THE ROLE OF CSR COMMUNICATION IN STRENGTHENING CORPORATE REPUTATION

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Abstract:
This conceptual paper discuss about the role of CSR communication in strengthening corporate reputation. A number of earlier studies argue that for CSR to be impactful on the stakeholders, corporations must communicate CSR information to their stakeholders. Thus, CSR communication play a role in influencing customers’ perceptions and evaluations of corporate reputation. The author reviewed existing literatures that focus on corporate reputation and CSR communication. The review includes highlights on common measurements of corporate reputation and CSR communication tools and channels. Nevertheless, future studies may want to further investigate the relationship between CSR communication and corporate reputation with other possible mediating or moderating factor such as trust, csr knowledge and csr awareness.

Keywords:
Corporate Social Responsibility (CSR), CSR Communication, Corporate Reputation

Introduction
Corporate reputation is commonly regarded as intangible asset (Rashid & Mustafa, 2020) and has influence on the profitability and sustainability of a corporation (Chen, 2016). Corporations have begun to realize that the survival of their businesses also rely on stakeholders’ positive
evaluations of their reputation that leads to a better financial performance (Gangi et al., 2018; Cormier & Magnan, 2014). Favourable reputation influences customers’ commitments, satisfaction, trust, word of mouth, repurchase and attract good talents (Kim & Kim, 2017; Kircova & Esen, 2018; Leaniz & Rodrigues, 2016). Clearly, effective reputation management is crucial for businesses’ sustainability. Thus, it is equally important to recognize the factors that can help corporations in managing their reputation.

Corporate reputation is a perceptual representation of a corporation’s actions in the past and future which portray its appeal to all key stakeholders (Fombrun, 1996). Their actions are the behaviours they displayed while operating the businesses. Considering that corporate reputation is the interpretation of corporations’ behaviours by stakeholders, positive perception usually resulted from ethical behaviours (Javed et al., 2019; Yadav et al., 2018). Corporate social responsibility (CSR) is found to be the antecedents of corporate reputation (Esen, 2013; Javed et al., 2019). CSR broadly refers to corporate behaviours that fulfil the social obligations demanded by society (Kim & Ramos, 2018). CSR has also become visible as a mechanism to protect, maintain and grow a business (Lee et al., 2015) as well as building reputation among global companies (Fombrun, 2005).

However, CSR is only impactful when stakeholders are aware of corporations’ CSR contributions (Ayaji & Mmutle, 2020). In other words, CSR must be complemented with CSR communication for corporations to reap the sow of their good deeds. Numbers of scholars agreed that CSR communication plays a significant role in improving stakeholders’ CSR knowledge, CSR awareness, trust, engagement and their perceptions of corporate reputation (Kim & Ferguson, 2018; Morsing & Schultz, 2006). Yet, CSR communication can also cause scepticism (Ayaji & Mmutle, 2020). When CSR communication is perceived as a mean to promote a corporation or to coat its inefficiency and misbehaviours, CSR efforts will only invite critics and negative attitudes among stakeholders (Coombs & Holladay, 2012; Morsing et al., 2008). Thus, considering the inconsistency findings in earlier studies and the dilemma whether a corporation should communicate about their CSR, there is a need to further examine the role of CSR communication in strengthening corporate reputation.

This conceptual paper is meant to collect relevant literature that explain how CSR communication contribute to strengthening corporate reputation. The article is organized as follows: literature review on corporate reputation, CSR communication, the role of CSR communication in enhancing corporate reputation, the recommendations of effective CSR communication and conclusion.

**Literature Review**

This section reviews the literature on corporate reputation and CSR communication. First, it presents the concepts of corporate reputation and CSR communication. It also includes corporate reputation measurements that are commonly employed by researchers, CSR communication tools and channels, and the role of CSR communication in strengthening corporate reputation. This paper propose a research framework that is developed based on the literatures.

**Corporate Reputation**

Corporate reputation has been studied in different disciplines and so a number of different concepts have emerged. Yet, most definitions refer corporate reputation to social cognitions such as beliefs, impressions and perceptions (Rindova et al., 2010). Hardeck and Hertl (2014)
refers corporate reputation to the knowledge and feelings that an individual has towards an organization. According to Mishina et al., (2012), corporate reputation is a collective assessments of an organization’s capability to create value based on its characteristics and qualities. Fombrun and Van Riel (2004) defined corporate reputation as an emotional capital which represents stakeholders’ perceptions towards a corporation’s past and future actions.

Stakeholders, generally, can be divided into primary stakeholders and secondary stakeholders. The former refers to those whose interest are directly affected by corporations’ business operations while the latter are those with intermediary role. Stakeholders can be viewed as the main aspect of corporate reputation for their opinions are counted in determining a corporation’s position in the industry. Capozzi (2005) asserts that reputation building is about keeping stakeholders’ needs and interest in balance.

Earlier studies have been focusing on the antecedents of corporate reputation to understand the end result of customers’ perceptions, demands and expectations (Walker, 2010). The literature also suggests that corporate social responsibility, corporate ability, customer satisfaction and customer trust are among the antecedents of corporate reputation (Kim & Kim, 2017). The measurement of reputation vary from one research to another. More models have been developed by researchers to measure reputation since there is no single set of criteria of reputation measurement can be agreed upon different concept of reputation established by researchers in their studies.

**Measuring Corporate Reputation**

Previously, the rankings of the Fortune magazine are the most often used measures of corporate reputation (Wartick, 2002). Those companies in the list were ranked based on their revenue and evaluated by executives, directors and analysis. However, the rankings were criticized for considering only certain group of stakeholders and overweight the financial performance of the company (Eckert, 2017; Gatzert & Schmit, 2015).

Then, the Reputation Quotient (Fombrun et al., 2000) was developed. It is one of the most-cited measurements for corporate reputation which introduces six dimensions and they are; emotional appeal, social responsibility, financial performance, vision and leadership, product and services, and workplace environment. Despite being unbiased to one particular stakeholder group, the Reputation Quotient also being criticized for failing at providing information on the possibilities to improve corporate reputation (Eckert, 2017). Hence, the Reputation Quotient was further developed. Walsh and Beatty (2007), for instance, extended the 20 issues of the Reputation Quotient in their research that focus on customers. Their measurement of corporate reputation has been employed and cross cultural tested in the United States, Europe and Australia.

Besides the above measurement approaches, RepTrak reputation model is another standard measurement developed by Fombrun et al., (2015) as an extension of the Reputation Quotient. It measures the views of public on four essential core areas which are trust, esteem, admire and good feeling. There are seven dimensions proposed by this model, namely; products or services, innovation, workplace, governance, citizenship, leadership and performance. The Global RepTrak is resulted from a survey conducted on general population who were asked to evaluate corporate reputation of certain companies. Although it was argued that the survey failed to distinguish stakeholder groups and the issues in the approach (Eckert, 2017), it is widely employed in international studies with different cultures (Luisa et al., 2018).
dimensions of RepTrak reputation model is also found to be applicable in Malaysia context (Chan et al., 2018; Tay et al., 2020).

Based on the literature, it can be concluded that there is lack of consensus in defining and conceptualizing corporate reputation. Although there is a consensus on corporate reputation as a multidimensional construct (Eckert, 2017), different scholars identified different dimensions of corporate reputation in their studies. In this paper, the author suggested customer-based corporate reputation which refers to the attitude-like evaluative judgment of a corporation by customers.

**CSR Communication**

As CSR has growing to be prominent to the management of a corporation, the attention also has been centred on CSR communication. Scholars claimed that CSR communication is the missing link between CSR and its outcomes (Kim & Ferguson, 2018) but there were also past studies that examined the role of CSR communication as an antecedent of corporate reputation. CSR communication is a process of engaging with stakeholders to educate them about corporation’s CSR policy concerning economy, social and environmental issues using various communication tools (Podnar, 2008). Kim and Ferguson (2018) defined CSR communication as ‘communication that is designed and distributed by the company itself about its efforts’. Different corporations have their own preference of tools and channels to communicate about their CSR information.

**CSR Communication Tools and Channels**

Communication tools as proposed by Seele and Lock (2014) can be categorized into four and they are; 1) Instrumental published communication tool is a one-way communication aiming at external stakeholders such as CSR report or brochures, 2) Instrumental unpublished communication tool refers to internal documents containing corporation’s strategic perspective, 3) Deliberative published communication tools allow open dialogue with larger audience such as corporate blogs or social media, and 4) Deliberative unpublished communication tools include internal materials that also facilitate open dialogues like town hall meetings for internal staffs or investor day for investors.

Social media has emerged as a channel used to communicate corporate brand (Vernuccio, 2014) and at the same time serving as a platform for social interaction (Dutot, 2013). Online platform is the most common medium used by business corporations (Vogler & Eisenegger, 2020). It enables corporations to efficiently reach larger audience and allow them to access corporations’ information at their convenience. Online interaction with customers is now the main ingredient of a strategic brand communication (Castello & Ros, 2012). Through online platforms, both stakeholders and corporations can maintain their presence and exchange information. Facebook, Twitter, Google, Youtube, Instagram, Pinterest, LinkedIn, Dailymotion and corporate blogs are the most important to connect users with corporations (Dutot et al, 2016). CSR-related information which communicated through online media will be associated with corporations’ commitment and will influence their e-reputation (Kiousis et al., 2007). Hence, corporations are recommended to utilize these platforms in order to develop e-reputation.

Unlike traditional media, the nature of online media allows two-way communication. However, despite scholars’ suggestion on two-way CSR communication (Capriotti, 2011; Cortado & Chamelta, 2016), organizations that use the informing strategy outnumber those that use
interacting strategy (Ayaji & Mmutle, 2020). The use of various social media may increase the available sources of information but has also led to a high scrutiny on corporations’ CSR activities (Lyon & Montgomery, 2013). That is the reason why organizations that chose to avoid unnecessary criticisms are avoiding social media for their CSR communication purpose despite its interactive nature (Gomez & Chamelta, 2013). Besides that, the channel that a corporation used to communicate about its CSR initiatives can also influence stakeholders’ perceptions. The use of uncontrolled channel or a paid channel will be perceived as corporation’s attempt to advertise itself (Ayaji & Mmutle, 2020).

**The Role of CSR Communication**

According to Brammer and Millington (2005), stakeholders evaluate corporation reputation based on the signals they receive from the corporation and that signal refers to CSR initiatives. Even corporations with bad reputation seems to value the importance of good reputation by conducting CSR (Yoon et al., 2006) since it is proven that ethical and responsible corporations remain favourable in the eyes of publics (Mitra, 2011). CSR activities developed by a corporation can be used in response to bad publicity and to repair the damage on reputation (Benn et al., 2010).

However, reputation can be strengthened by engaging in CSR activities which align with stakeholders’ expectations and at the same time disclosing about it (Almeida & Coelho, 2018; Carroll & Shabana, 2010; Kim, 2019). In other words, it is equally important to initiate CSR activities that meet stakeholders’ expectations and to communicate about it. Corporations’ disclosure of their CSR efforts through annual reports are associated with good corporate practice and other good values (Othman et al., 2011) such as reliable (Esen, 2013). Stakeholders’ perceptions and evaluations of CSR communication influences their perceptions and evaluations of corporate behaviour that determines positive reputation (Hetze, 2016).

Based on the signaling theory, the act of revealing positive messages related to CSR initiatives to all stakeholders will decrease inconsistency in information, build favourable image of the corporation and keep the stakeholders for a longer period (Castello & Ros, 2012; Walker, 2010). Furthermore, being consistently transparent about CSR contributions can help to differentiate a corporation from its competitors (Tangngisalu et al., 2020). The awareness and comprehension of CSR which directly or indirectly obtained by an individual through their experiences with a corporation can be described as CSR knowledge (Kim, 2019). CSR knowledge is important to secure the reputational benefits as an outcome of a corporation’s CSR and CSR communication. Appropriate CSR communication is the key (Eisenegger & Schranz, 2011) to stakeholders’ awareness of CSR as it can influence stakeholders’ attitudes when they evaluate corporate reputation.

However, CSR communication is also found to have influence on stakeholders’ scepticism of CSR. Stakeholders perceive CSR reporting as a tool for ‘green washing’ when corporations attempted to hide their unethical practices (Chen & Chang, 2013). So when corporations communicate about their CSR efforts, they also expose themselves to the public’s condemnations (Bartlett, 2011). Stakeholders’ demands for transparency, the changes in communication practices and information-consumption among stakeholders are the inevitable challenges to communication practitioners (Golob et al., 2017). CSR communication that is lacking of factual and reliable information is likely to develop negative feelings – uncertainty – among stakeholders (Moreno & Kang, 2020). It is argued that the delivery of CSR information is a crucial factor to be considered if a corporation want to diminish scepticism.
To overcome the scepticism issues in CSR communication, earlier studies suggested several factors that influence the effectiveness of CSR communication.

**Effective CSR Communication**

The knowledge of CSR communications developed by scholars has recognized important aspects of CSR communication such as the content, medium and industry- or stakeholders-specific factors. Besides these, several other factors have been identified to be important in determining how CSR information should be communicated. In order to attain desired corporate reputation, corporations have to ensure that they have gained stakeholders’ trust of their CSR contributions through effective communication (Coombs & Holladay, 2013, Kim & Ferguson, 2018).

Ayaji and Mmutle (2020) suggested that acknowledging both self-serving and society-serving motive is a strategic approach to influence positive perceptions among stakeholders and diminish their scepticism. Society-serving will only invites scepticism especially for a corporation with tarnished reputation. They also recommended informing strategy over the interacting strategy. It is due to the ability of informing strategy to abate unnecessary criticisms which could damage the reputation of a corporation. Interacting strategy allows two-way communication but there is a possibility of receiving negative feedback from the stakeholders. This is also Kim & Ferguson, 2018 opposite to what was suggested by Morsing and Schultz (2006) who argued CSR communication should incorporate two-way communication by proactively employing stakeholders’ responses.

Earlier studies found adopting third-party endorsement (Du et al., 2010; Morsing, 2006; Morsing et al., 2008), the relevance of CSR message to stakeholders (Morsing & Schultz, 2006), message tone (Schlegelmilch & Pollach, 2005) and appropriate communication intensity (Morshing & Schultz, 2006) are among the factors that define the effectiveness of CSR communication. CSR information which directly communicated to the publics is not effective compared to CSR communication endorsed by third party (Morsing, 2006). Third party endorsement is perceived as more credible which reduce public scepticism (Du et al., 2010). Stakeholders evaluate CSR intention based on the tone that a corporation used when they communicate about their CSR efforts (Kim & Ferguson, 2018). They will be less sceptical when the message tone comes with factual information.

Kim and Kim (2017) argued that transparency reduce scepticism because corporations will be perceived as being open and fair in information sharing activities. The credibility of CSR communication is said to be depending on the control that organizations have towards its content and frequency. Du et al. (2010) found that sharing basic information such as corporations’ CSR initiatives, previous CSR results and their CSR drives are important to improve corporate reputation. Kim & Ferguson (2018) also found that CSR informativeness is the most important attribute among what stakeholders expected for CSR communication. This could be due to the lack of knowledge and awareness of CSR initiatives. That is why stakeholders expect corporation to communication accurate and complete information of their CSR efforts.

Hence, based on the review of existing literature, this conceptual paper propose a theoretical framework as below:
Methodology
For an accurate estimate of the relationship between variables, a descriptive study usually needs a sample of hundreds or even thousands of subjects. As such, considering the nature of this study, a quantitative method is most suitable to analyze and measure the relationship between those variables studied. Plus, the advantage of quantitative method is that it allows measurement of perception, reactions and attitudes of a sample through a set of structured questions.

This paper suggested a 22-item Likert-type scale developed by Kim and Ferguson (2018) to measure CSR communication. It comprises all six dimensions of CSR communication as identified by them; informativeness, third-party endorsement, personal relevance, message tone, consistency, and transparency. The items include ‘I want to know what kinds of things a company has achieved from its previous activities’ and ‘A lack of consistency in the company’s CSR communication is problematic’. Corporate reputation will be measured based on a 15-item Likert-type scale developed by Walsh and Beatty (2007). Among items included are ‘Has employees who treat customers courteously’ and ‘Looks like a good company to work for’.

Conclusion
This conceptual paper has presented mainly about the influence of CSR communication on stakeholders’ perceptions and evaluations of corporate reputation. CSR communication is an essential aspect of CSR since the stakeholders’ awareness of a corporation’s CSR is depending on its communication efforts (Moreno & Kang, 2020). Effective CSR communication is the missing link between CSR activities and their outcomes (Kim & Ferguson, 2018). It is one aspect that should not be neglected for corporations that have invested so much in CSR activities.

Earlier studies also indicate that judgments about both the content and delivery of CSR information significantly influence how stakeholders evaluates corporate reputation. Their evaluations will also affect their behaviours towards a corporation. Hence, while planning their CSR programs, corporations must also strategize CSR communication to strengthen their favourable corporate reputation.
References


