

The tricky task of measuring a reputation

Posted by [Mallen Baker](#) [1] on Feb 27, 2012

The latest Harris Poll has been produced purporting to give an update on the reputations of the 'most visible companies' to the US public.

In principle, this should be a really useful measure. After all, unlike the indices that purport to show you which companies are the greenest, the most ethical, or the most accountable, this should be pretty solid right? It's not measuring whether companies are good – it's measuring whether people THINK they're good.

And it is, indeed, useful at a certain level. If you look at the detail, you get the pretty basic insight that multiple factors affect a company's reputation. And generally, as you would expect, the most powerful of these arise from the customer's own experience of dealing with the brand.

If the products are good, people generally transfer the warm glow of approval to their assumptions about how the companies do in other areas too.

There is mixed news for those seeking hard causal evidence that what the activists would hold to be poor performance on social or environmental issues will automatically lead to diminished reputation. It's not that it never happens – but there are more factors in the mix.

So, unsurprisingly, the banks and other financial institutions have taken a huge tumble on the reputation front. Let's face it – if they hadn't then we could have all dismissed the Harris Poll out of hand. Bank of America, AIG and Goldman Sachs are now living in the lowest reaches that have formerly seen companies like Enron and WorldCom.

Technology companies, however, are riding high. They are seen as offering solutions to many of our problems to a greater degree than anyone else. And the company sitting right on top of the pile is Apple, which scores a higher 'Reputation Quotient' than any other company in the history of the poll. Google has slipped to second place.

Some activists will probably find this incredible. OK, so the poll took place before the most recent flurry of stories about FoxConn, but there had been plenty of attacks on the company because of sweatshop conditions during the year.

Of course, what you might decide is that Apple probably did well because of the fact that there are a number of reputation dimensions. Products & Services is one, and Financial Performance another, and Vision and Leadership. So maybe the scores for those simply masked poor ratings on Social Responsibility and Workplace Environment.

On the contrary. Apple came second overall for Social Responsibility, behind niche player Whole Foods Market. It came top for Workplace Environment.

For me, this provides the latest proof of something we've known for a while. Companies that are generally highly regarded and admired can withstand more criticism before it begins to affect people's view of them.

This is good news, because the campaigners rarely target the worst performers. Those that are most adept at getting headlines (and those are the ones that companies fear, right?) achieve that by targeting the iconic brands – the ones that will guarantee news coverage.

But this is bad news for the companies that sit in those exposed locations. In some areas, Apple is a leader. Certainly it does plenty on the environmental impact of its products. It has done quite a lot over the last couple of years on its supply chain, although I don't believe it has earned the mantle of

'leader' in that area yet.

At the same time, it has refused to play ball in certain other areas. It doesn't produce a CSR or sustainability report, preferring instead to produce product environmental data sheets. It hasn't engaged in corporate philanthropy. There are signs – as I pondered when Steve Jobs first stepped down as CEO – that the company's new leadership is happy to take the more expected route in some of those areas. It can do this, after all, without losing its distinctive approach to its products.

The point is that all those negative stories in the last year – all the FoxConn embarrassments – they have not impacted Apple's reputation one jot.

That doesn't mean that the company is bullet proof. It certainly doesn't mean it could take its foot off the pedal when it comes to solving some of the legitimate issues it faces. Because after a while, the drip drip feed of campaigns, boycotts and news stories would take their toll on anyone.

In some ways, it shows the real business case benefit of a strong reputation. If people believe in you, they won't automatically turn against you the first time they hear something bad. That's why it's good to get those credits into the bank when times are good – you never know when you might need them.

Joining Apple at the top is Google. Google has had issues of its own, particularly over China and censorship. But the fact that it provides good services, that it is doing serious stuff on energy efficiency and thinking through how effective systems can help us move towards sustainability – these have helped to place it in the 'solution finder' bracket rather than 'problem causer'.

It's worth noting this is partially an accident of the sector's natural impacts. Some of the companies in heavy impact sectors, such as extraction, energy generation or chemicals – they can be just as committed to finding solutions. However, in that situation people are more inclined to disbelieve what they hear as being an attempt to cover up the industry's negative impacts, or to assume that they're only doing what the law requires. The tech sector gets credit because the person in the street doesn't see them as having a big impact.

And even if the companies themselves know how much energy their server farms use, they are proactively addressing this. Indeed, Apple just launched one of the largest onsite solar arrays in the US for its data centre in North Carolina.

Ultimately, however, there is no real science in the Harris Poll. It provides interesting fodder for consideration, but often it is simply a statement of the obvious.

Companies seeking the business case arguments to bring the board onside for a renewed focus on values and social responsibility should start with more substantial stuff.

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