. Of these, it was clear that the participants in this research viewed the strategic model as the 'ideal' model of corporate citizenship, with the philanthropic model being too focused on community involvement, and the economic model overemphasising the importance of financial responsibilities. Although these models can be discussed in an historical context in which there is a trend for the economic model to be displaced by the philanthropic, and the philanthropic model to be replaced by the strategic, in reality all three models coexist in today's business community. Rather than view the relationship between the models as linear, however, it is more practical to conceptualise it as a triangle. In this way corporations can be charted and compared, and overall trends can be illustrated.

In practice there are numerous forms of corporate citizenship. However, three basic models can be identified, based on the positioning of corporations in relation to the core corporate citizenship principles to which they adhere: economic, philanthropic or strategic (Diagram 3.1). Each of the three models relates to a different role for business in society; a particular kind of relationship between a corporation and its stakeholders; and a different view of the scope of a corporation's responsibilities.



**Diagram 3.1: Models of corporate citizenship**

### **3.2 (a) The Economic Model**

The economic model of corporate citizenship adheres to the principle that good corporate citizenship is related to maximising the financial return to society through shareholder dividends, taxes and wages. Milton Friedman, the oft-quoted proponent of this view of citizenship, argues that the only social responsibility of business is to make a profit (1970). It is this form of citizenship that most closely relates to neo-classical economic theory with its principles of profit maximisation, liberal individualism and the 'trickle-down' effect. A change to the organisational culture of many corporations has meant that this type of corporate citizenship is likely to become redundant. Throughout the last twenty years corporations have implemented a radical program of downsizing and tax minimisation, leaving only shareholder dividends to reflect their level of citizenship. It is doubtful that this will be sufficient to make the community to feel as though corporations are fulfilling their social responsibilities. Although undoubtedly dominant within Australian corporations throughout the recent era of economic rationalism and deregulation, there are signs that some corporations are recognising the limitations of a view of business that sets itself apart from the rest of society.

### **3.2 (b) The Philanthropic Model**

While both the philanthropic and strategic models of corporate citizenship locate business within society they do so quite differently. The philanthropic model is based on the view that social/community investment is not only the ethical way to conduct business, but it is good for business. This is the model being promoted by the Federal Government in its policies relating to social coalitions and community partnerships. Other OECD countries also have 'percent clubs' whereby corporations donate a certain percentage of their pre-tax profits to meet community needs. There is a range of strategies associated with this model including sponsorship, donations, employee volunteer programs, cause-related marketing and foundations. While the model raises a number of questions relating to the changing role of government, the impact on non-profit organisations and the provision of welfare services, there is no doubt that a number of corporations adhere to this model of corporate citizenship.

In Australia, the extent of philanthropy and corporate community involvement has been the subject of several recent reports (Lyons 1998; ABS 1999; Encel 1999; CCPA 2000). While it was common for these authors to comment on the difficulty associated with making reliable estimates, evidence suggests that many corporations are investing in the community and community organisations in a range of ways. While sponsorship was by far the most popular form of community involvement, research indicates that more strategic partnerships are likely to emerge in the future. A survey conducted by the CCPA (Centre for Corporate Public Affairs) and the Business Council of Australia found that the 'ideal view' of community involvement held by CEOs involves an increase in the areas of employee involvement and dialogue with the community and community partnerships (2000: 45). If this occurs, it would be a significant shift from the philanthropic to the strategic notion of corporate citizenship.

### **3.2 (c) The Strategic Model**

Of the three models, it is the strategic form of corporate citizenship that offers the most promise for any substantial change in corporate culture. This model is based on the principles of sustainability (Dunphy & Griffiths 1998) and the triple bottom line (Elkington 1997): financial, social and environmental. Within this model, business is viewed as being given the privilege of a 'licence to operate' by society and 'should respond to constituencies beyond its market-based partners, fulfilling a corporate social responsibility' (Doig 1999:1). Amongst those advocating the strategic model as being the future of corporate citizenship (Dunphy & Griffiths 1998; Tomer 1999), there are a number of common themes:

- The development and management of collaborative and mutually beneficial relationships with key stakeholders.
- The creation and integration of a strong corporate identity which signifies the ethics, values and commitments of the corporation.
- A commitment to act as a responsible citizen and be accountable to the wider community.
- Ensuring that CEO and corporate performance is measured in terms of social, environmental and financial objectives.

While there are few corporations that comply fully with this model of corporate citizenship, their numbers appear to be increasing. Shell, BP and Rio Tinto are three of the larger ones prepared to take leadership in this area. The extent to which stakeholders influenced this course of action amongst these corporations is largely undocumented (but see Shell 15-3-99; 22-3-99; 20-4-99). However, each of these companies has been under pressure from the community to change their corporate behaviour (Marsden & Andriof 1998). One of the difficulties of this model is in getting corporations to adopt it on a long-term and substantial basis, to the extent that its positive benefits will not be overridden by the pressures of the international financial market (Korten 1995).

### **3.3 Extending Corporate Citizenship**

In both the pilot survey and the interviews, participants were asked questions about extending corporate citizenship. The pilot survey asked what community members thought should be the basis for extending corporate citizenship, while interviewees were asked to discuss the opportunities and constraints that corporations faced in extending their corporate citizenship programs. Issues identified as necessary for extending corporate citizenship include:

- The need for corporations to take social, ethical and environmental responsibility for their behaviour.
- The lack of leadership in pursuing and advocating corporate citizenship in the business community.
- The timing of implementing any agenda requiring substantial organisational change.
- The role of government in pursuing particular policy directions.
- The use of reputation as a lever.

#### **3.3 (a) Rationales for Expanding Corporate Citizenship**

##### **A proactive rationale: the community perspective**

From the pilot survey it was evident that the community perceived corporate environmental and social responsibilities as the main reasons for extending corporate citizenship. This feeds directly into our definition of corporate citizenship as the practices associated with the ethical framework of corporate social responsibility. In prioritising these types of reasons, it is apparent that the community is seeking a proactive role for corporations in expanding corporate citizenship.

Reasons relating to reputation fell into the middle of the range, with 'developing a reputation as an ethical organisation' being ranked at number three, while 'improving a

corporation's image' was ranked at number five. While financial reasons for extending corporate citizenship were ranked at the lower end of the scale, the community did see that there was a legitimate reason for extending the role of business in society. This extension however, was obviously not justified by financial reasons alone.

Table 3.1 ranks the reasons for extending corporate citizenship based on the number of responses falling into the 'very important' category. Respondents were asked to rank their reasons with '1' being the most important. It should be noted that some respondents ranked all of the reasons from 1-12, while others ranked only those that they felt were important. The responses were then coded to accommodate these differences and ensure that 'missing' data did not skew scores. The codes became: 1,2,3 = very important; 4,5,6 = important; 7,8,9 = low importance; and 10,11,12 = not important. Of the 74 respondents to the pilot survey, 6 did not record any answer to this question, making the number of responses 68.

Table 3.1 provides the numerical and percentage scores for the 'very important' category for each reason

Reason:	RATED VERY IMPORTANT		
	Rank	%	N=68
To ensure that the corporation operates in an environmentally sustainable way	1	60.8	45
To take responsibility for any social consequences that doing business creates	2	52.7	39
To become recognised as an ethical organisation	3	45.9	34
To pursue social justice objectives	4	32.4	24
To extend the role of business in society	5	18.9	14
To improve the corporation's image	5	18.9	14
To retain high quality employees	6	12.2	9
To increase the corporation's long-term profits	7	9.5	7
To increase the corporation's short-term profits	8	1.4	1
To limit the role of government in society	8	1.4	1
No reason, corporate citizenship should not be extended	9	0	0

**Table 3.1: Ranking of reasons for extending corporate citizenship: summary**

Table 3.2 provides a more extensive description of the reasons for extending corporate citizenship by including the frequencies for each level of importance. In effect, Table 3.2 merely reinforces the interpretation of the data in Table 3.1.

Reason:	COMMUNITY RESPONSE (N = 68)			
	Very Important	Important	Low Importance	Not Important
To ensure that the corporation operates in an environmentally sustainable way	45	6	1	1
To take responsibility for any social consequences that doing business creates	39	10	2	0
To become recognised as an ethical organisation	34	12	1	1
To pursue social justice objectives	24	9	7	0
To extend the role of business in society	14	11	4	0
To improve the corporation's image	14	4	4	0
To retain high quality employees	9	15	2	0
To increase the corporation's long-term profits	7	8	8	0
To increase the corporation's short-term profits	1	4	5	3
To limit the role of government in society	1	3	3	2
No reason, corporate citizenship should not be extended	0	0	1	4

**Table 3.2: Reasons for extending corporate citizenship: frequencies**

The community responses to the question of extending corporate citizenship relate closely to those given in the interviews. However, the interviews placed more emphasis on the impact of the community itself, as well as the pressure from government policies and global trends toward recognising corporate social responsibility.

### **A reactive rationale: the interviewees' perspective**

While the community perspective on expanding corporate citizenship prioritised a proactive role for business in taking responsibility for corporate behaviour, the interviewees believed that any expansion would be more likely to be reactive. In particular, it was felt that corporate change was most likely to occur as a result of:

#### **Global trends**

- Australian business is becoming more global in its outlook thereby needing to meet the standards set by global corporations.
  - *I think it's the overseas experience that is now informing what we're doing and certainly in Britain I think they're further advanced than we are... (CCA 6).*
  - *It [corporate citizenship] does exist more forcefully in America, or overseas, and some of the Australian companies are becoming international players, or they're*

*getting large enough to be seen to be sizeable enough to want an international reputation. (RM 3)*

### **Community pressure**

- Community pressure is challenging corporations' mandate to operate and their reputation. This is an argument also put forward by Peters (1999) in his book *Waltzing with the Raptors*, as justification for paying more attention to reputation management.
  - *People are recognising that companies do have responsibilities that are beyond just the financial responsibilities ...[and] ... you've got other elements – the rise of strong pressure groups, your Greenpeace and those organisations, who have the ability to communicate across the globe simultaneously at a very cheap rate. So if a company does something bad in Colombia they get found out in Australia within minutes, or the next day. So there's an ability for large groups of people around the world to get together quite quickly and put pressure on companies. (CCA 7)*

### **Government policies**

- The change in government policies toward requiring corporations to consider and assist in resourcing community needs. In Australia, the Prime Minister's Community Business Partnerships has stimulated the debate around corporate citizenship, although there was some ambivalence regarding the politicisation of the issue.
  - *It's on the agenda because the Prime Minister has talked about it in a number of speeches ... he has talked about mutual responsibility in terms of businesses providing something; if they are producing something or taking things from the community in terms of resources they must actually give something back – there's a sense of reciprocity. (CCA 1)*
  - *I think that the Prime Minister's Community and Business Partnership initiative is a positive step in the right direction and is showing Australian Business some leadership. However I suspect that it is considered too political by some, particularly when you consider that organisations such as the Prince of Wales Business Leaders Forum and Business in the Community in the UK are strictly non political. These organisations have both achieved significant credibility not only in the UK but also around the world. (CCA 8)*

### **Reputation**

- Perhaps not surprisingly, given the framework within which the interviews were conducted, the issue of reputation was also recognised as being very important, with both CCA and RM interviewees indicating that this was much more likely to drive the expansion of corporate citizenship than the respondents in the pilot survey implied.
  - *As things become more and more competitive and people become more and more skilful there's not much differentiation in the marketplace between companies ... and the element that differentiates many companies is reputation ... a company's greatest asset now is its reputation and there's a clear recognition that reputation and corporate citizenship go hand in hand. (CCA 7)*

The issue of reputation is central to the research. It will be briefly taken up again later in this chapter and it forms the main focus of the following chapter.

### 3.3 (b) The Constraints on Expanding Corporate Citizenship

While the interviewees were generally optimistic in viewing corporate citizenship as something that was likely to expand in Australia, they also acknowledged that there were factors that could constrain its take-up. The arguments in this area had a common thread, which was the historical framework within which business-community-government relations have been constructed. This framework includes having:

- Little history of widespread corporate philanthropy or social investment; instead the government has been a major player in delivering community and social welfare programs.
- Relatively strong unions which have advocated worker's rights.
- A reasonably successful environmental movement in terms of mainstreaming many environmental issues.
- A broad base of relatively acquiescent shareholders regarding issues of corporate governance.

As a result of this history, Australia has particular issues to confront in expanding corporate citizenship. In this section these constraints are discussed in relation to what needs to be addressed in any proposals for increasing the take-up of corporate citizenship in Australia.

#### Traditional corporate cultures

- The most often cited constraint focused around the tendency for Australian businesses to be focused on profits and financial responsibilities over and above any responsibilities regarding society or the environment. This focus was sometimes attributed to ignorance or unfamiliarity with an alternative, which points to the need for a more public and vigorous debate about corporate citizenship:
  - *I think there's a reluctance by business to accept the fact that it can embrace this issue and become an even better company. There's still a very strong sense here in Australia that the bottom line is the only thing that matters. (CCA 8)*
- Sometimes, however, the interviewees identified a reluctance by corporations to expand their area of responsibility into what was perceived as being community or government issues. As mentioned above, Australia has a history of state provided welfare and there has been some confusion about the extent to which government is trying to roll back its own involvement at the expense of business. In dealing with this issue, there is a need for government to clarify its intentions and this is more likely to occur now that the Community Business Partnership program is formally underway with its own CEO and secretariat. On the other hand there is a need to delineate between the social responsibilities of business and those of the state, and this is an area that can begin to be addressed through corporate citizenship advocacy.
  - *We always have some processes there to support people who fall through the safety net in terms of housing, services and employment ... so business, I think, say 'Why should we contribute to the welfare of our community when we know that there is a government safety net there?' (CCA 1)*
- Other interviewees recognised that even when corporations did see the value in corporate citizenship there were problems in implementing a comprehensive strategy due to timing, priorities or simply knowing where to start. Advocates of corporate citizenship will therefore need to consider developing a range of strategies to assist managers in implementing corporate citizenship practices.

- *If you're a harassed manager you've got a long list of things you've got to think about. You've got to think about the continuous improvement of this and the total quality of that ... the idea of environmental and social responsibility or triple bottom line reporting, hasn't made it onto many people's lists yet as being one of the standard things you need to do when you're operating in business. (CCA9)*

### **Need for a common language**

- This issue was discussed earlier in this chapter where the definitions of some of the key terms relating to corporate social responsibilities and corporate citizenship were delineated.

### **Lack of leadership**

- Unlike other countries where corporate citizenship has had a comparatively faster take-off, Australia has no central body responsible for taking leadership in promoting, advocating and stimulating corporate citizenship. For example, Canada has the Canadian Centre for Business in the Community, England has the Prince of Wales Forum, and the United States has Business for Social Responsibility. Each of these have boards comprised of senior managers of interested corporations and they have a range of activities including research, education, promotion and modelling corporate citizenship. In Australia, the Business Council of Australia (BCA) has just begun to enter the debate around corporate social responsibilities (BCA 1999), with organisations such as the Myer Foundation and the St James Ethics Centre also beginning to recognise the need for corporate leadership in the area (Cazalet 2000). There is no doubt that forming a leadership body would stimulate the take-up of corporate citizenship. As one CCA interviewee argues:
  - *I'm trying to push for a corporate business for social responsibility membership organisation because I think that's an important thing that Australia needs ... we haven't got a business focused commitment to this [corporate citizenship]. There are people in various businesses that have an interest, but there's not actually anything that links them. And there really aren't any business leaders that are championing this at the moment and we need that. At the moment a number of businesses go like, 'Yeh, corporatate citizenship, but its something for the Body Shop.' Its like its niche player stuff. (CCA 7)*
- Becoming a leader in the area of corporate citizenship however, was recognised as carrying some risks, particularly in light of Australia's penchant for bringing down its 'tall poppies'. Despite this, the benefits of taking leadership were clear: it is an ideal opportunity for corporations to improve their reputation.
  - *A key issue is how do we engage business leadership? When you really think about it, why would we be interested in corporate social responsibility? At the heart of it is business reputation and that impacts in two ways. It impacts a) at an institutional level in terms of influencing public policy debates, and b) at a corporation level it impacts in terms of the people that you can attract to work in your organisations, investor returns, consumer markets etc. ... And you can see from that the potential for leadership, and there's only one way but up because I think that people want to think that business is doing something to make the world better at the end of the day. (RM 11)*

### **Confusing image with reputation**

- There was some concern expressed by interviewees that corporate citizenship might become a public relations strategy rather than be associated with any commitment to social and environmental responsibilities. In promoting corporate citizenship as having reputational benefits it is therefore important to differentiate between image and reputation. Using corporate citizenship as a PR strategy is

likely to result in widespread community cynicism towards a corporation, the industry within which it is located, and business generally. Linked to this issue are the concepts of trust and social capital, both of which can be increased with a comprehensive corporate citizenship strategy but, conversely, can be significantly undermined with a 'propaganda' approach to corporate citizenship take-up. This issue is of particular concern to advocates of corporate citizenship as they feel that an opportunity for improving the relationship between business and society will be lost if this becomes the dominant approach. As one CCA interviewee stated, corporate citizenship will fail to meet its potential if there is:

- *a failure to understand it. Fundamentally seeing it as a new way of portraying yourself rather than a new way of behaving ... I think corporate citizenship and corporate social responsibility needs a personal buy-in from people. It has to come from the head and heart rather than somebody coming in and saying, 'This is the way to sell your business this week.'* (CCA 7)

This issue is also discussed in the next chapter, in the section on Reputation Management.

### **3.4 Conclusion**

Developing a strategy for increasing the take-up of corporate citizenship is a central objective of this project. Before such a strategy could be developed, however, it has been necessary to examine what corporate citizenship means in an Australian context in terms of its historical legacy and definition. From the interviews, pilot survey and literature review, it has been possible to (a) differentiate between the three models of corporate citizenship currently being used in Australia and (b), in advocating for the take-up of the the strategic model, identify the various rationales being used to justify the expansion of and the limitations on further progression toward this model.

As was highlighted in this discussion, reputation was perceived to be a valuable lever – and driver – in advocating the take-up of corporate citizenship. The next chapter provides a more detailed examination of reputation as it relates to corporate citizenship.

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## 4. Reputation and Reputational Value

- *Corporate reputation is important in terms of the debates you are invited to be part of. It determines the legitimacy you have in the community. But corporate reputation at another level determines how successfully you can sell your products, the sort of people you can attract to your organisation, whether or not you get an operating license to go and develop a resource somewhere. (RM 11)*

### 4.1 Competitive Advantage

A good reputation is important to corporations because it provides them with a competitive advantage and, ultimately, benefits to their financial bottom line. Over the past decade corporate reputation has increasingly been an issue of discussion amongst academics (Landon & Smith 1998; Russo & Fouts 1997; Caruana 1996; Fombrun 1996), in market research (PricewaterhouseCoopers 1999a, 1999b; Burson-Marsteller 1998; Conference Board 1998; Council on Foundations 1996), and in the popular management literature (Peters 1999; *Fortune*; *Business Review Weekly*). With the rapid expansion of global markets, the highly competitive nature of global capitalism, the growing importance of brand recognition and brand association, and the development of consumer societies that are both politically aware and sensitive to corporate irresponsibility, corporate reputation has emerged as a much more volatile asset than its predecessor, goodwill. As one interviewee stated:

- *An organisation is going to realise the competitive edge in advertising themselves as someone who has ethical trade ... in guaranteeing to their consumers that there isn't sweat shop labour being used! Because I suspect that a lot of them are pretty frightened that if the public actually knew what kind of labour was involved in their products they would be in crisis mode to try and work out how to counter that public perception. (CCA 7)*

Although much of the literature and research has, so far, been conducted in America and Europe, Australian perspectives are beginning to develop. Indeed, it appears that corporations operating in Australia may have to be particularly adept at managing their reputations. For example, a recent poll of 25,000 people across 23 countries, conducted under the auspices of an international committee, indicated that Australians 'had the greatest expectations for companies to set higher ethical standards and help create a better society' (Hale 5-11-99). Of the Australian sample, 51% were actively punishing (through product avoidance or 'bad-mouthing') companies not seen as socially responsible, with another 16% considering taking action. It seems, then, that there is a real incentive for corporations to take their reputations seriously. If nothing else, it provides corporations with a competitive advantage and subsequent financial benefits. According to the management literature, the full extent of the benefits from trading on a good reputation includes obtaining higher prices for products; paying lower prices for purchases; attracting and retaining high quality employees; having more stable revenues; experiencing greater loyalty from consumers; facing fewer risks of crisis; and being allowed greater 'latitude to act' by stakeholders (Fombrun 1996: 73; Burson-Marsteller 1998: 3).

Competitive advantage is the link between reputation and reputational value. It is what makes having a good reputation worthwhile – not only in status terms, but also in financial outcomes. This research sought to examine the links between corporate citizenship and reputational value, but before this relationship could be fully understood there was a need to unpack the concept of reputation. The following elements of reputation were examined:

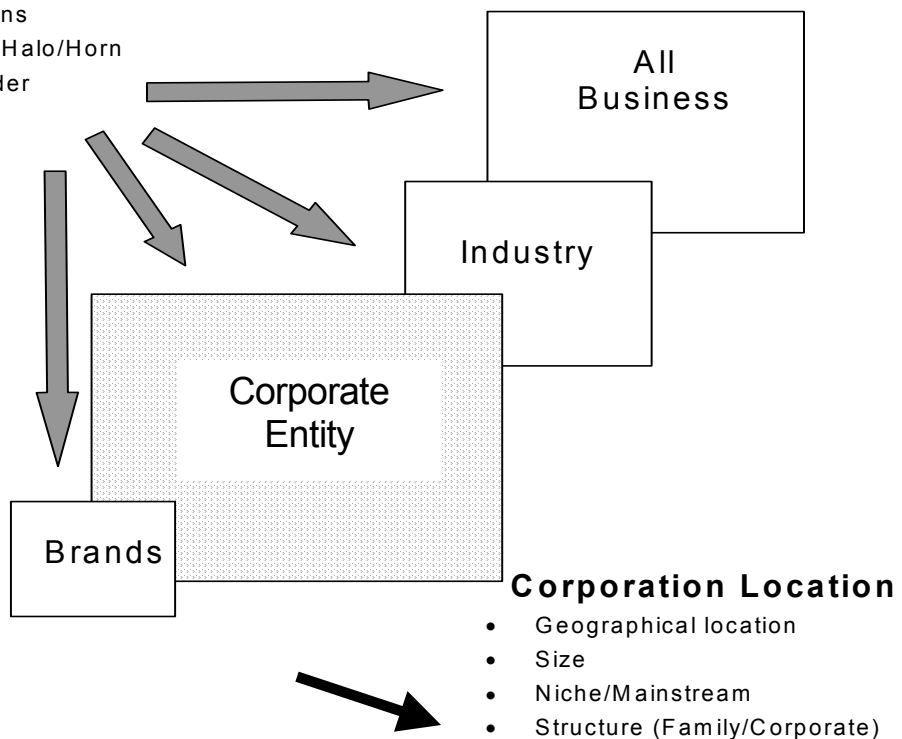
- a) The factors that influenced changes to reputation, such as:
- How a corporation was located.
  - The perceptions held of a corporation's attributes.
  - It's relationship with stakeholders.
- b) The debates surrounding reputation management:
- Consulting with stakeholders.
  - Reputation vs Image.
  - Disclosure and transparency.

## 4.2 Factors Influencing Reputation

The reputation of any one corporation is influenced by numerous factors. While these need to be taken account of when measuring overall reputation and reputational value, they do not detract from the impact of adopting corporate citizenship practices. What the following discussion provides, then, is the context within which corporate reputations are constructed. This may help to explain some of the variances in the impact of corporate citizenship on particular corporations. The following diagram provides a visual depiction of the relationships.

### For Each Sector

- Attributes
- Perceptions
- History - Halo/Horn
- Stakeholder Relations



**Diagram 4.1 Factors affecting corporate reputation**

## **4.2 (a) Corporate Location**

The location of a corporation refers not only to its geographical dimension, but also to its size, structure, market orientation and positioning in relation to its brands, industry and the generic business community. These issues were all raised in the interviews as having a direct influence on the ability of corporations to change their reputations and optimise any competitive advantage from corporate citizenship activities.

### **Geographical location**

Although geographical boundaries are meant to be much less important in influencing corporate success in this globalised economy, some of the interviewees expressed the view that it remained important in terms of the extent to which reputation could be enhanced through corporate citizenship. This was particularly so for corporations in Adelaide. It was argued that there was a lot of negativity associated with Adelaide in terms of the conservative corporate culture, the relatively few large corporations that choose Adelaide as a location for a head office, and the lack of economic momentum. These are issues that the Adelaide business community is currently addressing (see for example BV 2010, 1999), and they point to a need to account for the impact of geographical location on a corporation's ability to capitalise on changes in reputation due to corporate citizenship practices.

### **Size**

While corporate citizenship did not necessarily relate to the size of a corporation, the reputational benefits were seen to depend on the kind of 'reach' that a corporation had in terms of its stakeholders. Larger corporations were not only more likely to adopt corporate citizenship practices because of pressure from international competitors or from their off-shore head office, but because they were better able to capitalise on doing so. Larger corporations could spend more money on publicising their reputations as good corporate citizens, either generally or to specific target groups. For example, it is the larger corporations that are producing social and environmental addendums to their annual reports and use the internet to disseminate current (and constantly updated) information. Changes in stakeholder behaviour with regard to their intentions to deal with a corporation depend on this current, accurate information and, without an independent body providing (or requiring) this kind of data, the larger companies are likely to be able to reap greater benefits from their corporate citizenship activities.

Nevertheless, smaller businesses also had their own advantages. They are, for example, often more integrated into their communities and therefore do not have to spend so much on publicising their good citizenship because reputations are easily created (and destroyed) through word of mouth. Being integrated into the community, small businesses were also under direct pressure from that community to contribute in worthwhile ways. The effect of size, then, is not as straightforward as some interviewees suggested. Nevertheless it is an issue that may need to be addressed when measuring reputation and potential changes to reputational value.

### **Structure**

The structure of the corporation – whether it was a public or private company; run by a family or a board of 'independent' directors; or led by a high profile CEO or a leadership team – influences who are identified as the key stakeholders and thus where the focus is for building reputation. A corporation's overall reputation is built out of the amalgamation of the different perceptions held of a corporation by each of the stakeholder groups. For example a public corporation might have a great reputation from their shareholders' perspective, but a bad reputation from the perspective of its employees. A corporation led by a high profile CEO might have a great reputation in terms of peer assessment (such as the *BRW* reputation scale), but a poor one from the perspective of its consumer stakeholders. Corporations therefore make decisions about whose opinion affects their reputation the most and this influences how they go about managing their reputation.

The structure of a corporation therefore influences the flexibility to take (perceived) risks or to take leadership in areas such as corporate citizenship. The Body Shop, as a private corporation, is not answerable to shareholders and this makes focusing on consumers and building a niche market based on a reputation of environmental and social responsibility much easier to justify. Whether other forms of corporate structure could apply this as a model of corporate citizenship and benefit from the enhanced reputation has not been subjected to research or analysis.

### **Market orientation**

Two issues were raised by the interviewees relating to the impact that market orientation has on the ability to change and manage a corporate reputation. One of these is whether the target market is mainstream or niche. It was argued that it is much easier to set a corporation apart from others in a niche market. This could impact on the take-up of corporate citizenship in several ways.

Corporations that already have a good reputation in a niche market may not benefit very much from implementing or extending their corporate citizenship activities. For these corporations, the gains in reputational value may not provide a justification for implementing a program of organisational change and alternative arguments may need to be developed. However, niche marketing can also be developed around good corporate citizenship (for example, The Body Shop and Blackmores), in which case reputation and reputational value would be useful drivers in institutionalising such practices into the corporation.

Corporations operating in a mainstream market could also reap the reputational benefits of implementing corporate citizenship practices. Indeed, this strategy could give them a clear competitive advantage in the market. One issue was raised, however, in terms of the extent to which a corporation (or perhaps, more precisely, a brand) can set itself apart from others without becoming a niche product/service. There is, then, a perceived tension between appealing to the mainstream and developing a competitive advantage based on reputation.

### **Micro, mesa and macro reputations**

The reputation of a particular corporation is influenced by the reputation of its brands, its industry and of business generally. The ability to enhance a corporation's reputation at the entity (or mesa) level, is therefore related to its location at the micro and macro levels. While a couple of interviewees identified this as a problem in terms of optimising the reputational benefits of corporate citizenship, it also provides an argument for a wholistic approach to corporate citizenship, one that requires leadership at several levels:

- **Business peak bodies:** focusing on the macro-level issues in the business world and taking an ethical stance which is not about protecting the rights of *all* business irrespective of their behaviour, but about recognising that the business community has to earn its rights and legitimacy (eg advocacy of corporate social responsibility, rewarding good corporate citizens, punishing corporate irresponsibility)
- **Industry groups:** focusing also on macro-level issues regarding enhancing the reputation of particular industries through corporate citizenship practices. At the moment, for example, it is difficult (but not impossible, as the Bendigo Bank example proves) for a particular bank to improve its reputation when banks as an industry are perceived to be irresponsible and poor corporate citizens.
- **Particular corporations:** focus on mesa- level issues that connect them directly to their stakeholders. This is the level that this research addresses in terms of the relationship between corporate citizenship, reputation and reputational value. It is also the level that attracts the most attention in the corporate citizenship literature. However, there is a need to recognise the embeddedness of particular corporations

within the broader matrix of issues that influence reputation, the impact of which requires further research.

- **Brands:** focus on the micro-level issues relating to marketing, quality, customer satisfaction etc. While some corporations are closely identified with their product/service brand (such as Johnson & Johnson, and Microsoft), other corporations are the umbrella body for multiple brands (such as Unilever and Phillip Morris). Corporate reputation is therefore influenced by:
  - a) The aggregate reputation of these brands.
  - b) The extent to which stakeholders can relate a brand to the corporate parent company.

#### 4.2 (b) Perceptions of Attributes

- *[Reputation] is so bound up in perception ... Without a firm and committed staff base, without a reputation that your production practices are above board, without a reputation that you are at least not destructive of the environment, I don't think your viability over some years is as assured as it is for those who are seen to be doing the appropriate thing. (CCA 6)*

It is apparent from the literature that certain attributes of corporate reputation have been identified. These attributes have usually been identified by senior management and are measured and compared annually in reviews undertaken by corporate magazines such as *Fortune* in the USA and *Business Review Weekly (BRW)* in Australia. The two right hand columns of Table 4.2 compare the 1999 results of these two reviews. The attributes are ranked according to their order of importance from the perspective of CEOs. The main differences between the two are the higher emphasis placed on attracting and retaining talented people in the Australian sample, and the greater emphasis placed on financial measures in the American sample.

The annual *Fortune* and *BRW* reviews are based on the perceptions of chief executive officers (CEOs) on how corporations measure up to these attributes. The resulting measures of reputation are therefore biased toward the views of one set of corporate stakeholders. However, research conducted by Burson-Marsteller indicates that 'reputation is in the eye of the stakeholder' (1998: 2), with there being much less emphasis on financial performance by non-management stakeholders such as consumers. Measuring attributes of reputation from only one perspective is therefore likely to introduce bias into the results.

This bias is highlighted when comparing the *BRW* and *Fortune* rankings with those from the pilot survey of Australian community members that formed part of this research. For these 'potential' stakeholders, attributes relating to 'good' corporate citizenship ranked in the top five, together with product/service quality and customer satisfaction. In contrast, leadership qualities and innovativeness were ranked quite low in the pilot survey compared to the CEO perspective in the *BRW* and *Fortune* reviews. It would be interesting to examine and compare these attributes from a range of stakeholder perspectives, as this would provide a truer picture of a corporation's reputation.

Attribute	- PILOT SURVEY -			- 1999 -	
	VERY IMPORTANT			FORTUNE	BRW
	Rank	%	N=74	Rank <sup>5</sup>	Rank
Commitment to ethical behaviour	1	55.4	41	7	7
High quality products and services	2	45.9	34	2	3
Commitment to environmental sustainability	3	41.9	31	7	7
Customer satisfaction	4	37.8	28	n/a	1
Commitment to community involvement and development	5	29.7	22	7	7
Ability to recruit, develop and retain talented people	6	24.3	18	6	2
Leadership qualities of management	7	17.6	13	1	n/a
Effective use of technology and corporate assets	8	12.2	9	8	5
Strong corporate brand image	8	12.2	9	n/a	6
Known potential for growth	9	10.8	8	5	8
Innovativeness	10	9.5	7	3	4

**Table 4.2: Comparative importance of the attributes of reputation**

There are, then, differences of opinion between stakeholders about how attributes should be ranked, and how particular corporations measure up to them. In effect, corporations may have not one, but an array of reputations (Caruana 1996: 1). Fombrun claims that each group of stakeholders will have different priorities because they have particular needs. For example, he argues that:

- Employees need corporations to be trustworthy.
- Customers need them to be reliable.
- Investors and suppliers need them to be credible.
- Communities need them to be responsible (1996: 62-70).

The process of identifying stakeholder expectations and perceptions of corporate behaviour is becoming a growth industry, with a number of 'how to' strategies being proposed (Wartick & Wood 1998: 93-115; Peters 1999). For example, management consultants have recently moved into this area, while stakeholder groups are becoming more organised and vocal in putting across their needs and expectations.

<sup>5</sup> *Fortune* ranked 'long term investment value' as its fourth most important attribute, however this was not included in the survey, nor was it an attribute measured by *BRW*.

## Corporate history – halo/horn effect

- *Research shows that there are companies people simply will not deal with because of their reputation. I will go out of my way still not to use Nestle products because I firmly believe they are acting inappropriately and unethically in developing countries with their use of milk formula. Now I may be wrong. It may have changed but it has a lingering effect because I still have some concerns about the company: I wish to send a message to them. (CCA 9)*

While the types of surveys that aim to rank the attributes of reputation provide a 'snapshot' of corporations from a stakeholder's perspective, it cannot always explain changes in reputation. When mapping reputation over time, it becomes apparent that it is not only what a corporation is currently doing that will affect its ranking, but also the history of that corporation with particular stakeholders. The past actions of corporate behaviour have been identified as having a significant impact on current perceptions of corporate reputation (Caruana 1996; Yoon, Guffey & Kijewski 1993; Weigelt & Camerer 1988). This has implications for research that attempts to 'measure' corporate reputation. For example, Caruana argues that corporations who have had a good history in terms of their reputation are able to capitalise on a 'general impression halo' amongst various publics, which could then provide them with some leeway in the event of an instance of poor performance in one or more of the reputational attributes (1996: 12). This is particularly relevant for corporations experiencing short-term setbacks who may be able to trade on their reputation gained from past actions rather than their current ones. While the 'halo' effect can be seen to produce positive effects for a company, there appears to be little research on how corporations can overcome a negative history, or a 'horn' effect. If corporate reputation cannot be entirely measured on perceptions of present performance, then this means that corporations with an historically poor performance may have difficulty rising above their past actions.

It is not only the halo effect that is an issue for measurement, but so too is evidence suggesting reliance on 'general impressions' rather than 'facts or reality'. This reliance on general impressions rather than the actual details of an issue means that some stakeholders could be basing their perceptions of corporations on misinformation (Caruana 1996: 13). While Caruana used his research to examine the impact of successful and unsuccessful usage of umbrella branding, it also demonstrates that present performance does not entirely dictate a corporation's reputation.

From the above discussion it is evident that corporate reputations require a multi-dimensional analysis. If corporations are to develop and sustain good reputations, they need to not only have the right policies in place but also to be seen to be implementing these policies over the long term. The range of attributes covered by reputation means that a variety of stakeholder relationships will need to be fostered and nurtured, making corporations accountable to more than just their shareholders. These relationships are likely to become increasingly critical as companies vie for the 'best' corporate reputation. Corporations will, in effect, need to use these relationships to create good experiences with the company and influence how the various stakeholders construct their perceptions of the company's reputational attributes. In addition, corporations will need to sustain simultaneous attention on all of the attributes. It will not be sufficient to improve in one or two attributes while simply maintaining others or even letting them slide backwards. Developing and maintaining a good reputation is, then, a complex construct requiring corporations to pay particular attention to stakeholder relations.

### 4.2 (c) Stakeholder Relations

Stakeholders are the individuals and groups that have a vested interest in a corporation, and to whom the corporation regards itself as being accountable. Some stakeholders have always had power, namely those with a fiduciary interest in a corporation such as shareholders and owners. In recent years, however, the notion of who corporate stakeholders are has been undergoing a radical, albeit uneven, transformation. While some corporations adhere to the traditional view of stakeholders, perhaps extending it to

incorporate customers and employees, others are recognising the need to consider a much wider sphere of stakeholder interests. Building a good reputation depends on a corporation's capacity to communicate effectively with its stakeholders – not only keeping them informed, but also consulting them and responding to stakeholder needs.

### Identifying stakeholders

Categorising and 'mapping' a corporation's stakeholders involves identifying particular stakeholder interests, their bases of power, and their relationship to the corporation (Wartick & Wood 1998: 98-104). Each of these aspects of stakeholder mapping is important in terms of how corporations respond to particular demands. Wartick and Wood, for example, differentiate between six types of stakeholder interest: material, political, affiliative, informational, symbolic and spiritual (1998: 98). For corporations, recognising the particular interests of stakeholders means being able to form a more constructive stakeholder relationship, one which attempts to address the needs of both the stakeholders and the corporation.

Interviewees in the research had differing ideas as to who the legitimate stakeholders were. Some interviewees argued that there were only a small number of stakeholder groups that should have any formal relationship with the corporation.

- *The issue of whether other stakeholders (than shareholders) have a right, in the true sense of the word, a right for attention by the company is one that doesn't get as much play around here, or hasn't until the last few years. Even the word 'stakeholder' – do we call them stakeholders or do we call them 'interested parties'? Because there are some people in the company who think that by giving a group a label like stakeholder, you're actually assigning rights to them to which you have obligations. And so the semantics are very important.' (RM 10)*

In contrast, other interviewees argued that there was a need to take a broad and inclusive view of stakeholder relationships.

- *I tend to have a fairly inclusive idea of who one's stakeholders are. Some of the good work that's been done is very much trying to show your overall set – usually on circular diagrams. There's a few hundred different circular diagrams, all of which are showing the range of different people the company impacts on. (RM 9)*

This difference in opinions could be partly attributed to changes in the notion of stakeholders, which has only recently begun to broaden out somewhat from the traditional shareholder. Combined with this, there appeared to be a wariness about the possible loss of autonomy or power in the decision making of the corporation from the senior management to the stakeholders. As the literature suggests, however, this wariness is often overstated as there are definite boundaries around the notion of stakeholders and stakeholder power.

### Stakeholder power

- *Movements like the Australian Shareholders Association and the green movements buying stock and being at meetings, these are all strategies to say, 'we're going to come at you where it hurts because it seems to be all that you pay attention to'. (CCA 5)*

Despite having a variety of interests, stakeholders have only three power bases from which to influence corporate behaviour. Traditional stakeholders (shareholders, directors, executive managers) hold formal power within the corporation and can influence decisions via their voting rights. Stakeholders such as customers, suppliers, creditors and employees have economic power inasmuch as they are able to influence the cost and revenue structure of a corporation; while pressure groups, activists, governments

and the community hold political power by influencing the social and political conditions under which a corporation operates (Wartick & Wood 1998: 100).

Wartick and Wood recognise that some stakeholders have multiple power bases, and that being able to identify the source(s) of a stakeholder's power will influence how the stakeholder relationship is 'managed' (1998: 101). At its most basic it is necessary to differentiate between primary and secondary stakeholders: primary stakeholders are viewed as essential for the survival of the corporation, while secondary stakeholders can only exert indirect influence over a corporation's activities (Wartick & Wood 1998: 101-103). Perhaps most important, from a corporation's perspective, is being able to predict the level and form of stakeholder activity. This, argues Wartick and Wood, is an effect of the combination of three key attributes (1998: 111-112, emphasis in original):

- The *legitimacy* of the group's standing as a stakeholder or of its claim on the firm.
- The *power* of the stakeholder to influence the firm's behavior.
- The *urgency* of the stakeholder's claim on the firm and its management.

When stakeholders have all three of these attributes they are considered to be immediate core stakeholders. Wartick and Wood argue that stakeholders with two of the three attributes are likely to attempt to get the third attribute if they feel that their needs are not being met (1998: 113). One way in which this is done is by forming alliances:

- *So where we've got a partnership we can work with the corporate sector, we do. But we define that – it's very, very narrow, and it's always in relation to a particular issue. At no stage do we want to be seen to be aligned in any broad way with business ... but the nature of the times is where you've got to make the alliance with whomever – the point is to win ... we try not to look at corporations as a monolithic 'set' of corporations. (CCA 5)*

The comparative power of different stakeholder groups was an issue raised in the pilot survey. From the responses to a question regarding the extent of stakeholder influence on corporate behaviour, community members ranked management as the most influential stakeholder group, with non-management employees ranked as the least influential of those canvassed.

Stakeholder Group:	A LOT OF INFLUENCE		
	Rank	%	N=74
Employees - management	1	45.9	34
Industry competitors	2	44.6	33
Consumers and customers	3	43.2	32
Government	3	43.2	32
Trade suppliers and partners	4	21.6	16
Unions	5	18.9	14
Individual shareholders	6	12.2	9
Pressure groups - environment	6	12.2	9
Pressure groups - social justice	6	12.2	9
Community organisations	7	9.5	7
Community members	8	6.8	5
Employees - non-management	8	6.8	5

**Table 4.3: Perceived influence of stakeholder groups on corporate behaviour**

Table 4.3 uses the information gathered from the pilot survey to rank the stakeholders according to the extent to which they were regarded as having 'a lot' of influence.

While stakeholder theory has provided activists with a certain legitimacy in negotiating with corporations, some of the dilemmas that stakeholder activists face are inherent in the theory itself. The theory behind stakeholder capitalism is based on particular notions of citizenship and inclusion: diversity and pluralism, an active civil society and local democracy, the proper representation of all groups and interests; and a symbolic politics of representation and decentralisation (Kelly, Kelly & Gamble 1997: 250-251). The difficulty is that major tensions are embodied in these principles, two of which are particularly relevant for the management of corporate stakeholders. One of these is the tension between the individualist and collective notions of the stakeholder (Kelly, Kelly & Gamble 1997: 239-241) and how to bring these competing ideas together. For corporations to manage stakeholder relationships as if stakeholders were all individuals would be to miss the point, for many activist stakeholders only become stakeholders by dint of their membership in particular communities and organisations. What they might be seeking is not an improvement in their personal 'human capital', but a restructuring of institutions and capitalist society. This is a tension that mainly operates between corporations and their stakeholders. A further tension which also operates within the stakeholder groups is one between the principles of social justice and the accumulation of wealth.

To a large extent, stakeholder theory accepts a principle of economic efficiency that incorporates both the accumulation of wealth and its fairer distribution (Kelly, Kelly & Gamble 1997: 243-244). Judging the areas and the levels at which the trade-off between wealth and social justice take place will undoubtedly be a contentious issue for both stakeholder activists and corporate management. Nevertheless, in terms of managing stakeholder relationships, corporations are often far better resourced and organised than any one group of stakeholders. An important outcome of stakeholder management is the ability of corporations to better manage their reputations. Indeed, in some corporations, reputation and stakeholder management are one and the same thing.

### **4.3 Reputation Management**

- *The most important thing of implementing a successful reputation management program is having somebody at the board level that's responsible for it: it doesn't mean they do it on a day-to-day basis, but without that it just becomes – you won't get any change. (RM 13)*

Reputation management has become a means of dealing with the social responsibilities of business without necessarily using the language. Corporations such as PricewaterhouseCoopers and KPMG have specific programs in which they offer consultancy services to managers about their reputation management. These programs focus on ethics, stakeholder relations, accountability and social auditing. These issues are discussed below. This is followed by a brief overview of the ways in which stakeholders differentiate between reputation and image, and the importance of social auditing in the reputation management process.

#### **4.3 (a) Stakeholder Management**

As discussed above, stakeholders are integral to the notion of reputation and reputational value, and the way that the relationships between a corporation and its stakeholders are handled will have a strong influence on perceptions of reputation. This focus on stakeholders can be found in current management ideas surrounding relationship marketing, reputation assurance and relationship management, all of which incorporate strategies of stakeholder management.

While stakeholder management could refer to manipulative strategies, whereby a level of 'spin' substitutes for a relationship, the interviewees were unanimous in advocating a much deeper and more reciprocal relationship. This relationship varied from providing opportunities for productive interaction between stakeholders and a business (CCA 7), to developing alliances with stakeholders to produce particular outcomes (CCA 5). Such alliances might be similar to those in a cause-related marketing relationship, or it might extend to working together to lobby governments on particular issues. There was, then, a range of views about what constituted a good relationship:

- *There's a word that we use which is engagement, which I hate. And it sort of goes back to the control mind-set. If you're going to engage someone you've got that sense of control, you've got your hands on the levers ... we talk about listening and consultation, processes people are comfortable with, and often going much further and sharing decision-making capacity. (RM 10)*
- *If you're really practising good ethics you're going to be concerned about all the relationships that you have an impact on and that impact on you. And so you'd be looking at what kind of values should underpin those relationships, and integrity and responsibility and honesty would naturally come from that and that would make you a good corporate citizen. (CCA 4)*

Despite these differences it was recognised that the negotiations and consultations that occur within the stakeholder management paradigm are unlikely to result in policies and practices that are, ultimately, unproductive for a corporation. Nevertheless, given this limitation, there were some common themes that emerged in relation to developing constructive and strategic stakeholder relationships:

- Ensure that information is available to stakeholders to assist them in their decision making.
- Develop a systematic process of consultation with stakeholders to ensure that they have an opportunity to voice their concerns and shape future corporate behaviour (the development of listening skills was viewed as particularly relevant).
- Show how stakeholders have influenced a course of action taken by the corporation.
- Be honest when reporting on the results of corporate citizenship activities.
- Develop mechanisms for stakeholders to provide feedback on a corporation's social performance.

This kind of process is likely to require new kinds of management skills, such as community facilitation skills and social auditing skills (discussed in section 4.3(c)).

#### **4.3 (b) Reputation vs Image**

- *Image to me is something you can create with media, people like me can go out there and buy it really ... but a reputation's something that really comes down to a longer term, harder to achieve process. We all have a reputation, but it's a more robust view built up with your performance ... I equate reputation to longer term based on performance and above all based on relationships. (RM 10)*

Many of the interviewees argued that corporate citizenship requires a comprehensive commitment from all levels of a corporation. In distinguishing between image and reputation, interviewees viewed reputations based on a commitment to corporate citizenship to be related to:

- The depth of commitment within a corporation.

- The duration of commitment.
- The performance of a corporation in relation to their commitment.

Some interviewees expressed a wariness concerning the use and promotion of corporate citizenship activities to offset poor performance in other areas of corporate responsibility. The example provided to illustrate this was invariably one of the main banks. Westpac, for example, has been using its community involvement programs as a lever to improve its reputational value in light of widespread branch closures, withdrawal of services from rural areas and continued downsizing. However, such strategies have produced a level of cynicism within the community towards the banks, and have led to the community differentiating between the various areas of corporate citizenship. Westpac then, could have a good reputation in terms of their community involvement and investor relations, but a poor reputation in terms of employee relations and commitment to customers. Similar stories were told about other banks.

Overall, this wariness toward claims of good corporate citizenship is a healthy development. It means that corporations have to prove themselves through performance rather than rhetoric, and that they have to think of corporate citizenship as a comprehensive strategy rather than a band-aid solution to their reputational problems. However, it could also affect the level of success of cause-related marketing projects, unless they are undertaken as part of a broader commitment to corporate citizenship. Two factors are likely to influence the extent to which corporations can maximise the reputational benefits associated with corporate citizenship: how they manage their stakeholder relations, and the extent to which their performance as corporate citizens can be independently verified.

#### **4.3 (c) Social Auditing**

- *Transparency is part of what it's all about. How can you say these companies conform to my ethical or moral principles or environmental principles if I don't know what the companies are doing? (RM 3)*

Social auditing is the end product of a commitment to corporate social responsibility. As such there is a time lag between when a corporation first makes the commitment and when they are ready to begin the reporting process. This time lag is likely to be at least two years (RM 13). Nevertheless, to gain and maintain credibility in the area of corporate citizenship, corporations will increasingly need to engage in some form of social audit. In contrast to the financial audit, and even the environmental auditing process, there are currently few guidelines to assist corporations in constructing a meaningful social audit. In this void of norms or regulations corporations are, however, beginning to develop their own set of criteria and practices for conducting an audit of their social responsibilities. This is an important part of the reputation management process as it provides a means for corporations to disseminate information about their performances, as well as be seen to be accountable for their ongoing commitment to improving their performance in these areas.

#### **Disseminating information**

Interviewees regularly discussed the extent to which anyone can really know what a corporation does – either good or bad – in terms of corporate citizenship. Certainly the 'watchdog' groups such as the Australian Consumers' Association, Greenpeace, and the Australian Shareholders' Association provide comparative details on some aspects of corporate behaviour, but they fall short of providing a complete picture. The media are also important in raising public awareness about corporate behaviour, although there is a tendency to focus more on economic behaviour than social and environmental. Some corporations produce social and/or environmental reports (for example, Body Shop, Shell, WMC), and it is likely that these will increase in number as corporations become more concerned about reputation management strategies.

The dissemination of information was viewed as relevant both for the corporation, in terms of reputation management and maintaining good stakeholder relations, and for stakeholders, in terms of having a basis on which to make decisions about using particular products/services, investing in a corporation or recommending them to friends. In the pilot survey, respondents were asked to rank the importance of their sources of information about corporations. As can be seen from Table 4.4, the media and some kind of personal experience ranked highly – far above any ‘expert’ financial source or material produced by the corporate sector – with regard to the number of respondents who rated these sources ‘very important’. Also significant was the low ranking of the internet as a very important source of information.

Source of Information:	VERY IMPORTANT		
	Rank	%	N=74
Media - general	1	54.1	40
Personal experience with corporation	2	45.9	34
Media - business	3	43.2	32
Friends	4	32.4	24
Business awards	5	31.1	23
Family	6	25.7	19
Advertising material	7	23.0	17
Political organisations/pressure groups	7	23.0	17
Financial advisor	8	20.3	15
Financial analyst's reports	9	14.9	11
Corporate annual reports	10	13.5	10
Peak body business organisations	10	13.5	10
Corporate promotional material	11	12.2	9
Professional associations	12	10.8	8
Unions	13	9.5	7
Internet	14	2.7	2

**Table 4.4: Ranking of the extent to which sources of information were rated ‘very important’**

Given the information contained in the above table, it would appear that building reputations based on good corporate citizenship is likely to require the support of the media (both business and general). Although the media does cover issues relating to the social and environmental responsibilities of business, the coverage has been somewhat ad hoc, bolstered by occasional ‘specials’ on specific areas such as philanthropy. Getting the media to take a more wholistic view of corporate responsibilities on an ongoing basis may well be one of the challenges of using reputation to increase the take-up of corporate citizenship.

### **Accountability**

One of the main issues raised in the area of accountability related to the lack of reporting standards for social and ethical responsibilities. Since the interviews, however, a new international standard has been developed and released by AccountAbility called the AA1000. This provides a foundation standard in social and ethical accounting, auditing and reporting. The aim of the AA1000 is to ensure the credibility of the information being published, which it does by not only providing a standardised process, but also requiring the independent verification of data and commentary (AccountAbility Quarterly 1999). While the AA1000 will need to be applied in a wide cross-section of corporations in order

to prove itself as a credible standard, it does provide a mechanism that appears to meet many of the concerns raised by both corporate citizenship advocates and reputation managers in the interviews.

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## 5. Marketing Corporate Citizenship:

### ◆ The Corporate Citizenship Scale

The research resulted in the development of the Corporate Citizenship Scale that can be used for marketing corporate citizenship to the business community. While this tool was essentially developed from the survey, it has also been informed by the interviews and the literature. Before describing how it can assist in increasing the take-up of corporate citizenship in Australia, a detailed description of its creation is provided in the following sections. Briefly, however:

- The **Corporate Citizenship Scale** provides a mechanism by which corporations can identify their strengths and weaknesses and develop a strategy for implementation that includes the staggering or targeting of corporate citizenship practices.

#### 5.1 The Corporate Citizenship Scale

A scale of corporate citizenship can be used in several ways:

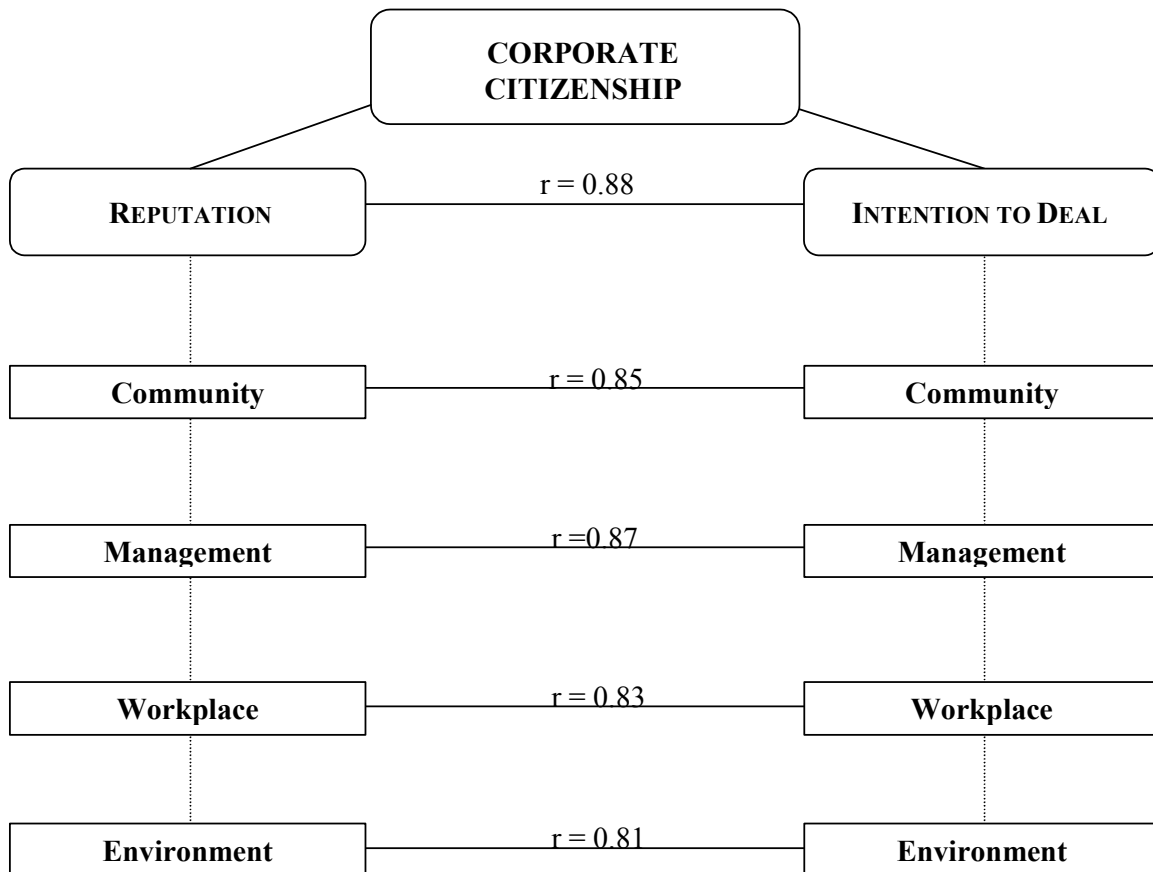
- It provides benchmarks across a number of areas of corporate citizenship.
- It allows a comparison of how a corporation is perceived by different stakeholder groups.
- It enables corporations to identify what particular stakeholders view as important, either generally or for a particular corporation.
- It provides information to facilitate the strategic implementation of a comprehensive corporate citizenship strategy.

Based on the corporate social responsibility literature, forty corporate citizenship practices were identified as relevant for providing an indication of the level of corporate citizenship expected by the community. For each practice, two questions were asked: one relating to perceptions of reputation, the other to changes in their intentions to deal with a corporation. Within the overall framework of determining the relationship between corporate citizenship, reputation and reputational value from a community perspective, the data analysis provided three types of information relevant to the construction of an attitudinal scale: a path analysis showing the causal effect of the relationship, a valid scale of community attitudes towards the relationship, and some basic demographic differences within these attitudes.

##### 5.1 (a) Correlation Between Reputation and Intentions to Deal

As with previous research that had examined the relationship between corporate behaviour, perceptions of reputation and stakeholder behaviour we found that a strong relationship existed (EnviroNics 1999; WalkerInformation 1999). In breaking this gross relationship down into the four categories of corporate citizenship - community, management, workplace and environment - it was possible to identify differences in the strength of the relationship for each category. To measure the relationship we used two methods of analysis.

- Firstly, the correlation between reputation and intentions to deal was determined using the data from the Rasch-scaled scores. Compared to the standard SPSS raw scores, Rasch-scaled scores were considered to be the more reliable value as they are computed on the basis of the relative difficulties of the items that were completed and are not as affected by missed items. As shown in Diagram 5.1, the correlations between reputation and intentions to deal for each of the sub-scales were all very high and extremely significant ( $p < .000$ ), almost reflecting a ceiling effect (which would be reached at  $r = 0.9$ ). By estimating the coefficient of determination ( $r^2$ ) it was possible to begin to develop the grounds for arguing a causal relationship. From these figures, between 69% and 77% of the variation in future dealings can be explained by changes in perception of reputation.

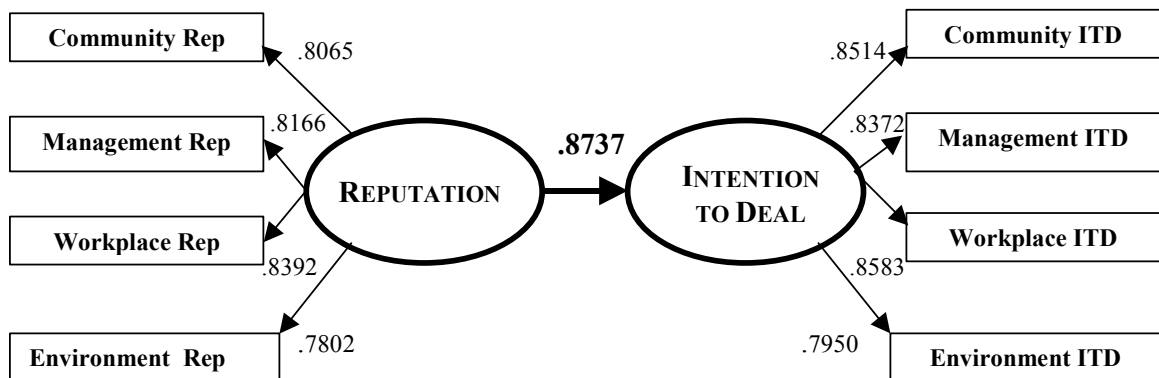


**Diagram 5.1: Correlations between 'reputation' scales and 'intentions to deal' scales ( $p < .000$ )**

- Secondly, a path analysis was conducted. Both reputation and intentions to deal are latent constructs that were measured in the survey through the manifest variables of the four sub-scales: community, management, workplace and environment. The relationships depicted in Diagram 5.2 show that:
  - Reputation is indicated by four 'observed' or manifest variables.
  - Intentions to deal are reflected in four similar observed variables.
  - There is a causal relationship between reputation and intentions to deal.

This is a path model and is based on both theory and observed data. Theory suggests the relationships and their direction of influence, and the data collected are used to indicate the validity of the model.

The model was tested using a partial least squares<sup>6</sup> approach to the estimation of model parameters. There are two components to the model, with the relationship between the manifest variables to each latent construct being measured as a multiple regression relationship, while the inner path illustrates the causal relationship among the latent constructs. As expected from the preliminary analysis the loadings of the outer model are all high, with there being only slight differentiation between the community, management and workplace sub-scales. Although the environment is slightly lower than the others, it would be difficult on the basis of the data in the sample to say that one factor is definitively more influential than others in forming either reputation or intentions to deal.



**Diagram 5.2: Path model of the causal relationship between reputation and intention to deal**

The inner model path had a value of 0.8737 (standard error 0.025) which, considering the range is between -1.0 to +1.0, is very high. Its coefficient of determination at 0.763 indicates that 76% of the variation observed in intentions to deal can be explained by changes in perceptions of reputation. Overall, the model illustrates that the relationship between corporate citizenship, perceptions of reputation and intentions to deal is both highly coherent and causal.

### 5.1 (b) Rasch Analysis of the Corporate Citizenship Scale

The strength of the relationships between reputation and intentions to deal, as indicated by the path analysis, is further legitimated by the Rasch-scale analysis that was performed on the data. This analysis was conducted to determine whether the scale used in the questionnaire was a coherent measure of corporate citizenship. If it was, then the scale could be replicated and used either for specific corporations or on different sample groups (particular stakeholder groups, for example). In effect, the Rasch method ensures that scales of attitude are 'sample independent' inasmuch as it produces scale-free person measures and sample-free item difficulties (Hand & Trembath 1999: 64).

In developing a corporate citizenship scale, Rasch analyses were conducted to ascertain item fit. Infit Mean Square (IMS) statistics were generated and items were accepted as fitting if the IMS lay between 0.77 and 1.30. Of the forty items tested three did not fit the scale, that is, they were not a reliable measure of one variable, and were therefore eliminated. All further analyses of the data, including the path analysis discussed above, were therefore based on a 37-item scale of corporate citizenship. These items, grouped in their sub-scales, are listed in Table 5.1. Opposite each item are two bar charts, one indicating the weighted score for changes in perceptions of reputation, the other indicating the weighted score for changes in intentions to deal. These scores were calculated by multiplying the number of responses for each of the five points on the

<sup>6</sup> The PLS Path program was used for this aspect of analysis as it uses a jack-knifing technique to determine the significance of parameters which is normally not available in partial least squares methods.

Likert scale by a relevant weighting, and then adding these together. That is, for each item a tally was generated using the formula:

$$\text{Decrease A Lot } (N \text{ responses} \times -2) + \text{Decrease Some } (N \text{ responses} \times -1) + \\ \text{No change } (N \text{ responses} \times 0) + \text{Increase Some } (N \text{ responses} \times 1) + \text{Increase A Lot } (N \\ \text{responses} \times 2) = \text{Tally}$$

This provided a comparable meaningful tally across all items of the corporate citizenship scale. From Table 5.1 (see over), it is therefore possible to determine which items are likely to have the greatest effect in changing community perceptions of reputation and intentions to deal. For example in the community sub-scale, the development of employment programs in the local region (C1) would have far greater impact on reputation and future dealing intentions than increasing the sponsorship of national arts festivals (C12).

From Table 5.1 it is possible to compare the extent to which corporate citizenship activities would have an impact on reputation and intentions to deal. In terms of increasing reputation and intentions to deal, the top five activities were for corporations to:

- W2 - Retrain employees to avoid redundancies.
- C1 - Assist in the development of employment programs for the unemployed in the local region.
- E2 - Focus on increasing the use of recyclable materials in their manufacturing processes.
- E3 - Become industry leaders in developing environmentally sustainable business practices.
- C2 - Subsidise and maintain services to rural communities.

In terms of decreasing reputation and intentions to deal, the top five activities were for corporations to:

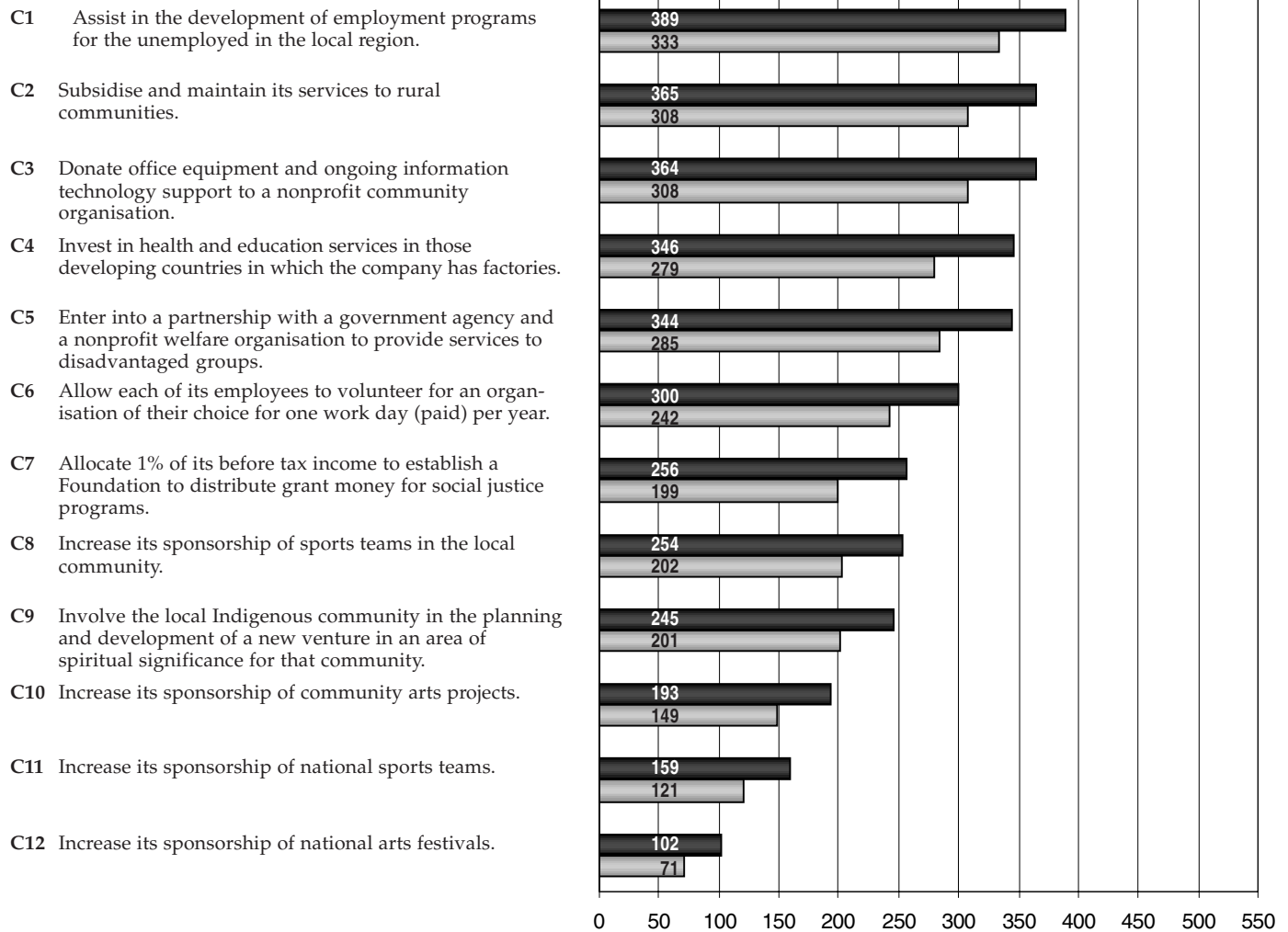
- W1 - Employ children under 10 years old in off-shore factories.
- E1 - Disregard scientific evidence indicating that the corporation is polluting a major water source.
- M1 - Disregard evidence that there could be safety implications for customers using one of their products.
- M2 - Sell their customer list to an advertising company.
- M3 - Decrease the quality of its products to retain its price competitiveness.

In addition to the comparisons that the above scale enables, it also illustrates the differences in the relationship between the change in reputation and the change in intentions to deal for each type of corporate citizenship activity. In the management sub-scale, for example, item M8 - sacking a 'whistle-blower' - generated equivalent scores in

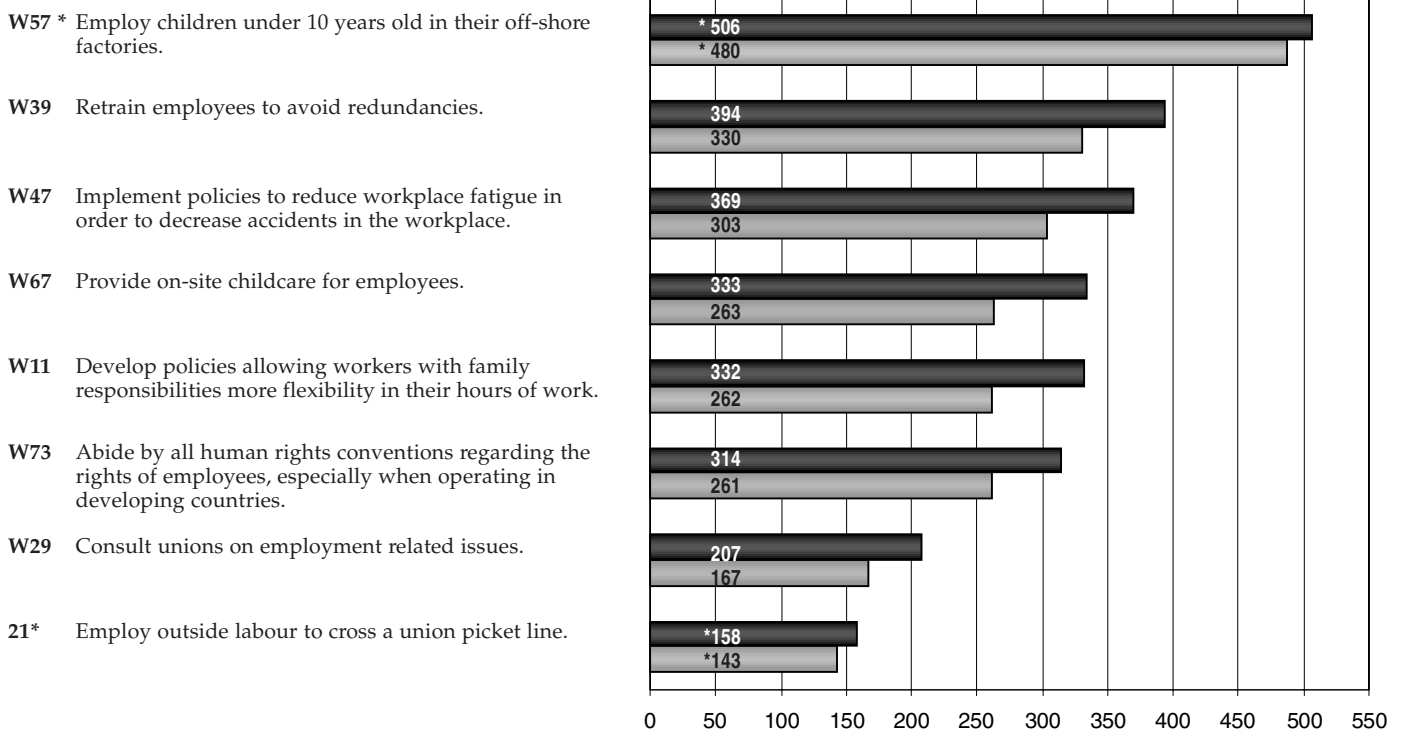
# Corporate Citizenship Scale

## Changes in Reputation and Intention to Deal

### COMMUNITY



### WORKPLACE



Intention to Deal
  Perception of Reputation

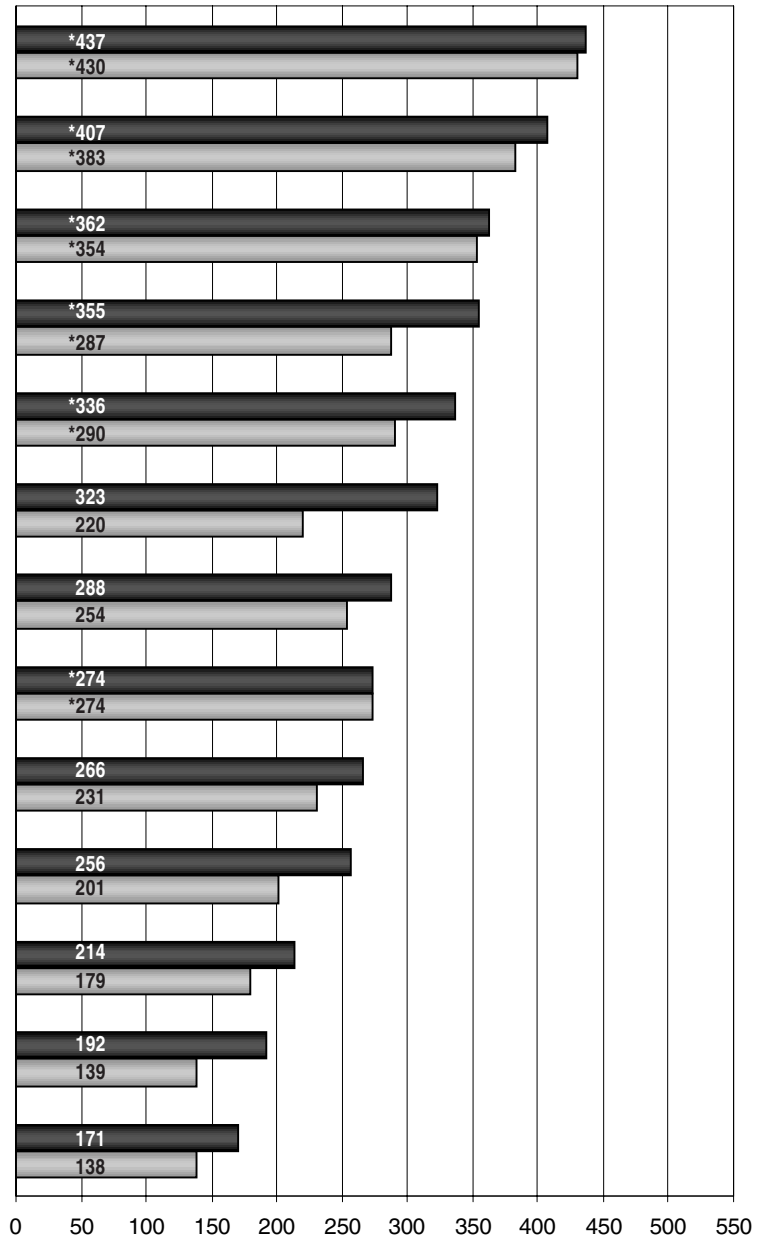
\*Indicates negative value, ie. decrease in reputation and intentions to deal.

# Corporate Citizenship Scale

## Changes in Reputation and Intention to Deal

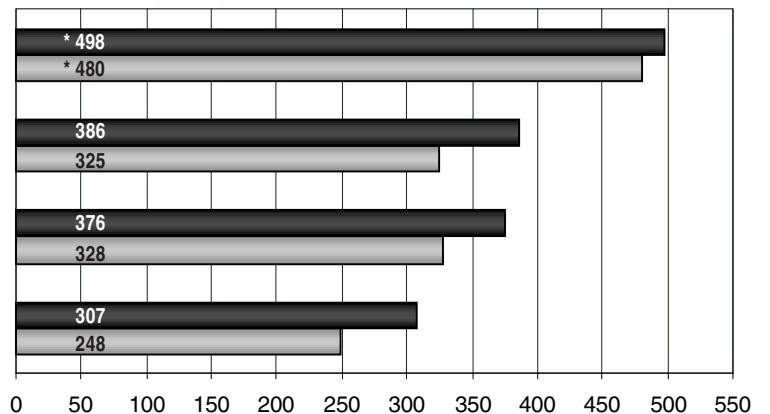
### MANAGEMENT

- M25\* Disregard evidence that there could be safety implications for customers using one of their products.
- M19\* Sell their customer list to an advertising company.
- M55\* Decrease the quality of its products to retain its price competitiveness.
- M71\* Take legal action to prevent shareholders from calling a special general meeting to question management over policy issues.
- M75\* Implement a program of mass redundancies to streamline operations.
- M5 Act quickly to recall stock after a call is made claiming to have contaminated a product with a poisonous substance.
- M37 Sell only Australian made products, despite having to increase prices.
- M15\* Sack an employee who 'blew the whistle' on corrupt and illegal practices within the company.
- M65 Support a community organisation by donating 10 cents for each packet of Brand M cereal sold.
- M51 Undertake a comprehensive training program on business ethics for all employees and directors.
- M33 Implement an affirmative action policy to ensure that the Board of Directors and upper management reflect the gender and ethnic diversity of the company.
- M61 Survey shareholders for their opinion on the company's products and performance.
- M43 Link the salary package of directors and upper management to the social, environmental and financial objectives of the company.



### Environment

- E53\* Disregard scientific evidence indicating that the corporation is polluting a major water source.
- E7 Focus on increasing the use of recyclable materials in their manufacturing processes.
- E17 Become industry leaders in developing environmentally sustainable business practices.
- E27 Significantly reduce its energy use each year for the next 5 years



Intention to Deal
  Perception of Reputation

\*Indicates negative value, ie. decrease in reputation and intentions to deal.

the change in perceptions of reputation and change in intentions to deal, while item M6 - acting quickly to recall contaminated stock - generated a large change in perception of reputation, but a much smaller change in intentions to deal. Therefore, while the overall relationship between reputation and intentions to deal is very high there is variation between items that need to be considered if the aim is change a corporation's reputational value, rather than simply their reputation.

### 5.1 (c) Attitudinal Differences – Demographic and Stakeholder Variables

Further analysis of differences in the data occurred by examining the scale in terms of the following demographic and stakeholder variables:

- Demographic variables: gender, age, education, income.
- Stakeholder variables:<sup>7</sup> employee, investor, union member, community volunteer, member of a professional association, a social movement organisation, a political party, an environmental organisation.

Initial analysis compared the mean scores of each of the main corporate citizenship categories of community, management, workplace and environment for reputation and intentions to deal, as well as on the two major scales. In order to separate the influences of participants' demographic and stakeholder characteristics on the corporate citizenship scale, a series of multiple regression models were then run.

Table 5.2 summarises the results of the multiple regression analyses by allocating a numerical value from 1 to 10 relating to the statistical significance of the results.

	<i>Community Reputation</i>	<i>Community Intentions to Deal</i>	<i>Management Reputation</i>	<i>Management Intentions to Deal</i>	<i>Workplace Reputation</i>	<i>Workplace Intentions to Deal</i>	<i>Environment Reputation</i>	<i>Environment Intentions to Deal</i>	<i>All Items Reputation</i>	<i>All Items Intentions to Deal</i>
Women	8	10			5	9		7	8	10
Investor						7	6			
Paid worker							10	8		
Volunteer worker							8	1		
Union member			6		10	10			5	6
Member social org	10	10	10	10	10	10			10	10
Member environ. org								7		

Note: Range goes from 10 = extremely high influence, to 1 = weak influence

**Table 5.2: Summary of analysis of the influence of demographic and stakeholder variables on corporate citizenship sub-scales**

The strength of an influence is demonstrated by the size of the statistical significance (p value): where p=.000 the influence is extremely strong and has been allocated a '10',

<sup>7</sup> It was assumed that all respondents would be consumers at some level, therefore this stakeholder group was not used as a variable in the research.

declining to the weakest influence of '1' when  $p=.099$ . With the exception of age (discussed below), all significant influences have been reported, that is where  $p<0.1$ .

Of the demographic and stakeholder variables tested, the most significant influence on changes in the combined sub-scales relating to reputation and to intentions to deal was membership of a social movement organisation, with being a woman or a union member also having a strong influence. In contrast, variables such as income level, educational attainment, or being a member of a political party or a professional association exerted no influence on any of the indicators of corporate reputation or intentions to deal.

Within the four corporate citizenship sub-scales, however, there was greater differentiation. For these, evidence suggested that being:

- A *woman* exerted a strong influence on both reputation and intentions to deal in the community and workplace sub-scales.
- A *member of a social movement organisation* was a very strong influence in all sub-scales except for environment.
- A *member of an environmental organisation* influenced the intentions to deal, but not reputation, when environmental issues were at stake.
- A *volunteer* was a stronger influence on changes in perceptions of reputation and intentions to deal within the environment sub-scale.
- A *union member* had a strong influence on workplace reputation and intentions to deal. Union membership was also a significant influence in changes in perceptions of reputation in management corporate citizenship activities, as well as in the intentions to deal when environmental issues were at stake.
- A *paid worker* had a strong influence on both reputation and intentions to deal within the environment category.
- An *investor* only had a small influence on the reputation variable in environment. However, investors also had an influence on intentions to deal regarding workplace corporate citizenship activities.

Unlike the other variables reported in Table 5.2, age was not conducive to a multiple regression analysis. However, the comparison of mean scores relating to the three age categories indicated that respondents in the middle age group of 35-54 years were more concerned with reputation in the management category, and both reputation and intentions to deal with regard to environmental issues, than respondents in either of the other two age groups (15-34 or over 55 years).

## **5.1 (d) Using the Corporate Citizenship Scale**

### **A comprehensive approach**

This research reinforces claims made in previous research that being perceived as a 'good' or a 'bad' corporate citizen will have repercussions for corporations in terms of changes in stakeholder behaviour. Inasmuch as stakeholder behaviour influences a corporation's competitive advantage through purchasing and investing patterns and employee productivity, then changes in stakeholders' intentions to deal with a corporation could have very real bottom-line effects. Even when the aggregate category of corporate citizenship was broken down into the four sub-scales it was found that there was only a slight variation in the relationship between reputation and intentions to deal for practices relating to the community, management, workplace and the environment. Therefore, while corporations could improve their reputation and reputational value by focusing on any one of the areas, unless they can sustain these in the remaining areas they risk losing the benefits of any improvements. Indeed, given the strength of the

relationship between reputation and intentions to deal, the most advantageous strategy would be to adopt 'good' corporate citizenship practices across all four areas. This means that, although corporate citizenship can have benefits when undertaken with a single focus, it is of greatest value when viewed in a more holistic way and integrated into corporate activities across all areas.

Undertaking wholesale corporate change is, however, a mammoth task requiring a high level of commitment from all sectors of a corporation. While obviously the best strategy in terms of maximising the benefits of being a good corporate citizen, the research also provided useful information for corporations wishing to stagger or target their corporate citizenship strategy.

### **Staggering the implementation**

For corporations interested in staggering the implementation of a corporate citizenship strategy the path analysis indicated that, although all areas had a very high impact on reputation and intentions to deal, the workplace might be the best area in which to begin. While improvements in workplace practices were likely to have the greatest impact on both reputation and intentions to deal, corporations interested in undertaking a more community-oriented approach to their corporate citizenship strategy would still benefit significantly in terms of changes in stakeholder behaviour (and, therefore, their reputational value), even though the impact on their reputation may not be as high.

Although the environment sub-scale did not appear to have as great an impact on either reputation or intentions to deal as the other sub-scales, this should not be overemphasised. It needs to be remembered that all of the correlations in the research were very highly significant, although there are two factors in particular that may have affected the slightly lower impact of the environment sub-scale. One factor is internal to the research and relates to the relatively small number of questions asked about environmental issues. As the research had a focus on the social, rather than environmental, responsibilities of business it was this aspect that received the greatest attention. Nevertheless, of the environmental questions asked three made it into the two 'top five' lists for activities that had the greatest impact on reputation and intentions to deal (refer to discussion about Table 5.1), indicating that the environment has particular importance to the potential stakeholders surveyed. The other factor relates to the nature of environmental issues. In Australia there is an extent to which the community expects corporations to be environmentally responsible. For the past fifteen years, Australia has had a very vocal and often very active environmental movement that has not only raised awareness of issues, but also of the responsibilities of various groups in addressing these issues. Even though corporations are often found to be less than adequate in their environmental practices, the expectation that they *should* be responsible means that it may well be slightly more difficult for them to gain reputational benefits from implementing good' practice in this area.<sup>8</sup>

### **Targetting the implementation**

In addition to providing information to assist in staggering the implementation of a corporate citizenship strategy, the research also provides some preliminary data that allows corporations to target their strategy to particular stakeholders. Once again, in order to capitalise on the benefits of corporate citizenship, this targeting probably needs to be part of a more holistic strategy. However, it might help in providing a starting point

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<sup>8</sup> An indication that this may be the case came from the need to eliminate one of the environmental questions from the corporate citizenship scale. The question referred to corporations adhering to the 'minimum legal requirements' regarding environmental practices related to the business. Analysis of the question found that it was not a measure of a single variable and did not fit the scale. When the surveys were further examined, it was found that some of the respondents had underlined the word 'minimum' and written 'not enough' next to their answer. Other responses, however, had scored this highly, indicating that they thought that corporations deserved to be recognised for achieving this minimum.

for corporations considering implementing a corporate citizenship strategy. As a whole, the research indicates that ideas about corporate citizenship are of concern to a particular group of people: those aged between 35 and 54, comparatively well-educated, and the larger proportion of whom are women. At a more specific level, differences were found in the impact of different demographic and stakeholder groups on the corporate citizenship sub-scales.<sup>9</sup> This has implications for not only whom a corporation wishes to target in *adopting* corporate citizenship practices, but also how they target the *marketing* of their corporate citizenship strategy to fully benefit from the changes in reputation and reputational value. Future research will be able to further delineate the groups to which particular corporate citizenship practices can be targeted.

It is also likely that future research will be able to build upon the corporate citizenship scale that was developed in this project. As it is now, the scale can be used as a tool for either conducting further mesa-level research in producing data for use in advocating the take-up of 'good' corporate citizenship practices; or it can be easily adapted as a first stage for corporations considering a corporate citizenship strategy. For example, a particular corporation may want to conduct a quick survey on how they are currently perceived on each of the items, and the extent to which adopting any of the practices would benefit them in terms of improving their reputation or reputational value. The sample could comprise potential and/or actual stakeholders, and would provide a corporation with sufficient information to gauge the costs and benefits of implementing an appropriate corporate citizenship strategy as well as the extent to which such a strategy would involve widespread corporate change.

It is anticipated that in developing the survey further, it will be possible to create a comparative tool that allows corporations to measure their performance relative to their competitors, or as a means of marketing themselves to potential stakeholders such as trade partners, investors and high quality employees. The further development of this tool will be the subject of continuing research into the area of corporate citizenship.

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<sup>9</sup> While the sample was not large enough to further break these groups down for each item, there is certainly scope for this to be done in a larger project.

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## 6. Conclusion

By contributing to current debates and defining mechanisms to assist Australian corporations to think about and take-up better corporate citizenship practices, this research provides opportunities for the National Heart Foundation, and the not-for-profit sector more generally, to constructively engage in this process. The findings of this research are conclusive: good corporate citizenship **will** increase corporate reputation and reputational value. This provides a very strong basis on which to develop an effective strategy.

The tools and models developed in this project can be used in a number of ways:

- a. As an **educational** tool the general discussion about what corporate citizenship is, its different components, and how it impacts on corporate reputation can be taken to business schools, conferences and leadership meetings in both the profit and not-for-profit sectors.
- b. As an **advocacy** tool the Corporate Citizenship Scale can increase the take-up of corporate citizenship practices by being:
  - i. Implemented in specific corporations
  - ii. Targetted to particular stakeholder groups
  - iii. Used to compare particular corporations
- c. As a **marketing** tool the Corporate Citizenship Scale can be used to identify corporations that would benefit from improving their corporate citizenship reputations and who, therefore, may be receptive to approaches from not-for-profit organisations seeking strategic partnerships.

The research also opened up possibilities for further refinement of the Corporate Citizenship Scale as well as opportunities for future research. For example, the development of an index, or comparative measure of corporate citizenship will undoubtedly be a powerful indicator of perceptions of corporate behaviour, and could be used to develop a benchmark against which corporations can compare their score.

Future research could be taken in different directions. One possibility is to work with not-for-profit organisations to develop strategies for optimising their appeal in entering into a partnership with business. The tendency toward strategic forms of corporate citizenship means that not-for-profit organisations will need to demonstrate the benefits of a proposed partnership. Interestingly, an area that is rarely discussed is the extent to which not-for-profit organisations are good corporate citizens. Considering the relevance of reputation and brand association to the larger not-for-profit organisations, this may well be an area that needs to be opened up. Another possibility is to use this research as a basis for further developing appropriate implementation processes for a comprehensive corporate citizenship program. This includes refining the targetting and staggering strategies discussed earlier and developing it for use by individual corporations, or even work towards the possibility of selling the intellectual property to a management consultant.

Considering the extent to which corporate citizenship and social responsibility are currently on corporate, community and government agendas, now seems to be an appropriate time to take leadership in the area. In outlining the constraints and opportunities on extending corporate citizenship, and in providing practical mechanisms and ideas for advocating its take-up, this research has made a substantial contribution to these public debates.

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# Appendices

## **Appendix A:**

Questionnaire distributed to 2200 Australian households

This is available in the printed version of the report.

## **Appendix B:**

Interview Schedules - Corporate Citizenship Advocates

- Reputation Managers

## **Appendix B**

### **Corporate Citizenship Advocates - Questions**

1. The term 'Corporate Citizenship' can cover a multitude of things, can you tell me what you understand it to mean?
2. Why do you think that corporate citizenship is currently 'on the agenda' in Australia?
  - Do you think it will continue to be on the agenda in the long term?
  - Are there factors that are likely to restrict its popularity or relevance to corporations in Australia?
3. What is it that you are specifically wanting corporations to do in terms of becoming 'better' citizens?
  - What are the aims of your corporate citizenship program?
  - In meeting these aims, what strategies would you like corporations to adopt?
4. To what extent are corporations receptive to the corporate citizenship ideas that you are advocating?
  - Do you see your market as one that is clearly defined or one that is expanding? What factors contribute to this?
5. How do you 'sell' corporate citizenship to companies?
  - What methods do you use to demonstrate the value of corporate citizenship programs to corporations?
  - When marketing your programs, do you make links between corporate citizenship and corporate reputation?
  - If so, how do you demonstrate these links? If not, why not?
6. To what extent are corporations engaging with (a wide range of) stakeholders in assessing their corporate citizenship programs/policies?
7. Which corporate citizenship practices enhance reputation the most/least? Why?
8. Does corporate reputation matter? If so, to whom? If not, why not?
9. In what ways is the reputation of your organisation/business relevant to how you operate in terms of marketing corporate citizenship?
10. (For corporate citizenship consultants) What corporate citizenship programs do you implement in your own organisation/business?
11. Thank you....do you have any questions that you would like to ask me?

## Corporate Reputation Professionals - Interviews

1. What do you understand is meant by the term 'corporate reputation'?
2. Does corporate reputation matter? If so, to whom? If not, why not?
3. What do you think is the most effective way of managing corporate reputation?
4. What factors influence a corporation's reputation?
  - Which of these factors are affected by programs/policies relating to corporate citizenship?
5. The term 'Corporate Citizenship' can mean many different things, can you tell me what you understand it to mean?
  - Are there factors that are likely to restrict its popularity or relevance to corporations in Australia?
  - Do you think it will continue to be on the agenda in the long term?
  - What (if any) corporate citizenship programs/policies is your organisation implementing?
6. What do you think the relationship is between a corporation's citizenship programs/policies and its reputation?
  - How do corporate citizenship programs/policies influence reputation?
  - Under what circumstances would corporate citizenship enhance/damage reputation?
7. Does reputation have a value? If so, how can it be measured?
  - What is the most appropriate unit of measurement (\$, ranking)?
  - What is the most appropriate tool for measuring reputation (cost/benefit, benchmarks)?
  - What is it that actually gets measured?
8. What mechanisms can be used to measure the relationship between corporate citizenship and reputation?
  - To what extent is it important to measure this relationship?
  - How is it measured in your organisation/work?
9. Thank you....do you have any questions that you would like to ask me?

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The Body Shop

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Volunteering SA (Di Davies)

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