



# **Getting Perspective: Stakeholder Expectations of Corporate Asia**

**November 2005**



## Major forces are impacting business



**Globalization**



**Erosion of  
Trust**



**Tech and  
Media  
Convergence**

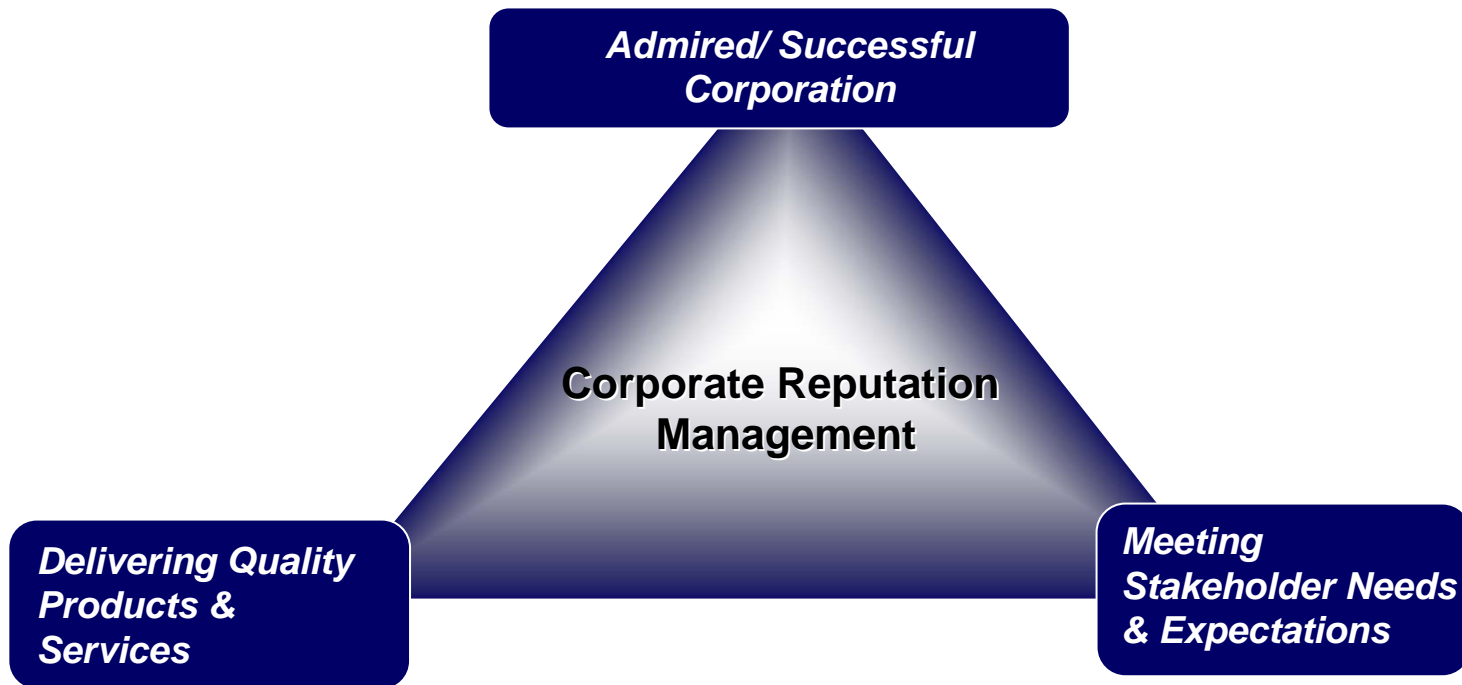


**Corporate  
Social  
Responsibility**



## Corporate reputation

### *Driving Business Outcomes*



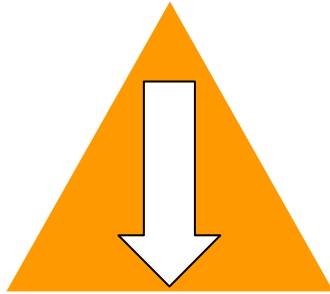


## Impact on how we communicate

# Pyramid of Authority vs. Sphere of Cross Influence

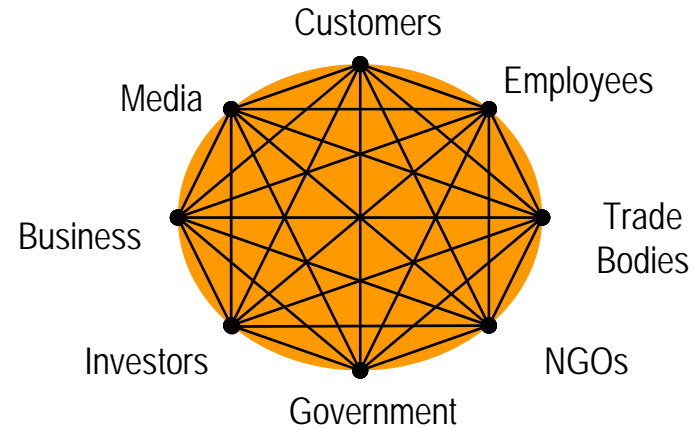
## OLD MODEL

EXPERTS



MASS AUDIENCE

## NEW MODEL





## Resulting shift

### Imperative to switch focus:

Managing  
*perceptions* as  
drivers of corporate  
reputation



Managing  
*relationships* as  
drivers of corporate  
reputation and  
resulting business  
outcomes



# The Edelman Asia Pacific Study



# Research Objectives- to examine and understand:

- Trust in Asia Pacific institutions and information sources
- The drivers of stakeholder opinions
- The drivers of responsible corporate behavior / Corporate Social Responsibility



## Edelman's Asia Pacific Stakeholder Research

- **Third Annual Regional Study**
- **First** quantitative studies for China, Japan & Australia
- Conducted by **Harris Interactive**
- 910 x 20-25 minute face to face interviews
- Australia, China, Hong Kong, India, Indonesia, Japan, Malaysia, South Korea, Singapore and Taiwan

### Seven stakeholder groups:

- Government officials
- NGOs/ Trade Associations
- Institutional investors
- Media
- Senior business executives
- Employees
- Up-scale consumers

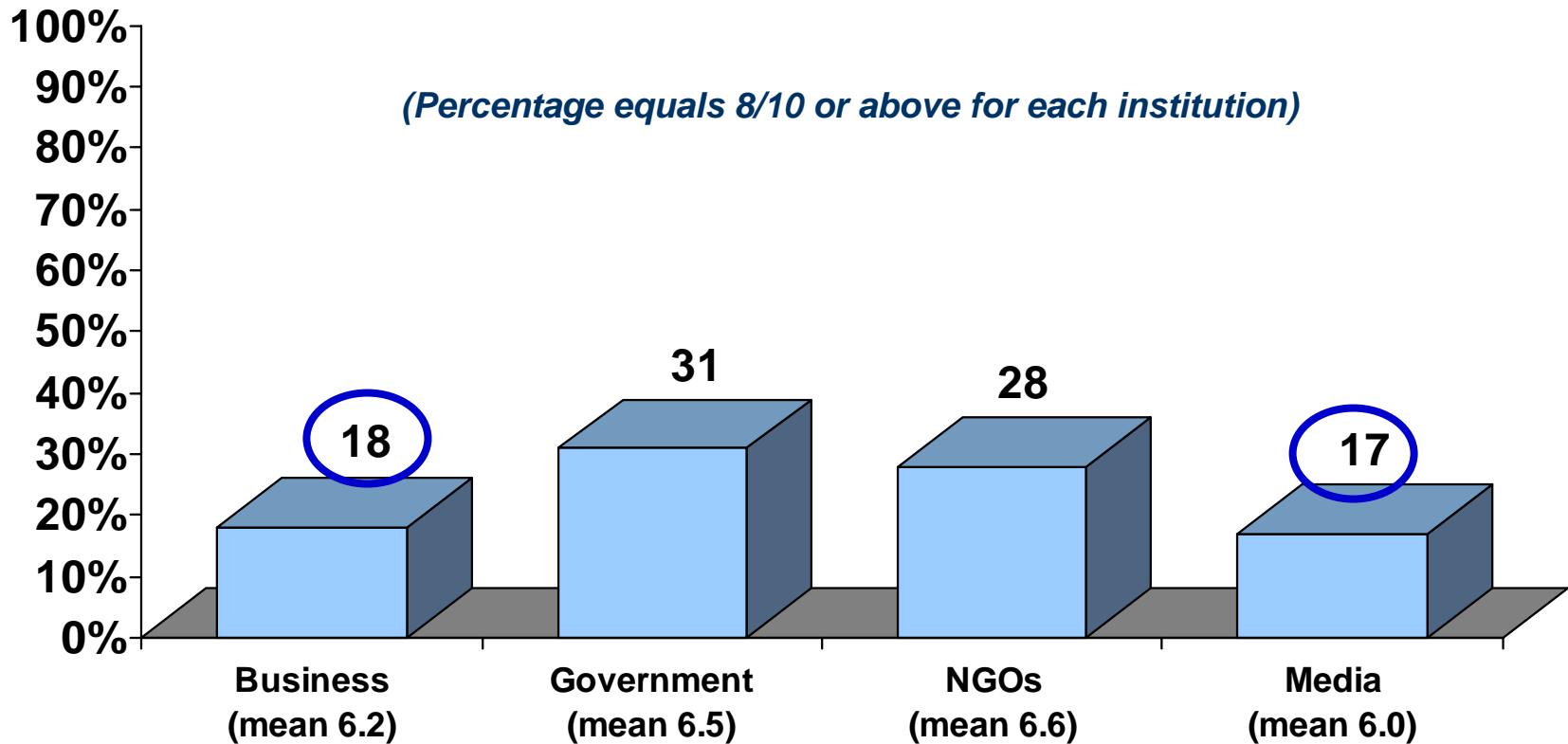


# The State of Trust



## Trust in institutions (Regional)

*How much do you trust each of the following institutions to do what is right?*

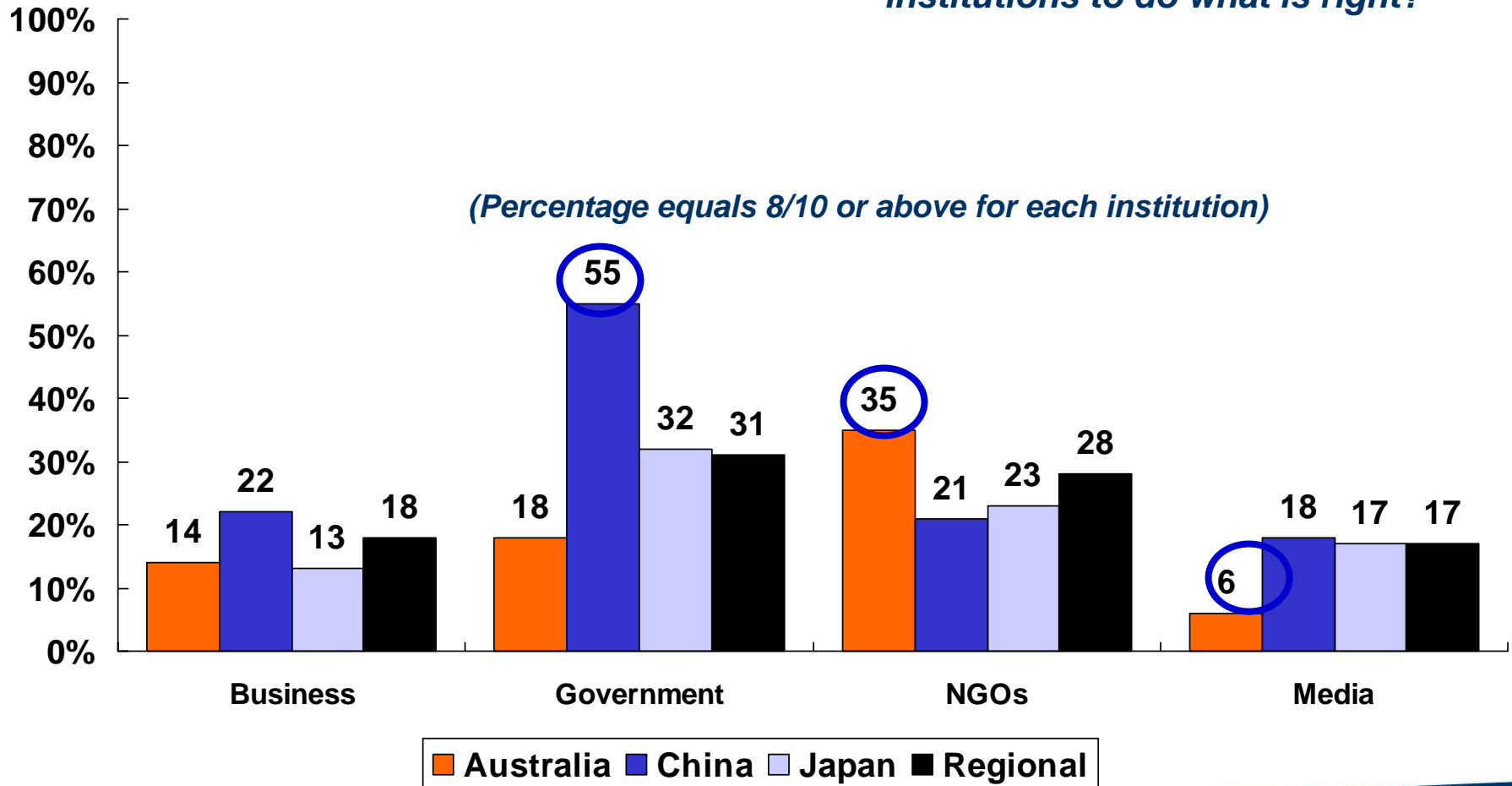


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# Trust in institutions by Australia, China, Japan

*How much do you trust each of the following institutions to do what is right?*



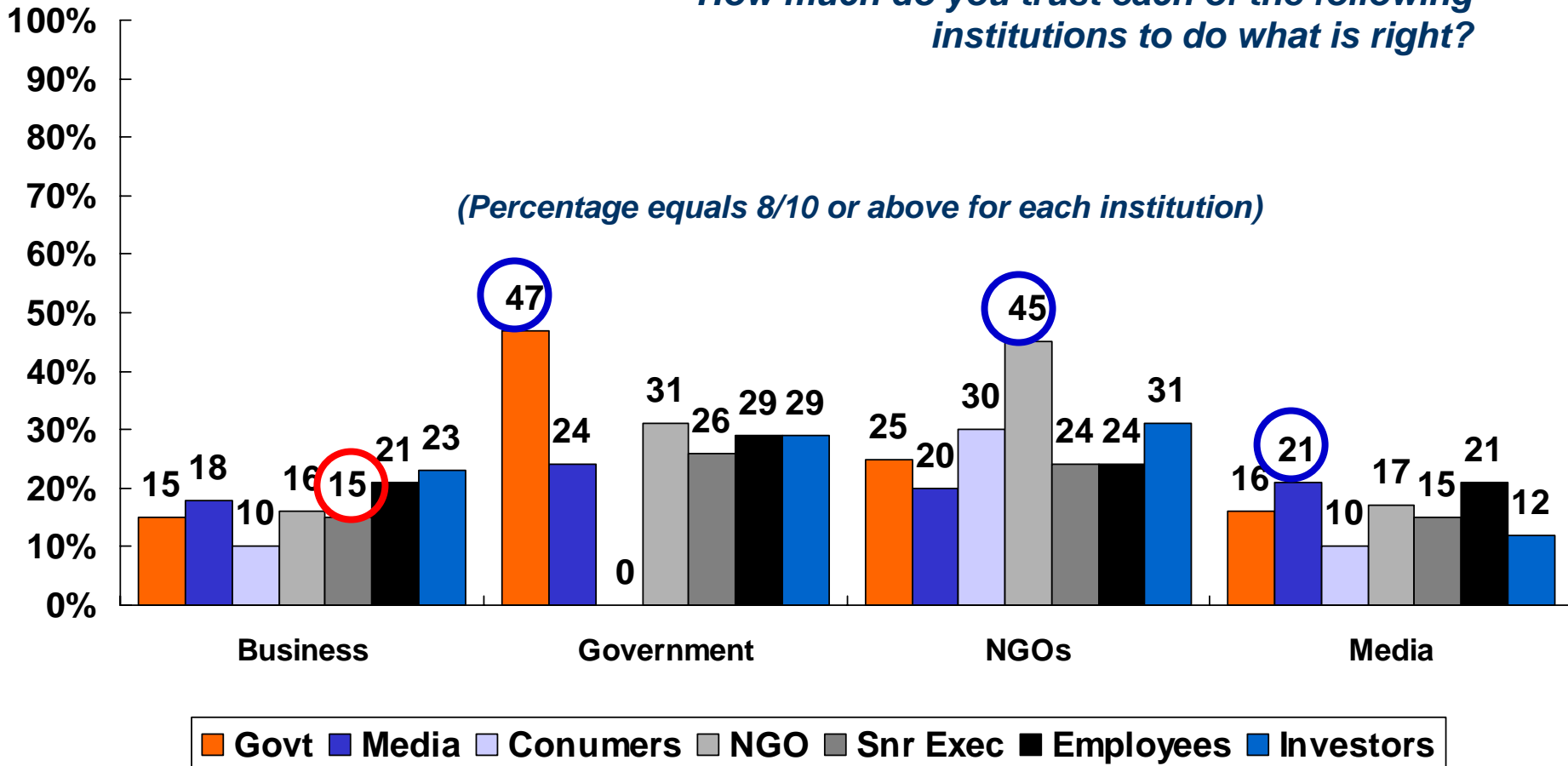
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# Trust in institutions by stakeholder

*How much do you trust each of the following institutions to do what is right?*

*(Percentage equals 8/10 or above for each institution)*

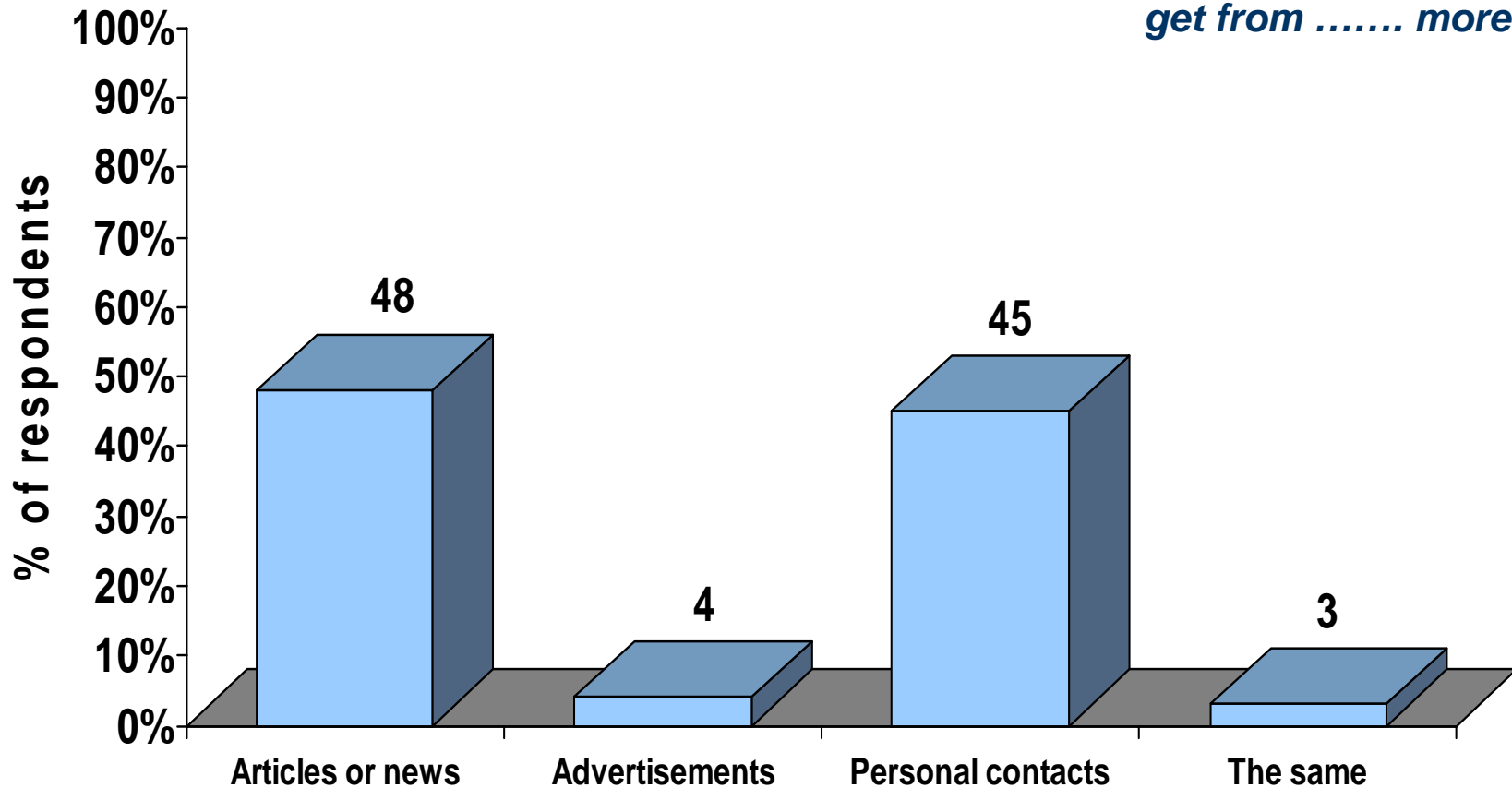


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## Trustworthy information sources (Regional)

*Please tell me which one of the following you agree with more. I believe information that I get from ..... more*

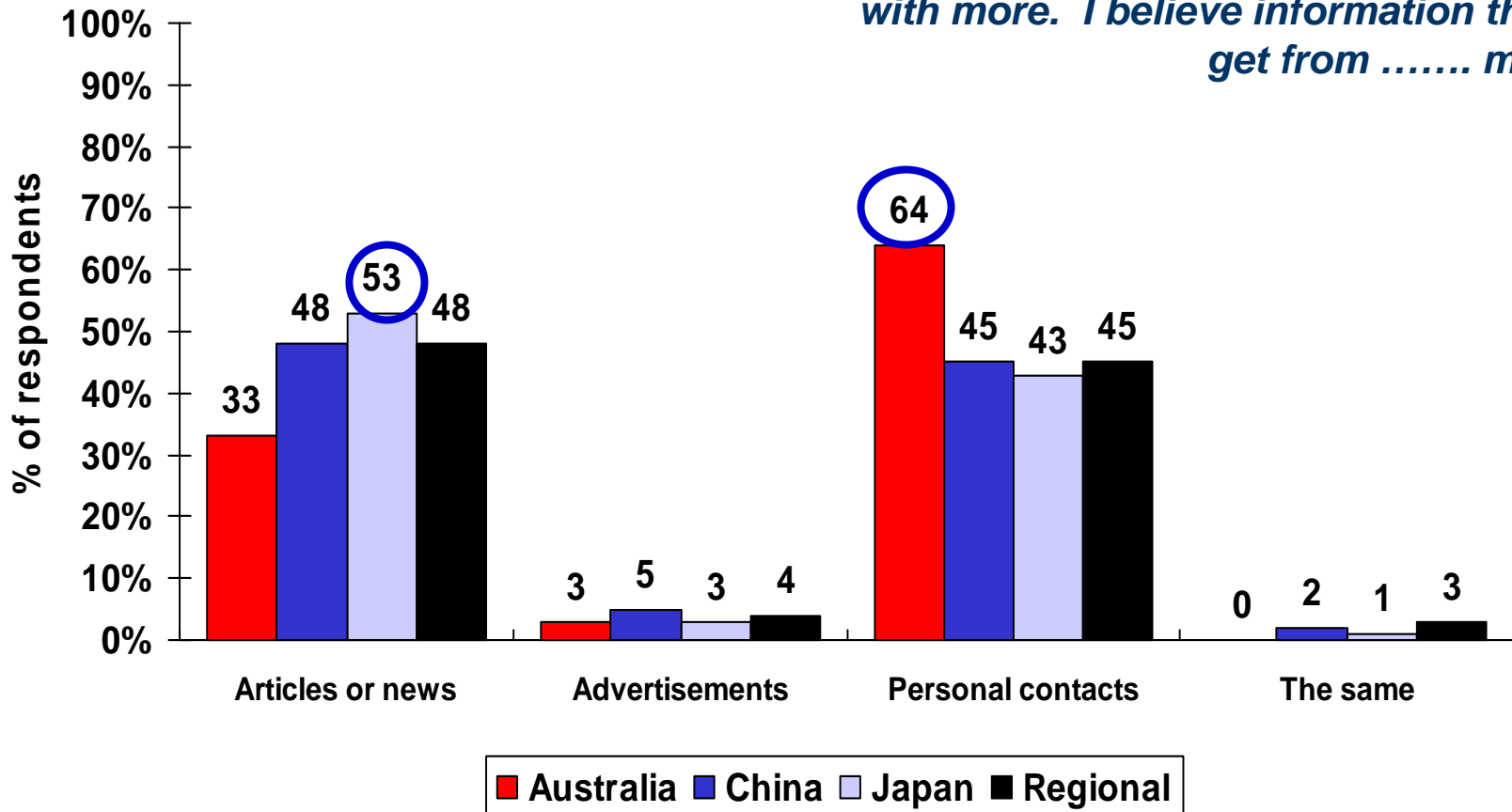


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## Trustworthy information sources by Australia, China, Japan

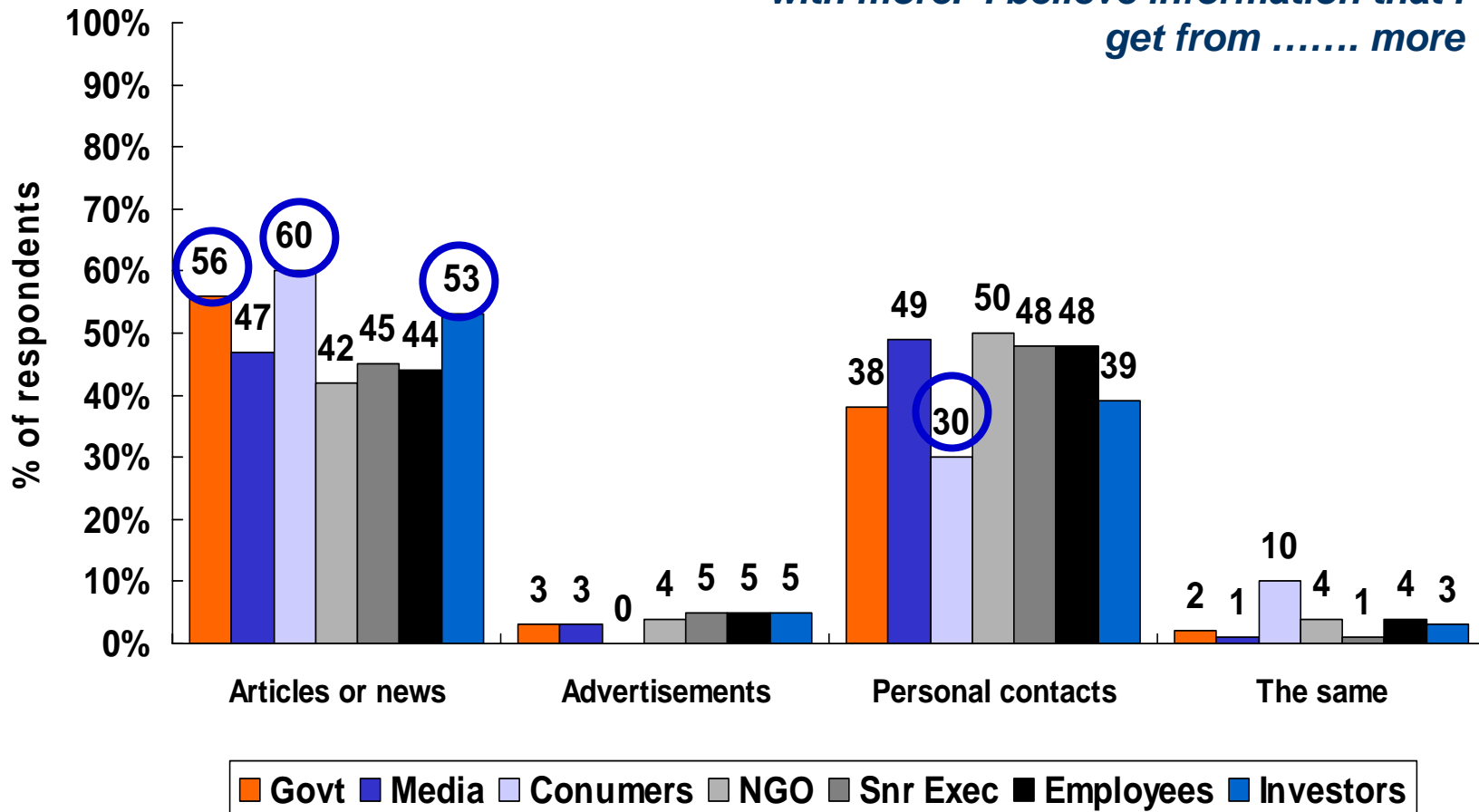
*Please tell me which one of the following you agree with more. I believe information that I get from ..... more*





# Trustworthy information sources by stakeholder

*Please tell me which one of the following you agree with more. I believe information that I get from ..... more*

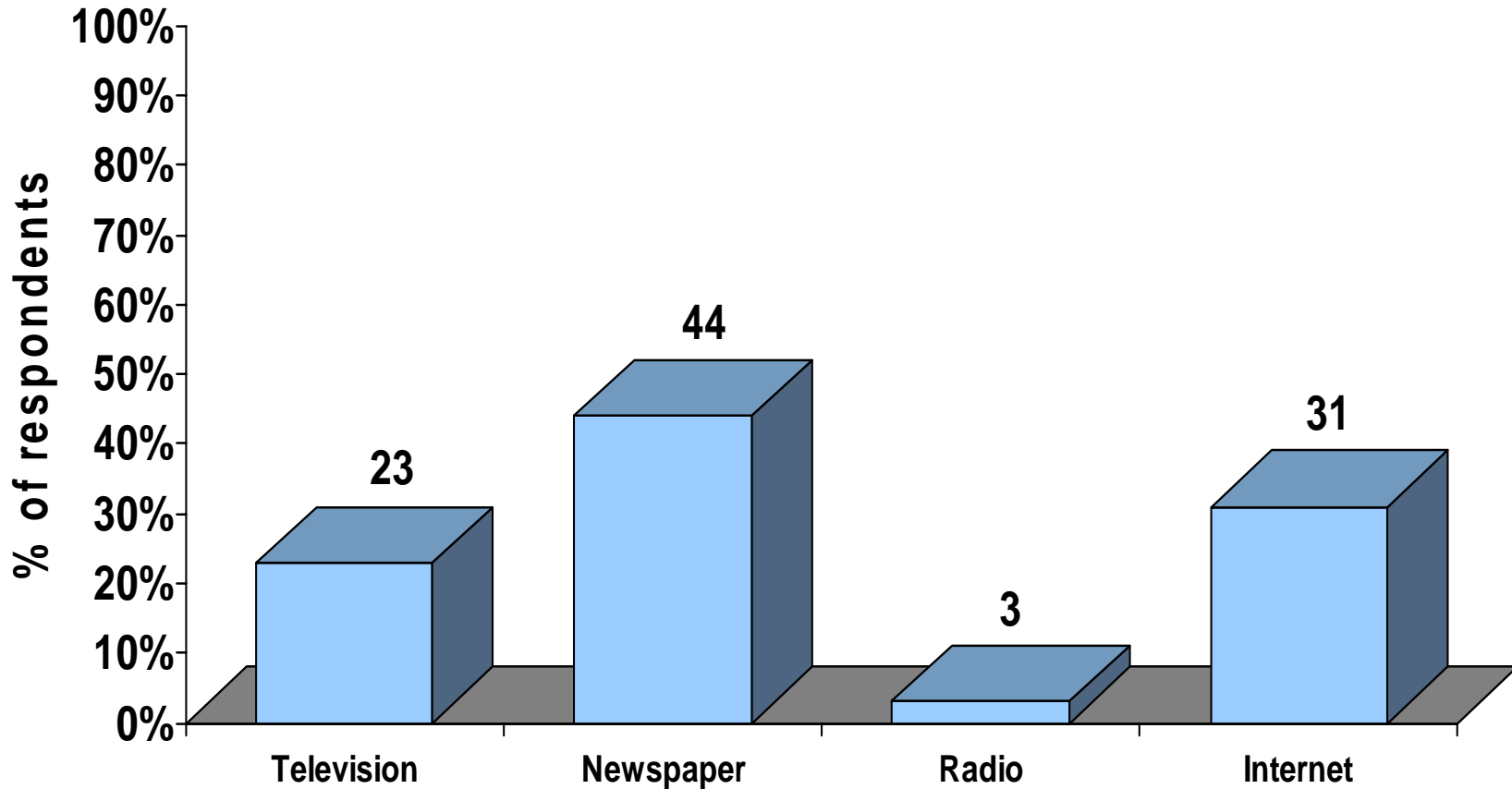


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## Media trust (Regional)

*What type of the following media do you turn to first for trustworthy information/news?*

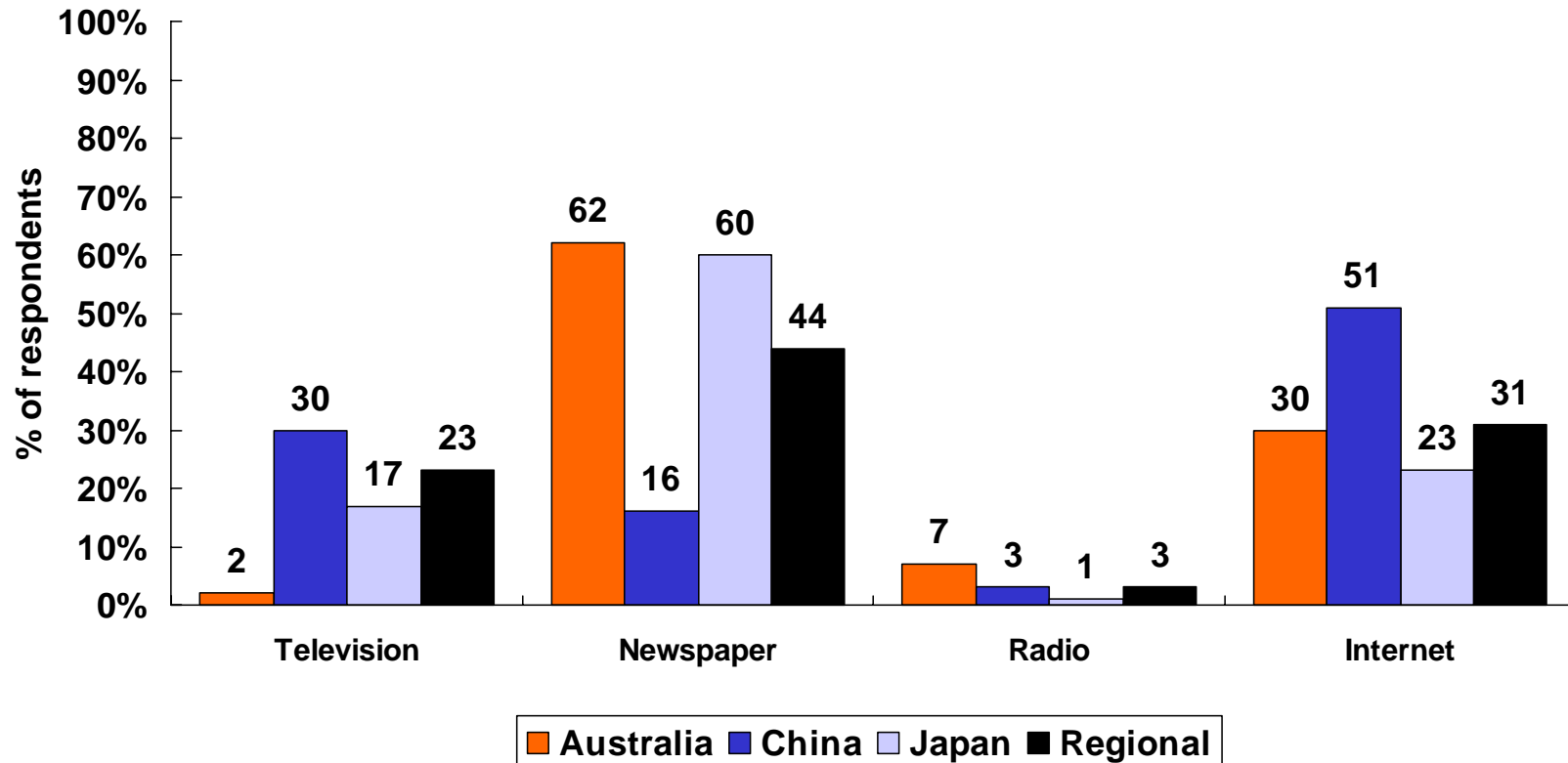


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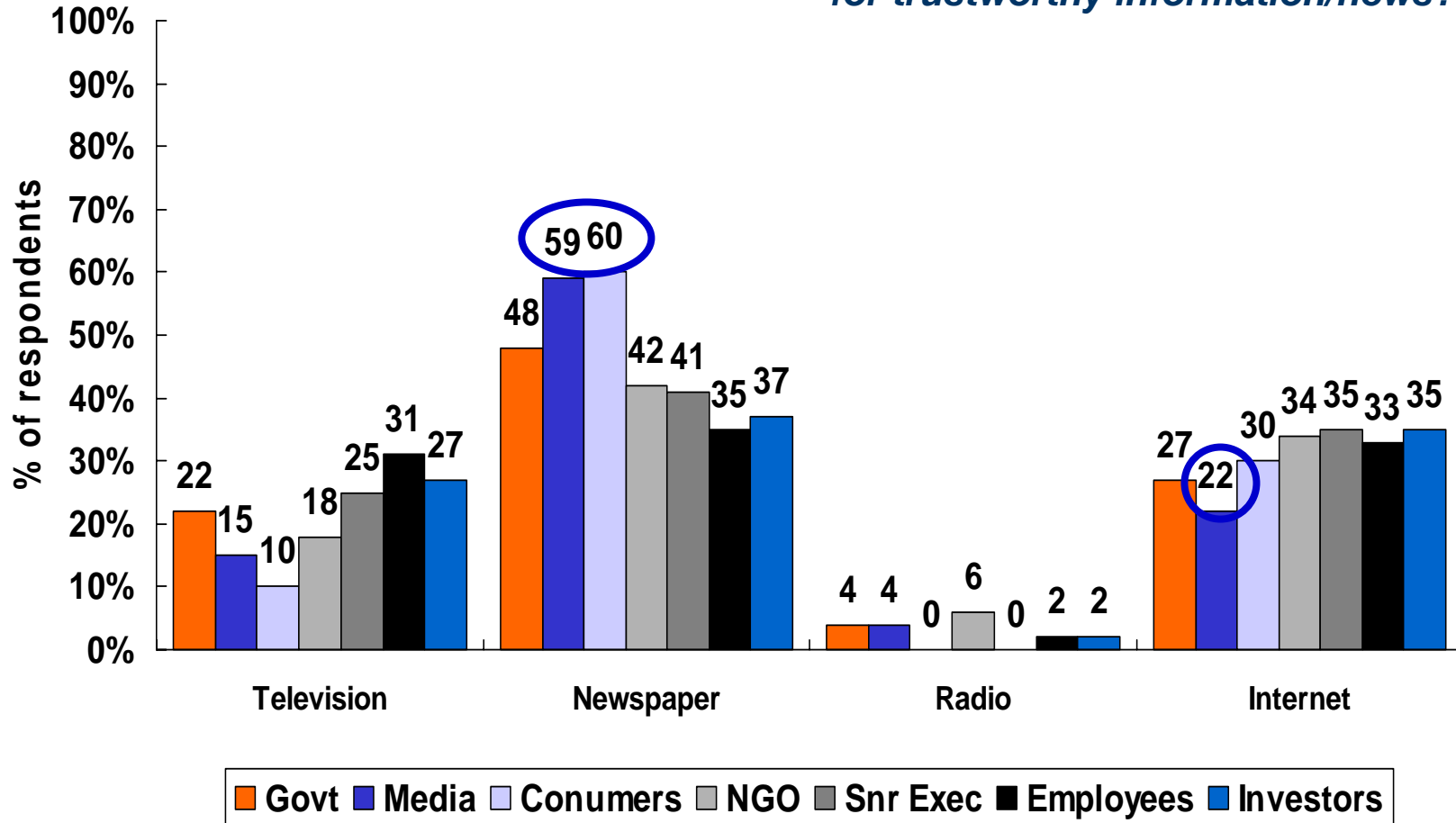


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# Media trust by stakeholder

*What type of the following media do you turn to first for trustworthy information/news?*



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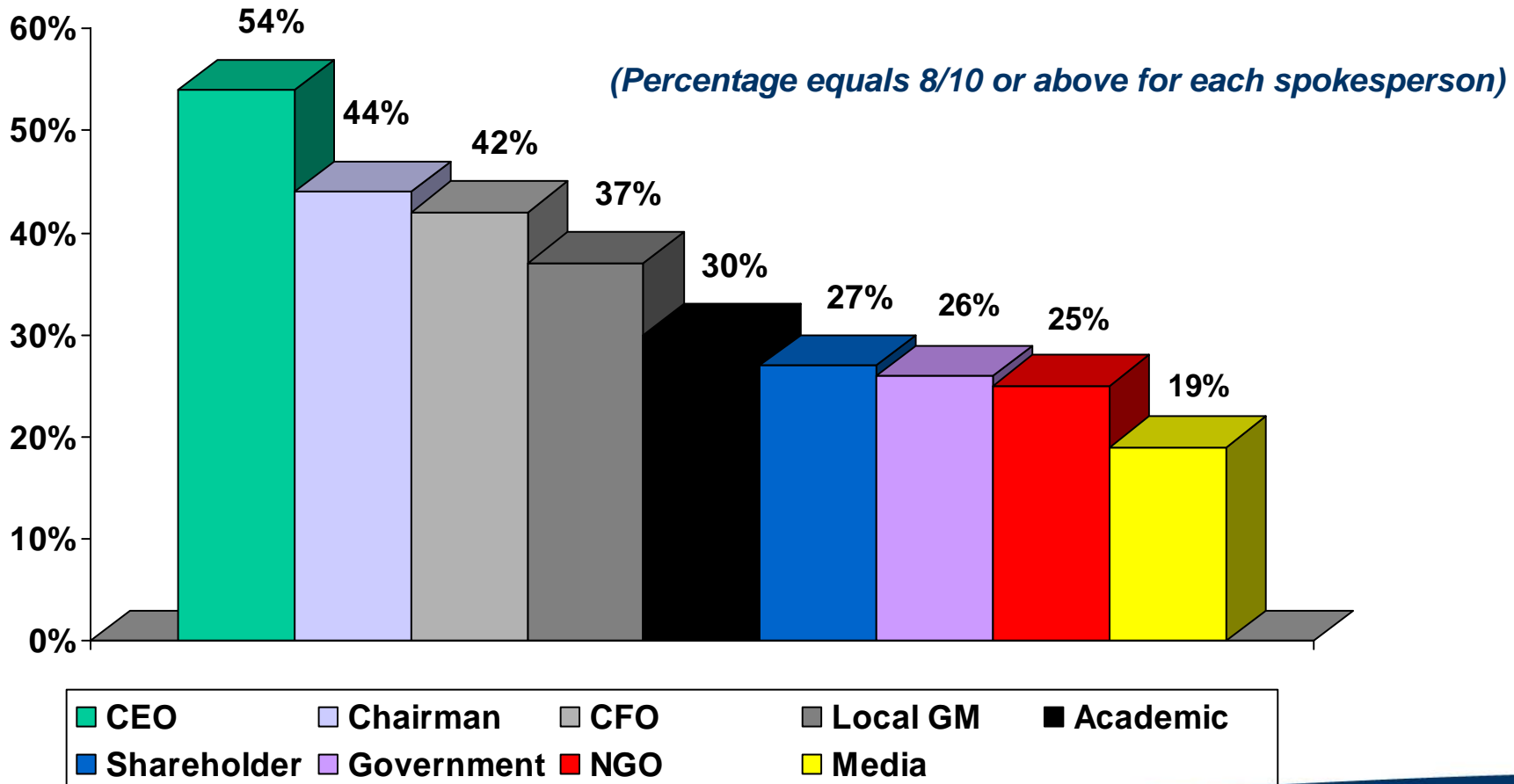


# Sources and Channels: Proximity Rules



## Trust in spokespeople (Regional)

*How trustworthy and believable do you feel each person is when passing information along about a corporation?*



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## Trust in spokespeople: notable deviations

### Australia

#### **CEOs in Australia significantly under perform the regional benchmark**

- CEO: Top rating of 44% versus 54% for region

### China

#### **Government officials and academics in China significantly outperform the regional benchmark**

- Government: Top rating of 44% versus 26% for region
- Academic: Top rating of 47% versus 30% for region

### Japan

#### **CEOs and General Managers in Japan significantly outperform the regional benchmark**

- CEO: Top rating of 65% versus 54% for region
- GM: Top rating of 47% versus 37% for region



## Trust in spokespeople: notable deviations

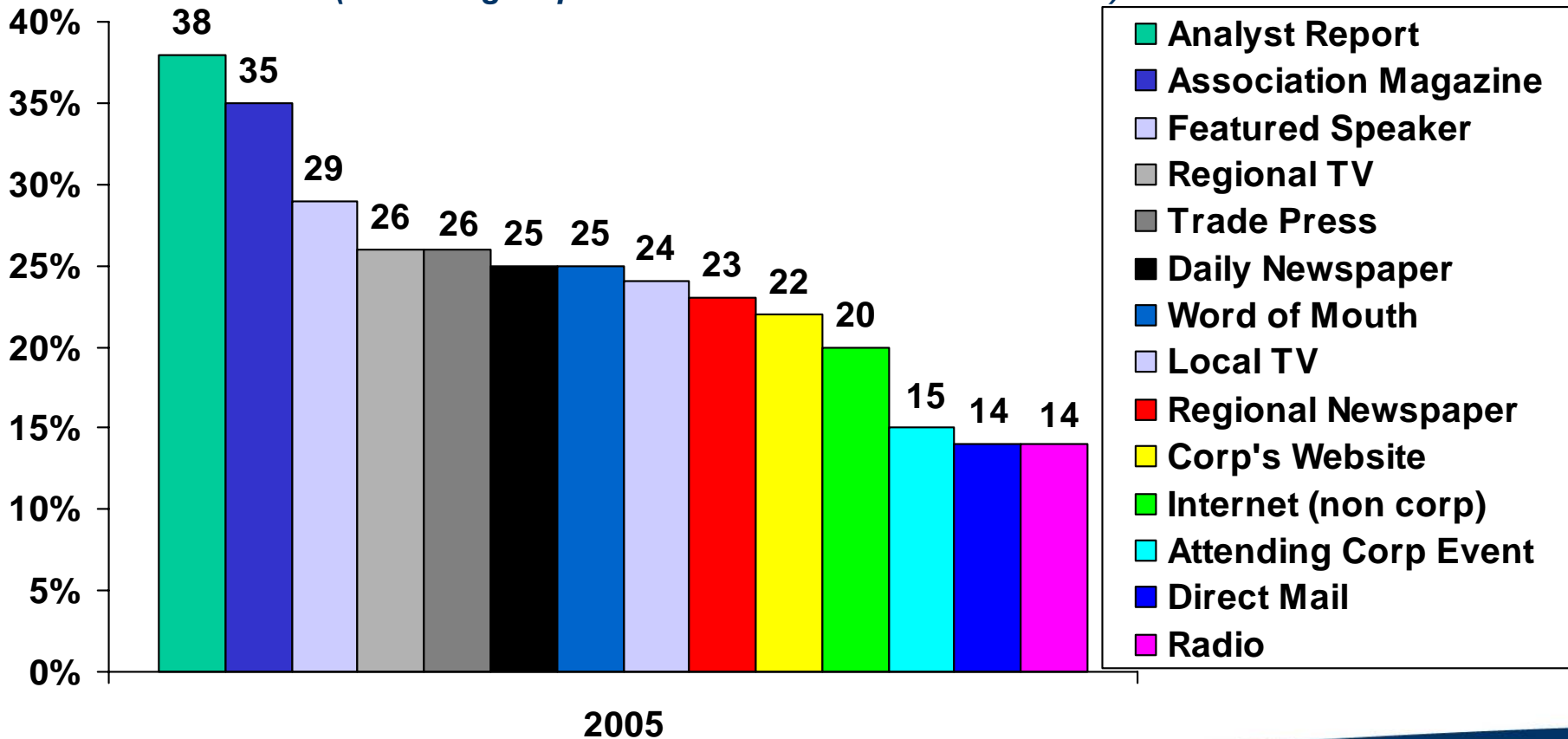
- ◆ **Investors and employees most want to hear from the CEO**
  - 61% of employees and 66% of investors trust the CEO the most, compared to the stakeholder average of 54% for trust in the CEO
- ◆ **Media look to media**
  - Media: Top rating of 34% for themselves versus 19% for the region



# Trusted communication sources (Regional)

*How trustworthy and believable do you feel certain communication vehicles are when passing information along about a corporation?*

*(Percentage equals 8/10 or above for each channel)*



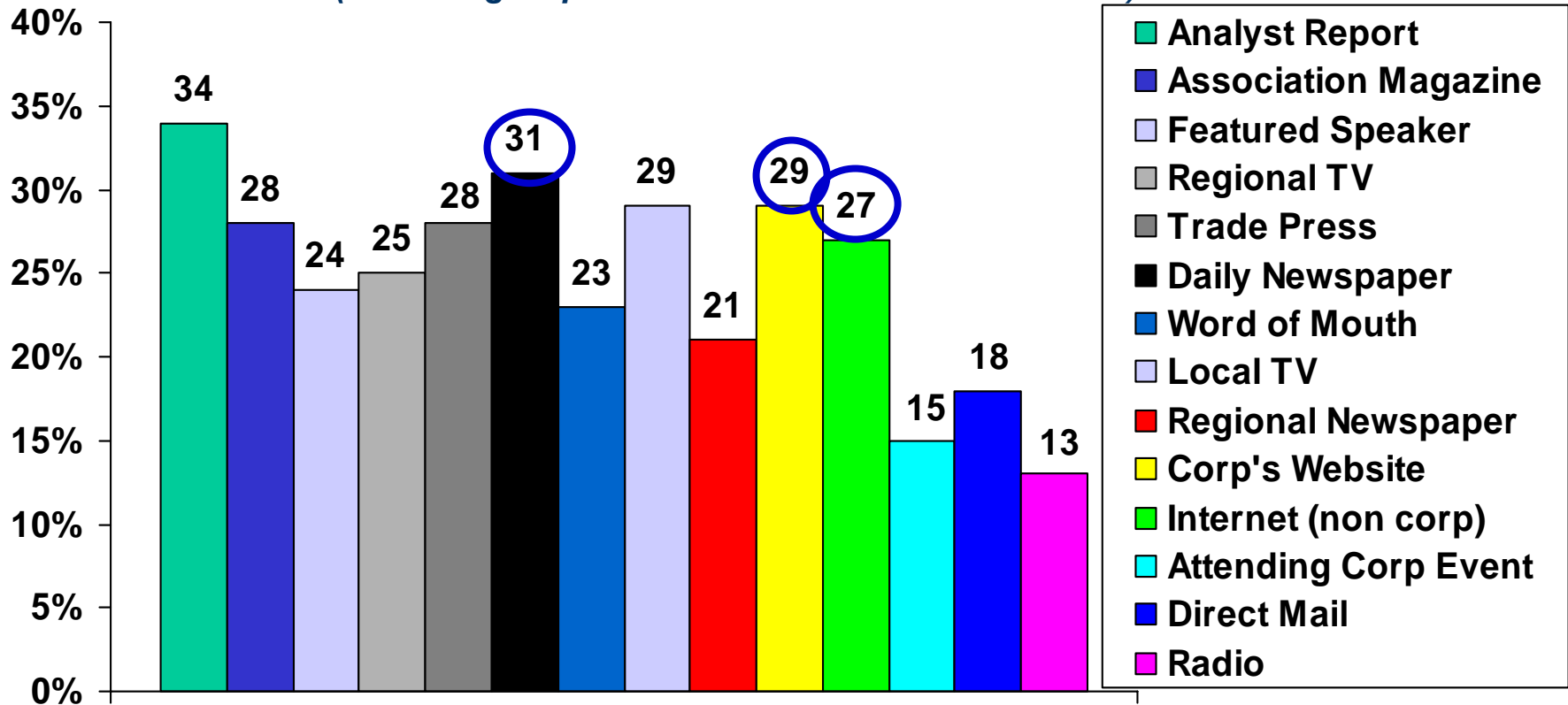
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## Channel usage likelihood (Regional)

*How likely are you to use each communication vehicle to get information about a corporation?*

*(Percentage equals 8/10 or above for each channel)*



2005

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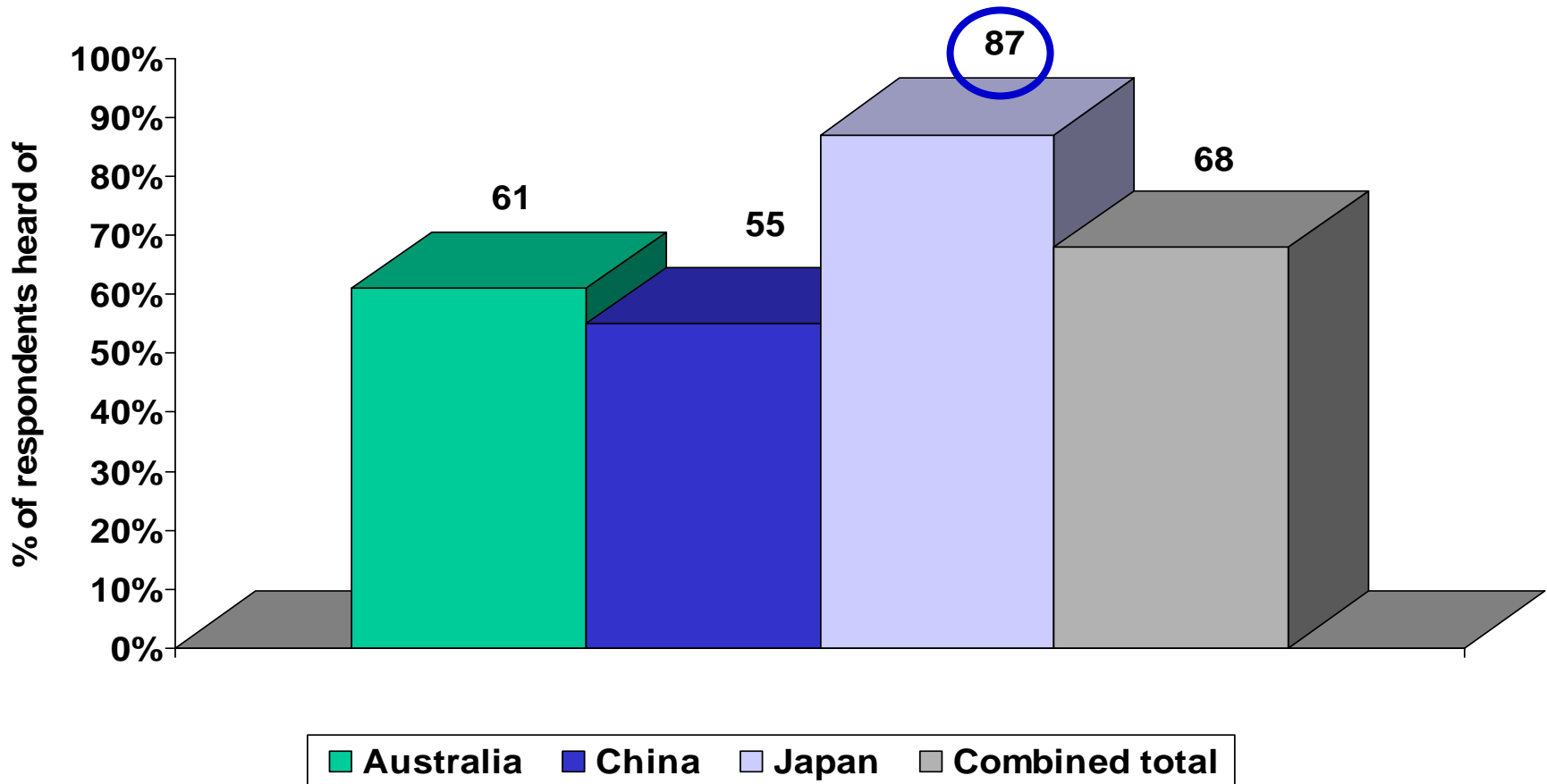


# Examining Emerging Channels: Blogging



## Awareness of “Blogging” or “Blogs”?

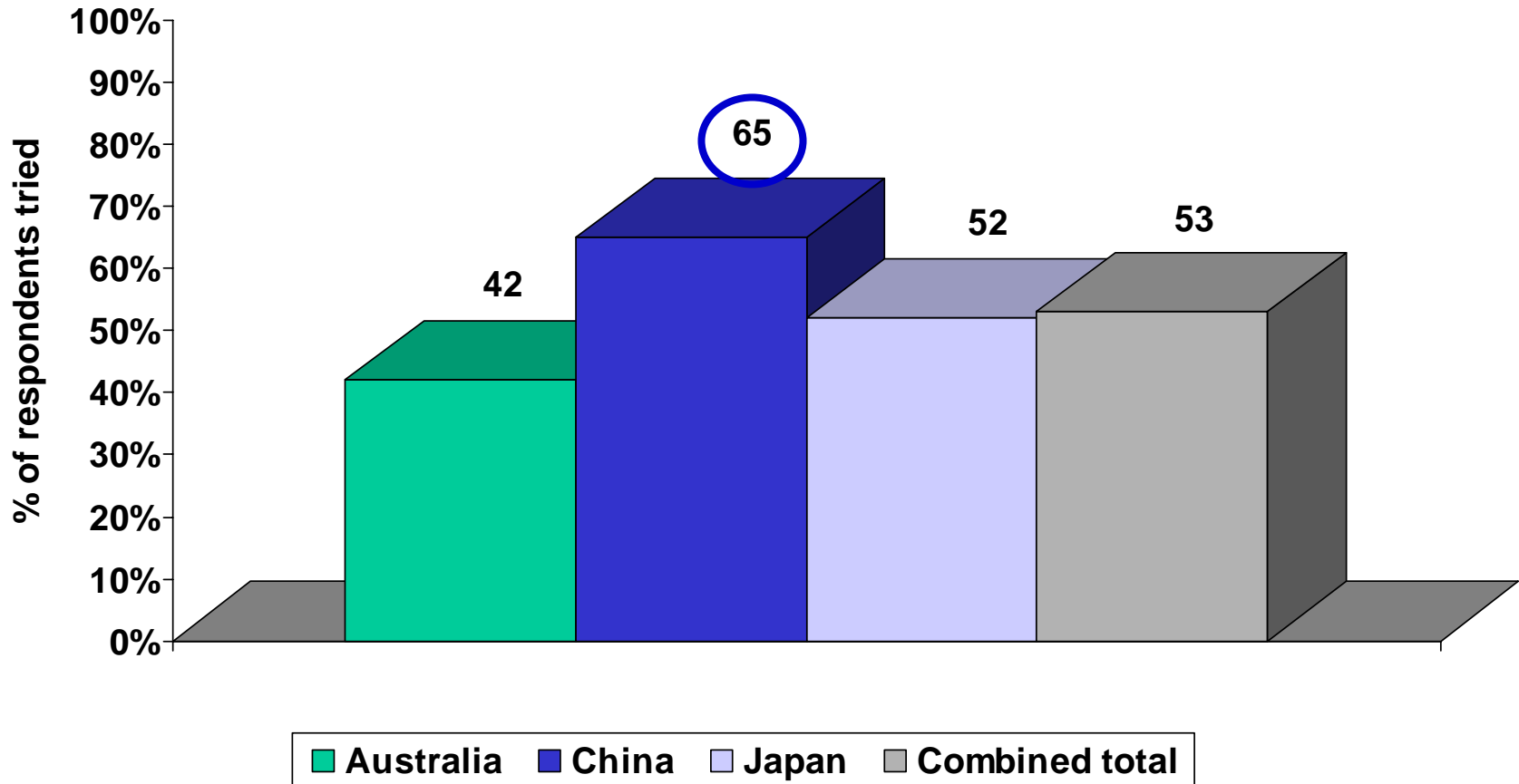
..... The terms are “blogging” or “blogs”. Have you heard of these terms before?





## Usage of “Blogging” among those who are aware of it

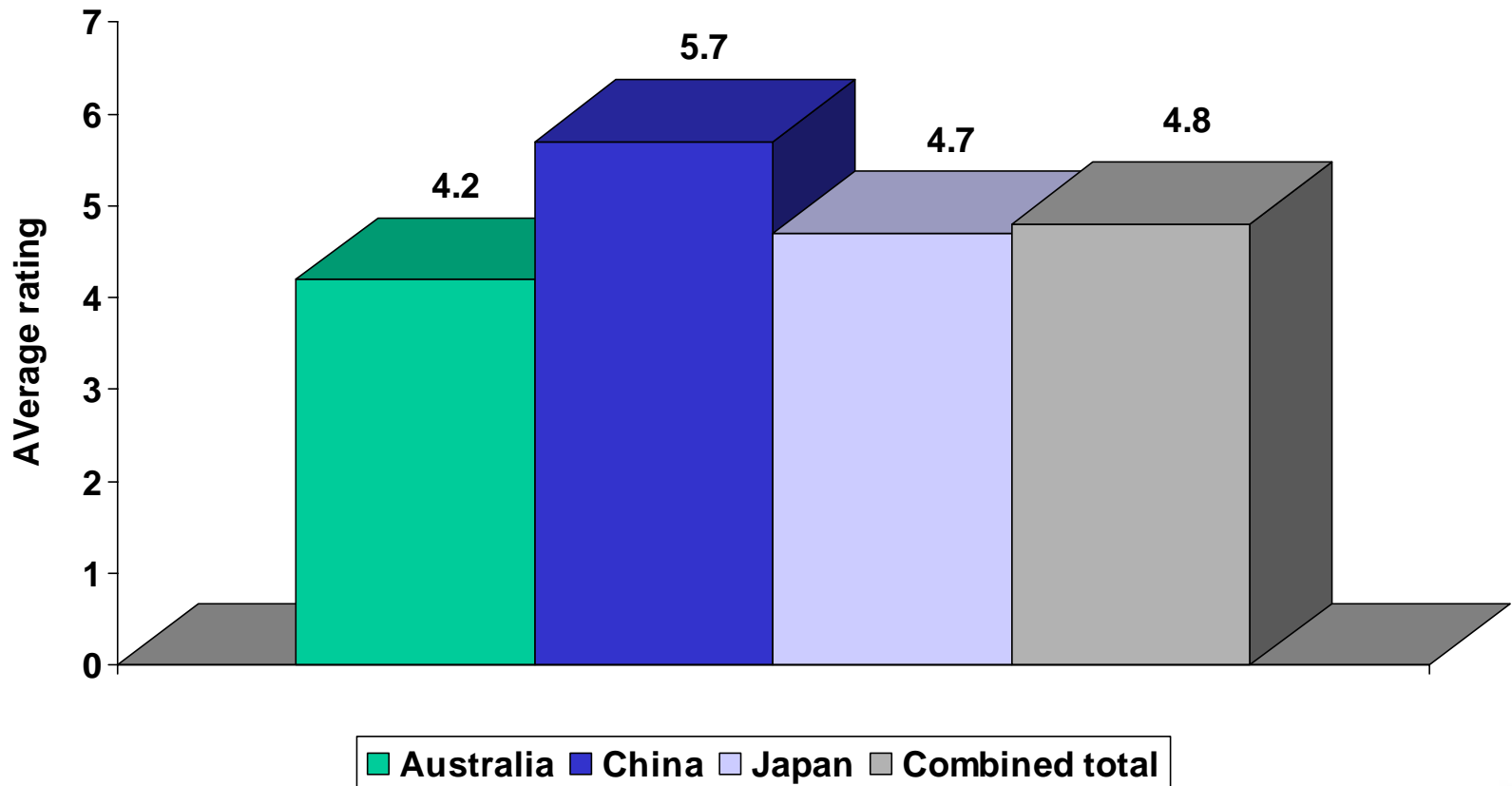
*Have you ever done any “blogging” yourself, or visited “blogs” on the internet?*





## Believability of “Blogging” among those who are aware of it

*On a scale of 1-10, where 1 is ‘not believable at all’ and 10 is ‘extremely believable’, how do you rate the information from “blogging” or “blogs”?*

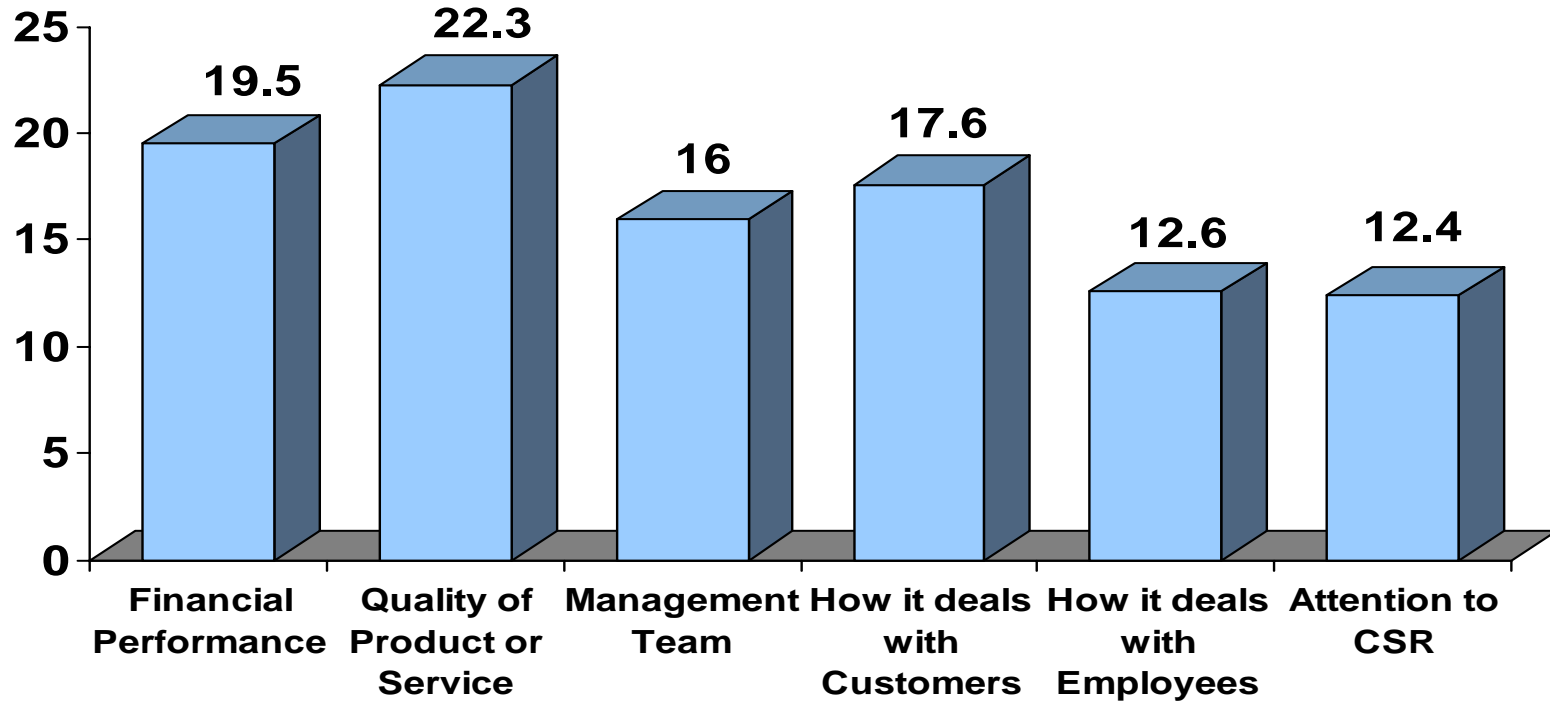


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## Rating characteristics

*“You have \$100 to gather information on a corporation. Allocate this on how you would spend it for the information. You must spend all \$100.”*



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# Opinion Drivers in Asia Pacific



## **Standout characteristics: notable deviations**

### **Australia**

#### **Corporate 'image' significant factor.**

- Top rating of 21% versus 8% for region

### **China**

#### **View of company leadership and a corporation's 'alignment' with government higher than region.**

- Management: Top rating in China of 21% versus 17% for region
- Government: Top rating in China of 14% versus 3% for region

### **Japan**

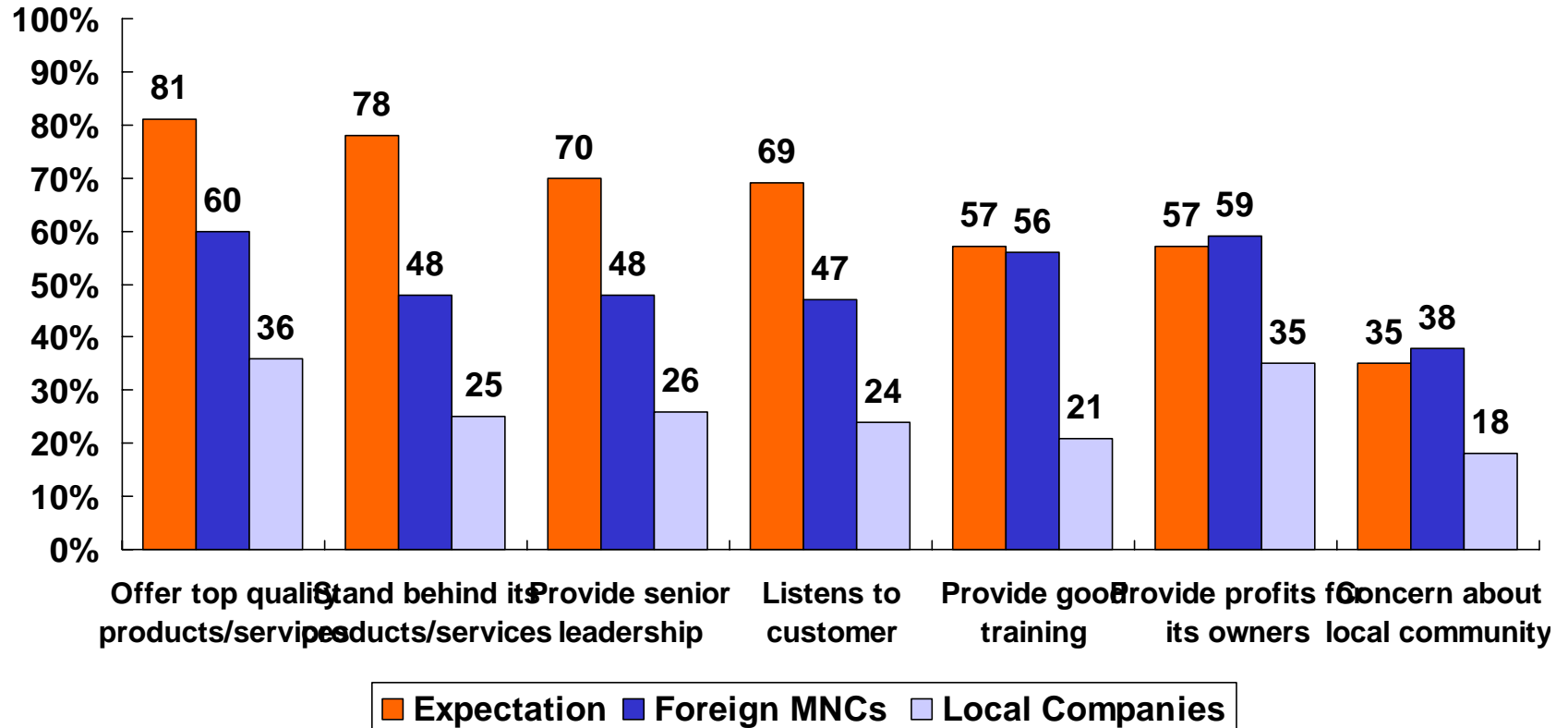
#### **Brand quality and view of company management higher than regional**

- Brand Quality: Top rating in Japan of 38% versus 26% for region
- Management: Top rating in Japan of 24% versus 17% for region



# Living up to the expectation of a responsible corporation

*What degree do you believe different types of corporations live up to that characteristics?  
(Percentage equals 8/10 or above for each characteristic)*





**What is the first thing you notice that makes companies stand out from the rest?**

<b>Stand Out Characteristics of a corporation in Asia</b>	<b>Regional 2005</b>
<b>Brand/product quality/technology</b>	<b>26%</b>
<b>Management/leadership</b>	<b>17%</b>
<b>High profit/profitable/strong finance/cost conscious</b>	<b>13%</b>
<b>Employee development/employee benefits</b>	<b>10%</b>
<b>Respond to market needs/ customer focused</b>	<b>9%</b>
<b>Corporate image/ reputation</b>	<b>8%</b>
<b>Staff quality/ team spirit/ attitude &amp; good service</b>	<b>8%</b>
<b>Good service</b>	<b>8%</b>
<b>Advertising/ active promotion/ packaging</b>	<b>7%</b>
<b>Socially responsible</b>	<b>7%</b>



# **Characteristics of ‘Good and Responsible’ Corporations**



How important are the following characteristics for good and responsible corporations?

<b>Characteristics of a Responsible Corporation in Asia</b>	<b>Regional 2005</b>
<b>Offers top quality products/services</b>	<b>81%</b>
<b>Stand behind its products/services when something goes wrong</b>	<b>78%</b>
<b>Provides senior leadership that can be trusted</b>	<b>70%</b>
<b>Listens to customer attitudes and opinions on satisfaction</b>	<b>69%</b>
<b>Provides profits for its owners and / or shareholders</b>	<b>57%</b>
<b>Provides good training and development for staff</b>	<b>57%</b>
<b>Operates in an open and transparent fashion</b>	<b>54%</b>
<b>Communicates frequently and openly with employees</b>	<b>52%</b>
<b>Makes products that really impress other people</b>	<b>45%</b>
<b>Works hard at building relationship with core shareholder</b>	<b>46%</b>
<b>Educates customers about the impact of its products/services</b>	<b>44%</b>
<b>Concerned about/active in doing something about community welfare</b>	<b>35%</b>



## **'Good and responsible' characteristics: notable deviations**

### **China**

#### **Impressive products and shareholder profit outperform the regional benchmark**

- Impressive products: Top rating in China of 81% versus 45% for region
- Shareholder profit: Top rating in China of 75% versus 57% for region

### **Japan**

#### **Concerned about/active in 'community welfare' a factor in Japan**

- Top rating of 48% versus 35% for region

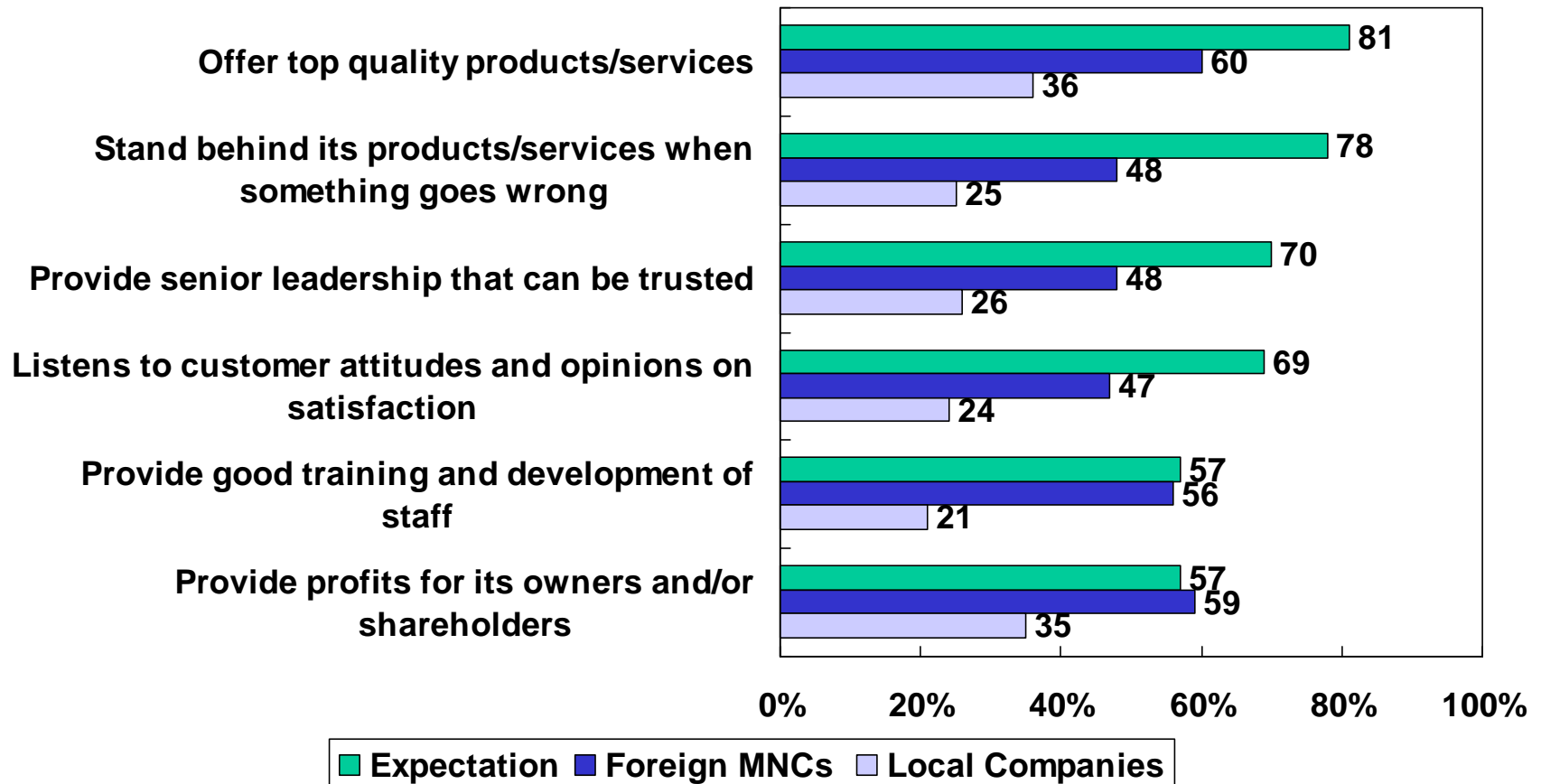


# Are Companies Measuring Up?



# Living up to the expectation of a responsible corporation

*What degree do you believe different types of corporations live up to that characteristics?  
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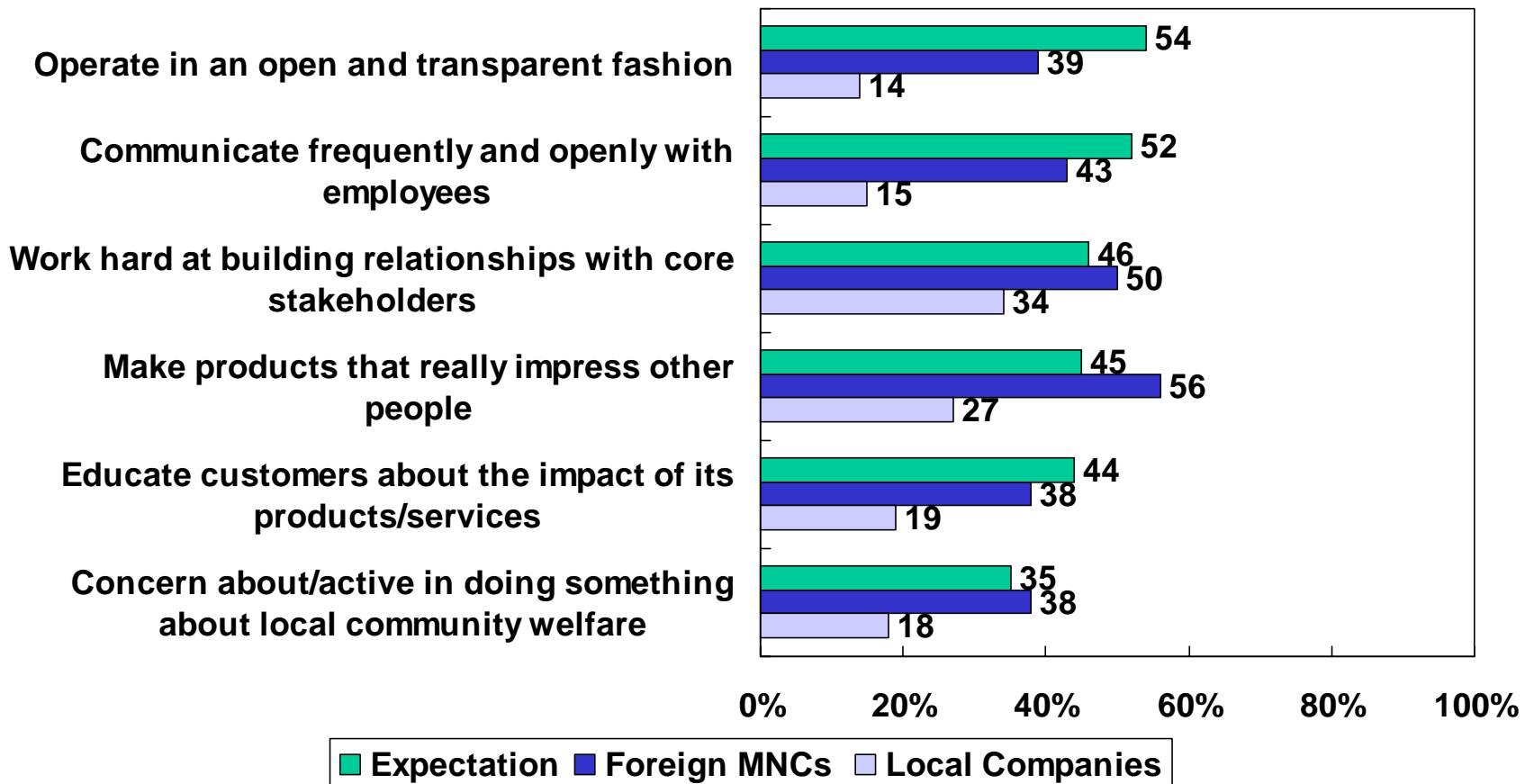


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## Living up to the expectation of a responsible corporation (cont'd)

*What degree do you believe different types of corporations live up to that characteristics?  
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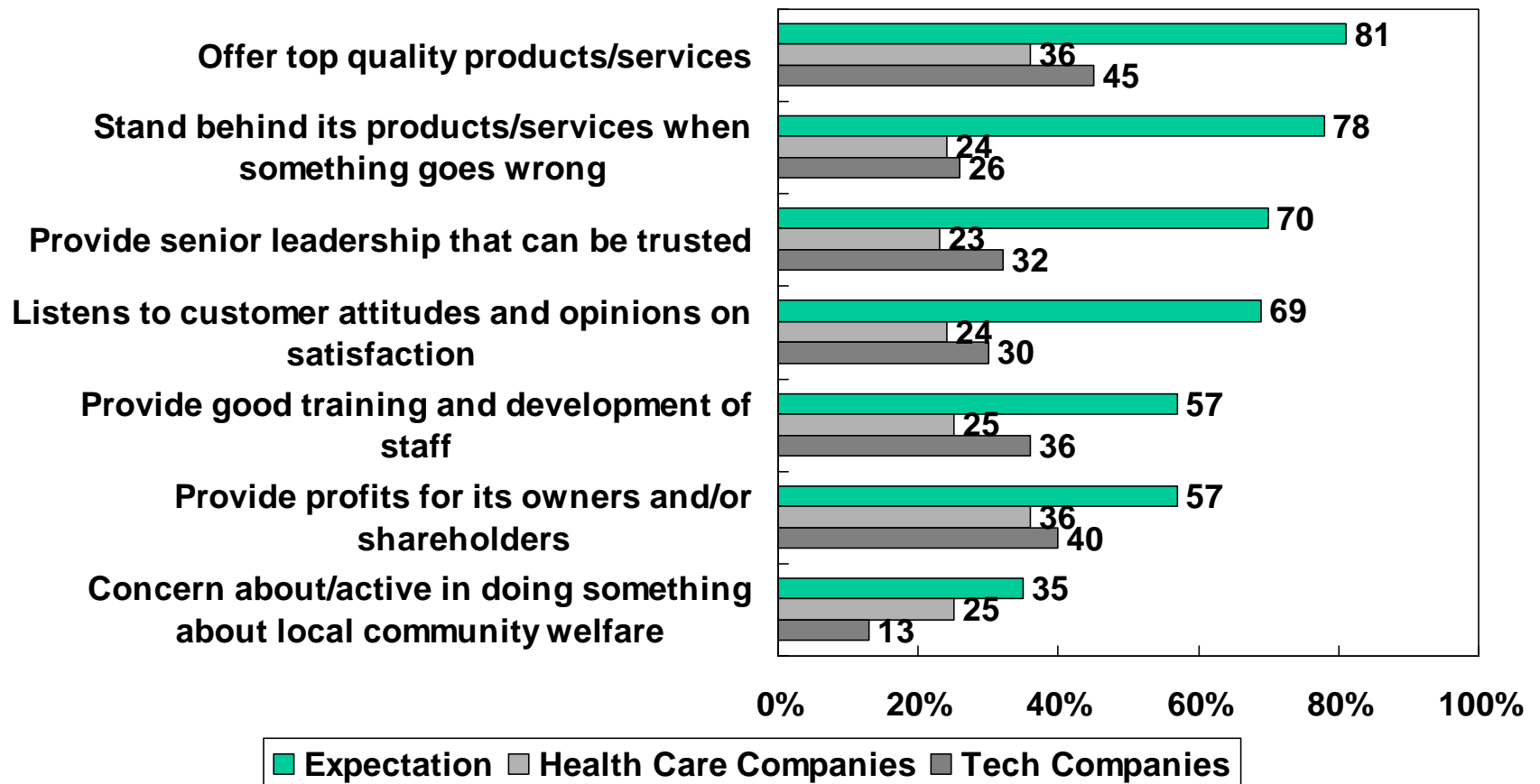


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# Living Up to the Expectation of a Responsible Corporation

*What degree do you believe different types of corporations live up to that characteristics?  
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# Responsible Behavior and CSR: Trends



## Responsibility/ CSR

**Across the region, serious lack of agreement/ understanding on:**

**...corporate altruism**

**...corporate philanthropy**

**...corporate social responsibility**

**Clear trend in increasing importance of addressing ‘community/societal welfare/needs’ – 20 percent growth from 2003 to 2005**

**Japan leads the way with ‘community/societal welfare’**

Top rating of 48% versus 35% for region



## Responsibility/ CSR

### **Consumers, employees, and executives lag other stakeholder groups**

- Employees: Top rating of 27% versus 35% for region
- Senior Executives: Top rating of 33% versus 35% for region
- Consumers: Top rating of 17% versus 35% for region

### **NGOs, and increasingly governments, drive the agenda**

- NGO: Top rating has increased from 34% in 2003 to 54% in 2005
- Government: Top rating has increased from 32% in 2004 to 42% in 2005



**So, what does this mean?**



## What does it all mean?

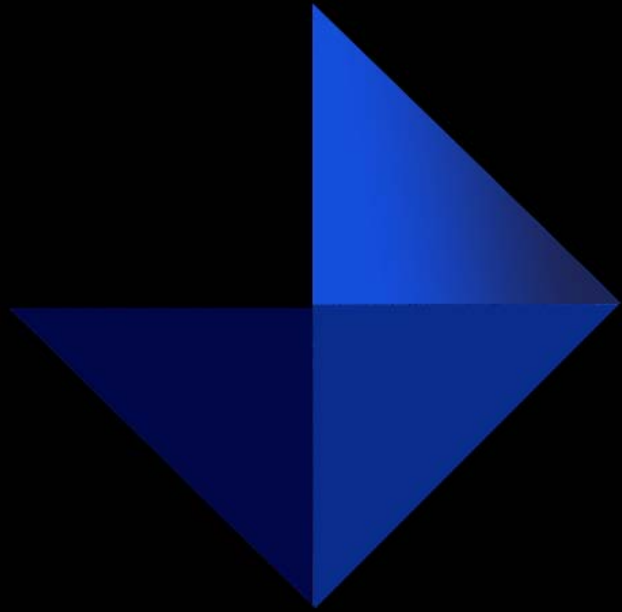
1. Lack of trust in institutions – in particular, in business – points to urgent need for proactive management of stakeholder relationships as a discipline
2. Media/technology convergence, combined with low trust in traditional media, spawning ‘democratisation’ of media
3. Business fundamentals and tangibles drive brand and corporate reputation—products/ services, visible senior management, backing up products/ services when something goes wrong
4. Business, in general, taking a backseat on CSR; as a result, it still lags as a reputation driver



**5. Brand and reputation success requires mastery of the *'Relationship Imperative'*** -- a philosophy that underscores the critical role of open, interactive, and information-rich relationships between a corporation, a brand and its stakeholders



***Driving Business Outcomes***



**Edelman**