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A meta-analysis of corporate reputation research for more than 15 Fortune 100 companies demonstrates that social responsibility is a key driver in defining corporate reputation – impacting more than a quarter of a company's overall reputation.

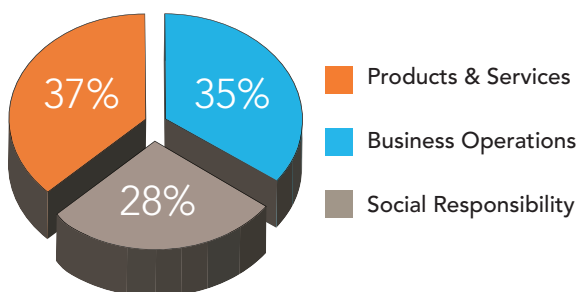
Social responsibility efforts sway overall perceptions of a company – regardless of industry or geography.

Stakeholder expectations have shifted from focusing on “what not to do” to a more proactive, transparent approach.

APCO Worldwide's research on corporate reputation for more than 15 of the *Fortune* 100 highlights the importance of social responsibility efforts in defining the public's perception of global companies. More specifically, APCO's research on corporate reputation for global companies shows that a company's overall reputation is driven by how well it performs on three sets of issues: products and services, business operations and social responsibility.

Not surprisingly, evaluations of the quality of a company's products and services (37 percent) and how well the company manages its business operations (35 percent) play the largest role in shaping overall perceptions of the company. However, the role of social responsibility is also a key component. A company's ability to meet people's expectations on the social responsibility front makes up more than a quarter (28 percent) of the company's overall reputation.

FACTORS SHAPING CORPORATE REPUTATION



Importance of Social Responsibility Constant Across Industries

Social responsibility efforts are fundamentally important to the reputation of all major companies, regardless of the type of business they are in. Social responsibility efforts comprise roughly 23 percent of the reputation of a major energy company, 27 percent for a chemical manufacturer, 27 percent for a food manufacturer, 30 percent for an entertainment company, 32 percent for a health insurer and 36 percent for a bio-pharmaceutical company. In fact, the relative importance of the

AROUND THE GLOBE, SOCIAL RESPONSIBILITY EFFORTS HAVE A LARGE IMPACT ON OVERALL REPUTATION — REGARDLESS OF THE INDUSTRY

quality of a company's products and services versus its business operations tends to vary, while the importance of social responsibility remains relatively constant. For instance, companies involved in industries that suffer from particularly acute public perception problems, such as oil and energy or the manufacturing of chemicals and plastics, see a greater share of their reputation determined by evaluations of their business operations (especially issues related to worker and plant/operational safety), at the expense of product quality, while the share of reputation accounted for by the companies' efforts to “give back” remains on par with that of companies in different business segments.

Globally, Social Responsibility is Consistently Significant

The sway of social responsibility efforts on overall perceptions of a company is a robust finding that applies to all corners of the globe. To illustrate, 28 percent of the reputation of a *Fortune* 100 technology firm in the United States is shaped by its perceived performance on social responsibility efforts (such as, improving access to technology in poorer countries, supporting math and science education to prepare the next generation of tech company employees and providing customers with incentives for

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recycling used products). Likewise, in Germany, 28 percent of a technology firm's reputation is accounted for by its social responsibility efforts; in Russia 24 percent, India 27 percent, China 30 percent and Brazil and Mexico 38 percent.

Shift in Stakeholder Expectations

No doubt, the importance of social responsibility efforts in shaping overall corporate reputation plays into a larger trend for what the public expects from companies. To be judged as a responsible and respected company, it is no longer enough for a company to deliver quality products and services to its customers. Audiences worldwide increasingly judge companies by their business operations – in particular, their labor practices (domestic and abroad), the safety of their plants and operations, and whether they are holding their international chain of vendors and suppliers to these same strict labor and operational safety standards. Additionally, companies are increasingly being scrutinized on the basis of their corporate responsibility efforts or their efforts to “give back.”

There has also been a general shift in the tenor of expectations from “don't” to “do.” That is, the public's expectations for corporate behavior have moved from “don't mistreat your workers” or “don't pollute the environment” to “invest in the education and training of your employees so they have avenues for job growth and advancement.”

IN THE SHIFT FROM “DON'T” TO “DO” COMPANIES ARE INCREASINGLY BEING SCRUTINIZED BY SOCIAL RESPONSIBILITY EFFORTS, BY THEIR ABILITY TO “GIVE BACK.”

On the environmental front, in addition to limiting their environmental footprint in their operations, leading companies are expected to do things like “proactively educate small businesses on how they can green their business practices,” or, depending upon the company's business expertise “support research and development of alternative fuels.” This shift from “don't” to “do” also carries with it an expectation that responsible major companies have an obligation to somehow “give back” to larger society through social responsibility initiatives.

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The Value of Reputation

While it is hard to believe, there are still some who question the business value of a company investing behind social responsibility initiatives or attempting to improve corporate reputation more generally, and the debate on whether or not there is a return on investment in reputation will undoubtedly continue. However, APCO's research among the U.S. retail industry throws a considerable chink the armor of detractors.¹ A recent survey of consumers, investors, retail employees and policy-makers shows that a retail company's reputation plays a prominent role in improving the environment in which companies conduct business, from improving the policy environment, attracting and retaining high-quality employees and especially in driving increased consumer spending and stronger loyalty among consumers.

About APCO Worldwide's Corporate Responsibility Practice

APCO Worldwide's corporate responsibility practice is built on our global experience in research, issues management, stakeholder engagement, program development, public affairs and strategic communication. For more than two decades, APCO has helped global corporations understand the growing expectations of their constituents and develop comprehensive corporate responsibility programs tailored to the business and culture of their company or organization.

About APCO Insight®

APCO Insight®, the global opinion research consultancy at APCO Worldwide, deploys the full suite of sophisticated qualitative and quantitative research methodologies to produce actionable outcomes for our clients. Drawing on experience in more than 60 countries, APCO Insight works with many of the world's leading companies, including eight of the Fortune 20, to provide innovative solutions to understanding, protecting and enhancing their corporate reputations. APCO Insight works closely with our clients to turn research information into clear recommendations that enable them to engage their stakeholders and achieve success. We draw on a variety of traditional and cutting-edge research tools, including focus groups, in-depth interviews, telephone surveys, online research methods and facilitated sessions.

¹ <http://www.rorindicator.com>