Corporate social reporting and reputation risk management

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Abstract

Purpose – The purpose of this paper is to explore the proposition that corporate social responsibility reporting could be viewed as both an outcome of, and part of reputation risk management processes.

Design/methodology/approach – The paper draws heavily on management research. In addition, an image restoration framework is introduced.

Findings – The concept of reputation risk management could assist in the understanding of corporate social responsibility reporting practice.

Originality/value – This paper explores the link between reputation risk management and existing theorising in social accounting.

Keywords Corporate social responsibility, Risk management, Corporate image, Employees

Paper type Research paper

1. Introduction

The last 15 years have seen an increase in the production of corporate social responsibility (hereafter CSR) reports in many "developed" world economies. CSR reporting takes many forms but most commonly is either the production of information in annual report and accounts package (including both voluntary and mandatory information) or the production of stand-alone reports (that are most usually, but not always, voluntary). Both sorts of reporting have been subject to academic investigation (to varying degrees) with a number of reasons being suggested for reporting. While a common normative theme within the academic literature is that CSR reporting

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enhances accountability (Gray *et al.*, 1996) there is concern that this is not the case. Indeed, many authors having proposed that legitimacy theory provides an explanatory frame for (especially positive) social and environmental disclosure (Patten, 1992; Brown and Deegan, 1998; Deegan *et al.*, 2002; O'Donovan, 2002; Milne and Patten, 2002; and for a review of this literature Deegan, 2002).

Recent literature has questioned the explanatory power of legitimacy theory (O'Dwyer, 2002) and has suggested that there is a need to take into account the complexity of external and internal factors that might lead organisations to report on their CSR (Adams, 2002). Furthermore, there is a recent debate concerning the possibility that CSR reporting is captured and institutionalised, limiting its empowering potential (Bebbington, 1997; Larrinaga and Bebbington, 2001; Gray, 2002; O'Dwyer, 2003; Parker, 2005). This literature also points towards the possibilities of more diverse and varying explanations of CSR reporting and the need to put "flesh" on the "bones" of legitimacy theory explanations.

One emerging explanation for CSR reporting, suggested by reporting proponents (Herbst, 1998; GRI, 2002; Rayner, 2001; Starovic, 2002; KPMG, 2005), practitioners (Co-operative Financial Services, 2003) and researchers (Friedman and Miles, 2001; Toms, 2002; Hasseldine *et al.*, 2005) of CSR reporting, is that it could be conceived as both an outcome of and part of reputation risk management (hereafter RRM) processes. While such an explanation has intuitive appeal, the proposition has yet to have considerable impact on the social accounting literature. This paper focuses on exploring this proposition by way of a three-stage investigation. First, the RRM thesis is examined on its own terms, drawing from literature that specifically focuses on reputation. Second, an exploratory study is undertaken, using a single report, to provide a glimpse into the plausibility of the RRM thesis as it pertains to CSR reporting. Third, drawing from the previous two investigations, the paper seeks develop an understanding of the linkages between existing theoretical explanations for reporting (focusing on legitimacy and stakeholder theory) and the RRM thesis. As such the paper is exploratory in nature.

Section 2 of the paper outlines conceptions of reputation from both the academic and the practitioner viewpoints. In addition, notions of reputation risk and RRM are discussed in order to understand various aspects, and the dynamics of, reputation. Section 3 links the notion of RRM to an image restoration typology developed by Benoit (1995). This section also briefly explores the linkages between a legitimacy based and reputation based explanation for CSR reporting (in preparation for a more extended discussion latter in the paper). In addition, how a RRM framework could be interpreted through an accountability lens is discussed. This element of the paper seeks to start the process of linking existing frames of analysis to the RRM thesis. In section 4, and in order to investigate the RRM thesis directly, Shell's (2002) CSR report is analysed using a RRM lens and, in particular, seeks to make an initial assessment as to whether or not the notion of RRM has the potential to contribute to our understanding of this report. Shell was chosen for analysis as it is an organisation, which has in the past-suffered damage to its (social and environmental) reputation and as a result, may be among the more sensitive of reporters with regard to their reputation (Zyglidopoulos, 2002). Finally, some concluding comments are made. We will suggest that RRM concepts may be useful to enliven existing frames of reference for CSR reporting (paying particular attention to legitimacy theory). While the RRM thesis does not invalidate these existing concepts, it may allow for a more fine-grained analysis in empirical settings, especially if a focus on discourse is adopted (as opposed to quantitative based content analysis).

2. Reputation, reputation risk and reputation risk management

Conceptualisations of reputation range from an economic/strategic management informed perspective that views reputation as a resource, to a sociologically informed perspective that sees reputation as the outcome of shared socially constructed impressions of a firm (Fombrun and Van Riel, 1997; see also Scott and Walsham, 2005). Fombrun (1996, p. 57), for example, describes reputations as strategic assets that "produce tangible benefits: premium prices for products, lower costs for capital and labour, improved loyalty from employees, greater latitude in decision making, and a cushion of goodwill when crises hit" (see also Beatty and Ritter, 1986; Milgrom and Roberts, 1986; Fombrun and Shanley, 1990; in Little and Little, 2000). As such, reputation is viewed as an intangible asset with the potential for value creation (Little and Little, 2000; Roberts and Dowling, 2002). This literature focuses on outcomes of RRM processes rather than the process of reputation management itself.

The sociologically informed literature, however, focuses on how reputation develops and how it can be defined and measured with Fombrun and Van Riel (1997, p. 10) asserting that "reputations constitute subjective collective assessments of the trustworthiness and reliability of firms" and, specifically, suggests that reputations are: derivative, second-order characteristics which emerge from particular "organisational fields"[1]; and are external reflections of internal "sense making" activities conducted within firms which develop from prior activities and prior assessments of performance by diverse evaluators and as such comprise multiple images/assessments[2] of firms.

Hence, reputations are viewed as having some basis in organisations' actions (providing a quality good/service, for example) as well as being constructed by others via their perceptions of those activities (Schweizer and Wijnberg, 1999, p. 251). Being based on a composite of perceptions of a variety of heterogeneous "collections" of people (Bromley, 2002), an organisation's reputation is essentially inter-subjective. Reputations may also be inertial (Fombrun and Van Riel, 1997) which implies that maintaining a good reputation may be a sound business decision because it could help you withstand future reputation shocks. At the same time, Scott and Walsham (2005, p. 312) note that reputation takes "time to create, cannot be brought and is easily damaged". In addition, reputations are contextual: that is, different organisations will have different reputation characteristics depending on the details of their situation (Deephouse and Carter, 2005). Reputation, therefore, while being an intuitively appealing concept is a complex organisational characteristic and this affects how it can be formally studied. The most "popular" way to describe corporate reputation is via reputation ranking studies and various reputation indexes form the basis of much of the academic study. How these studies conceptualise reputation, will also influence how reputations are researched.

An examination of six reputation ranking studies (*Fortune*, *Management Today*, *Financial Times*, Rayner (2001), *Reputation Quotient* and *Reputex Social Responsibility Ratings* – see the Appendix for a brief review) reveals that they focus on five elements of reputation:

(1) financial performance;
(2) quality of management;
(3) social and environmental responsibility performance;
(4) employee quality; and
(5) the quality of the goods/services provided.

It could be argued that these aspects are those used by individuals when they evaluate reputation and also those that managers perceive individuals may use when they form a view of the organisation's reputation.

While the aspects of reputation focused on in ranking studies may be relatively self-evident, it is less clear whether academic research can "identify and provide well-reasoned and defensible answers to questions about corporate reputation and reputation dynamics" (Fombrun and Van Riel, 1997, p. 5). In order to achieve this task, writers usually focus on how any one aspect of reputation may be lost by the organisation in question with this often being framed as reputation risk.

Fombrun *et al.* (2000) contend that reputational "capital" is "at risk in everyday interactions between organisations and their stakeholders with risks having many sources (such as strategic, operational, compliance and financial). Rayner (2001) also provides examples of how corporations have sought to tackle reputation risk: BAA plc. (British Airports Authority) indicate that managers in each aspect of their business score risks on the basis of how likely a risk is and the consequences of a risk crystallising. BAA's risk categories include safety, environment, financial and reputation/legal risks. The reputation risk consequences are described as ranging from minor consequence to catastrophic consequence (differentiated by the extent of adverse media coverage).

The rationale used by BAA is similar to Fombrun *et al.*'s (2000) exploration of how reputation risk affects reputation capital with similar arguments also being expressed in the business ethics literature (Miles and Covin, 2000) and the accounting literature (Chalmers and Godfrey, 2004)[3]. This literature suggests that there may be some hierarchical relationship between various elements whose perception could influence organisational reputation. Arguably, this hierarchical notion of reputation defines the "risk" element of "reputation risk". In particular, risks arising from the perception of social/environmental performance could be second order risk in some assessments, deriving from (for example) strategic, operational or compliance issues (see Rayner, 2001), which may also explain why reputation rankings appear to have a financial "halo" effect (Fryxell and Wang, 1994).

The identification of reputation risk is closely linked to attempts to manage such risks. The notion of RRM, however, causes academic controversy because of the conceptual difficulty in separating RRM from the management of other organisational processes (Fombrun and Van Riel, 1997; Hutton *et al.*, 2001). Nevertheless, particular organisations can be seen to attempt to control and manage their reputation risks (Rayner, 2001). Evidence for the proposition that corporations seek to enhance their reputation and manage risks to reputation can also be found in CSR reports. Diageo (2005), for example, states that "[s]ince its inception Diageo has been committed to building and sustaining its reputation as a good corporate citizen" (Diageo, 2005, p. 29) and that they aim "to manage risk and control our activities cost-effectively and in a way that enables us to exploit business opportunities, avoid or reduce risks that can cause loss, reputational damage or business failure" (Diageo Corporate Citizenship Report, 2005, p. 28).

There is also evidence that organisations attempt to manage their reputation risks by means of their CSR reports. For example, on page seven of their 2003 sustainability report the Co-operative Financial Services asserts that its reporting approach seeks to "build upon its reputation as being amongst the most socially responsible businesses in the world". Later, in the same report (p. 21), the UNEP (2002) Survey of Corporate Sustainability Reporting is quoted as commending the sustainability report of the company, as achieving the "alignment of brand, reputation and reporting". The Global Reporting Initiative (hereafter GRI) guidelines (GRI, 2002, p. 4) also confirms the perception of a link between RRM and CSR reporting when it is asserted that "the process of developing a sustainability report provides a warning of trouble spots .... in reputation and brand management". As a final piece of evidence, KPMG's (2005, p. 2) survey of CSR reporting also claims that one of the business drivers for CSR is "to have a good brand and reputation".

To recap, within the paper to date, we have two competing narratives. The first is that RRM is a complex notion that may be impossible to model and study in a systematic manner. At the same time, RRM is a popular explanation for CSR reporting. Hutton *et al.* (2001, p. 259) note that a similar tension exists in the public relations field between "a number of prominent scholars and practitioners in the field [who suggest] that reputation is not something than can be managed directly, and therefore is not the most appropriate objective of public relations" and surveys of practice which identify that the most common role for public relations in big corporations was "reputation management". While it is conceptually debatable that reputation risks could be managed directly, if corporate managers believe they are doing so and if CSR reporting is seen as part of that process then further investigation is warranted.

3. CSR reporting and RRM

Literature systematically drawing linkages between reputation and CSR reporting is scarce (indeed, Scott and Walsham, 2005, p. 309, note that, in general, the "[a]cademic literature on reputation is rather thin"). Whilst it was not the main purpose of their research, Friedman and Miles (2001, p. 528) suggest that RRM is one of the main drivers of CSR reporting, specifically that a company's reputation lens "would make companies more aware of the need to manage a wide range of environmental, social and ethical risks *and* to show externally that they are doing so. This would increase the quantity and quality of [CSR reporting]" (emphasis in the original). The existence of these connections is an empirical question and one that has been partially investigated.

Toms (2002, p, 273) using a resource based view of the firm supplemented by quality signalling theory (thus focusing on an economic based view of reputation), found that "[q]uality of disclosure,[4] institutional shareholder power and low risk are consistently associated with high [corporate environmental reputation]", the latter element being determined using the corporate reputation rankings for the community and environmental responsibility aspect of *Management Today's* survey of Britain's most admired companies in 1996 and 1997. These results led Toms (2002, p. 276) to conclude that there is "strong support for the relationship between disclosure strategy and environmental reputation" (see also Hasseldine *et al.*, 2005). On different grounds but using similar methods, Chalmers and Godfrey (2004) also found a significant association between voluntary derivative financial instrument reporting and some variables that proxy for reputation costs. While this literature suggests a connection exists between RRM and reporting (including CSR reporting), it does not, and indeed cannot, provide clues as to specific reporting strategies adopted by organisations as they attempt to manage their reputations. Such a connection, however, has been developed outside the accounting literature.

Benoit (1995) summarises the image restoration literature and provides a conceptual link between RRM activities undertaken by organisations and discourses that one may observe as a result of the need for image restoration strategies. The image restoration literature studies individuals' accounts, excuses and apologies as well as corporate responses to criticism. Benoit's work, for example, includes explanations of the accounts given by Exxon, Union Carbide and Tylenol in response to the crises (reputation damaging events) they faced (respectively an oil spill; a chemical discharge from a plant that killed and maimed a large number of people; and poisoning of products which led to consumer deaths). According to Benoit, the impetus for image restoration attempts arise from the inescapable fact that humans are embroiled in activities which will lead to conflict and potential damage to reputation. At the same time, he proposed that humans have a deep-seated need to have and maintain "face". These two factors explain the persuasiveness of accounts of behaviour that emerge when actions are, or may be, disapproved of.

Benoit argues that the type of reputation discourse one observes is a function of two factors. First, "a reprehensible act must have been committed" (Benoit, 1995, p. 72) or must have been perceived to have been committed by an audience of concern. Second, "damage to one's face requires that the actor be held responsible for the occurrence of that reprehensible act by the relevant audience". Once these two factors are present reputation management discourses (image restoration strategies in his terms) are likely to emerge. Benoit also focuses on the relationship between the accuser and accused and their respective role in stimulating reputation discourses. Benoit suggests that reputation discourses can be aimed at the accuser alone, at the accuser and other audiences (including those internal and external from the accuser organisation) and at other audiences (and not the accuser). In addition, the accused him/herself may also be the target for discourses in that the account may also assist the accused to understand their own motives, actions and aspirations. Melding these various aspects together, Benoit develops a typology of image restoration strategies, which can be used to understand the particular nature of reputation discourses (reproduced in Table I). While a single strategy may be used in any particular circumstance, the use of a combination of strategies is also likely.

In order to link Benoit's (1995) work to existing frames of reference, this paper focuses on Benoit's suggestion that discourses could be aimed at both the accuser (the outside) and the accused him/herself (the self). The propositions that CSR reporting is a form of discourse intended to manage perceptions of the public (and thus manage reputation) and that CSR reporting is the corporate response to perceived legitimacy threats is consistent with discourses aimed at those outside an organisation. Benoit's (1995) suggestion that such discourses could be aimed at the self resonates with some aspects of the business ethics literature and provides a critique of CSR reporting for RRM from an accountability perspective. It also hints at CSR being influenced in some

Strategy and sub-strategies	Explanation
Denial (including simple denial and shifting the blame)	In both cases the responsibility for the act is avoided, either because the subject is not responsible or because someone else has been specifically identified as being responsible. Silence with regard to impacts may also be seen to be a variation of denial
Evading responsibility due to:	
Provocation	Offensive act has been undertaken in response to another offensive act. As a result, the provocateur should be held accountable not the subject. Such an explanation may emerge in accounts of union – company conflict, for example
Defeasibility	Responsibility cannot be assigned because lack of information, volition or ability on behalf of the subject means that it would be unfair for them to be held to account
Accident	Responsibility is reduced due to lack of control over the offensive act
Good intentions	While the outcome of the act is negative it may be that the motives of the subject were good and the outcome could not have been anticipated
Reducing offensiveness of event by means of:	
Bolstering	Subject may provide information about other aspects of their behaviour or character which are positive and thus are in contrast to the negative event
Minimization	The impact of the negative event may be downplayed, although responsibility is acknowledged
Differentiation	The particular offensive act is distinguished from other acts of this type. So while there may be, for example, a pollution incident is not of the type of incidents which would be seen to be serious. The organisation in question may also be differentiated from others who are less "good"
Transcendence	The context in which the offensive act emerges is redefined or a rationale for the action is offered so that its offensiveness is transcended. For example, providing a financial return in a competitive business context may be used to explain laying off employees
Attack accuser	The offensiveness of the act can be reduced if an impression can be created that the accuser is somehow responsible for or deserves what has befallen them. Narratives about irresponsibility of, for example, workers or local communities may be used. For example, in Bhopal those living next to the chemical facility and government failures to clear shanty towns around the site were suggested as contributory factors in the death toll, both of which were seen to be outside of Union Carbide's control and hence should reduce the offensiveness of the impact of the gas leak
Compensation	While the offensiveness of the act is not challenged, the subject reduces its impact by offering compensation to those affected. For example, investment in community programmes in areas affected by corporate activities may be used to boost reputation
Corrective action	Corrective action is promised either to make good the impact of the offensive act or actions are taken to ensure that it cannot happen again. This strategy may or may not include accepting responsibility of the act
Mortification	Responsibility is acknowledged as is the offensiveness of the act and the subject asks for forgiveness

Source: Benoit (1995, pp. 74-79)

Table I.
Benoit typology of image restoration strategies

manner by internal factors (see also Adams, 2002). Those two perspectives on RRM discourses are developed separately in the following paragraphs.

Legitimacy theory studies have found a relationship between different measures of CSR reporting and proxies for legitimacy threats such as major pollution accidents or environmental prosecutions. To date, however, this literature has not used the notion of reputation as a driving force, even though legitimacy and reputation are occasionally used interchangeably in accounting (Chalmers and Godfrey, 2004, p. 121) as well as in social accounting (Deegan, 2002, p. 296) studies. The management studies literature, however, has sought to examine the differences between organisational legitimacy and reputation. Deephouse and Carter (2005), in a review of a large array of literature in this area, suggest that both concepts are social constructions (with stakeholders evaluating organisations), both are linked with similar antecedents (such as size, financial performance, strategic alliances or regulatory compliance) and both create an improved ability to acquire resources.

Deephouse and Carter (2005) suggest, however, that legitimacy and reputation differ in two aspects: the nature of assessment and the dimension of evaluation. In the first instance, while legitimacy relies on "meeting and adhering to the expectations of social system's norms, rules and meanings [reputation relates to a] comparison of organisations to determine their relative standing" (Deephouse and Carter, 2005, p. 331). As regards the dimensions of evaluation, reputation may be related to virtually any organisational attribute. For example, reputation could be enhanced by attractive landscaping around facilities but such features are not usually linked to legitimacy (Deephouse and Carter, 2005). In another context (studying the emergence of the forensic accounting profession) Lawrence (1998, p. 1122) contends that reputation "differentiates(s) between the qualified [that is, legitimate] and the 'outstanding' forensic accountants". Together, these papers suggest that legitimacy and reputation cannot be considered interchangeable concepts, albeit that they have much in common.

In distinguishing between legitimacy and reputation it is also useful to consider whether or not, and if so to what extent, adhering to social and environmental norms are crucial to legitimacy. It has been argued that, confronted with diverging demands, it makes sense for organisations to meet the demands of the more powerful stakeholders, while dismissing the demands of the less powerful stakeholders (Oliver, 1991); that is, to dismiss the demands of environmentalists to meet the demands of "more powerful perceived financial stakeholders" (O'Dwyer, 2002, p. 411). There are also situations where firms are exposed for continuing to conduct themselves in much the same manner as before, in spite of environmental and social controversies and subsequent stakeholder demands for change (Nike's auditing of contractors, for example, was found lacking after initial concerns with sweated labour were raised). This suggests that social and environmental aspects are not always seen to be fundamental to organisations' legitimacy (it is, however, also the case that this may differ between situations where legitimacy is being created rather than situations where legitimacy is being maintained or repaired – a potentially important distinction). In contrast, failures to adhere to norms of behaviour with respect to financial standards of performance and behaviour are likely (if uncovered) to give rise to serious legitimacy threats with Enron's demise being a recent, high profile example. Figure 1 seeks to illustrate this posited hierarchical relationship between reputation and legitimacy.

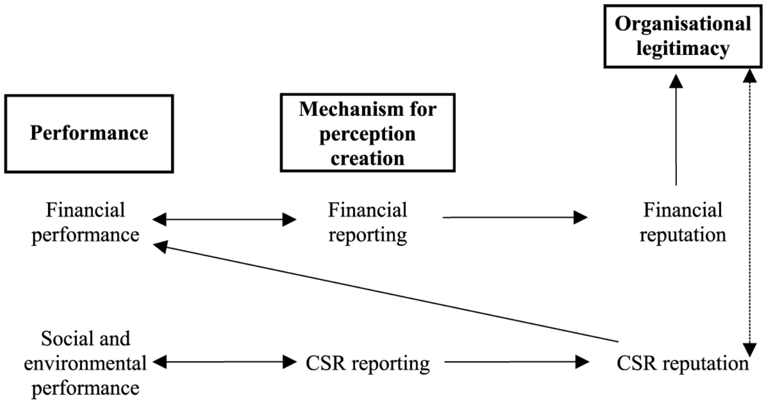

Figure 1.
CSR reporting, reputation and legitimacy

The CSR reporting literature (Adams *et al.*, 1995; Neu *et al.*, 1998; Larrinaga *et al.*, 2002; O'Dwyer, 2002) also suggests that firms dismiss social and environmental disclosure norms and demands without consequences. Despite a normative desire for social and environmental matters to affect the legitimacy of corporations, it may be that these aspects merely affect reputation, which then itself has a second order impact on the legitimacy of the organisation (see Figure 1 and O'Dwyer, 2002). The distinction between legitimacy and reputation explanations is thus important in a normative sense for those who seek transformations of existing social and economic relations because it suggests that legitimacy has deeper institutional roots than CSR reporting requirements (see also Owen *et al.*, 1997). Such a conclusion may dictate a different response to the social and environmental agenda than has hitherto been the case (for example, focusing on reporting regimes may be a necessary but far from sufficient step for reform). Such a suggestion moves us to the second angle developed in this section.

Following Benoit (1995), reputation discourses may be aimed at the self rather than at an external party (as Scott and Walsham, 2005, p. 310 note, it "forms part of a web of sense making surrounding the organisation"). This suggestion also finds resonance in Roberts (2001, 2003) critique of business ethics where he makes a distinction between "true" ethics (that of being responsible for my neighbour: a responsibility that knows no limits)[5] and the "ethics of narcissus" where "there is no tension or friction here between the profit principle and a concern for the other . . . A cynical response to this is that it is perhaps the fullest expression of corporate egoism – a demand that the corporation and its agents be seen as both powerful and good" (Roberts, 2001, p. 123). Taking Roberts' (2003) distinction, one could suggest that producing CSR reports has nothing to do with responsibility based ethics nor with creating some legitimation/reputation effect but with making a report producer feel positive about themselves. Likewise, Shearer (2002, p. 567) contends that any system of accountability (for example, CSR reporting) that is restricted to economic rationales (for example, RRM) "is inadequate to discharge the obligation to the Other because, within economics, the very existence of the Other is subordinated to the instrumental purposes of the egoist self".

If the "ethics of narcissus" thesis holds, it is likely that CSR reporting does not need to have any basis in action. Rather, CSR reporting becomes an inexpensive addition to corporate business-as-usual practice and is an "empty" construction of ethical appearances (Roberts, 2003). O'Dwyer (2002, pp. 418-9) contends that "[F]ew managers perceived that [CSR reporting] ... reflected actual responsibilities/activities undertaken. It was widely viewed as a form of symbol", and quoting one interviewee, "most companies ... are interested ... to be seen to have some sort of social conscience". Thus, the purposes of CSR reporting may have more to do with the manufacture of an identity and self-presentation than with communication/accountability purposes or managerial perceptions of reputation. Such a thesis, feeding into O'Dwyer's (2002) notion of symbolic legitimacy, would also go some way to explaining the lack of dialogic potential in CSR reporting identified by Unerman and Bennett (2004) and Thomson and Bebbington (2005).

In summary, Benoit's (1995) strategies for image restoration seems to us to provide a useful heuristic for examining how reporting could be used for RRM. Accordingly, reputation discourses could be aimed both at "the outside" and at "the self". Communicating with parties external to the organisation has clear connections with the proposals contained within legitimacy theory. We, however, suggest that while legitimacy and reputation have similar bases and effects they are (following Deephouse and Carter, 2005) subtly different with reputation being a relative measure and legitimacy being more bimodal in nature (but see also the conclusion to section 4 where a more extended synthesis between these two perspectives is undertaken). Benoit (1995) creates the potential for further insights into CSR reporting because he suggests that discourses may also be directed at "the self" and, if this were the case, CSR reporting could be seen to be related to narcissistic desires of perceiving one's self as "good". This would be in contrast to both legitimacy and accountability based explanations for CSR reporting. In order to assess whether or not a particular CSR report could be understood as part of a RRM approach, Benoit's (1995) framework of image restoration strategies contained in Table I is now used to read a specific example of CSR reporting.

4. The Shell Report 2002: meeting the energy challenge

This section explores the possibility of developing a RRM explanation of CSR reporting through reading Shell's (2002) report. The purpose of the analysis is not to generate generalisable conclusions. Rather, the aim of the analysis is to explore the possible usefulness of the RRM thesis (and Beniot's typology in particular) in an empirical setting. Shell was chosen for analysis as it is an organisation which could be expected to be highly sensitised about reputation (Zyglidopoulos, 2002) and has, according to Dowling (2004, p. 30), "an active program of reputation risk management and enhancement". Two layers of analysis have been undertaken. First, a discussion of disclosures in the Shell report that focus on reputation is presented, using the five elements described in Appendix I. Second, the Benoit framework contained in Table I is also used to guide the reading of the Shell report. A general, followed by a close, reading of Shell's report was independently undertaken by two of the paper's authors who marked up the report text according to both frames of analysis. The two co-authors then reviewed each other's coding and there were very few cases of disagreement. All page numbers in what follows relate to the Shell (2002) report.

Reputation surveys (see Appendix I) suggest that reputation is constructed around five elements: financial performance; quality of management; social and environmental responsibility; employee quality and the treatment of employees; and the quality of goods/services. The analysis of Shell's report using this framework yielded three observations. First, there are explicit mentions of reputation in the Shell report that suggest that the report is being used to affect Shell's reputation and/or that reputation matters to Shell. Second, there is evidence of Shell's desire to communicate their position with respect to external measures of reputation. Finally, the report appears to link the various elements of reputation together in a way that suggests commonality between the various aspects: a process we phase as reputation "constellations". Each element is considered in turn.

There are seven specific mentions of Shell's reputation in the report focusing on Shell's own "reputation tracker survey" (although there are few details given as to how this survey is undertaken or what it entails)[6] and external perceptions of their reputation. Explicit mentions of reputation stress, in different ways, that Shell has the highest overall reputation within the energy sector (p. 4 and p. 41), is ranked second in the context of environmental reputation (p. 25) and that reputation has been included among the social measures in their balanced scorecard (p. 9). For example, it is noted that "the reputation of the oil and chemicals industries is low compared with other sectors . . . [h]owever, within the energy sector, Shell had the best overall reputation" (p. 21).

In line with the reputation literature, the tracker survey confirms that different publics have different perceptions of Shell (audiences are identified separately and their "scores" are different). Further, the tracker survey distinguishes between, at least, three types of publics and business partners (although none except local special publics at p. 11 are described). The tracker survey also suggests that proximity to Shell is related to strength of positive perception of reputation with twice as many business partners identifying Shell as "the best" or "one of the best" than the general public. These observations reinforce the belief that reputations are comprised of assessments of different groups of people who have varyingly intimate relationships with the organisation and who rate the organisation differently.

In addition, on p. 36 (under the heading benefiting communities) Shell makes the rather convoluted statement that "the 2002 Financial Times World's Most Respected Companies survey listed Shell among the five companies expected to make the most impact on social and economic issues in developing countries"[7]. The particular statement is open to interpretation (as impact could be positive or negative), but it does suggest that external measures of reputation are used by organisations as they represent themselves in CSR reports.

The second way in which Shell's report potentially constructs a reputation profile is by providing information about what others think of its performance. Given that reputation is an external subjective evaluation, disclosure of others' beliefs about reputation may contribute to reputation management processes. External views of Shell are conveyed within their report using several mechanisms: creating space for individuals to contribute their views in the report, indicators of external esteem (via reporting the receipt of various awards)[8] and through its "Tell Shell" dialogue inserts[9] (see also Unerman and Bennett, 2004). The people who convey their views on Shell, ("independent experts" in Shell's language, front page), include Mark Malloch Brown, from UNDP (pp. 12-13), an individual[10] from an organisation which focuses on protecting biodiversity (p. 26), and two brief quotes by the director of the environment Directorate-General of the European Commission (p. 28) and Dr Margaret Jungk from the Danish Centre for Human Rights[11] (p. 35).

Mark Malloch Brown's[12] commentary (pp. 12-13) consists of an essay, representing the perspective of the UNDP (the United Nations Development Programme) which examines the "challenge of providing access to modern energy for the 40 per cent of the world who lives without it" (p. 12). In a general sense the essay could be seen to obliquely build reputation (for the industry and for Shell) when it is stated: "We are also talking real partnerships: Shell and others in the private sector innovating affordable locally relevant solutions; local consumer and civil society groups being deeply involved in local energy distribution approaches that ensure both access for the poor and conservation; and governments, often with limited administrative capacity, that nevertheless create a policy environment that both keep energy affordable for the poor consumer while ensuring the energy producer the return necessary to stay in business" (p. 13).

Perhaps of more relevance for demonstrating an alignment of Shell with this external party (and thus building reputation) is the following disclosure under the heading "Providing access to modern energy for the poor" (p. 14). The disclosure starts thus: as "Mark Malloch Brown describes (page 12) poverty and a lack of modern energy goes together . . . Today, Shell is [contributing to solving this problem]" (p. 14). The earlier disclosures are, therefore, possibly of more help in supporting assertions later in the report (and thus enhancing the credibility of the later information and Shell's reputation) that Shell is a "good" company in the UN's eyes.

The final observation that can be made is that disclosures around the reputation rating study elements did not appear in isolation. For example, descriptions of environmental reputation were not only found in the environmental responsibility section of the report. Rather, aspects of quality of management, of financial performance and of innovative products and services were tied together with narratives on environmental responsibilities. Likewise, under the social performance section, social responsibility narratives were tied to assurances about the quality of management and how social responsibility links to financial performance.

We offer two examples of these types of disclosure (while noting that reading complete sections and pages are more instructive to illustrate this point). A very simple example of linking elements of reputation together can be found in the statement: "[r]esponding effectively to climate change is strategically important to our business" (p. 24). This quote links quality of management (having an effective strategy) with environmental responsibility (around climate change) and financial performance (noting the importance of this to their business). A more extended example of this type of linking is evident in the following quote (provided in the context of social performance, contributing through our products): "[w]e make an important contribution to development by delivering a safe, convenient and affordable supply of energy and petrochemicals. On page 12, Mark Malloch Brown described the need for modern energy to raise living standards. Petrochemicals can also make a contribution when they are used for example, as plastics in light more fuel-efficient vehicles. Alongside these social benefits come environmental costs, which we aim to reduce. For example, we are helping customers reuse petrochemical products (p. 31), producing cleaner transport fuels (p. 22) and working to make alternatives (e.g. solar, wind and hydrogen fuel cells) competitive (p 23)" (p. 36).

Observing constellations such as that described above makes the RRM-CSR reporting thesis more complex. In particular, the way in which aspects of reputation are presented as complimentary results in a commonality of purpose between the firm's actions, its ability to serve its stakeholders and to provide energy to the world's poor being highlighted. For Shell, the UNDP essay appears to be the key component of this construction of commonality of purpose in that it links the need for access to "modern energy" by the poor to Shell's core business.

The nature of the constellations of reputation observed in the disclosures also provides a glimpse of the relationships that are perceived to exist between various reputation aspects with hierarchies between elements of reputation being evident. In particular, the Shell report suggests that quality of management (either in terms of vision or in terms of the creation of systems of control) sits at the centre of RRM processes. Other aspects of reputation are mediated by quality of management and all of these aspects are focused on how financial performance can be sustained. CSR reporting could, therefore, be seen primarily as providing evidence about the quality of management, both in terms of the ability to produce a credible report as well as providing information on aspects of management systems, management behaviour and such like. In addition, "good" quality management would entail an ability to identify current and future challenges to the successful operation of the entity (including employee, community and environmental challenges) and to ensure that the organisation is well placed to deal with these challenges.

The presence of narrative constellations suggests that disclosures (consciously or unconsciously) are the outcome of particular strategies for building and maintaining reputation. Indeed, this is the essence of Benoit's work and Shell's CSR report was also analysed according to what strategies could be observed (denying or evading responsibility, redefining "offensive" acts, taking corrective actions or engaging in mortification). A summary of this second reading is contained in Table II.

Shell's CSR report contains many elements that are found in Benoit's (1995) typology of image restoration strategies, but these strategies are not evenly spread between the various options available. In particular, the report appears to concentrate on reducing the perceived offensiveness of actions. This could be expected as the Shell report is not produced in response to any particular reputation threat and as such could be viewed as playing a role in maintaining (as opposed to creating or repairing) reputation in the face of generalised threats. In addition, and given the voluntary nature of the report, Shell can define what topics it chooses to provide accounts of, and also what it would find acceptable to be seen to be responsible for. It is, therefore, unlikely that Shell will introduce issues and then seek to demonstrate it is not responsible for them (which is, of course, the value of shadow social accounts and external social audits). This reasoning would also explain the lack of denial of the link between fossil fuel production and global warming (this connection has been established). Indeed, Shell seeks to demonstrate how they are pivotal to "meeting the energy challenge" (p. 28 – which is also the title of their report). In this manner, Shell takes upon itself the role of innovating for the future with all the positive connotations that arise from this role. In this way, their report in general, as well as in specific disclosures, has a strong transcendental quality.

The transcendental nature of the report (which can be linked to the "ethics of narcissus") is evident through a number of devices. At its most simple, the existence of discourses that emphasise how various aspects of reputation are positively associated with each other (we also described this device in the constellations of reputation

Strategy from Benoit (1995)	Examples of disclosure (all page references to Shell, 2002 report)
Denial	Not evident
Evading responsibility:	
Provocation	Not evident
Defeasibility	Elements of approach is present in discussions of: tackling AIDS/HIV in workforce (p. 37); tackling bribery (p. 39) where the inherent problems in identifying such practices are discussed; and the impact of oil and gas tax revenues on the nature of government activities in the developing world (p. 39). In these contexts, the need for partnerships was emphasised and the aspects being discussed are of the nature where assignation of sole responsibility to the entity is difficult in any case
Accidents	Not evident
Good intentions	Not evident
Reducing offensiveness:	
Bolstering	Under the heading global sustainable development awards it was noted that "Shell was ranked top of the energy sector in the Dow Jones Sustainability Index" (p. 4) and that the "Malampaya Deepwater gas-to-power project in the Philippines won a Partnership Award – Sponsored by the UN Environment Programme and the International Chamber of Commerce – for its approach to sustainable development" (p. 4 and p. 37)
Minimizing	Criticism is minimised with respect to receiving an award for "greenwash" from pressure groups because "most of our investments still go to delivering fossil fuels, while we talk extensively about our activities in solar, wind and hydrogen" (p. 43). Shell's response to such criticism is that they talk about solar power of fuel cells because "though small today, they are a potentially big part of our energy business in the future" (p. 43). A "Tell Shell" quote could also be seen to minimise the impact of negative comments in that forum: "I'm amazed and annoyed that you have to endure all the traffic from the folks who apparently blame you for everything from mischaracterization of innocent wolves, to colonialism in Nigeria, to single-handedly destroying the rainforest and the ozone layer ... All before lunch" (p. 43)
Differentiation	An individual from IUCN affirms that "Shell is the first energy company to establish a Biodiversity Standard" (p. 26). Likewise, the director of the environment Directorate-General of the European Commission note that "Shell is a world leader ... is an example to be copied ... Shell will be better prepared than most when the EU's emissions trading scheme starts" (p. 28)
Transcendence	Much in evidence – see discussion in text
Attacking accusers	Not evident
Compensation	The main example of this approach was the reporting of community development in Nigeria, and especially the Niger Delta. Details of Shell's own programme and joint venture programmes were supplied and this aspect of the report is cross linked to the 2002 Shell Nigeria Report as well (pp. 38-39)

(*continued*)

Table II.
Linking Shell disclosures to discursive reputation strategies

Strategy from Benoit (1995)	Examples of disclosure (all page references to Shell, 2002 report)
Corrective action	It was noted that at the SAPREF (Southern Africa's biggest crude oil refinery and a 50:50 joint venture with BP) Shell "discovered that we had been significantly under-reporting our sulphur dioxide emissions because of a miscalculation and we had too many incidents, including a major leak in an underground pipeline in a residential area" (p. 27). In response to this Shell noted that "[r]egretfully, we haven't got it right . . . . Like many companies operating in South Africa, in the past we had limited communication with the local community" (p. 27). Further, when "you lose trust, you need to admit it, learn form your mistakes and take positive action to rectify the situation. In 2002 we commissioned $49 million worth of plant to reduce our environmental impacts" (p. 27)
Mortification	

Table II.

discussion). Second, one of the most prominent themes of the report is how Shell can be part of a broader push to "deliver all the energy needed for development over the next 50 years without pollution levels that damage health, blight local environments and threaten vital natural systems" (p. 14). This transcendent discourse is reinforced by the external view by Mark Malloch Brown of UNDP examining the "challenge of providing access to modern energy for the 40 per cent of the world who lives without it" (p. 12). Likewise, Shell states that "we continue to make progress in translating our commitment to contribute to sustainable development into action" (p. 8) and that "the world needs low-emission and low-carbon energy. It will take more than a decade before alternatives with large-scale potential ... can compete effectively ... Today, Shell is working to reduce the costs of solar power" (p. 15). These quotes provide a flavour of how Shell presents a picture where "sustainable development is good for business and business is good for sustainable development" (p. 2). In this manner, any offensiveness associated with corporate activities are placed in contrast to the narrative that this is the way in which the poor will have better options in the future (see also Roberts, 2003). As such it may well be the case that the Shell report is as much to do with the manufacture of the organisation identity as it is with the external management of reputation.

In summary, it appears that examining reporting from a RRM point of view may be useful in analysing CSR reports. In particular, the Shell report appeared to link elements of reputation together in what we have described as constellations of reputation. These constellations sought to link social and environmental responsibilities with assertions and evidence about the quality of management within the organisation. The apparent ultimate end of the linking was to demonstrate how these elements mutually reinforced and sustained financial performance. The second key finding was that the disclosures had a strong transcendental quality. Specifically, Shell's activities were linked to providing opportunities to the poor to prosper and this was a dominant theme in the report. The Shell report, however, could also be read using a legitimacy lens and it is to the comparison between the RRM thesis and legitimacy theory (and to a lesser extent stakeholder theory) that this paper now turns.

5. Integrating legitimacy, stakeholder theory and reputation

Legitimacy theory proposes that there are four ways in which an organisation can obtain, repair or maintain legitimacy should the social contract between itself and society (and/or selected powerful stakeholders) breakdown. Lindblom (1993)[13] seminally described four legitimation strategies, namely:

(1) "Corporate social disclosure may be used to communicate changes in the corporation's output, methods, and goals which have been made in response to shifts in the relevant publics' expectations" (p. 13).

(2) "The organisation attempts to demonstrate the appropriateness of the output, methods, and goals to the public through education and information. This alternative does not require a change in business performance or in societal expectation but, rather, requires only a change in perception" (p. 14).

(3) "Identifying organisational output, methods, and goals with the popular perception of what is appropriate without any attempt at actual conformity. Under this alternative business performance does not change, nor do societal expectations. Instead the corporation attempts to associate itself with symbols having high legitimate status" (p. 15).

(4) "The organisation attempts to bring popular views into conformity with organisational output, methods, and goals. Here the emphasis is on education and information. Under this alternative the corporation is not making and internal adjustment to close the legitimacy gap but, rather, seeks an adjustment in societal expectation" (p. 16).

Each of these approaches to obtaining, repairing or maintaining legitimacy find parallels in Benoit's framework with the possible exception of the strategy of mortification. If, however, one would expect to see appeals for forgiveness as part of educating and informing relevant publics about actual changes in performance then mortification could also be seen to fit the legitimacy framework. Linking the legitimacy framework more closely to Beniot, the following connections appear to exist. Educating relevant publics of actual changes is cognate with Benoit's corrective action. As noted above, mortification could play a part in this process, and if it was invoked could indicate a greater recognition of a disturbance to the social contract.

All of Benoit's categories of responses (except for corrective action) could be seen as approaches to changing perceptions but not behaviour (legitimation strategy 2). This suggests to us that there is potentially a wide variety of ways in which this particular strategy could be expected to be used in CSR disclosure. Further, we would suggest that outright denial is a different type of response to that of evading responsibility or reducing the offensiveness of actions/events that create a legitimacy/reputation problem. In addition, different approaches may provide useful insights back into what may be deduced about organisations' rationales for reporting as well as the way in which organisations' react to breaches of the social contract. For example, we would suggest that evading responsibility could be informed by different beliefs about CSR than reducing the offensiveness of what is acknowledged as being a breakdown in the social contract.

The third element in the legitimacy framework (manipulating perception/deflection attention using emotive symbols) is most strong correlated to Benoit's strategies of bolstering and transcendence (both of which are aimed at reducing offensiveness of actions). Finally, changing expectations of performance is most closely linked to the strategies of differentiation and minimisation (which again are part of the repertoire of reducing offensiveness). This suggests that there are relatively fewer discursive strategies for legitimation/reputation enhancement in these two areas.

It is, therefore, apparent that legitimacy theory explanations for reporting and Beniot's strategies of image restoration are largely cognate. Benoit's typology, however, appears to offer a framework for understanding the means by which legitimacy is being sought/achieved. This focus on linguistic strategies, we would suggest, may be especially appealing if analysis of reporting moves towards examining discourses rather than quantitative measures of disclosure. Whereas many legitimacy theory studies often provide evidence of how volumes of disclosure differ over time, between organisations and in response to particular events, (see, Patten, 1992, 1995; Deegan and Rankin, 1996; Buhr, 1998), a reputation lens may provide a complementary understanding of the contents of those disclosures.

The RRM thesis also links to and may enhance stakeholder theory. In brief, stakeholder theory suggests that disclosures are, at least in part, linked to a desire to manage certain stakeholders (Gray *et al.*, 1996; Neu *et al.*, 1998) who provide resources to organisations and thus can affect their ability to operate. RRM's focus on how subjective collective assessments of reputation (assessments made by stakeholders) develop may also shed light on the way in which organisations interact (via reporting) with various stakeholders. In particular, the stakeholder literature (see Donaldson and Preston, 1995) seeks to identify which stakeholders "count" the most using a variety of mechanism (for example, using resource dependency theory to identify primary and second stakeholders or to identify those stakeholders with salience, power and urgency: see, Mitchell *et al.*, 1997). Using Beniot's framework to categorise CSR reporting disclosures it may be possible to link strategies to particular stakeholder groups. If there were patterns in these links then it is possible that reporting practices may be used inductively to derive stakeholder maps and/or typical responses aimed at particular stakeholders.

In brief, the RRM thesis appears to be synergistic with existing analytical lens used in social accounting. In addition, it appears that the RRM thesis surfaces additional issues that could be considered within the CSR reporting literature. For example, a legitimacy lens would suggest (as have reviewers of this paper) that reporting on your own position in reputation studies and reporting on your own reputation surveys would be counterproductive because to make explicit mention of reputation could be perceived as a public relations exercise. A reputation explanation for this, informed by Benoit (1995) and Roberts (2003), is that reputation discourses conveyed in Shell's, 2002 report are aimed at "the self" and focus on the narcissistic manufacture of the organisation identity for being "good". This point has not, to the best of our knowledge, been suggested within the social accounting literature, but may be a useful avenue of investigation. Such a finding also suggests that organisation based research (such as that advocated by Adams, 2002) would be a valuable addition to a literature that largely concentrates on analysing disclosures.

6. Concluding comments and future research possibilities

The aim of this paper was exploratory in nature: we wished to start considering if it is plausible to assert that CSR reporting is part of RRM processes undertaken by companies (that is, it is acknowledged the RRM cannot be reduced solely to CSR reporting). If as Fombrun and Van Riel (1997, p. 10) assert, reputation is "a collective representation of a firm's past actions and results that describes the firms' ability to deliver valued outcomes to multiple stakeholders" then this CSR reporting does appear to have the potential to create reputation effects. Indeed, a glimpse of a quantification of this proposed connection can be found in Department of Trade and Industry/Forum for the Future (2003) who report:

> [R]eputation and the importance of CSR and sustainability are clearly linked, particularly in developed, higher-income, markets. BT collects reliable attitude data [*sic*] every month from thousands of UK customers through an independent research agency. Based on eighteen months tracking, BT has identified that CSR attitude accounts for at least 25 per cent of the dimensions that drive BT's corporate reputation. Corporate reputation is directly linked as a driver of customer satisfaction thus establishing a direct link between CSR and customer satisfaction (no page numbers in report).

While the link asserted above is intuitively plausible, what is less clear is if (and if so, how) the link between RRM and CSR reporting is operationalised. This paper sought to investigate this claim in two ways. First, a close reading of the 2002 Shell CSR report was conducted in order to uncover evidence of how reporting implicitly or explicitly considers reputation and/or could be seen to be motivated by reputation concerns. Second, the use of reputation as a heuristic for understanding reporting was linked to literatures drawn from social accounting as well as from the image restoration literature. In both elements of the investigation there was evidence that CSR reporting could be seen as including a RRM aspect. What was striking, however, is that the way in which this is achieved is potentially highly complex.

Further, this paper has raised a number of questions to take forward. In terms of theoretical/conceptual development within social accounting, the way in which the RRM thesis may deepen our understanding of how corporations achieve legitimacy could be helpful. If Deephouse and Carter (2005) are followed, legitimacy is a term that should be reserved and used only for situations where organisations disappear in their current form. This is not the way that legitimacy is currently conceptualised within social accounting and to narrow its focus in this way would seem to be premature and a radical departure from an existing literature. At the same time, it would also be the case that the RRM literature contains some useful insights and heuristics for the CSR reporting literature even if this language has not been used very much within this literature. In particular, and in a different context, Power (2003, p. 6) notes that "[a]s the messy regulatory and managerial realities unfold, the category of "operational risk" provides an instructive case study of how ill-defined concepts and ideas can nevertheless have a profound and transformative impact on practical affairs". The findings in this paper echo this observation. While RRM is ill-defined from an academic perspective, it appears to be one way to understand aspects of CSR reporting. Indeed, in the particular report examined it is plausible to suggest that RRM plays a role in orchestrating the narrative of the report. Some suggestions about the potential of future research from a RRM informed perspective thus emerges from the study.

One potentially useful way forward would be to broaden the analysis undertaken in this paper to include other reports to see if the tentative conclusions reached hold up with a larger data set. In the same vein, the analysis could be enriched through the inclusion of other media potentially used for RRM, beyond CSR reporting (for example, press releases) to create a meta-narrative about the organisation and its reputation. Given the literature on reputation suggests that reputation characteristics may be unique to organisations and their circumstances, a broadening of analysis beyond one organisation may allow a multitude of approaches to RRM via CSR reporting to be observed. For example, if CSR reporting from several organisations were found to be the same, and if the organisations could be observed to be in different "reputation zones"[14] (however conceptualised), then RRM may be less likely to be a factor in report design (rather, such an outcome would point to CSR reporting being an isomorphic practice unconnected to organisational functioning). Further, if firms could be considered to be in similar "reputation zones" but had different forms of CSR reporting a different set of conclusions could be drawn. Finally, it may be instructive to examine reporting pre and post a reputation-damaging event. Indeed, Scott and Walsham (2005, p. 309) suggest that "reputation risk is the outcome of a longer historic and ongoing process of defining" and as such, a longitudinal analysis of one or several firms may be particularly valuable.

A second possible avenue of research in this area could explore a more sociologically informed analysis of reporters' motivations (via interviews and/or case studies). It is unlikely that organisation representatives are lying when they say that RRM motivates their actions. What is of interest, however, is what strategies and rationales they adopt when these activities are undertaken. This question could be explored directly with individuals and it is here that Benoit (1995) may provide a useful heuristic for framing such a study. In addition, the idea of the "ethics of narcissus" is a theme that could be explored via this type of research approach.

To conclude, in the context of an analysis of Shell's (2002) report the suggestion that CSR reporting could play some role in RRM seems to be plausible, but clearly not generalisable. In particular, the report drew together, in a variety of constellations, narratives on various elements which are assumed to create reputations. In addition, narrative devices for bolstering the organisation, minimizing negative aspects of performance and differentiating Shell from other companies were present. Furthermore, the report had elements which suggested a strategy of transcendence was being adopted whereby Shell's actions were placed in the context of delivering fuel in the future (and presently) to the world's poor who lack access to energy. This is not to suggest that the report is a cynical public relations exercise in making the organisation "look good". Rather, it is likely to have emerged from a complex organisational environment and is filtered through the eyes of individuals who may be struggling to provide themselves (as much as anyone else) with a narrative about the impact of the company.

Notes

1. Organizational fields is a term used to describe arenas in which reputations emerge. The arena is created by actions of firms within the context of norms and expectations about actions and in conjunction with key intermediaries (market analysts, professional investors and reporters), see Fombrun and Van Riel (1997, p. 9).
2. "Firms have multiple evaluators, each of whom apply different criteria in assessing firms" (Fombrun and Van Riel, 1997, p. 9) and who draw from multiple data sources in making their assessments.

3. In this way RRM is linked to the literature that looks at the link between social and financial performance. The leitmotif of this stream of research is to demonstrate that corporate social activities are not detrimental to financial performance (see Orlitzky *et al.*, 2003 and also Margolis and Walsh, 2003 for a critical review).
4. Quality was measured by reference to the sum of annual report disclosures and environmental report disclosures (if the organisation had one).
5. This notion finds direct expression in normative desires to base CSR reporting in notions of justice, responsibility and accountability (see, for example, Gray, 1992, 2002).
6. The Shell web site was searched for more information (using the on-line version of the report as a basis). Clicking for more information on this item created a self-referential loop of links back into the Shell report's other reporting of the survey, and as a result we were no wiser as to how the reputation measure is generated. As a result, it is impossible to know in any great detail what the performance on the reputation tracker survey indicates.
7. If, however, one tries to find out more about what this disclosure may mean from reviewing directly the *Financial Times* ranking information, two additional problems are encountered. First, without subscribing to the *FT* information service you cannot get a full listing of the rankings. Further, it is also impossible to know if it is possible to obtain information about how the rankings are put together in order to understand Shell's disclosure. As a result, a reader of Shell's report cannot really make sense of the external reputation ranking disclosure except on a time lagged basis (the 2001 rankings, where BP at 21st place outperformed Shell at 30th place on the composite reputation index, were available in September of 2003) or via news releases (where we could ascertain that Royal Dutch/Shell is 18th to BP's 20th place in the 2002 survey).
8. This included receiving an award for "greenwash". Unlike awards for positive impacts, this award generated additional disclosure that sought to rebut the validity of the award, see Table II.
9. Virtually none of the Tell Shell disclosures touched on issues of reputation. The fact that such a facility exists, however, may be in some way create a reputation of being open to dialogue.
10. It was difficult to classify this disclosure as internal or external because it is written by an individual, who although she works for the World Conservation Union (IUCN), is currently seconded to Shell for two years.
11. The web site of the Danish Centre for Human Rights notes that Dr Jungk is both the project director and member of the advisory board for the Human Rights and Business Project. Shell is the only test company they work with on this project.
12. Mark Malloch Brown is described as the "administrator" of the UNDP programme. This post is the third highest ranking official in the UN after the Secretary-General and the Deputy Secretary-General. This essay, therefore, emanates from a very senior level – although this may not be obvious to a casual and/or uninformed reader.
13. The Lindblom paper is most usually dated in the literature as 1994. As Nola Buhr helpfully pointed out at the 2006 Interdisciplinary Perspectives on Accounting conference in Cardiff this is an error as the paper is a Critical Perspectives on Accounting conference paper and this conference was held in 1993. We have opted here to date this work according to the year that the conference was held.
14. A reputational zone could be considered to be a time or place where the various aspects of reputation and their interaction together at a macro level could be considered to be common for a set of firms. Any differences in reputation effects would, therefore, arise from the specific characteristics of the firm. At this stage, one could attempt to compare how CSR reporting practices differed between these firms and ascertain if any link between these differences and CSR reporting exists.

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Appendix. Approaches to conceptualising reputation in reputation ranking studies

For the purposes of this paper we examined six ranking surveys that conceptualise reputation: three commercial reputation ranking studies (those of the *Fortune*, *Management Today* and the *Financial Times* where rankings are based on the esteem of one's peers and sometimes other individuals); Rayner (2001) who reviews "best practice" in managing reputation risk; the Reputation Quotient (which is a two stage study, starting with a nomination phase and finishing with a detailed ranking exercise accomplished by a different and very large set or respondents); and the *Reputex Social Responsibility Ratings* that draws on the perceptions of selected stakeholders and researchers and is constructed through a series of engagements between the research groups and the companies themselves (Reputation Measurement, 2003). Table AI lists the criteria that the different reputation raking surveys use and these coalesce around certain aspects of corporate impact and behaviour. It should be noted that reputation studies have been criticised because their input is based on the assessment of a narrow group of stakeholders (Wood, 1995). Furthermore, empirical studies confirm that the Fortune rankings are subject to a significant financial halo effect (Fryxell and Wang, 1994; Baucus, 1995), reflecting the fact that top executives, consistent with their interests, are probably assessing financial performance of the organisation, rather than the broader elements of reputation which the ratings purport to measure.

Survey	Financial performance	Quality of management	Social, environmental, community and ethical issues	Employee related factors	Quality of goods and services	Other
			Measurement categories			
1. *Fortune* 2. *Management Today*	Use of corporate assets, financial soundness and long-term investment value	Quality of management and ability to innovate	Social responsibility Community and environmental responsibility	Employee talent Ability to attract, develop and retain top talent	Quality of products and services	N/A N/A
3. *Financial Times*	Value for shareholders	N/A	Management of environmental resources	N/A	Value for the consumers	
4. Rayner (2001)	Financial performance and profitability	Corporate governance and quality of management	Social, ethical and environmental performance	Employees and culture	Marketing innovation and customer relation	Communication and crisis management, regulatory compliance and litigation
5. *Good Reputation Index*	Finance performance	Management, ethics and governance	Environmental performance, social, ethics and governance	Employee management	Market position	
6. *Reputation Quotient*	Financial performance	Vision and leadership	Social responsibility (inc. environment)	Workplace environment	Product and services	Emotional appeal

Note: Where worldwide rankings are produced by the above studies, the same companies appear at the top of reputation lists. These include, General Electric, Microsoft, Johnston & Johnston, Wal-Mart, IBM, Coca-Cola, Proctor & Gamble, Toyota, Sony and General Motors. In all worldwide studies, USA corporations dominate the top spots

Table AI. Summary of corporate reputation conceptualisations

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