

Managing Corporate Reputation, Stakeholder Relations, and Corporate Social Responsibility: A Southeast Asian Perspective

ZULHAMRI ABDULLAH^a AND YUHANIS ABDUL AZIZ^b

^{a,b}Universiti Putra Malaysia

ABSTRACT

The purpose of this paper is to identify the importance of and relationships between the three key concepts of corporate reputation, stakeholder relations, and corporate social responsibility from a managerial perspective of corporate communication and corporate marketing. This study employed in-depth interviews with selected companies from GLCs, MNCs, and LPCs. The study found that, despite the significant alignment and integration between corporate reputation, stakeholder relations, and corporate social responsibility in their practice, all these have been managed as business duties (regulated), not genuinely for the substantial contribution to a larger social community and environment (self-regulated). It was also found that, there is discrepancy in practicing CSR between MNCs, GLCs, and LPCs in Malaysia. Although practicing excellent CSR is desirable, in practice, they all are struggling to gain public legitimacy and reputation globally. Findings offer important implication for manager in relation to corporate reputation management.

Keywords: Corporate reputation, corporate social responsibility, stakeholder relations

INTRODUCTION

An examination of the literature of corporate social responsibility and corporate reputation has led to the rise of stakeholder management in a complex market environment in the United States, Europe and Asian regions. Today's corporations have paid substantial attention to the three key concepts, corporate reputation (CR), corporate social responsibility (CSR), and stakeholder relations (SR) (Argenti and Barnes, 2009; Argenti and Druckenmiller, 2004; Riel and Fombrun, 2007). In a

* Corresponding Author: E-mail: anis@econ.upm.edu.my

Any remaining errors or omissions rest solely with the author(s) of this paper.

Southeast Asian country, many Malaysian corporations such as multinational corporations (MNCs), government linked corporations (GLCs) and local private companies (LPC) eagerly communicate with their internal and external stakeholders to portray the unique identity of the organizations (Abdullah, 2007). By having a unique identity of the organization, the corporations not only can improve the image and reputation of the organization but also differentiate its strategy development and shape the extraordinarily valuable asset of the organization (Bouchikhi and Kimberly, 2008).

There are numerous studies (Balmer and Greyser, 2003; Fombrun and Riel, 2004; Kitchen and Schultz, 2001; Riel and Fombrun, 2007) and increasing debates concerning image, identity, and reputation with the greater emphasis on how the organization managed their communication systems. Some studies also attempt to focus on corporate branding which is substantially associated with managing reputation of MNCs in a Western country (Money *et al.*, 2008; Schultz and Hatch, 2008). However, a few studies in an Asian country (Lines, 2004; see also Moon, 2005) were found to examine corporate reputation focusing on stakeholder relations and corporate social responsibility. A “West is best mentality” can be daunting thought but it affects a real attitude among Asian society. Chinese consumers downgraded Chinese-branded companies and rated higher reputation to international companies such as Nokia, Intel, BMW and IBM (Fombrun and Pan, 2006, p. 165). It is presumed that Malaysian consumers seem to value and admire global brands such as IKEA, BMW, and Blackberry to name a few rather than local brands manufactured by local companies. In that case, do Malaysian companies really concerned about their reputation against global brand competitors? Do CSR initiatives help the Malaysian companies to improve its reputation?

Therefore, this study attempts to determine the importance of CR, CSR and SR practised by corporations in Malaysia, and identify the key drivers of these emerging concepts based on Malaysian experience. It is argued that the different corporate communication approaches may be developed in the different countries. In Thailand, Salam (2009) studied on the key drivers of corporate responsibility in managing supply chains. Chong (2009, p. 106) states that there is a close alignment between CSR strategy, corporate identity and internal communication in shaping CSR programmes in Singapore. Thus, this study focuses on the alignment between three key concepts, corporate reputation, stakeholder relations, and corporate social responsibility in Malaysia. Numerous corporate reputation, CSR, and stakeholder literatures are thoroughly discussed in the next section.

LITERATURE REVIEW

The impact of CSR on corporate reputation is shaped by how the firm communicates its CSR activities to its external stakeholders and how its activities are reported in the national media and other communication mediums (Rettab *et al.*, 2008).

McWilliams and Siegel (2001) emphasised that consumers consider socially responsible firms to have a good reputation by constantly executing a series of programmes of social responsibility. Such CSR programmes give a big impact to corporate reputation. A good reputation influences a positive consumer satisfaction. In addition, companies use CSR communication to enhance customer loyalty (APCO, 2004; Jacob and Kyner, 1973; Keller, 1993). This effort may improve favourable relationships between the organisation and its stakeholders. As Grunig and Hunt (1984, p. 6) stated that effective public relations is about “management of communication between an organization and its publics”.

Maignan and Ferrell (2004) identified a number of studies on CSR programmes’ positive effects on customers and a positive relationship between CSR and customer loyalty. CSR for a non-profit organisation led to store loyalty, emotional attachment to the store and store interest, which then impacted customer behaviour (Lichtenstein *et al.*, 2004). Brown and Dacin (1997) found that CSR associations influenced product attitudes which reflect the overall company evaluations.

Furhermore, McWilliams and Siegel (2001, p. 120) pointed out that positive CSR, “creates a reputation that a firm is reliable and honest”. Similarly, Bhattacharya and Sen (2004) argued that CSR builds a reservoir of goodwill that firms can draw upon in times of crisis. Positive reputations have often been linked with positive financial returns, with their value tied to the inability of competitors to imitate the reputation. Roberts and Dowling (2002) found that the value of a positive reputation is, “precisely because the development of a good reputation takes considerable time and depends on a firm making stable and consistent investments over time”. Therefore, reputation is arguably the most valuable asset of any firm and thus worth protecting. Banerjee *et al.*, (2003) postulated firms that are under greater scrutiny from a broader stakeholder groups facing greater business exposure.

In addition Post *et al.*, (2002, p. 8) found that stakeholders is “those people and groups that affect, or can be affected by an organization’s decision, policies, and operation”. Øyvind Ihlen, (2008, p. 136) from his research indicated that the organisation’s success depends on how it is able to manage its relationship with key stakeholder groups, such as customers, employees, suppliers, communities, politicians, owners, and others. Similarly, Werther and Chandler (2006) quoted that the stakeholder relationship occurs as a consequence of business activities and such groups might be local communities, the media, business support groups, state and local government, social activist groups and so forth. To ensure the organisation’s success, the company have “to keep the support of all of these groups, balancing their interest, make the organizations a place where stakeholder interests can be maximized over time” (Freeman and Philips, 2002, p. 333).

The CSR concept relates closely to its family terms such as corporate citizenship (Bowen, 1953; Carroll, 1979; Mason, 1960), corporate social responsiveness (Ackerman and Bauer, 1976; Frederick, 1998; Strand, 1983), corporate social performance (Stanwick and Stanwick, 1998; Swanson, 1995; Wood, 1991), and

stakeholder management (Donaldson and Preston, 1995; Jones, 1995). Following to the notion of CSR quoted by McWilliams *et al.*, (2006, p. 1), organisations should not only be concerned about making a profit but also engaged in “actions that appear to further some social good, beyond the interests of the firm and that which is required by law”.

Dow Jones Index (2005) defined CSR as a business approach that creates long-term shareholder value by embracing opportunities and managing risks deriving from economic, environmental and social developments. Business in the Community (BITC) defined CSR as “a company’s positive impact on society and the environment through its operations, productions or services and through its interaction with key stakeholders such as employees, customers, investors and suppliers” (Katsoulakos & Katsoulakos, 2006, p. 13). On the other hand, Carroll (1979, p. 500) states that businesses that practice social responsibility attend to “economic, legal, ethical, and discretionary (philanthropic) expectations that society has of organizations at a given point in time”.

Holcomb, *et al.*, (2007) states the commonality among these different definitions of social responsibility is that companies should engage in socially responsible behaviour as part of their organizational strategy. According to Velsor *et al.*, (2007), the business rationale includes a number of factors such as managing risk, protecting and enhancing reputation and brand equity, building trust and license to operate, improving resources efficiency and accessing to capital, responding to or pre-empt regulation, establishing stakeholder relationships with current and future employees, customers, business partners, socially responsible investor, regulators, and host communities, encouraging innovation and new ways of thinking and finally, building future market opportunities.

Brown and Dacin (1997) provided empirical evidences that consumer beliefs about products are influenced by the information that they possess both about corporate ability (the producer’s competitive advantage) and about the producer’s CSR, even though the CSR policies are often unrelated to the company’s ability to produce. Both items are key elements in creating a good corporate reputation, posited by numerous theorist to provide a source of economic benefits to an organisation.

Handelman and Arnold (1999) addressed further evidences on wealth creation through marketing activities are subsumed under CSR. They suggested that consumers appear to possess a demand for intangible factors indicating congruence with local social norms and values, and that the firm’s promotion of these elements may yield a strategic angle equal to that of competitive positioning and product attributes. A good corporate citizen must address the concerns and satisfy (some of) the demands of stakeholders who, whether directly or indirectly, can affected by the organization’s activities (Donaldson and Preston, 1995; Jones, 1995; Waddock, 2001) and CSR disclosures among firms are greatly needed (Holder-Webb *et al.*, 2009).

With the increasingly global nature of business and the rapid technology-based flow of information in the developed and emerging markets, corporate social responsibility have come to the forefront of business concern (Hermann, 2004). Moreover, concerning with how firms deal with a social and environmental issue, Westfield (2002, p. 54) argued that “the premise of the corporate social responsibility movement is that corporations because they are the dominant institution of the planet, must squarely face and address the social and environmental problems that afflict mankind”.

From a stakeholder management perspective, Vaaland *et al.*, (2008, pp. 212-225) pointed out that CSR is “the management of stakeholder concern for responsible and irresponsible acts related to environmental, ethical and social phenomena in a way that creates corporate benefit”. Similarly, Holme and Watts, (2000) quoted that CSR is acting responsibility with other stakeholders and ethically towards society. According to Deegan and Gordan (1996), Deegan and Rankin (1999), Brown and Deegan (1998), and Hooghiemstra (2000), CSR communication aims to provide information that legitimizes an organization’s behaviour by trying to influence stakeholders’ and society’s image of the company (see also Birth *et al.*, 2008). According to Øyvind Ihlen (2008), legitimacy is the perception or assumption that the actions of a stakeholder are desirable, proper, or appropriate.

However, the concept of CSR is still blurred and fuzzy argued by Lantos (2001). Vaaland and Heide (2005) decomposed CSR into CSR enforcement and CSR recovery as a general interdependent processes. Thus, under CSR enforcement – the ability to make the firm more resistant to be attacked from sudden, unforeseen and negative incidents highlighted by anger stakeholders. This may threaten and could seriously harm the company’s reputation. On the other hand, if the critical incident is handled skillfully, under CSR recovery - the potential loss of company reputation could be minimized and possibly recovered after a short time (Vaaland and Heide, 2005; see also Vaaland and Heide, 2008).

Studying on CR, CSR and SR are often associated with improving the organizational performance. Those recent and past studies have proven the strong alignment between CR, CSR, and SR within the Western hemisphere. The fact that the emerging concepts are universal, which means they is widely recognised in the US, Europe and Asia. However, there is no universal definition of CSR as the concept has been defined differently in different countries. Thus, this study contributes to the limited exploratory research on CR, CSR, and SR in the Southeast Asian hemisphere particularly in Malaysia.

RESEARCH PURPOSE AND QUESTIONS

The study aims to identify the perceived importance of and relationship between CR, SR and CSR practised by three groups of organizations, MNCs, GLCs, and LPCs in Malaysia. Specifically, this study attempts to answer these questions:

- RQ 1* : How do participants perceive the importance of CR, SR, and CSR to the organisation?
- RQ 2* : How do participants perceive the relationship between CR, SR and CSR developed? (alignment and integration of these key concepts)

METHODOLOGY

This study employed in-depth interviews with selected companies from GLCs, MNCs, and LPCs. The purpose of interviewing was ‘*to understand the life worlds of respondents*’, notably the details about their roles and the environment in which they are professionally involved (Bauer & Gaskell, 2000, p. 39). It had been said that the interview is one of the most commonly used methodological techniques (Denzin and Lincoln, 1998) to ‘*understand the experience of other people and the meanings they make of that experience*’ (Seidman, 1998, p. 3).

Sampling

Selection of participants (organizations)

There are three groups of organizations participated in this study: GLCs, MNCs and local LPCs. At first, using rough selection criteria was located to select MNCs and GLCs followed the list of 2009 Bursa Malaysia (public listed companies) and the database of portfolio companies owned by Khazanah Nasional Berhad. For LPCs, the list of 2003 Times directory of companies in Malaysia (Red Book) was used. Business-to-consumer companies were preferred in selecting the participants. Selection process of organizations was extended to a mix of organizations in different industries due to the different industries are generally oriented differently. Specifically, the sample is purposively selected from three different databases stated to cover three different groups. However, many organizations refused to participate in this study due to some reasons such as the issue of confidentiality and lack of time.

Confirmed participants (organizations)

Finally, in-depth interviews was conducted with 14 companies in their respective corporate offices, and five companies agreed to participate via email. A total of 19 companies from GLCs (12), MNCs (4), and LPCs (3) agreed to participate in this study. The length of interviews was about one to two hours. The interviewees were selected from top management, such as vice president, heads, senior managers, or managers of corporate communication who are responsible for managing corporate communication and corporate reputation as depicted in Table 1.

With regards to the location of fieldwork, the focus was on the Klang Valley, Malaysia, as it is a booming urban entity in Malaysia which has grown rapidly, incorporating six urban centres: Kuala Lumpur (the capital of Malaysia), Petaling Jaya, Subang Jaya, Shah Alam, Klang, and Kajang. It should be understood that most GLC, MNCs and other key firms are centrally located in this urban state.

Data Analysis

For face to face interviews, a digital voice recorder was used to record conversations between an interviewer and interviewees after permission was obtained. All data were transferred into a software computer, a digital wave player for the process of transcribing. For interviews via email, informants sent their answers based on the research questions addressed. It is understood that a major constraint for interviews via email was that it would be less interactive during the interviews sessions. All valuable inputs then were analyzed and interpreted as findings of this study. Data

Table 1 Interviews with participants

Interviews[1] – Vice President/Heads/Senior Managers/Managers					
Organisation	Job designation	Type of company	Size of companies*	Experience in function	Method of data collection
C1	Vice President	GLC	Big	12 years	Interview
C2	Head	GLC	Big	15 years	Interview
C3	Head	GLC	Big	18 years	Interview
C4	Senior Manager	GLC	Big	15 years	Interview
C5	Senior Manager	GLC	Big	3 years	Interview
C6	Manager	GLC	Big	11 years	Interview
C7	Manager	GLC	Big	11 years	Interview
C8	Manager	GLC	Big	7 years	Interview
C9	Manager	GLC	Big	n/a	Interview
C10	Head	GLC	Big	n/a	Email
C11	Senior Manager	GLC	Big	n/a	Email
C12	Manager	GLC	Big	n/a	Email
C13	Manager	LPC	Medium	4 years	Interview
C14	Manager	LPC	Medium	10 years	Interview
C15	Manager	LPC	Medium	n/a	Email
C16	Head	MNC	Big	13 years	Interview
C17	Manager	MNC	Big	12 years	Interview
C18	Manager	MNC	Big	11 years	Interview
C19	Manager	MNC	Big	n/a	Email

*Size of companies is measured based on the following scale: Big (public companies or revenue exceeds RM20m annually); Medium (revenue exceeds RM10m annually); and Small (revenue below RM1m annually). n/a = not applicable

from the interviews was analyzed using a thematic approach. As illustrated in Figure 2, research strategy, design and methodology are shown to map out the detail of key constructs and analysis used in this study.

Qualitative analysis	
RESEARCH STRATEGY	Exploratory research: In-depth Interviews (Saunders et al., 2000 & Daymon & Holloway, 2002)
RESEARCH DESIGN	Define population sampling (unstructured) Construct a set of questions Conduct a series of interviews – in person A review of corporate and academic literature
POPULATION	Three groups: GLC, PLC, & LPC
TYPE OF SAMPLING DESIGN	Purposeful sampling
LOCATION	Klang Valley: (six urban centres: Kuala Lumpur, Petaling Jaya, Subang Jaya, Shah Alam, Klang and Kajang)
THEORETICAL ISSUE ELEMENT (1)	Gap alignment between CR, SR, and CSR Key constructs of CR, SR, and CSR
SELECTION OF CASES	Organizations
OBSERVATION UNITS	Corporate communications managers, head, director, or vice president
ELEMENT (2)	Key themes: CR, SR, & CSR Categorizing and bracketing key themes emerged from the data collected.
DATA ANALYSIS	Transcribing inputs from digital voice recorder All data transferred to digital wave player Outputs presented
INTERPRETATION & DISCUSSION	Critical and extensive discussion. Some recommendations are proposed.

Figure 2 Research strategy, design and methodology

RQ 1 : How do participants perceive the importance of CR, SR, and CSR to their organisational strategy?

Corporate Reputation

Corporate reputation is central to the main agenda of the organization managed through a series of programs of corporate communication. In the context of applied corporate reputation, Riel and Fombrun (2007) identified reputation attributes based on their proprietary measurement system that is RepTrak®. Drawing from the extensive data collected, it is found that there are six key themes of corporate reputation which were categorised on the basis of the Riel and Fombrun's RepTrak model:

- 'Price' of reputation,
- Improved profitability,
- Sustained business strategy,
- Unique identity & distinctive organizational capability,
- Powerful and dominant player, and
- Reputation risk management

The findings also supported Balmer's notion of reputation (2001), as he argued for corporate reputation is the enduring perception held of an organization by an individual, group or network that forms a collective system of beliefs and opinions that influences people's actions with regards to an organization. This viewpoint was explicitly addressed in many of our informants' perspectives.

There is a strong consensus agreement about the importance of reputation among participants from MNCs, GLCs and LPC. With regards to the 'price' of reputation, the assistant general manager of leading telecommunication company really value the importance of reputation of his company as described below:

Corporate reputation is priceless. It takes a lot of efforts which include creating awareness and good reputation as well as maintaining and tracking it.

A skilled manager from the leading information communication technology company found that the cost of reputation is similar to the real value of doing its business:

The price of our reputation is equivalent to the cost of doing business. As an IT solution provider and integrator, we don't rely on the superiority of our products and expertise alone. Our business has grown on the back of our integrity and good business ethics.

Not surprisingly, the corporate reputation may influence greater profitability and sustain great business strategy over time as described by the senior manager of big telecommunication company:

Reputation is very important as it represents a company's brand and perceptions of consumers on the organisation. It can improve profitability and sustain business strategy through a brand health tracking (system). We can track the consumers perception on us and the brand disposition; ...breakdown from mother brand, to product brands, services and many more.

Most informants gave a shared understanding about the value of reputation. Reputation can make Malaysian corporations more powerful and dominant players in the competitive market. As the notion of reputation is considerably aligned with business strategy, corporation may unleash its unique identity and distinctive organisational capability. Even among informants studied, there was no consensus on organisations should familiar with reputation risk management to safeguard its firm from unexpected disaster or crisis in recessionary times.

Stakeholder Relations

Stakeholder relations is a popular buzzword among senior managers in any corporation in emerging and developed markets. Based on a socio-economic theory, Cornelissen (2008) analysing the importance of stakeholder management by emphasizing on 'corporate citizenship'. Cornelissen (2008) initiated the stakeholder model of strategic management to harmonise the relationship between the organization and its stakeholder constituents. Hard evidences collected from this study revealed that four key themes pertaining to stakeholder relations as follows:

- Stakeholder engagement,
- Maximizing stakeholder values,
- Coherent system or policy on stakeholder relations, and
- Fair and equitable treatment of employees

All groups ranging from MNCs, GLCs and LPC significantly agreed that stakeholder relations is vital for business success. As far as stakeholder engagement is concerned, building a favorable relationship with stakeholders requires the top management personnel to seriously pay attention to the basic virtue of humanity that is honesty as noted by the manager of leading property company:

...through honesty, fair dealing and transparent reporting are the way how we build and cultivate a favourable relationship with our stakeholders.

Most interviewees see it is important for today's organisations to listen and meet stakeholders' demands to stay focused and grow steadily in the competitive business environment as quoted by the manager of top fast food corporation:

We try to continually improve...we are still growing and we believe in changes, innovation and if you look at our business...for instance you can see we are different today as compare to before so we believe that listening to our customers is important and they want it to be relevant with their needs and also their requirements so that we can change ...in terms of layout (of building) and (reveal a concept of) beyond of restaurant using the facilities that we provided to the customers.

Engaging with a specific stakeholder such as media requires a brilliant approach to treating them very well and showing them the real value of organisational capability, as stressed by the senior manager of leading automobile corporation:

We are very close to the media. In fact we have no problem with the media in terms of getting (positive) coverage and such that. With media, we always give them opportunities to get to know us better, for instance, if there is an opportunity for us to take them abroad to see our market in oversea, we take them as well. So, at the same time if there is request from them to visit a factory so we will entertain them (under circumstances). We go one step further like getting them to be involved in our business and we do organise social activities for the media as well.

Keeping stakeholder engagement in mind, maximizing stakeholder values is vital for today's corporations which attracts real benefits and rewards to improve its performance and reputation as emphasised by the manager of leading property corporations:

We maximize our stakeholder values by giving them good return in investment for shareholders, good working environment and benefits for employees, fair deal for suppliers and timely delivery of quality products to customers.

The consensus is that by having a coherent system or policy on stakeholder relations keeps the organization in mind the importance of managing their internal and external stakeholders constantly.

There is no one way. We take on a 360 degree approach to our internal and external stakeholders. Different communication channels are used to suit the various objectives and goals for our target audience. There are guidelines and a framework for each unit to function effectively in executing communication campaigns internally and externally. (Senior manager, an airline company)

Indeed, it becomes more systematic and efficient for the organization if they have a policy on fair and equitable treatment of employees. Evidence showed that the employees must be treated well first, then, the customer. Having this policy

in place makes employees feel safer to work for that corporation, as highlighted by the team leader of leading information communication technology company,

Our company has a written policy, our 'Business Conduct Guidelines' which is part of our employee handbook. This policy outlines the company's policies, employees behaviour etc. when conducting business on behalf of the company.

Corporate Social Responsibility

Finally, the last determinant of this institution is CSR which considered as a core business concept in integrating a paradox between maximising economic values and contributing to the social obligation. The key themes were categorised based on the notion of CSR addressed by McWilliams *et al.*, (2006). This study concludes the six themes of CSR coherently practised by the corporations as follows,

- CSR value in the organization,
- Corporate involvement in a community activity (a win-win scenario between business and community),
- Community involvement (i.e., donation, sponsorship),
- Top management values CSR programs
- CSR policy in the organization,
- Responsibility to protect an environment – moral obligation or business duties

On surface, all groups of MNCs, GLCs, and private local companies have a total agreement on the importance of CSR, however, a greater scrutiny on CSR practices showed that there is slightly discrepancies in practising CSR among three groups of organisations. However, all groups of organizations have met minimum standards of CSR implementation due to CSR policy and guidelines set by internal and external regulators. Specifically, MNCs followed CSR international guidelines from their parent companies, and GLCs adopted Silver Book as a government CSR guideline set and monitored under Khazanah Nasional. GLCs is substantially influenced by the state of government especially in making 'strategic' decisions at the dominant coalition. Private local companies also see the importance of CSR but not priortizing it as a key performance indicator or business strategy due to some reasons such financial constraints, unimportant agenda of top management, and minimum legal expectation. Ironically, it is questionable whether the organizations have taken seriously into account CSR activities as business duties especially in measuring corporate social performance beyond meeting a mandatory legal expectation.

According to the senior manager of leading automobile company, the value of CSR goes beyond giving back to the society or being treated as a task obligation:

To me CSR is embedded into the (organizational) culture, corporate mission and even in our values. One of our values is about caring. Caring means a feeling to like everybody not just your employees, to the broader stakeholder (groups) as well. So the value of CSR cannot be taken for granted, it is highly valuable, it affects reputation, it affects every part of company.

Sustainability of CSR is required for excellent corporations, otherwise it will ruin corporate reputation added by the head of corporate communication of entrepreneurship and investment company:

CSR is not a one-off project. It is a sustainability work. If you can't sustain the project, just forget it about it because it will affect your reputation and if you wouldn't manage your reputation well, it going to be disaster.

The consensus is that the awareness of CSR as a policy and guideline to be abided by, and dedicated to corporate involvement in community activities as described below:

We adopt a CSR policy from the Silver book under Khazanah Nasional. In the Silver book, there are seven core areas but we take two which are education and community. (Manager, a transportation company)

Actually, we follow the guideline from a CSR Asia seminar and Bursa guideline. At the same time, we do have our own policy. A CSR policy must relate to our business. As far as our main policy is concerned, any project that we formulate must come back to a health safety environment. This is a written code of our CSR policy now. (Manager of a local company)

Based on evidences collected, it seems that the top management for MNCs and GLCs gives full support in implementing CSR programmes and being seen this also as business opportunities instead of expenditures. Thus, they continue investing in this CSR project for the sustainability of a company's reputation and performance as emphasized by these skilled managers:

CSR always comes from the top management. If you trace back the history even our CSR chairman was actually also on the board of few NGO's. She is actually very aware (of this CSR) and the project we propose, she takes seriously (this CSR matter) and is passionate about that. And we have more CSR projects this year even the economy goes down. (CSR Manager, a marine service provider)

In economy recession, it doesn't mean all go bad. It could give you some other business opportunities as well. For example, when economy is

good, people might go travel to Jakarta for meeting but when economy downturn people might use email a lots, or only talk on the phone. So in a telco (business) no effect when economy in recession and no CSR budget will be cut.our CEO wanted our CSR projects go further. (Vice president, a telecommunication company)

RQ 2 : How do participants perceive the relationship between CR, SR and CSR developed? (alignment and integration of these key concepts)

There is strong consensus that alignment and integration of CR, SR, and CSR had emerged from the data collected across informants from GLC, PLC, and LPC. Most informants gave positive remarks on the key concepts of CR, SR, and CSR. Most of informants passionately discussed key concepts of CR, SR and CSR by aligning and integrating them with their current practices. It means they all are interlinked which leads to the better corporate social performance, and encourages the visibility to the publics.

Argenti and Barnes (2009, p. 20) support this finding by stressing that ... *the modern business environment in the context of the profound changes that continuously redefine the way companies interact with their stakeholders*. They also add that ...*the growing prominence and importance of standardized sustainability reporting to organization's reputations and bottom lines*, (Argenti and Barnes, 2009, p. 172).

When asked about how informants build and cultivate favorable relationship with their stakeholders, a senior manager of leading automobile company remarked the integration between SR and CSR:

We always communicate with them (stakeholders). For example, we produce our CSR reports. It has been recognised internationally when we got A plus rating from Global Reporting Initiative. So, this is one of ways of communicating with our stakeholders.

Alignment and integration between CR and SR was revealed as the manager of a transportation company stressed on:

One thing is certain, there is a high cost to pay for losing reputation (CR), which is the good standing among our stakeholders. For instance, for our customers, a good reputation serves as a signal of the underlying quality of an organisation's products and services. This creates values, association and transaction which may improve our corporate reputation.

Evidence on the alignment and integration between CR, SR and CSR was addressed by the manager of leading fast food company as follows:

I would say that the good internal value is the key driver of reputation because we start internalizing 7 key values with our employees. We have to ensure that our employees understand (the value) and at the same time they practice the values that we introduce and I would say that the program an initiative that we do are that CSR and we talk about CSR we don't just talk about charity. And also all our CSR initiatives that we do which include food quality, food safety.

DISCUSSION AND CONCLUDING REMARKS

This study is chiefly concerned with the alignment between corporate reputation, stakeholder relations and corporate social responsibility. The research has focused on mapping the interfaces of these three dimensions in among highly competitive corporations ranging from the GLCs, MNCs and LPCs in Malaysia. Despite the economic recession, many MNCs have great awareness to manage smartly its corporate reputation, stakeholder relations and CSR. Similar to GLCs, the organizations have come to the process of transformation precisely from typical and sluggish government bodies to become highly competitive public corporations. Private local companies learnt CSR best practices from their 'big brother' (MNCs & GLCs) though their CSR mechanism still has a large room for improvement.

Indeed, it seems that most corporations studied found that corporate reputation goes beyond image building derived from 'PR stunt', but they have a great appreciation and belief that corporate reputation is an intangible asset to bring the corporation to the top of the global and corporate world. Reputation is what they need to earn from various stakeholder groups. Managing internal and external stakeholder groups is vital to remain their corporations visible, transparent and distinctive among their top competitors. Stakeholder relations have highest stakes in their top priority of corporate performance. Different stakeholders require different demands and needs. The challenge here for today's corporations is not only to meet and satisfy all stakeholder groups' needs but also get them involved directly in its relevant business activities. These two dimensions, corporate reputation and stakeholder relations cannot be managed without considering the value of CSR. Balancing economic values (organizational profitability) and social and moral obligation (substantial contribution to social community and environment) has become imperative duties for all corporations studied.

In the nutshell, we concluded that mapping the interfaces of corporate reputation, stakeholder relations, and corporate social responsibility is practiced which showed in our evidence. However, there is discrepancy in practicing CSR between MNCs, GLCs, and LPCs in Malaysia. Although practicing excellent CSR is desirable, in practice, they all are struggling to gain public legitimacy and reputation globally. Thus, there is a need to improve in the light of how honest and transparent these corporations in practicing these three dimensions. Deriving from our evidences, many corporations studied struggling to earn a greater

reputation from their stakeholders but in practice, they have yet to genuinely and honestly contribute to a broader large community. In other words, practicing CSR programs is a linear approach to look for market opportunities, not really for the substantial contribution to the social community and environment. We found no sophisticated measurement to manage the alignment of CR, SR and CSR within respective companies. It is recommended that key determinants of CR, SR, and CSR identified across MNCs, GLCs and LPCs to be tested quantitatively using a structural equation model to develop a better model fit to see the alignment and integration in enhancing the notion of corporate reputation management.

NOTES

Primarily, method of data collection is in-depth interviews – face to face with key informants is highly preferred. However, email interviews were conducted with key informants for some reasons given by them such as too busy and time constraint.

REFERENCES

- Abdullah, Z. (2007) Towards International Cultural Diversity Management of Public Relations: Viewpoints of Chairmen/CEO, *International Journal of Economics & Management*, **1(2)**, 285-299.
- Ackerman, R. W. and Bauer, R. A. (1976) *Corporate Social Responsiveness*. Reston Publishing: Reston, VA.
- APCO. (2004) Communicating CSR: Talking to People Who Listen, Global CSR study. Retrieved September 10, 2010 from www.apcoworldwide.com.
- Argenti, P. and Barnes, C. M. (2009) *Digital Strategies for Powerful Corporate Communications*. McGraw-Hill: New York, NY.
- Argenti, P. and Druckenmiller, B. (2004) Reputation and the Corporate Brand, *Corporate Reputation Review*, **6(4)**, 368-374.
- Balmer, J. M. T. (2001) From the Pentagon: A New Identity Framework, *Corporate Reputation Review*, **4(1)**, 11-22.
- Balmer, J. M. T. and Greyser, S. A. (2003) *Revealing the Corporation: Perspectives on Identity, Image, Reputation, Corporate Branding and Corporate-Level Marketing*. Routledge, Taylor and Francis Group: London.
- Banerjee, S. B., Iyer, E. S. and Kashyap, R. K. (2003) Corporate Environmentalism: Antecedents and Influence of Industry Types, *Journal of Marketing*, **6(2)**, 106-122.
- Bauer, M. and Gaskell, G. (2000) *Qualitative Researching with Text, Image and Sound*. Sage Publication: London.
- Bhattacharya, C. B. and Sen, S. (2004) Doing Better at Doing Good: When, Why, and How Consumer Product Respond to Corporate Social Initiatives, *California Management Review*, **47(1)**, 9-24.

- Birth, G., Illia, L., Lurati, F. and Zamparini, A. (2008) Communicating CSR: Practices Among Switzerland's Top 300 Corporations, *Corporate Communications: An International Journal*, **13**(2), 182-196.
- Bouchikhi, H. and Kimberly, J. R. (2008) *The Soul of the Corporation: How to Manage the Identity of your company*. Wharton School Publishing: New Jersey.
- Bowen, H. R. (1953) *Social Responsibilities of the Businessman*. Harper-Row: New York.
- Brown, N. and Deegan, C. (1998) The Public Disclosure of Environmental Performance Information – A Dual Test of Media Agenda Setting Theory and Legitimacy Theory, *Accounting & Business Research*, **29**(1), 21-41.
- Brown, T. J. and Dancin, P. A. (1997) The Company and the Product Responses, *Journal of Marketing*, **61**(1), 68-84.
- Carroll, A. B. (1979) A Three-dimensional Conceptual Model of Corporate Performance, *Academy of Management Review*, **4**(4), 497-505.
- Chong, M. (2009) Employee Participation in CSR and Corporate Identity: Insights from a Disaster-response Program in the Asia-Pacific, *Corporate Reputation Review*, **12**(2), 106-119.
- Country Energy. (2010) Corporate Social Responsibility. Retrieved November 25, 2005 from corporate.responsibility@countryenergy.com.au.
- Deegan, C. and Gordon, B. (1996) A Study of the Environmental Disclosure Practices of Australian Corporations, *The Accounting Review*, **26**(3), 187-199.
- Deegan, C. and Rankin, M. (1999) The environmental Reporting Expectations Gap: Australian Evidence, *The British Accounting Review*, **31**(3), 313-346.
- Denzin, N. K. and Lincoln, Y. S. (1998) *Collecting and Interpreting Qualitative Materials*. Sage: London.
- Donaldson, T. and Preston, L. E. (1995) The Stakeholder Theory of the Corporation: Concepts, Evidence, and Implications, *Academy of Management Review*, **20**(1), 65-91.
- Dow Jones Index. (2005) Dow Jones sustainability index. Retrieved November 5, 2005 from www.sustainability-indexes.com/html/indexes/overview.html.
- Frederick, W. C. (1998) Creatures, corporations, Communities, Chaos, Complexity: A Naturological View of Corporate Social Role, *Business and Society*, **37**(4), 358-389.
- Freeman, R. E. and Philips, R. A. (2002) Stakeholder Theory: A Libertarian Defense, *Business Ethics Quarterly*, **12**(3), 331-349.
- Fombrun, C. J. and Riel, C. B. M. van. (2004) *Fame and Fortune: How Successful Companies Build Winning Reputations*. Prentice Hall: New York, NY.
- Fombrun, C. and Pan, M. (2006) Corporate Reputations in China: How Do Consumers Feel About Companies?, *Corporate Reputation Review*, **9**(3), 165-170.
- Grunig, J. E. and Hunt, T. (1984) *Managing Public Relations*. Holt, Rinehart and Winston: New York, NY.
- Handelman, J. M. and Arnold, S. J. (1999) The Role of Marketing Actions with a Social Dimension: Appeals to the Institutional Environment, *Journal of Marketing*, **63**(3), 33-48.

- Hatch, M. J. and Schultz, M. (2008) *Taking Brand Initiative: How Companies can Align Strategy, Culture, and Identity through Corporate Branding*. Wiley: San Francisco, CA.
- Hermann, K. (2004) Corporate Social Responsibility and Sustainable Development: The European Union Initiative: A Case Study, *Indiana Journal of Global Legal Studies*, **11(2)**, 204-232.
- Holcomb, J. L., Upchurch, R. and Okumus, F. (2007) Corporate Social Responsibility: What Are Top Hotel Companies Reporting?, *International Journal of Contemporary Hospitality Management*, **19(6)**, 461-475.
- Holder-Webb, L., Cohen, J., Nath, L. and Wood, D. (2009) The Supply of Corporate Social Responsibility Disclosures Among U.S. Firms, *Journal of Business Ethics*, **84(4)**, 497-527.
- Holme, L. and Watts, P. (2000) *Corporate Social Responsibility: Making Good Business Sense*. World Business Council for Business Development, Geneva.
- Hooghiemstra, R. (2000) Corporate Communication and Impression Management – New Perspectives Why Companies Engage in Corporate Social Reporting, *Journal of Business Ethics*, **27**, 55-68.
- Ihlen, O. (2008) Mapping the Environment for Corporate Social Responsibility: Stakeholders, Publics and the Public Sphere, *Corporate Communications: An International Journal*, **13(2)**, 135-146.
- Jacob, J. and Kyner, D. B. (1973) Brand Loyalty Versus Repeat Purchase Behaviour, *Journal of Marketing Research*, **10**, 1-9.
- Jones, T. M. (1995) Instrumental Stakeholder Theory: A Synthesis of Ethics and Economic, *Academy of Management Review*, **20(2)**, 404-437.
- Katsoulakos, P. and Katsoulakos, Y. (2006) A Multi-dimensional View of Corporate Responsibility, Working paper, Athens University of Economics and Business, 12 July.
- Keller, K. L. (1993) Conceptualizing, Measuring and Managing Customer Based Brand Equity, *Journal of Marketing*, **57(1)**, 1-22.
- Kitchen, P. J. and Schultz, D. E. (2001) *Raising the Corporate Umbrella: Corporate Communications in the 21st Century*. Palgrave Publisher: London.
- Lantos, G. P. (2001) The Boundaries of Strategic Corporate Social Responsibility, *Journal of Consumer Marketing*, **18(7)**, 595-630.
- Lichtenstein, D. R., Drumwright, M. E. and Braig, B. M. (2004) The Effect of Corporate Social Responsibility on Customer Donations to Corporate-supported Non-profits, *Journal of Marketing*, **68(8)**, 16-32.
- Lindgreen, A., Swaen, V. and Johnston, W. (2009) Corporate Social Responsibility: An Empirical Investigation of U.S. Organizations, *Journal of Business Ethics*, **85**, 303-323.
- Lines, V. L. (2004) Corporate Reputation in Asia: Looking Beyond Bottom-line Performance, *Journal of Communication Management*, **8(3)**, 233-245.
- Maignan, I. and Ferrell, O. C. (2004) Corporate Social Responsibility and Marketing: An Integrative Framework, *Journal of the Academy of Marketing Science*, **32(1)**, 19-23.
- Mason, E. S. (1960), *The Corporation in Modern Society*. Harvard University Press: Cambridge.

- McDonald, L. and Rundle, T. S. (2008) Corporate Social Responsibility and Bank Customer Satisfaction, *International Journal of Bank Marketing*, **26(3)**, 170-182.
- McWilliams, A. and Siegel, A. D. (2001) Corporate Social Responsibility: A Theory of the Firm Perspective, *Academy of Marketing Review*, **26(1)**, 117-127.
- McWilliams, A., Siegel, A. D. and Wright, P. M. (2006) Corporate Social Responsibility: Strategic Implications, *Journal of Management Studies*, **43(1)**, 1-18.
- Money, K., Rose, S. and Hillenbrand, C. (2008) Where Does Corporate Branding End and Reputation Management Begin?, Paper Presented at 12th International Reputation Institute Conference, on Corporate Reputation, Brand Identity, and Competitiveness, May 29-31, Beijing, China.
- Moon, C. W. (2005) Corporate Social Responsibility (CSR) in Asia: A Seven Country Study of CSR Website Reporting, *Business & Society*, **44(4)**, 415.
- Post, J. E., Lawrence, A. and Weber, J. (2002) *Business and Society: Corporate Strategy, Public Policy, Ethics* (10th edn.) McGraw-Hill: New York, NY.
- Rettab, B., Ben, B. A. and Mellahi, K. (2008) A Study of Management Perceptions of the Impact of Corporate Social Responsibility on Organisational Performance in Emerging Economies: The Case of Dubai, *Journal of Business Ethics*, **89(3)**, 371-390.
- Riel, C. B. M. van and Fombrun, C. (2007) *Essentials of Corporate Communication*. Routledge, Abingdon.
- Roberts, P. and Dowling, G. (2002) Corporate Reputation and Sustained Superior Financial Performance, *Strategic Management Journal*, **23(12)**, 1077-1093.
- Salam, M. A. (2009) Corporate Social Responsibility in Purchasing and Supply Chain, *Journal of Business Ethics*, **85**, 355-370.
- Seidman, I. (1998) *Interviewing as Qualitative Research: A Guide for Researchers in Education and the Social Sciences*. Teachers College Press: London.
- Stanwick, S. D. and Stanwick, P. A. (1998) Corporate Social Responsiveness: An Empirical Examination Using the Environmental Disclosure Index, *International Journal of Commerce and Management*, **8(3/4)**, 26-40.
- Strand, R. (1983) A system Paradigm of Organisational Adaptations to the Social Environment, *Academy of Management Review*, **8(1)**, 90-96.
- Swanson, D. L. (1995) Addressing a Theoretical Problem by Reorienting the Corporate Social Performance Model, *Academy of Management Review*, **20(1)**, 43-64.
- Vaaland, T. I. and Heide, M. (2005) Corporate Social Responsiveness: Exploring the Dynamics of Bad Episode, *European Management Journal*, **23(5)**, 495-506.
- Vaaland, T. I. and Heide, M. (2008) Managing Corporate Social Responsibility: Lessons from the Oil Industry, *Corporate Communications: An International Journal*, **13(2)**, 212-225.
- Vaaland, T. I., Heide, M. and Gronhaug, K. (2008) Corporate Social Responsibility: Investigating Theory and Research in the Marketing Context, *European Journal of Marketing*, **42(9/10)**, 927-953.

- Velsor, E. V., Hargett, T. R. and Williams, M. F. (2007) Wilh. Wilhelmsen Shipping Company: moving from CSR tradition to CSR leadership, *Corporate Governance: International Journal of Business in Society*, **9(1)**, 73-82.
- Waddock, S. (2001) Integrity and Mindfulness: Foundations of Corporate Citizenship, in *Perspectives on Corporate Citizenship* (Eds.) J. Andriof and M. McIntosh, Greenleaf Publishing, Sheffield, pp. 26-38.
- Werther, W. B. and Chandler, D. (2006) *Strategic Corporate Social Responsibility: Stakeholders in a Global Environment*. Sage Publication: London.
- Westfield, E. (2002) Globalization, Governance, and Multinational Enterprise Responsibility: Corporate Codes of Conduct in the 21st Century, *Virginia Journal of International Law*, **42**, 1075-1082.
- Wood, D. (1991) Corporate Social Performance Revisited, *Academy of Management Review*, **16(4)**, 691-718.