

## **The Importance of Social Responsibility Projects in Reputation Management: The Role of Public Relations**

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### **Abstract**

As a consequence of the gradually rising competitive business environment today, the contemporary management approach has gained new acceleration where people using products and services have gained prior focus rather than a productive activity. Today, certain qualifications such as trustworthiness, transparency, and accountability have become more vital for organizations to keep their good reputation, which is directly related to sustainability, which leads to credibility. Attaining these qualifications needs many interrelated factors to work together, from the quality of the services to the responsibility of the organization to society. Thus, the function of reputation management and the effective use of communication tools and functions have become more important for organizations on both their sustainability and economic mobility. This paper aims to discuss the importance of social responsibility projects in reputation management and the changing role of public relations besides revealing the new mission of public relations practitioners as “communication professionals” considering the new developing needs of organizations.

**Keywords:** reputation management, social responsibility projects, public relations

## **İtibar Yönetimi'nde Sosyal Sorumluluk Projelerinin Önemi: Halkla İlişkilerin Rolü**

### **Özet**

Rekabetçi iş ortamının günümüzde giderek artması sonucunda çağdaş yönetim anlayışı, ürün ve hizmetleri kullanan kişilerin, ürün ve faaliyetlerden daha öncelikli odak noktası haline geldiği bir yönetim anlayışına doğru ivme kazanmıştır. Bugün, güvenilirlik, şeffaflık ve hesap verebilirlik gibi belirli nitelikler kurumların itibarları ile doğrudan ilişkili olan sürdürülebilirlik özelliklerini koruyabilmelerinde hayati önem taşımaktadır. Bu nitelikleri elde etmek için hizmet kalitesinden kurumun topluma karşı sorumluluğuna kadar uzanan bir çok unsurun bir arada yürütülmesi gerekmektedir. Bu açıdan, itibar yönetiminin işlevi ve iletişim araçlarının etkin kullanımı kurumların sürdürülebilirliği ve ekonomik hareketliliği için önem kazanmaktadır. Bu çalışmanın amacı, çağdaş yönetim anlayışı çerçevesinde sosyal sorumluluk projelerinin itibar yönetimindeki önemi ve halkla ilişkilerin rolünü tartışmaktır. Ayrıca, birer iletişim profesyoneli olarak halkla ilişkiler uygulayıcılarının, kurumların yeni gelişen ihtiyaçları karşısında dönüşen yeni misyonlarını ortaya koymaktır.

**Anahtar sözcükler:** İtibar yönetimi, sosyal sorumluluk projeleri, halkla ilişkiler

## Introduction

Global changes in political, economic, environmental and social conditions recently make the new business environment to redefine their vision, mission and values. In this regard, people who buy and use the products and services have gained priority for organizations rather than products and services because of the publics' increasing demand for more responsible organizations on their sensitivities. Today, organizations are under pressure from stakeholders to be more responsive to their needs and interests.

Publics also seek more sustainable relations with organizations and brands in new business environment. Organizations who pay more attention to publics' interests are perceived more regardful and sensitive in the sense that they have different concerns other than economic profit. People need to perceive more than ever what an organization stands for and why they should change their action and thoughts positively about that organization and the brand. Thus, the organization gains credit as it contributes to the expectations of the publics in social affairs.

In that sense, the ability of an organization to respond the issues on which the society is sensible and the capacity to keep its promises are among foremost values for reputation. A set of changes in competition conditions as a result of globalization leads the way to traditional management approach to be replaced by contemporary management approach in the sense that it is no more acceptable to adopt "what is produced is sold" and "what is served is appropriate". The ability to sell a product or service is now more dependent on to be admired, to be trusted and to provide what is promised is delivered. Therefore, social responsibility projects are important communication function for organizations to create mutual advantage between target public and the brand. Social Responsibility is described as "in the framework of interaction with stakeholders, businesses integrate environmental and social considerations into their activities on voluntary basis" in the Green Paper, published by European Commission (as cited in Kantarcı, 2010).

Rapid changes in communication technologies are also one of the most important factors that trigger target publics' interest and raise the expectations, as information is more easily accessible than ever. Thus, trustworthiness, transparency and accountability have gained more importance, which are among the vital qualifications indicating the sustainability of an organization and its services. To attain these qualifications needs many interrelated factors to work together from the quality of the services to the responsibility of the organization towards society. In this respect, the function of reputation management and the effective use of communication tools and functions have become more important for organizations on both their

sustainability and economic mobility. So, corporate reputation, as an intangible asset that affects the subsequent performance of an organization, has recently become one of the most important values for organizations. Reputation is the result of all the functions of an organization. Charles J. Fombrun (1996), pioneer of studies on corporate reputation points out that “corporate reputation is made up of all the key constituents which the institution consults when it compared to its competitors”.

During all these processes the effective use of communication tools and functions play an important role in revealing targeted messages and desired perception. The answer to the question “Why does an organization communicate?” set forth the need of strategic communication. The answer is; to create awareness of a policy, a service or a product and to make people to understand well about them because people may be aware but they may not understand in the sense we projected them. Besides, to make people to favor an organization, its brand, its policy and its business ethics because people may understand but may not favor what is described above. So, the openness, clarity and consistency of messages play an important role in building up and maintaining the desired reputation.

Within contemporary management approach communication professionals gradually becoming indispensable partner in creating strategies and in decision making processes (Aydede, 2006:53) and the responsibilities of communicators have increasing rapidly not only towards the people or organizations they work for and publics they deal with but also to the society in general (Karatepe, 2008:80). In this regard, public relations professionals have reviewed their working principles according to the organizations’ and societies’ needs shaped by new business conditions and have adopted working principles, which are more strategic, proactive, focusing on wider range of publics and including long term processes.

### **Reputation Management**

Reputation term is becoming a core business function that influences strategic decisions and how organizations should be communicating with stakeholders. It is more important now to “immortalize reputation” rather than “to maintain reputation”. Today’s competitive business environment bears new conditions that may bring new opportunities and strengths as well as new economic or other global threats. In the light of contemporary management approach organizations seek new ways for sustainability with low risks, and they strive to formulate new models for their long-term relations with publics. Creating reputation needs long-term efforts, however, losing reputation could be in a short time. So, organizations today focus on to ‘perpetuate’ instead of to ‘lose’ their reputations and try to keep the risk factors at a minimum

level. In order to reach this target organizations need a multi-component and multi-stakeholder working process.

Reputation is treated as the feedback from others concerning the credibility of an organization's self-definition. Organizations use measures of reputation to improve their public messages and relationship building practices. The consensus definition holds that 'reputation is essentially the external assessment of an organization held by external stakeholders'. In another definition reputation is the sum of impressions of political, economic, social, technological and competitive elements (Kızbaz, Güreşçi, 2014:69). Reputation is determined by the perceptions of stakeholders (Carmeli and Tishler, 2005:6). The dimensions of reputation include an organization's perceived capacity to meet stakeholders' expectations, the rational attachments that stakeholders form with the organization and the overall net image that stakeholders have of the organization (Foreman and Whetten 2002).

In brief reputation can be defined as;

- a) An intangible asset
- b) A collective assessment, whereby an organization's performance is judged in the context of its past and current behavior
- c) A lifestyle for both individuals and for organizations
- d) The general estimation in which one is held by the public
- e) Reputation is the way in which stakeholders, who know little about organization's true intent, determine whether an organization is worthy of their trust.

Despite the fact that 'reputation' is an intangible asset, recent academic studies have revealed that reputation indeed a tangible asset and it has measurable results. For this reason, unlike previous definitions it could be said that 'a good reputation is a tangible asset with high financial value' (Samast, Hawks, 2014:9).

According to Reputation Institute, components of Reputation Quotient are as follows (Fombrun and Foss, 2001:1; Karaköse, 2007:47-53):

- 1) *Emotional Appeal*: It is having positive sense about corporation, appreciating corporation and trusting corporation.
- 2) *Products and Services*: It is related with quality, innovations, values and reliability about products and services of corporation.
- 3) *Financial Performance*: It is related with competitive power, growth prospects and low risk perception of corporation.

4) *Vision and Leadership*: It is related with clear vision for the future, excellent leadership and ability to capitalize on market opportunities.

5) *Workplace environment*: It is related with perception about well-run of corporation, appealing workplace and employee talent.

6) *Social Responsibility*: Corporations are like humans in social environment. They are not only responsible for production against consumers but also responsible for social presence with regard to fulfilling social expectations (Yönet, 2005:144).

The importance of creating mutual trust in reputation management comes to light regarding all these components. For Golin trust is the most basic element of social contact-the great intangible at the heart of truly long term success. Trust is both a process and outcome; it is at the heart of dealing with every relationship. To carry out relations within the scope of trust is directly related with creating basis for correct and perceptible interaction process. Conducting well-planned and understandable communication processes in revealing vision, mission and the values that an organization carries, facilitates to create and maintain corporate reputation and sustainable relations. Therefore, to benefit from communication functions to the utmost and to develop appropriate communication strategies takes an important place during reputation management.

### **Public Relations**

In order to keep pace with the dynamism of the new business environment and to meet the needs of the contemporary organizations, public relations discipline and professionals have recently undergone a process of review of its functions and the mission of the public relations professionals. In consequence of these reviews they revealed the necessity of more strategic and effective communication during the interaction with stakeholders and they published a set of work principles.

First of all various definitions of public relations by different sources should be put forth. Definitions by most authorized institutions on public relations worldwide are as follows:

For Public Relations Society of America (PRSA), “public relations is a strategic communication process that builds mutually beneficial relationships between organizations and their publics”. For Chartered Institute of Public Relations (CIPR) “public relations is about reputation – the result of what you do, what you say and what others say about you. Public relations is the discipline which looks after reputation, with the aim of earning understanding and support and influencing opinion and behavior. It is the planned and sustained effort to establish and maintain goodwill and mutual understanding between organization and its public”.

In order to attain and maintain positive reputation, organizations need targeted and well-planned communications, which can make a powerful contribution to an organization's success. Hereby, success that may be measured by improved profitability, the shifting of opinion, the raising of funds, the retention of staff and the changing of public behaviors.

In traditional public relations the scope of public relations could be more narrow and restricted. In this sense public relations is;

- a) less strategic
- b) less integrated
- c) short term
- d) aims to give the best possible image
- e) it is media relations focused
- f) its focus is on limited number of stakeholders compared to contemporary aspect.

Today, public relations can be described as:

- a) more strategic
- b) integrated
- c) long term
- d) involves all publics
- e) aims to deliver image and brand promise
- f) uses all forms of opportunities to communicate policy and values
- g) it has greater emphasis on multiple stakeholder relationships.

As a management function, public relations also encompasses the following features:

- 1) Anticipating, analyzing and interpreting public opinion, attitudes and issues that might impact, for good or ill, the operations and plans of the organization.
- 2) Researching, conducting and evaluating, on a continuing basis, programs of action and communication to achieve the informed public understanding necessary to the success of an organization
- 3) Planning and implementing the organization's efforts to influence or change public policy. Setting objectives, planning, budgeting, recruiting and training staff, developing facilities.

As described in these definitions, public relations is evolving to a wider perspective of responsibilities and functions recently. In that sense, its traditional role as a *reactive* has changed into a *proactive* function. Tactics increased with the new media tools, requiring more research and afterwards developing new strategies. Evaluation on all the components has gained more importance in this process. In the light of these developments, in EU over 60% and in Italy 66% of public relations practitioners take place in organization's decision making mechanisms.

In 2010, 32 countries endorsed Stockholm Accords, a project by Global Alliance for Public Relations and Communication Management, the confederation of the World's major professional association, a set of principles on the role of public relations in organizational governance and; communication programs for internal and external publics; and on the value of public relations in increasing the organization's sustainability. In Stockholm Accords, every mention of Public Relations is followed by 'and communication management'. This fact shows that public relations inholds communication naturally. It is underlined that all public relations roles involve communication, however, not all communication roles can be described as public relations. Communication refers to a broader area and 'public relations' is an applied communication discipline.

### **Social Responsibility Projects**

Social Responsibility Projects (SRP) is organizations' responsibilities towards the sensitivities of its publics and towards all society in general. Contemporary management approach leads the organizations to redefine their values and targets, and they perceived the importance of correlating their vision and mission with social responsibilities. Thus, organizations are perceived as sensitive to social issues and substantially it performs useful projects for social benefits of the society. Today, creating and maintaining intangible values along with tangible values has become significant in order to build organizational image and to strengthen the relations with society. These values serve as bridge to constitute positive image and to maintain and strengthen the reputation of an organization, which constantly needs to be fed by corporate culture and values.

'Social responsibility' has several definitions, all of which refer to at least three out of five dimensions it represents; *voluntariness, stakeholder, social, environmental and economic*.

According to 'Business for Social Responsibility, 2000', Social Responsibility is business decision making linked to ethical values, compliance with legal requirements and respect for people, communities and the environment (as cited in Dahlsrud, 2006). In general, corporate sustainability and CSR refer to company activities – voluntary by definition –

demonstrating the inclusion of social and environmental concerns in business operations and in interactions with stakeholders (Van Marrewijk, 2003).

According to Brayan Dennis, the expectations of society changes as the influence of organizations on society increases. Hence, according to the declaration of Economic Developing Council in 1971, as the conditions of 'agreement' between businesses and the society has changed, it is expected from businesses to undertake more social responsibilities and to contribute the improvement quality of life (Dennis and others, 1998:649-653). In another description, it is indicated that there are researches pointing out the importance of corporate social responsibility in enhancing reputation, increasing brand value, revealing appeal for investors, increasing customer satisfaction and employee motivation (Knox and Maklan, 2004:508-516).

As the organizations gain positive reputation, they are more appreciated and supported by the society. It is important to decide where to focus Social Responsibility Projects and how to implement them in order to achieve the goals and maximize the benefits to the organization and the publics. Organizations determine the social responsibility projects primarily according to the issues and environment they operate in and then on the subjects that would be for the benefit for all society. After determining the social responsibility areas, planning necessary communication activities for running social responsibility projects plays an important role in creating intended perception.

Communication is directly related to perception, which appears in Public Relations practices. Public relations play an important part in managing reputation as well as social responsibility projects. Dealing with communication tools within appropriate methods and conducting effective communications is due to public relations practices proving the vital role in perception management. The power of communication should not be ignored during the processes of an organization especially during the relationships with stakeholders, who will judge the organization with their perceptions. So, especially during the social responsibility projects conducting well-planned and effective communication not only act as a bridge between an organization and its stakeholders but also help to build positive image about the organization paving the way to strengthen its reputation. Conducting true communication tools and mutual interaction have significant role in building up an organization's reputation, which is directly related to the values they add or bring in the society besides the quality of goods and services they provide.

## Conclusion

Every organization, no matter how large or small, ultimately depends on its reputation for survival and success. Reputation has a direct and major impact on the corporate well-being of every organization (profit or non-profit). That is why professionalism of those people who guard and mould reputation is getting more important day by day. Today, the term 'corporate communication' has taken its place in organizations to conduct all communication needs of an organization.

The most important reason that corporate communication has taken its place in contemporary management perspective in a short time is the increase for the need for 'unity of messages' in the new competitive business environment. The need for organizing open and clear messages in revealing corporate vision, mission and aims to the stakeholders has raised the crucial role of 'communication' for organizations. As a result, more professional approach is needed more than ever. So, the role of public relations has changed gradually to a more strategic function in organizations, as it is one of the main exerciser of communication activities in practice.

Accurate and well-planned communication studies have significant effect in creating, adjusting and maintaining reputation as well as in reaching success and to be perceived as successful. Planning, research and evaluation processes in the frame of business strategies enables 'reputation' to become a measurable asset. Organizations should keep in mind that if reputation can be viewed as a form of assessment of an organization's behavior and performance, it should be continually earned and reviewed, and as such, need continuous monitoring and attention. Thus, in view of its contribution to the organizations, the importance of conducting reputation management at the executive level has become more apparent.

In the context of communication studies, social responsibility projects take an important place in creating and maintaining corporate reputation. Today's business environment comprises not only what is produced or served by the organizations but also the benefits they provide to the society in general. Within the frame of contemporary management perspective, taking responsibilities in social, economic, environmental and human rights issues where stakeholders are sensitive helps organizations to be perceived as useful and beneficial organizations to their business environment. Social responsibility projects are processes that have positive impact on reputation perception of organizations. Increase in reputation index lead organizations to be more appreciated by the target publics and society.

Social responsibility projects should be handled and evaluated in the scope of communication studies and unity of messages should be aimed. In the light of these new

developments, the new and transforming role of public relations in corporate communication has become more strategic. So, public relations professionals adopted new working principles revised with the Stockholm Accords in line with these new needs. With this revision, public relations became more proactive communication function by analyzing and evaluating and conducting communication programs for forming public opinion. Public relations with its new definition is no more only a message activity to make organization look good in the media or sell products, but a management activity that improves relationships among stakeholders and organizations. In this regard, public relations has taken an important role in conducting planned and long term communication studies in order to achieve and maintain mutual understanding and good will between the organization and its target publics.

In the scope of corporate communications, public relations professionals take their place in literature as ‘communications professionals’ and about 60% of public relations professionals started to take part in decision making mechanisms of organizations in Europe. They moved beyond the traditional approach of public relations as media-oriented, short term and reactive, and became the focus point for strategic communication studies of contemporary organizations by planning programs for all target publics, choosing accurate communication channels and making more analyzes and evaluations on perceptions. Hereby, the responsibilities of public relations professionals to the society and to the organization they work for has increased. Hence, in order to be more successful in the scope of developing business environment, ‘communication professionals’ should perpetually adapt themselves to new circumstances, develop their vision according to the sensitivities of the society and should carry out their studies in wider perspective.

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