



# What Lies Beneath? Stakeholder Expectations of Corporate Australia

September 2006

# Our Environment

A large blue arrow pointing to the right, with the text "Our Environment" centered inside it. The arrow has a 3D effect with a darker blue shadow on its right side.



## Capital Flows: Economic and Political



**Center Stage**



**Nationalism:  
Alive and Well**



## CSR Gets Traction



**Rise of Real Consumerism**



**Chatter Below the Surface**

Implications

A large blue arrow pointing to the right, with the word "Implications" written in white text inside it. The arrow has a 3D effect with a darker blue shadow on its right side.

# For Business...



## Governments and NGOs: Allies, Adversaries, or Both?



**Well-Defined Expectations:  
Rational and Not**



**Relationship Capital:  
A Premium**



# The Asia Pacific Edelman Study: Australia Results



## **Research Objectives-** to examine and understand:

- Trust in Australian institutions and information sources
- The drivers of stakeholder opinions of corporations in Australia
- The drivers of responsible corporate behavior / Corporate Social Responsibility in Australia



- **Second Annual Quantitative Study for Australia**
- Conducted by **Harris Interactive**
- 140 x 40 minute **face to face** interviews in Australia: Sydney and Melbourne

## **Seven stakeholder groups:**

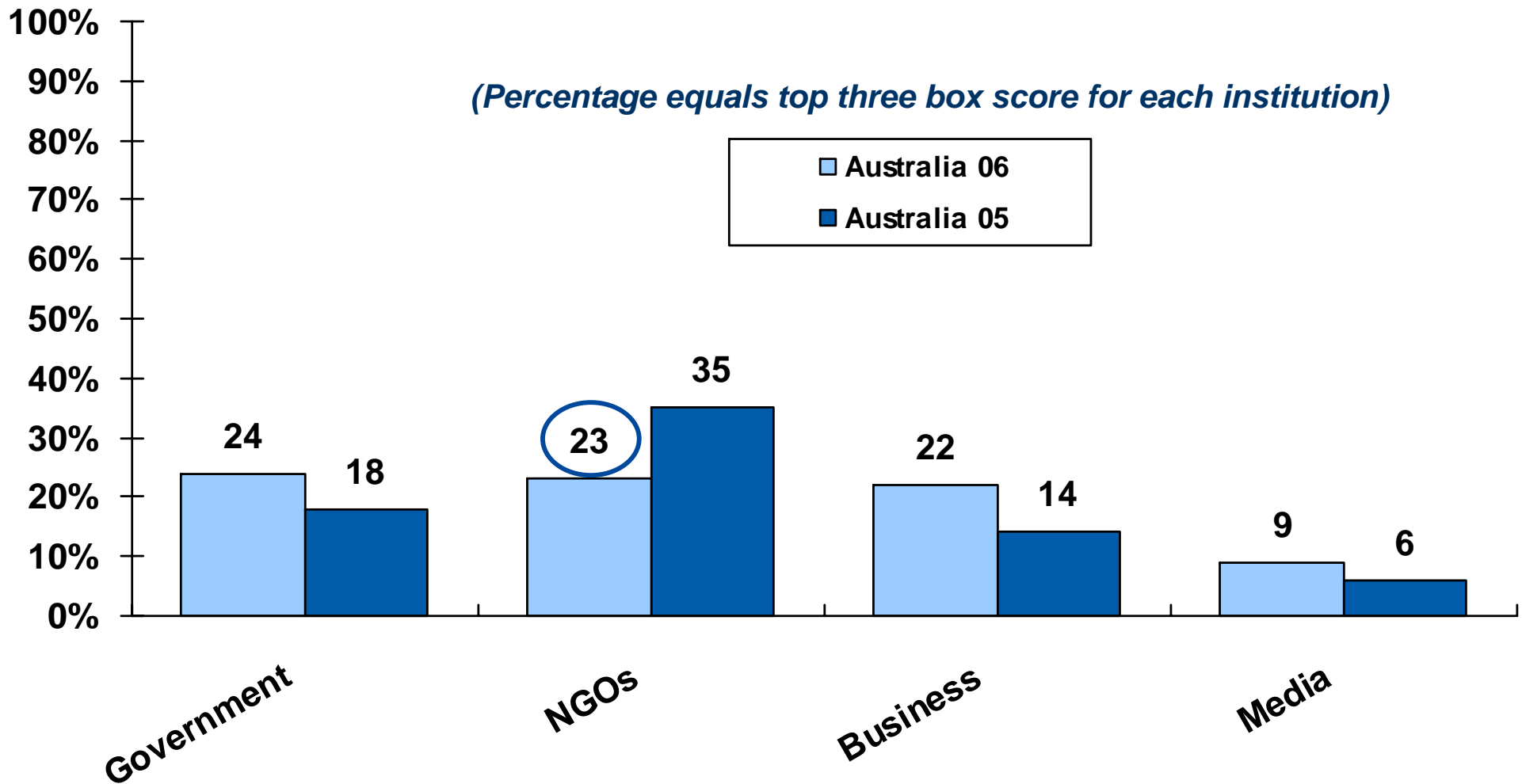
- Government officials
- NGOs/ Trade Associations
- Institutional investors
- Media
- Senior business executives
- Employees
- Up-scale consumers

# The State of Trust



# Trust in Institutions

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



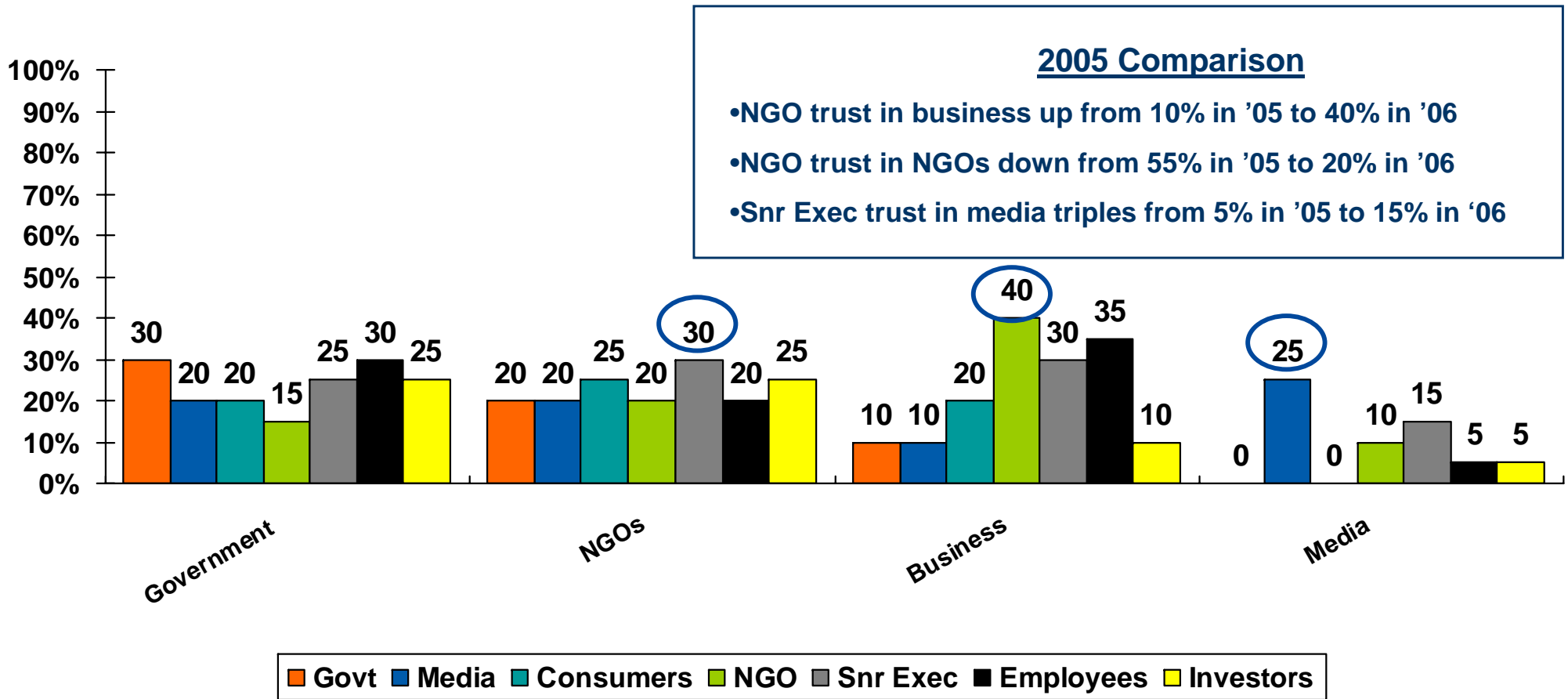
Base: 140

# Trust in Institutions by Stakeholder (Australia)



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

*(Percentage equals top three box score for each institution)*

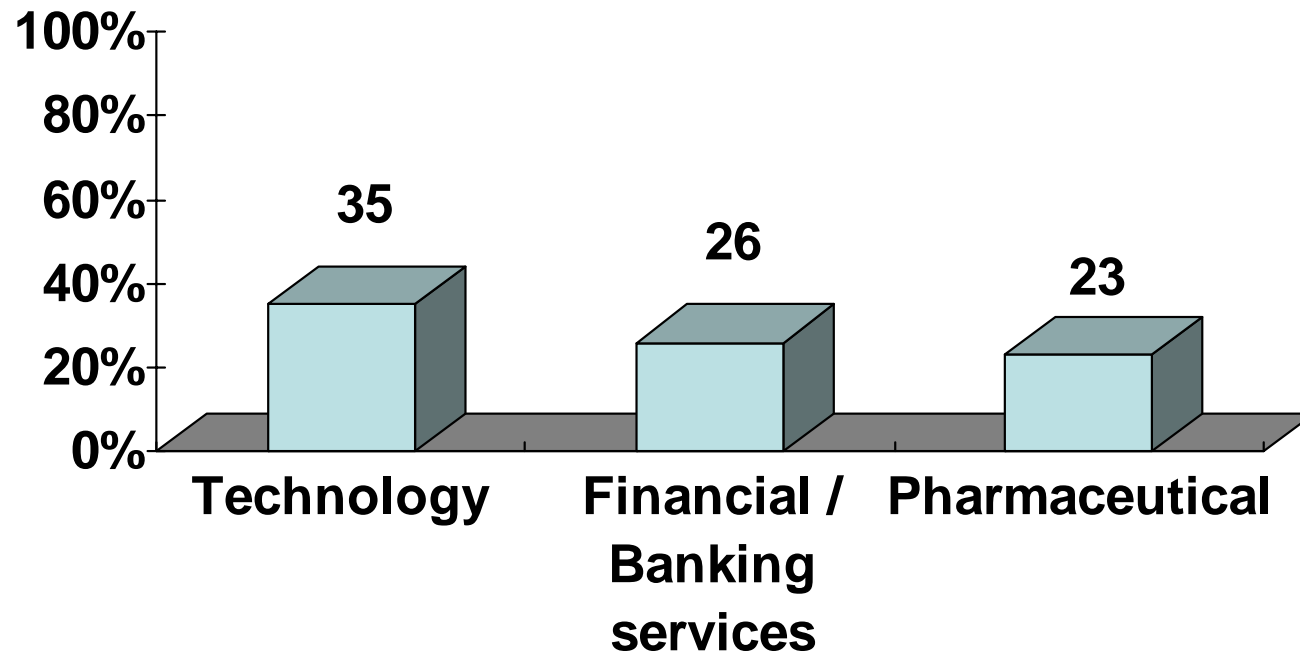


Base: 140

# Trust in Business Sectors (Australia)



*Which do you trust more?*



*(Percentage equals top three box score for each institution)*

Base: 140

# Institutions: Points to Ponder



- Business and NGO “partnerships” driving parity in trust
  - Recovery of Business and Government a necessary ‘rebalancing’ as NGO exposure and visibility increases
  - Reflects lack of corporate scandal and positive business climate
- Media, as an institution, strengthening but still in large deficit position

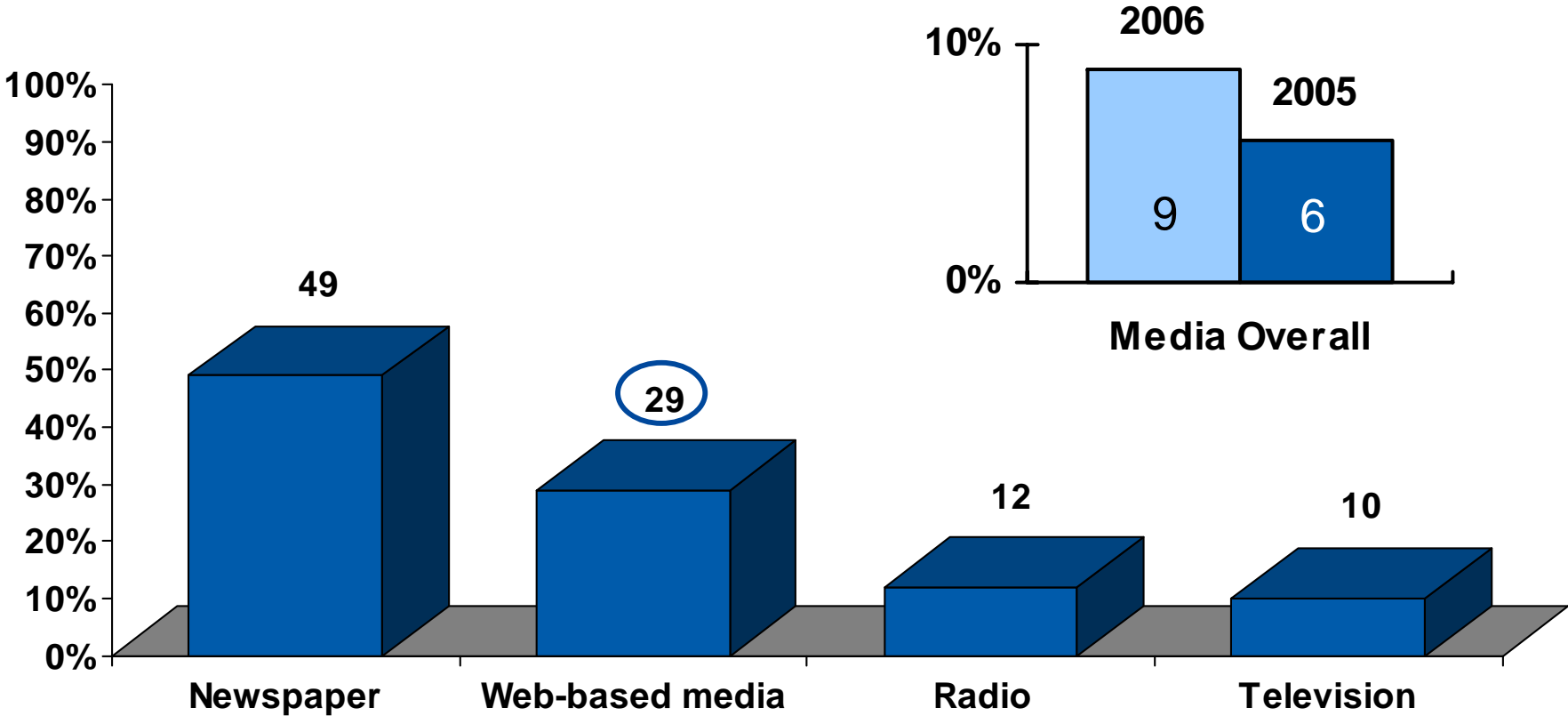
... beware, however, as scepticism still rules



*Sources and Channels:*

# Media Trust (Australia)

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

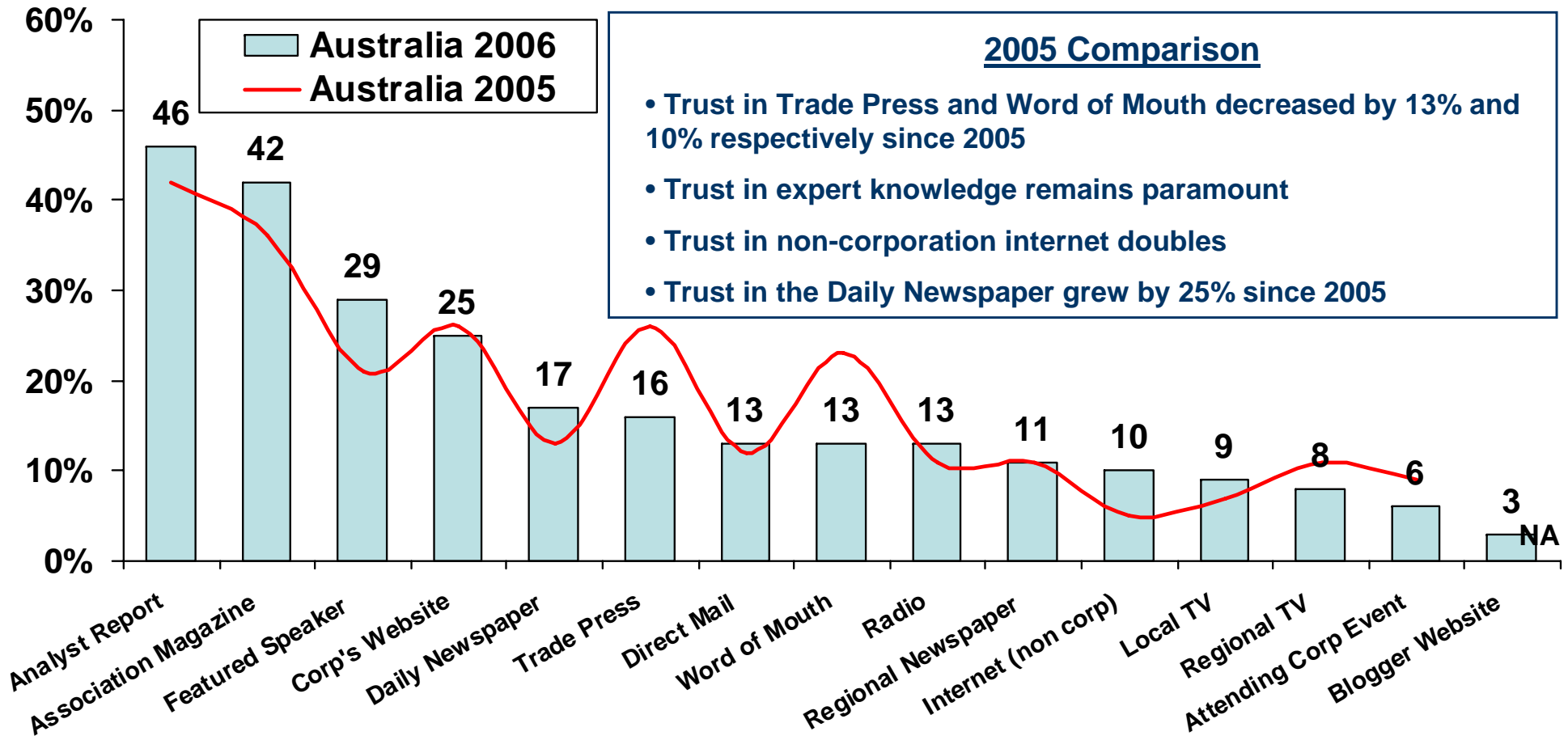


# Trusted Communication Sources (Australia)



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

*(Percentage equals top three box score for each channel)*



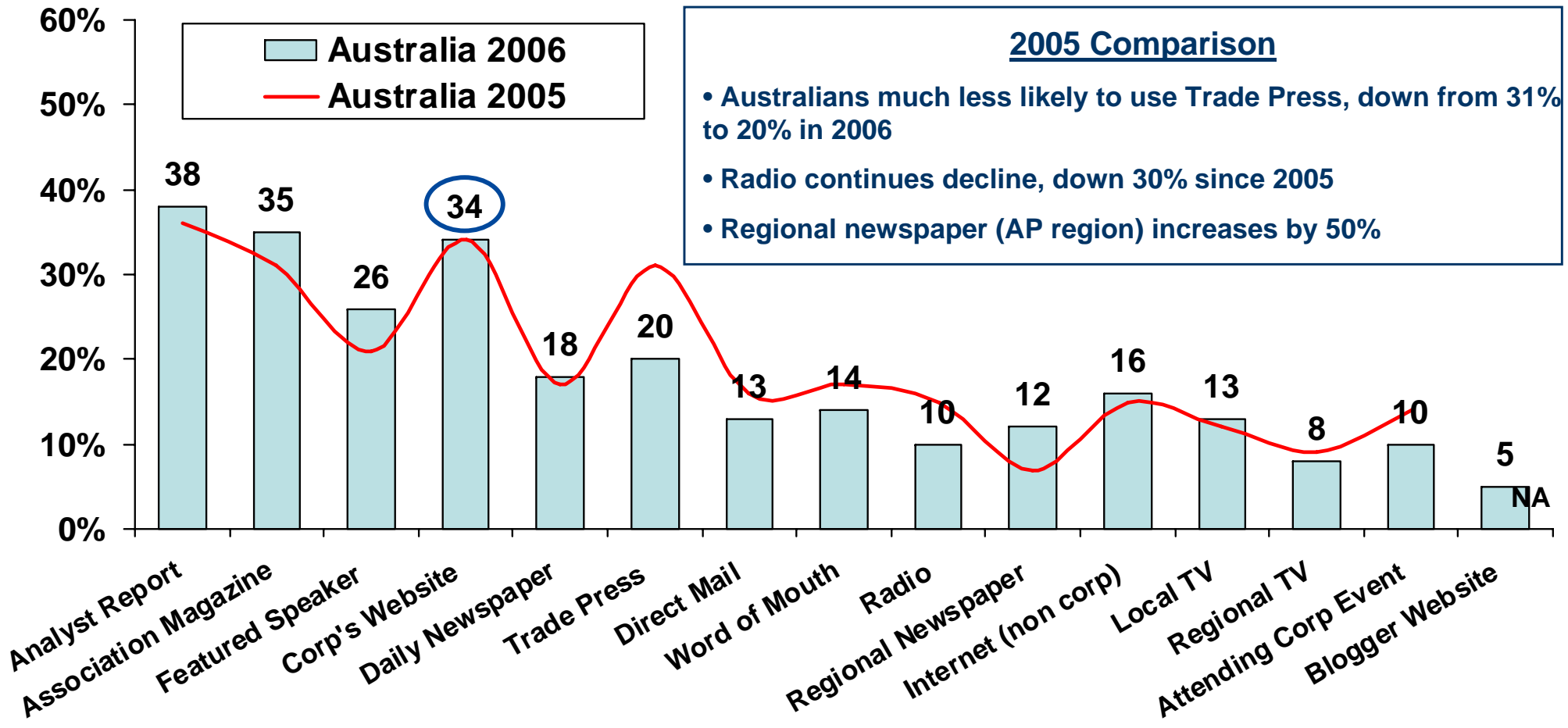
Base: 05: 140 & 06: 140

# Channel Usage Likelihood (Australia)



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

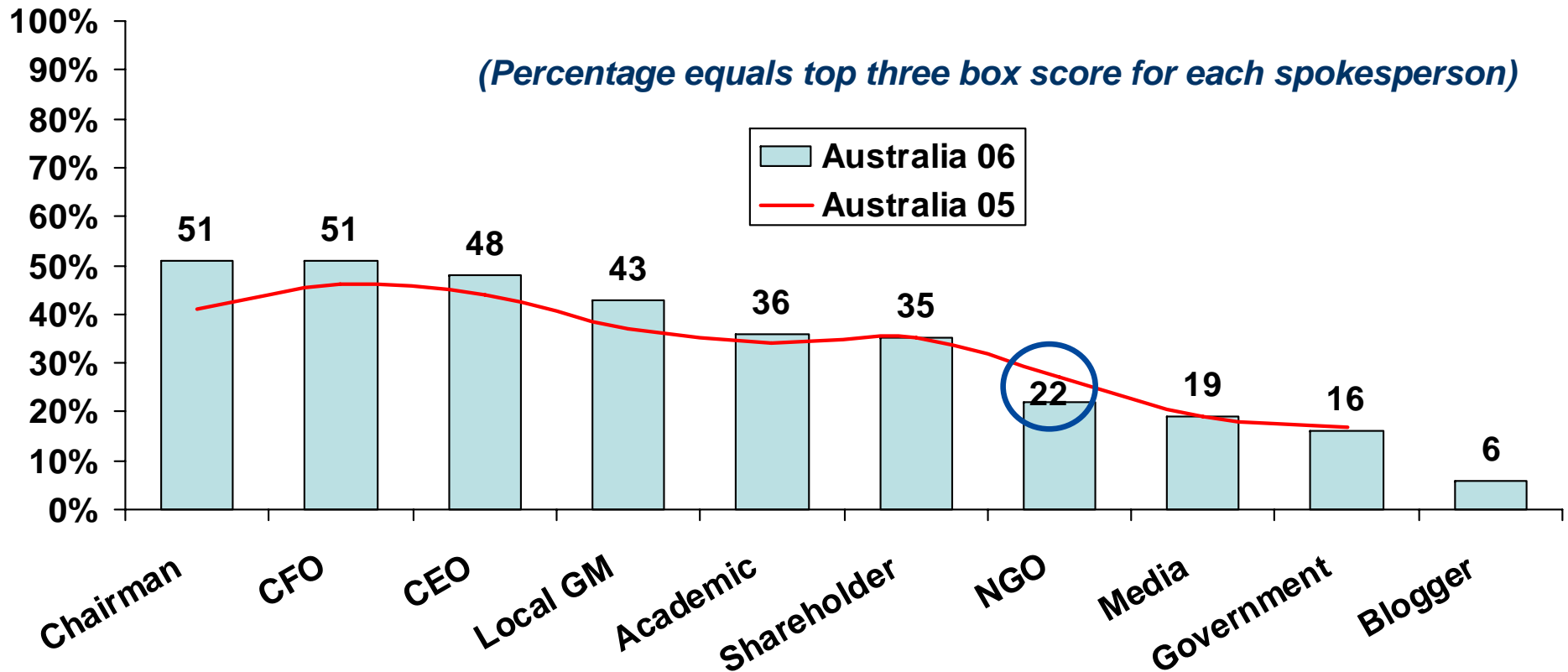
*(Percentage equals top three box score for each channel)*



Base: 05: 140 & 06: 140

# Trust in Spokespeople (Australia)

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



Base: 05: 140 & 06: 140

# Sources and Channels: Points to Ponder



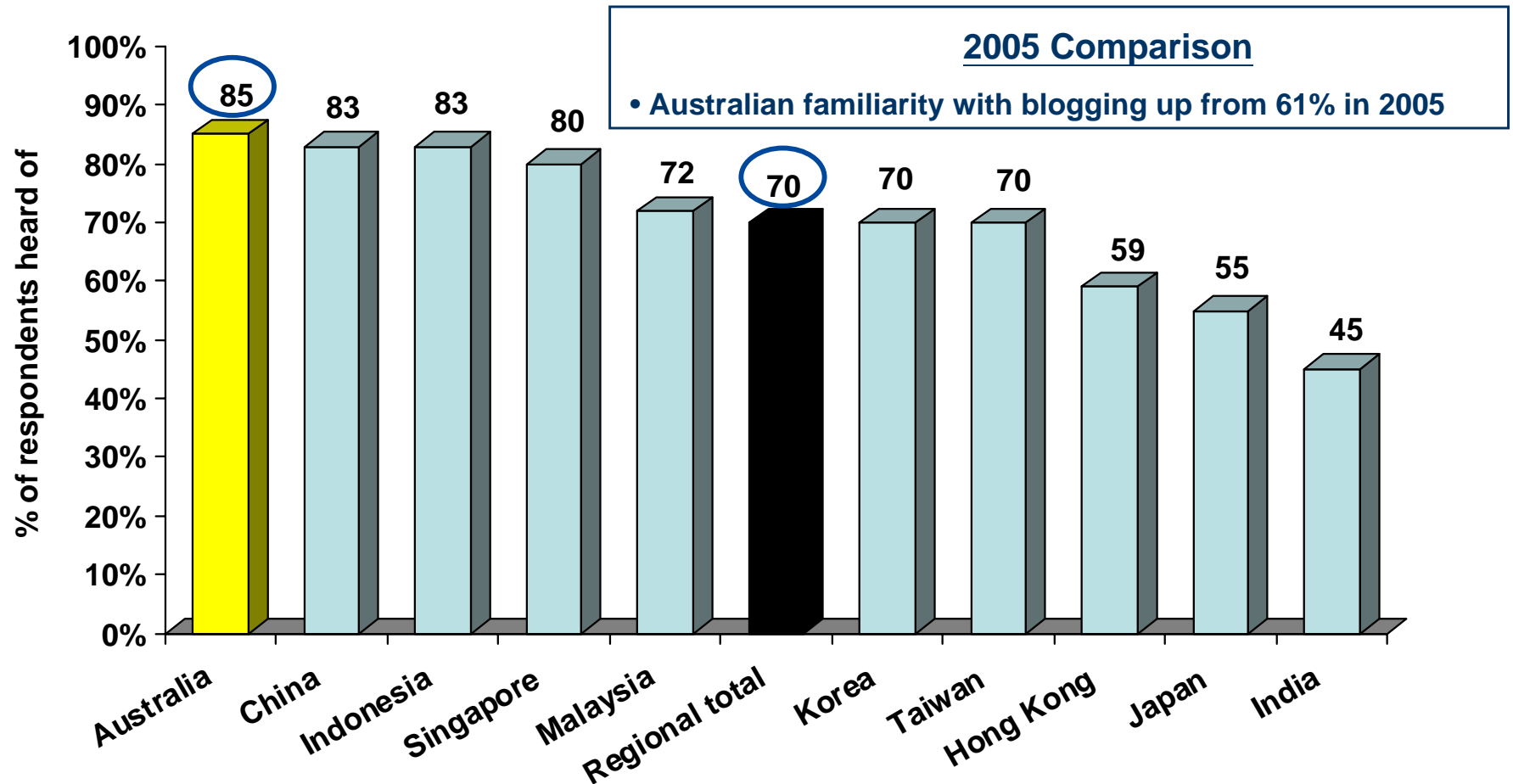
- “Expert” sources and channels– including company’s own website– underscore importance of “proximity”
- Of mainstream media, daily newspaper remains strongest channel...and, they continue to hold their own vs new media
- Web based media core part of the mix – trusted and well used



Blogs

# Familiarity of “Blogging” or “Blogs”? (Regional)

... How familiar are you with the terms “blogging” or “blogs”?  
Percentage equals to ‘very familiar’ + ‘somewhat familiar’

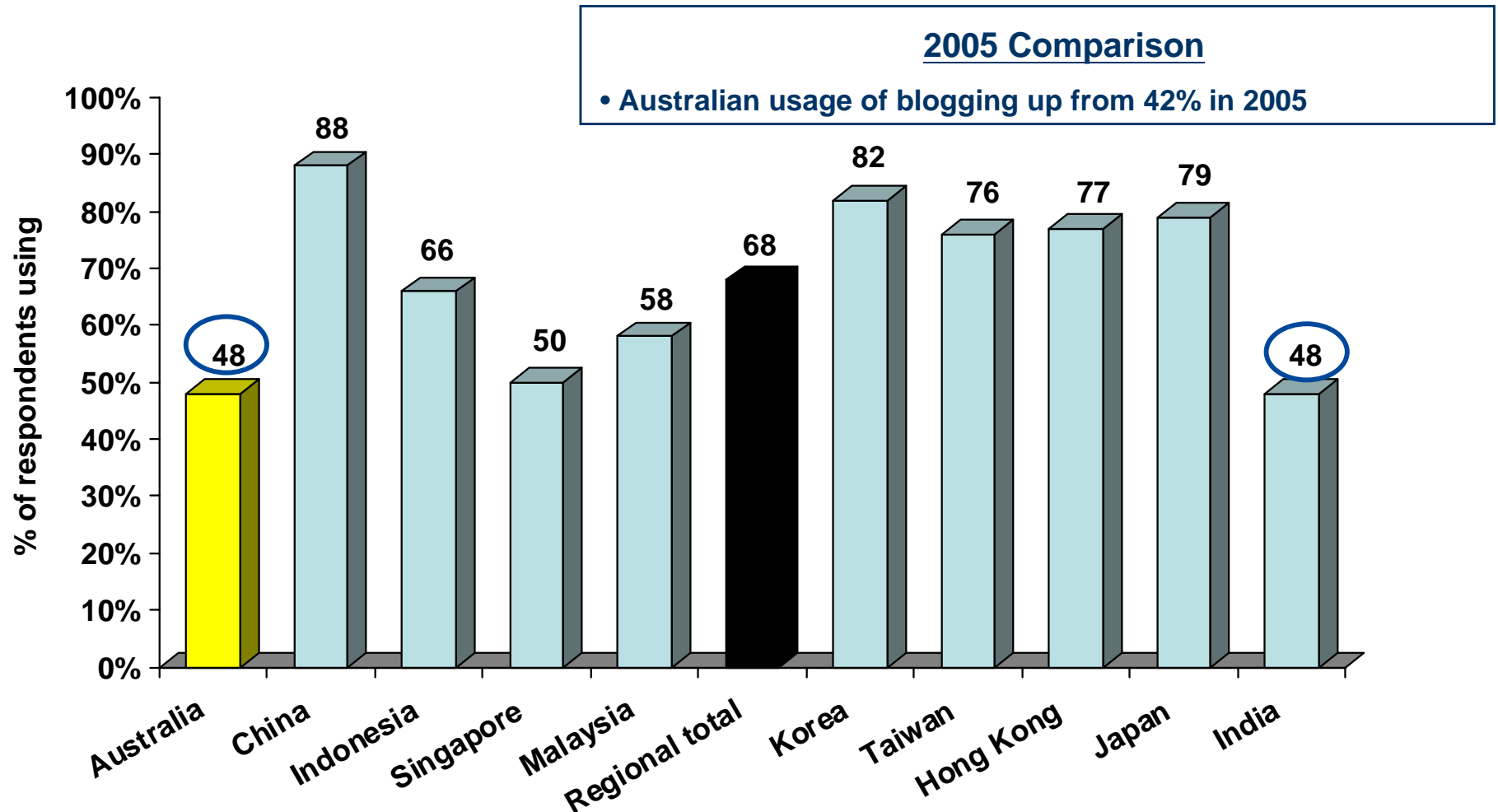


Base: Regional: 974 Australia 05: 140 & Australia 06: 140

# Usage of "Blogging" (Regional)



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

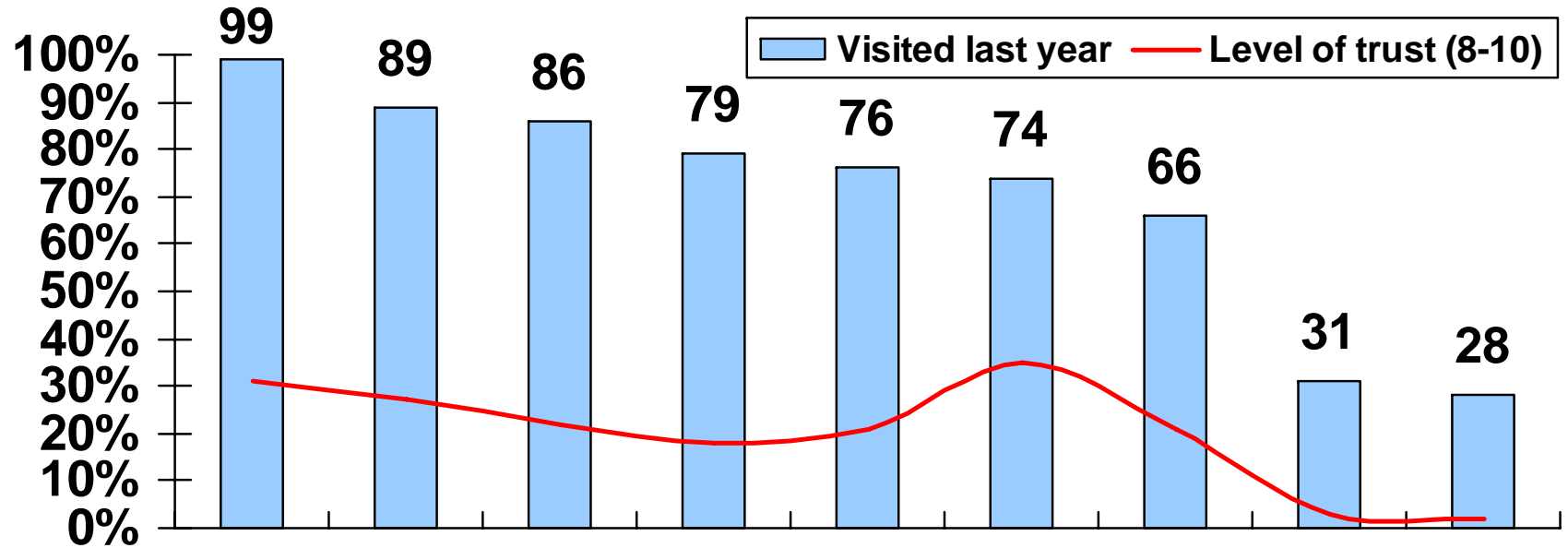


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# Website Usage and Trust (Australia)



*Which websites have you visited in the last year?*



Int'l browser websites  
Local web-based news sites  
Local corporate websites  
Western print/ electronic news sites  
Local govt websites  
Int'l corporate websites  
Business related websites  
Personal blog sites  
Personal blog sites



# Opinion Drivers in Australia

# Standout Characteristics (Australia)



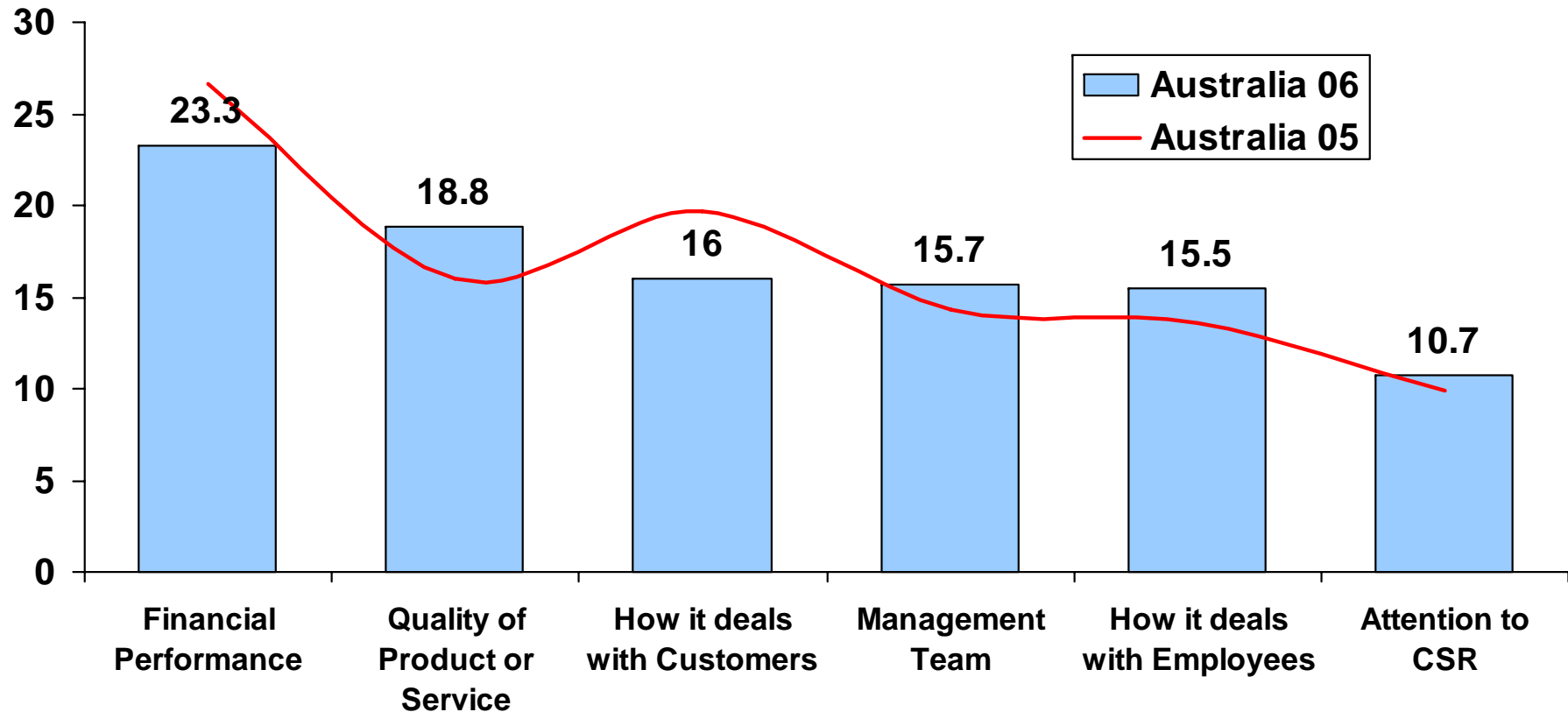
What is the first thing you notice that makes companies stand out from the rest?

<u>Stand Out Characteristics of a corporation in Australia</u>	<u>Aus 06</u>	<u>Aus 05</u>
High profit/Profitable	27%	18%
Employee development/Employee benefits	27%	7%
Management/Leadership	22%	9%
Ethical/Integrity	18%	14%
Corporate image/Reputation	16%	21%
Corporate citizenship/Socially responsible	16%	9%
Brand/Product quality	14%	19%
Innovation	14%	4%
Active promotion/Advertising	11%	19%
Professionalism	8%	1%
Customer focused	6%	12%
Company size/Operation size	6%	8%

Base: 05: 140 & 06: 140

# Rating Characteristics (Australia)

*“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.”*



Base: 05: 140 & 06: 140

# Characteristics of 'Good and Responsible' Corporations



# Good and Responsible (Australia)



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

<u>Characteristics of a Responsible Corporation in Australia</u>	<u>Aus 06</u>	<u>Aus 05</u>
Stand behind its products/services when something goes wrong	92%	89%
Provides senior leadership that can be trusted	91%	87%
Communicates frequently and openly with employees	80%	71%
Operate in an open an transparent fashion	76%	79%
Works hard at building relationship with core stakeholders	75%	63%
Offers top quality products/services	73%	76%
Makes products that really impress other people	41%	22%
Concerned about/active in doing something about community welfare	37%	34%

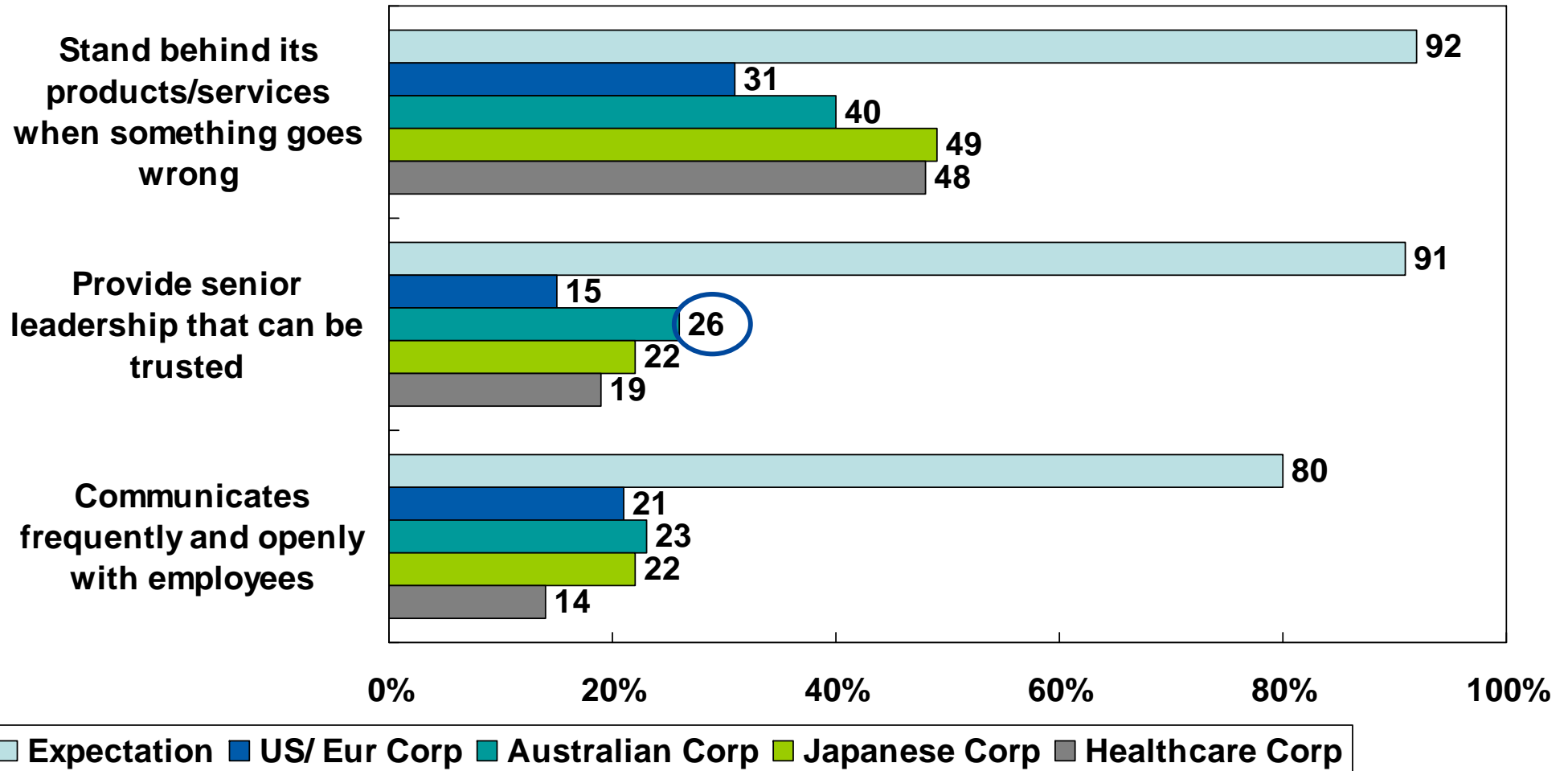
Are Companies  
Measuring Up?



# Responsible Corporation (Australia)



*To what degree do you believe different types of corporations live up to these characteristics?  
(Percentage equals top three box score for each characteristic)*



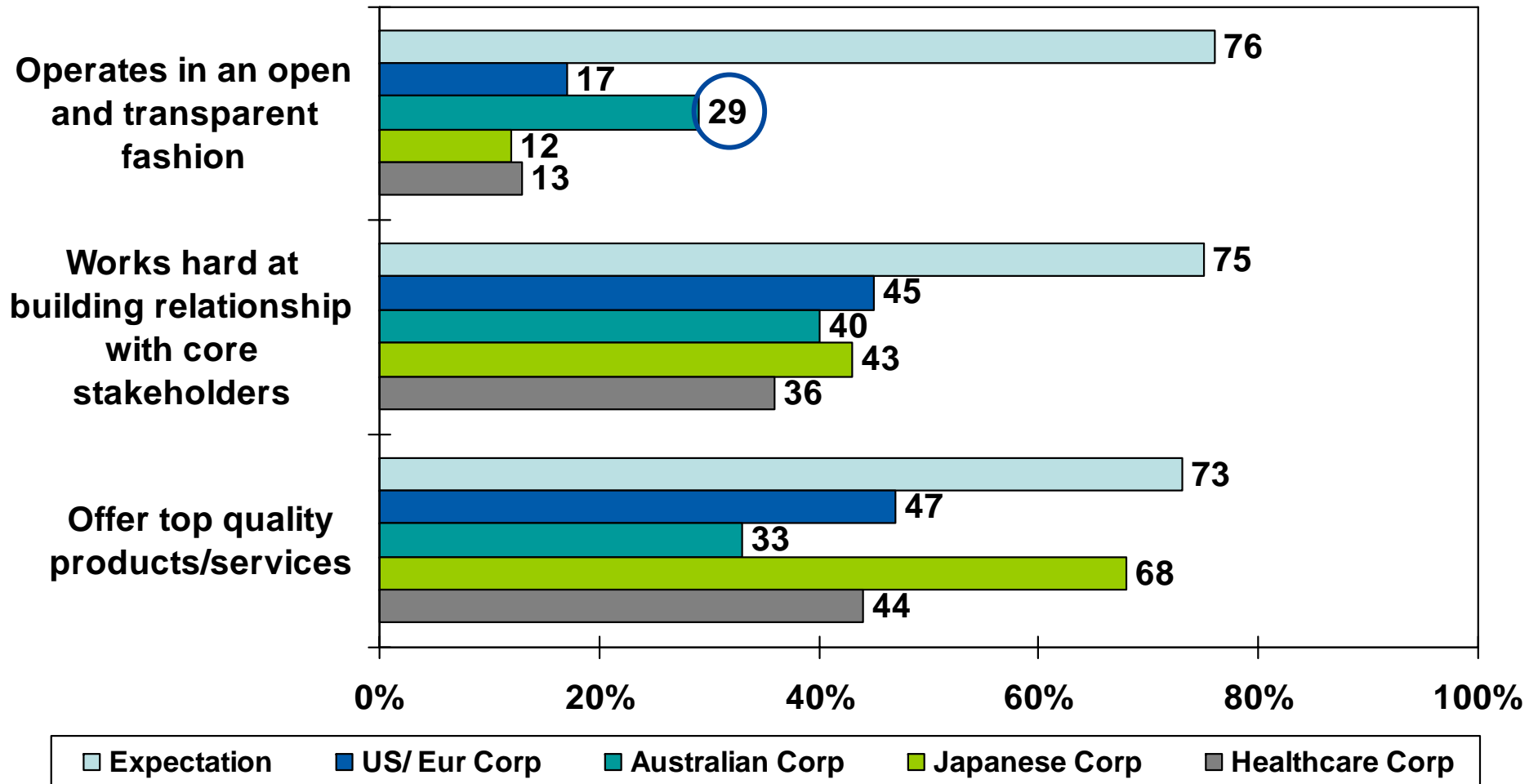
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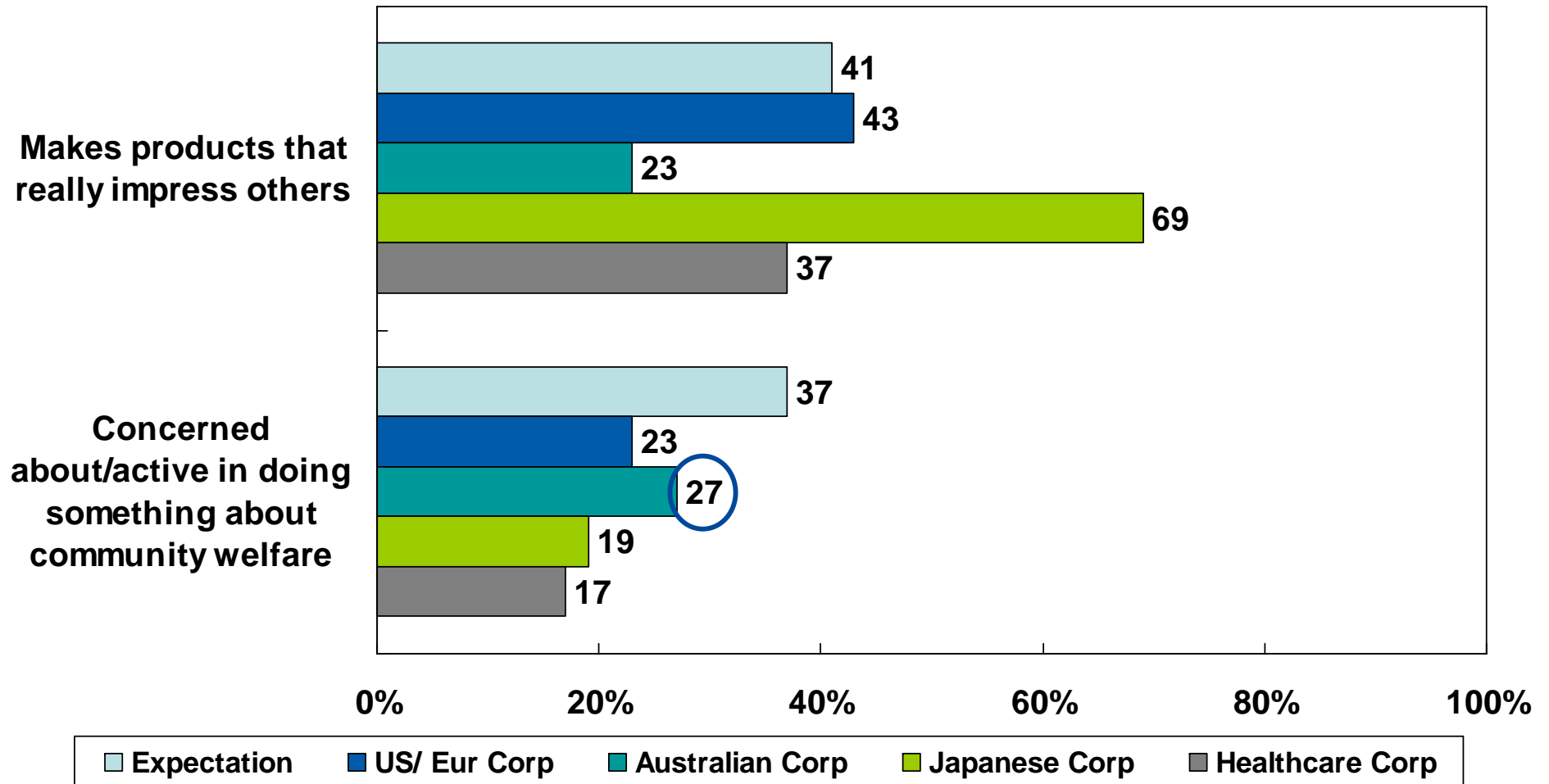
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# Responsible Behavior: Points to Ponder



- Witnessing the return of “shareholder value” as reputation driver
- “Leadership” and “employees practices” must feature in stakeholder engagement
- Business has a clear “performance gap” (perceived?) to close
- Three areas driving reputation: Management Practice, Product/ Service Quality, Societal Alignment
  - “People power” dominating perceptions of performance
  - “Societal alignment” continues strong rise in importance

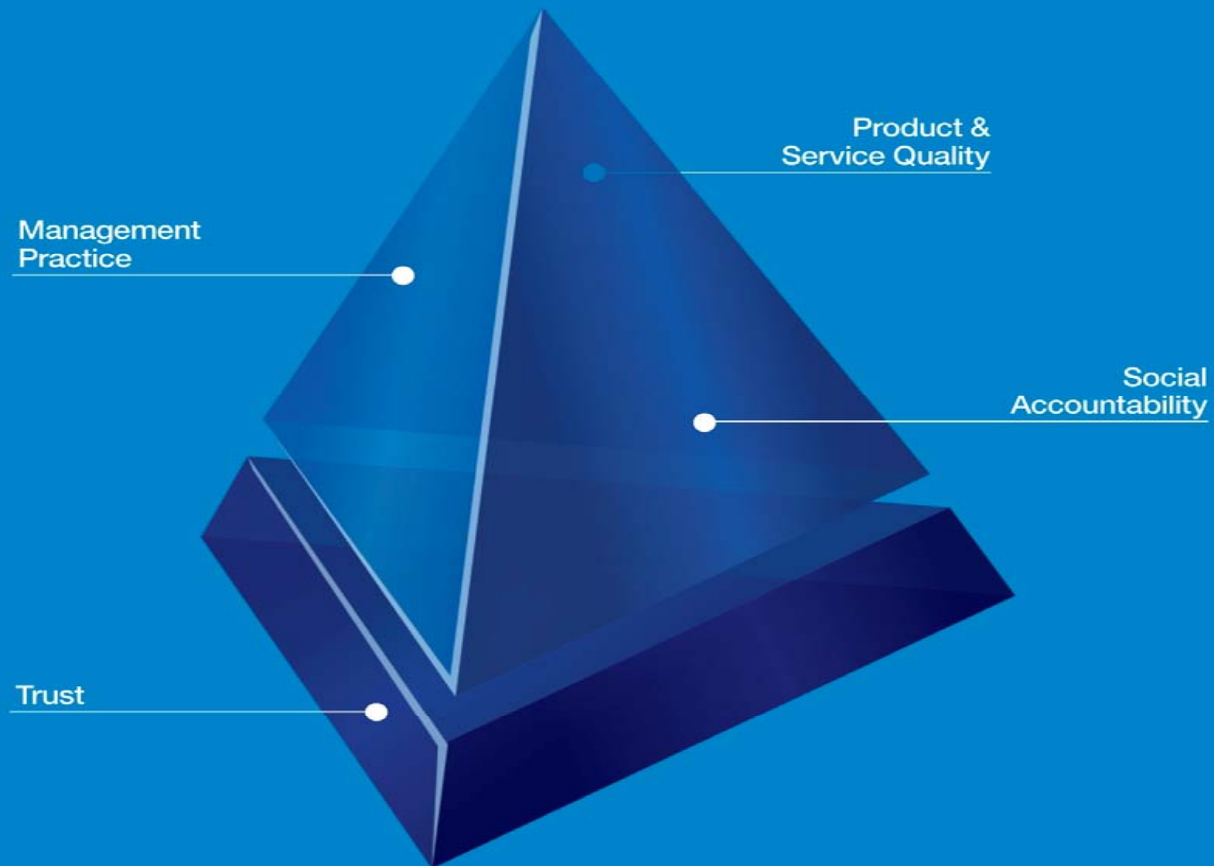


So, what does this mean?

# Asia Pacific Edelman Reputation Pyramid



## Corporate Reputation Management Driving Business Outcomes

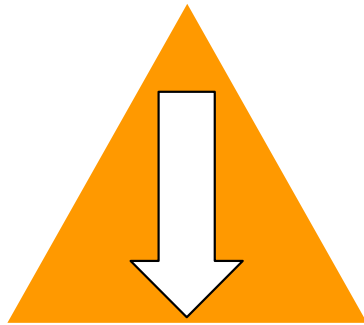




## Pyramid of Authority vs. Sphere of Cross Influence

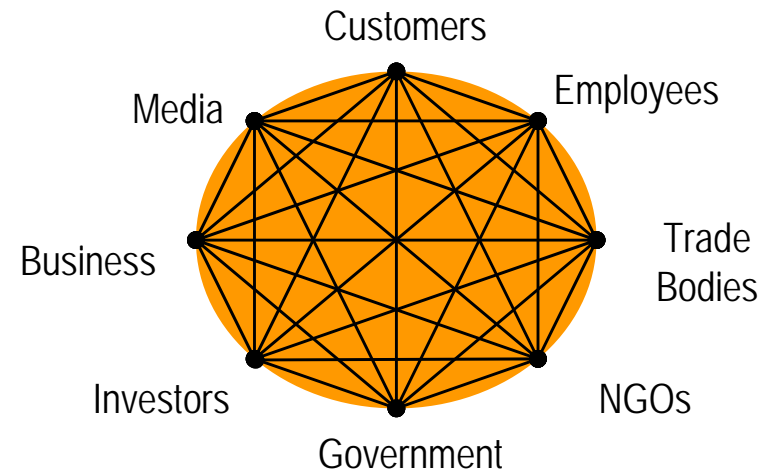
### OLD MODEL

EXPERTS



MASS AUDIENCE

### NEW MODEL



# For Business...



**Disciplined Reputation  
and Relationship Management**

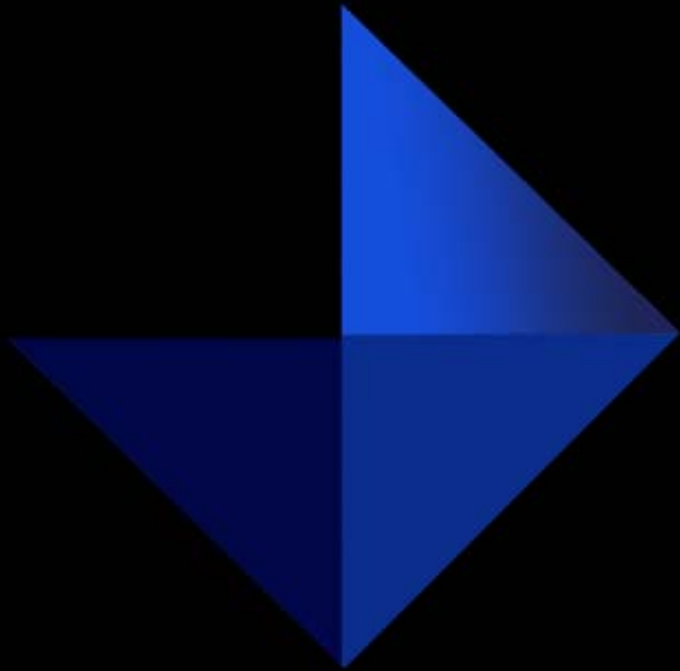


**Expert and Insightful  
Source and Channel Management**

# So what does this mean?



1. Business fundamentals are still key to reputation, but increasingly management practice is becoming more influential - leadership; transparency/ethics; and particularly, people focus
2. Expert source and media channel management, driven by knowledge, is a critical part of corporate communications
  - Trust in traditional media is still very low – understanding and using new, web-based channels is key
3. Apparent paradox of a growth in CSR traction, tempered with the rebalancing of trust among NGOs, Business and Government, signals a need for greater sensitivity in third party partnerships
4. Proactive stakeholder engagement and sensitive management are the core building blocks of a strong corporate reputation



**Edelman**