



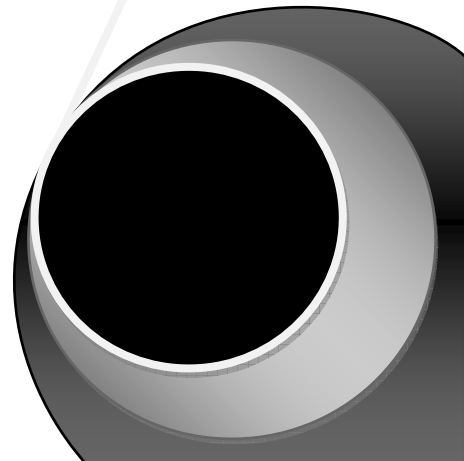
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AIMS AND SCOPE

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The editorial process at The HOBA Journal is a cooperative enterprise. Articles received are distributed to the Editor for a decision with respect to publication. All articles are first reviewed to be judged suitable for this journal. The Editor arranges for refereeing and accepts and rejects papers or, alternatively, forwards the papers to a member of the Board of Editors. The member of the Board of Editors, then, arranges for refereeing and accepts or rejects papers in an entirely decentralized process. In any case, each submission is sent to two referees for blind peer review and the final decision is based on the recommendations of the referees. The referees are academic specialists in the article's field of coverage; members of the Board of Editors and/or members of the Editorial Advisory Board may act as referees in this process. Only when a paper is accepted for publication it is sent again to the Editor. Subsequently, the Editor sends the finally accepted paper to The HOBA Journal office for final editing and typesetting.

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Dimitrios A. Giannias, Editor
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REPUTATION RISK MANAGEMENT (RRM) IN THE PETROLEUM INDUSTRY: THE ROLE OF CORPORATE SOCIAL RESPONSIBILITY

Evangelia FRAGOULI

Aarhus University & University of Dundee

ABSTRACT

The petroleum industry is institutionally complex and its operations are integrated across the entire supply chain. In case of accidents, there are always major economic losses and serious environmental consequences which can damage the reputation of the companies. This makes reputation risk management very important. As a policy strategy, CSR plays significant role in shaping the perceptions of stakeholders about the activities of companies, hence has the potential of protecting companies against reputational risks. This study aims to critically examine the role CSR plays in Reputation Risk Management in the petroleum industry. It investigates and critically analyses Reputation Risk Management policies and the influence CSR initiatives have on stakeholders. After a general background introduction to the petroleum industry, it discusses the nature of reputation and reputation risk management, highlighting the existence of policy issues and the approach adopted in managing reputation risk in the petroleum industry. Reputation is driven by regulatory compliance, strong financial performance, employees and customer satisfaction, good corporate governance and leadership. The study shows that CSR as a policy strategy plays a significant role in RRM. In this regard, the study concludes that CSR initiatives can positively influence the desire to manage the reputation of companies in the petroleum industry. The study recommends CSR as a holistic approach capable of building an everlasting reputation for companies within and outside the petroleum industry.

Key words: petroleum, reputation, risk, corporate social responsibility

INTRODUCTION

The business environment is ever changing and competition is taking centre stage. It is important for every organization or company to identify their competitors, understand the driving forces and devise strategies towards enhancing its competitive advantage (Carroll,

2013: pg 166). According to Davies, (2009), reputation is the only intangible asset that creates competitive advantage for a company and the loss of it could be the biggest threat to its success in the world of business. Risk to reputation could come from any part of the organisation or company. Therefore, Reputation Risk Management (RRM) is about getting everything else right.

The petroleum industry is one of the largest and most complex global industries in the world. It remains the most important because it touches every part of the human life with products such as gasoline, gasoil, asphalt, lubricants and numerous of petrochemicals. Unlike the financial institutions and other service organisations, the business of finding, developing and producing oil is difficult, expensive and risky. These factors expose the petroleum industry to a large pool of risks including reputational, natural, engineering and economic (Yanting and Xing, 2011; Inkpen and Moffett, 2011). This makes risk management a top priority for companies within the petroleum industry. Mostue, (2012), theorized that traditional risk analysis and management processes are necessary but not sufficient for managing risks in the oil and gas industry, hence the need for a more modern and concerted approach to analysing and managing risk in the industry.

The concept of Corporate Social Responsibility (CSR) has well been noted to play a significant role in organisations attempt to meet their stakeholder obligations (Spence, 2012; Ariken et al., 2013; Lai et al., 2010; Walker, 2010; Barnett et al, 2006; Barnett, 2007). According to Whetten et al. 2002, cited by Adam Lindgreen and Valérie Swaen, (2010), CSRs are the *–societal expectations of corporate behaviour; a behaviour that is alleged by a stakeholder to be expected by society or morally required and is therefore justifiably demanded of a business* (p. 2). Also indicated by Aarken et al, (2013) and Christensen et al., (2013), independent of whether an

organisation has strategic motives for acting responsibly, it is morally obliged on their parts to favour the needs of social goods, hence the need for CSR initiative to go beyond legal requirement.

In a highly competitive business environment, it is crucial to link corporate reputation to CSR as stakeholders make their decisions based on the reputational statues of companies (Arikan et al, 2012). However, early scholars who introduced the concept into management literature only sort to encourage corporations to embark on activities capable of solving societal problems since their activities helped create those problems. They failed to highlight the importance of CSR to the image of such organisation. Bowen (1953,) argued that businesses were responsible for producing *–social goods* (p.44) as well as goods and services for sale. He further opined that every single business either big or small had an obligation to give back to the communities the needed support. CSR in recent times has received much attention both from academia and business. This has *–moved CSR from a mere ideology to a reality* which many organisations and stakeholders consider important to the survival of businesses. However, literature has remained silent on the role CSR plays in lifting the reputation of organisations within the petroleum industry. The fact that CSR is an important initiative capable of shaping the ethical behaviour of organisations and contributing significantly to the economic development of society as a whole is vital to the management process of reputation risk. It is the task of management to formulate policies and devise strategies to ensure successful operations in their companies. They are also blamed for any damage to the image of their companies. But here lies the problem; do management and their companies develop policies for managing such risky circumstances. Even if there are such policies, are they effective enough to protect the image of the company and its stakeholders? These and many other issues seem not to be well addressed in the petroleum industry.

REPUTATION RISK MANAGEMENT

Overview of the petroleum industry

The petroleum industry is institutionally complex. It is usually divided into two basic sectors; upstream and downstream sectors. The upstream sector includes all activities necessary to extract oil from the earth-exploration, geological assessment of potential oil fields, and the drilling and operation of wells to produce a flow of crude oil. The downstream sector on the other hand includes activities ranging from transportation of the crude oil to the refineries, refining crude oil into finished products, transporting the finished

products from refineries to storage terminals and marketing by wholesalers and retailers (Inkpen and Moffett, 2011; Yergin, 2008; Energy Institution, 2013, Chevron, 2012).

Every project has its own inherent risks that must be considered at every stage of development. As a matter of fact, the petroleum industry is so complex that its risks are often separated into pre completion, post-completion and market risks. But the management of these risk is considered to be the task of management and as such must be part of the general decision making process (Inkpen and Moffett, 2011). Companies try to assess their resource base, the needed and available technology, partnership or stakeholder relationships, market issues, geopolitical issues and environmental issues as they pose serious challenges to their existence. Also, the nature of operations in the industry is more integrated making it very difficult if not impossible for traditional risk analysis and management approaches to address the challenges emanating from these issues as they affect the image of companies (Rayner, 2011; Scandizzo, 2011; Andersen, and Mostue 2012; Zheng 2010).

Reputation Risk Management (RRM) in the Petroleum Industry

In the petroleum industry, ensuring integrated activities from the upstream to the downstream is like developing the strongest approach for managing reputation risk. All companies recognize that their operations are integrated, but few of them in the industry have risk reduction methodologies in place across all areas of potential risk source. This lope hole created is an indication that reputation risk remains at stake (Energy Institution, 2012). Evidence from researches (Inkpen and Moffett 2011, p.g 269; Ernst and Young, 2010; Aven, and Renn 2012; Abelman et al, 2006) show that, even the finest organisation's reputation such as Exxon Mobil, and BP had suffered serious and to some extent irreparable damage from their operations.

In the decision making process, the management together with the board of directors consider the impact various policy initiatives have on the reputation of the company. They in most cases give preference to programs and initiatives that will ensure regulatory compliance, sound financial performance, friendly employee working conditions and sound environmental conditions (Aven, and Renn, 2012; Davies, 2006). It is important to emphasize that, it is the interest and powers of all the stakeholders that mostly drive the activities of the petroleum industry as they are responsible for both the success and failure of the industry. Shareholders as title owners are interested in their profits, business stakeholders as suppliers conce rn

themselves with the business strategy and provision of goods and services while customers turned to be interested in deriving maximum satisfaction from their purchases. Government and social stakeholders (communities, Non-governmental organisations and environmental interest groups) seems a bit distant from the actual operations and transactions of the firm, but have a significant influence in the activities of the industry. It is therefore necessary to reconcile the expectations of all these interested parties in a holistic matter as a way of managing reputation risk (Rayner, 2010). Contrary to use of specific risk management strategy by financial institutions and insurance companies, reputation risk management in the petroleum industry involves a holistic approach across the entire company.

In the petroleum industry, the risk governance framework developed by the International Risk Governance Council (IRGC) is always the guiding principle upon which every risk management process, including reputation risk points at. This framework sets out clearly, the guidelines for developing comprehensive assessment and management strategies capable of identifying, quantifying, responding and managing risk especially reputation risk (Holmes,

2004). As a comprehensive framework, it integrates scientific, economic, social, cultural aspects and full engagement of all stakeholders in the risk management process (Renn, and Aven, 2012).

To further reiterate the significance of this risk management approach in the petroleum industry, Yanting and Xing, (2011, p 2330) emphasized that, *–the risk analysis of international petroleum enterprise has grown from a simple risk analysis method to risk evaluation system or management*||. This is because; the simple risk analysis approach was limited to just the identification of the various risks and their consequences on the operations of the industry. However, the risk evaluation approach widens the scope to include strategies and measures of controlling and mitigating the identified risk. Indeed, good reputational risk management can actually be achieved by managing all other risk satisfactory.

As a management strategy capable of ensuring sanity in the petroleum industry, RRM must be seen as a vital element of an Enterprise Risk Management program, thus a corporate responsibility initiative worth adopting by any company hoping to holistically manage its reputation (Lam 2003).

How effective are these policies?

The risks associated with most businesses are highly interdependent and cannot be managed by any fragmented approach hence the need for a comprehensive and integrated framework. Effective reputation risk management in the petroleum industry depends on identifying and controlling all the risk at each point across the entire supply chain (Lam, 2003; Yanting and Xing, 2011; Aven and Renn, 2012). Reputation is best managed through strong corporate governance and leadership, ensuring regulatory compliance, meeting stakeholder's expectations and fulfilling corporate responsibilities. Also, preserving a strong reputation revolves around effective communication and establishment of strong and solid relationships between the company and its stakeholders. The effectiveness of most risk management policies depends on their ability to identify the individual risks, quantify them and manage them collectively since they are related. During assessment of the risk, the approach should be able to determine *the level of inherent risk—high, moderate, or low, the adequacy of the risk management—strong, acceptable, or weak and the trend or direction of risk—decreasing, stable, or increasing* (Renn, and Aven, 2012, p. 1538). The risk governance framework considers a comprehensive and integrated approach to managing reputation risk as it assesses the various risks and provides adequate knowledge for further evaluation.

Most of the policies are within the governance framework and are considered as part of their CSR initiatives. To the companies, the policies are meant to ensure that appropriate organisational processes and corporate control measures are adequate enough to cater for all the risks and concerns of stakeholders across the company.

Most of these policies are designed to address strategic management issues. They set the legal framework aimed at protecting the company's shareholders and stakeholders, extend the legal requirement to promote good ethics and ensure effective risk communication. These to larger extent, increase transparency in management, improve corporate governance which rebuilds public trust and investor confidence and finally delivers wider societal value capable of balancing the concerns of all the major stakeholders (Gupta, 2012).

All these policies work together within the governance framework and CSR initiatives implementation which aims to ensure strategy management and adequate risk management process, thus a testimony to the effectiveness of the policies in managing reputation risk (Aven, and Renn, 2012; Davies, 2002; Rayner, 2010).

CORPORATE SOCIAL RESPONSIBILITY (CSR)

Definition and Scope of CSR

Companies have responsibilities beyond their profit to the society and as such must be attended to with all seriousness hence the need for CSR initiatives. But, there is difficulty in the definition of CSR and this has attracted different views on its conceptualisation. Nonetheless, there seems to be a general recognition that CSR plays a significant role in RRM (Galbreath and Shum, 2013, Margolis et al., 2008; Orlitzky et al., 2011)

Corporate Social Responsibility (CSR) generally represents a continuing commitment by an organization to behave ethically and contribute to economic development, while also improving the quality of life of its employees, the local community, and the society at large (Aaken et al, 2013; Reinhardt and Starvins, 2010; Watts and Holme 1999). Barnett, (2007, pp.801) defined CSR as *–a discretionary allocation of corporate resources towards improving social welfare that serves as a means to enhancing the relationship with key stakeholders*¶. As indicated earlier, Whetten et al. 2002, cited by Adam Lindgreen and Valérie Swaen, 2010, contended that CSR is the societal expectations of corporate behaviour; a behaviour that is alleged by a stakeholder to be expected by society or morally required and is therefore justifiably demanded of a business.

There is a general well-accepted belief that CSR enables organizations to meet their stakeholder obligations. Early scholars who introduced the concept into management literature sort to encourage corporations to embark on activities capable of solving societal problems since their activities helped create those problems. Bowen, (1953) argued that businesses were responsible for producing *–social goods*¶ as well as goods and services for sale. He further opined that every single business either big or small had an obligation to give back to the communities the needed support.

Motivational factors for the engagement of CSR Initiatives

CSR as a strategic policy instrument is gaining inspiring attention from most companies with support and encouragement from governments and the investment community (Aaken et al,

2013; Gupta, 2012; Roberts, 2003). CSR even though embraced by many, some companies still consider it as a costly exercise, hence affordable for only large companies. The companies which adopt CSR as a policy option try to clarify the motivational elements and the business benefits that can be generated. It is largely recognised that companies are now performing extremely well in terms of their social and environmental responsibilities, governance and financial transparency and are becoming more accountable to their stakeholders in general. Gupta (2012) indicated that companies are motivated to undertake CSR programs because of their wish for future development of their corporate responsibility and their desire to ensure sustainability in their activities (Eng-Tuck, 2011). These motivational factors are however expressed in the company's objectives. But it is often argued that only large companies include CSR programs in their objectives since they have the resources. Commonly, four basic objectives have been identified as the factors that easily motivate companies to adopt CSR programs. These objectives include the following:

1. To increase transparency and improve the governance system of the company
2. To ensure efficient delivery of extensive societal value
3. To contribute to the overall regional development
4. To address the conflicting concerns and interest of all stakeholders in a balanced way.

CSR and Reputation: A stakeholder Perspective

The RRM process is complex and has compelled companies to adopt comprehensive and holistic approaches towards ensuring a successful management process (Maden et al 2012; Davies, 2006). More recently, the perception of stakeholders (investors, employees, customers and communities) about company's ethics, values and social responsiveness play significant role in their risk management process especially RRM. As indicated by Helm (2007) and Hansen et al., (2008), most positive results associated with reputation are due to the perceptions and attitudes of individuals. These perceptions and attitudes influence their behavioural intentions and outcomes which can either increase or decrease their loyalty. Customers are noted to attribute high quality to products from companies with good reputation. They feel highly satisfied with products bought from those companies and stay with such companies for long periods of time. According to social identity theory, individuals associate themselves with particular groups as *–social categories*¶. They give loyalty and trust to those social groups since they work with them and these social categories strongly influence their self-concepts. Most individuals feel self-actualised when they are affiliated with reputable groups. Thus employees affiliated with reputable companies are motivated and have strong feelings of self-esteem (Cable and Turban, 2003). They feel committed to those companies and sometimes even recommend them to other potential employees. Investors as stakeholders also perceive companies with fine reputation to be less risky and hence have no fears investing enormous funds in such companies. Also, CSR as an important initiative has the ability to influence the ethical behaviour of organisations and contribute significantly to the economic development of society. Recent corporate experience in the petroleum industry has emphasized the important role CSR initiatives play on the reputation of companies. This experience indicated that the influence of these perceptions on the reputation and the ability of CSR to influence these same perceptions have made the relationship between RRM and CSR more direct. Therefore, CSR engagement remains vital to the management process of reputation risk (Greening and Turban, 2000; Brammer and Millington, 2003).

Reputation as a consequence of CSR Engagement

There is a general consensus that reputation is a valuable intangible asset to companies (Melo and Garrido-Morgado, 2012; Branco and Rodrigues, 2006). Reputation as matter of fact is seen as a solution for dealing with asymmetric information problem that confront most companies. In most cases, stakeholders rely on a firm's reputation to judge its products and services especially when there is lack of information on a product or company's initiatives (Schnietz and Epstein, 2005). Reputation serves as a constant reminder of the firm's most important features. Most people believe that reputation creates competitive advantage for companies, but the source of this competitive advantage lies in the ability of the companies to act consistently not only with its past performances but also with a conscious effort of meeting public expectations. According to Formbrun and Riel (1997) cited by Melo and Garrido, (2012), the public scans and choose firms to do business with based on its past behaviour. They expect these same firms to behave accordingly in that same manner over future years. Companies engage in CSR initiatives due to the benefits they can derive. CSR as a concept is aimed at achieving commercial success in a way that does not compromise the wellbeing of employees and the local community. The implementation of CSR initiatives establishes better and concrete relationship between companies and their stakeholders. It also has the potential of improving the financial performance of companies in the near future as customer satisfaction is improved through the provision of quality products. Companies in the petroleum industry also embark on initiatives such as tree planning, support for sanitation programs and controlling their own emission of toxic waste with the aim to enhancing environmental performance. Like CSR, effective RRM is through regulatory compliance, strong financial performance, customer satisfaction, work place talent and culture, corporate governance and leadership, effective communication and environmental friendliness. Therefore engaging in both internal and external CSR programs provides a better opportunity for building a stronger reputation. Most companies embark on RRM because of the importance of reputation to survival of the company. However, the benefits emanating from the implementation of CSR initiatives are presumed to be the driving forces strengthening the reputation of most companies hence facilitate the RRM process .

CSR as a factor of dealing with reputational crisis in the petroleum industry

The desire to increase market value, improve financial performance, recruit and maintain efficient work force and communicate effectively with all stakeholders drives most companies to deal with their reputational crisis. According to Gupta, (2012), CSR is a strategy which demonstrates the way companies achieve their ethical standards, economic balance, environmental and social imperatives which addresses the concerns and expectations of stakeholders and legal responsibilities. Most companies are quick to recognise early signs of reputational damage even though it may come to others as a surprise. Upon recognising the influence of CSR in Reputational Crisis Management (RCM), companies design and implement various CSR programs that are capable of changing any bad perception that stakeholders may have developed due to the reputational damage (Martin et al, 2011). As inspirational talk, CSR initiatives remain critical to reputational crisis management (Christensen et al., 2013). Most companies in the petroleum industry in their quest to maximise shareholder returns, often take advantage of absent or inadequate laws and regulatory standards, pollute and exploit local people and their resources so long as they can avoid liability in the process (Spence, 2012; Ariken et al., 2012). But they recognise the fact that any unfortunate situation arising from failure to adhere to regulations and satisfying stakeholder expectations could land the company in reputational crisis. The petroleum industry is noted for pollution, violation of human rights and dislocating local people upon discovering oil.

But it is erroneous on the part of the operating companies to leave a legacy of toxic contamination, poverty and socially dislocate people in those communities. Upon recognizing that legal liability or regulatory non-compliance, poor financial performance, inefficient work force, poor communication, leaving toxic contamination, poverty and socially dislocating people can lead to reputational crisis; companies invest in socially responsible behaviour with the belief that it will earn positive returns in the long run (Chevron, 2012; Tullow, 2012; Energy Institution, 2012). They recognise their role to the local community as *-corporate citizens*, hence design and implement various initiatives to help build better societies. They also build strong partnerships with global regulatory and governmental bodies and work with them as a way of fulfilling their social responsibilities. They make every effort to earn employee and customer trust by creating conducive environment, quality products and services as way of maximising their satisfaction. Meeting the expectations of shareholders, investors and suppliers also become important as they try to maximise the company's value and

adequately disseminate information for transparency purposes (Christensen et al., 2013; Gupta, 2012; Chevron 2012). As a risk management factor, CSR initiatives are believed to have the potential of mitigating operational impacts and providing the necessary support for building stronger internal and external relationships, thus CSR as a factor for dealing with reputational crisis (Spence, 2012; Ariken et al., 2012; Gupta, 2012; Andersen, and Mostue 2012; Zheng 2010).

To make the relationship between CSR and reputation clearer, different researchers (Chun and Davies 2010; Shamma and Hassan 2009; Bartikowski et al., 2011; Alnaicik et al., 2011) have formulated various hypothesis involving reputation and dimensions of CSR. Chun and Davies (2010) studied the effect of corporate reputation on customer and employee satisfaction in an organisation. The results showed that components of corporate reputation strongly correlate with employee satisfaction. Their study indicated that employees are satisfied when they are associated with organisations with recognised reputation. They further demonstrated that CSR as an initiative can also drive employee satisfaction.

The general conclusion indicates that there is linkage between corporate reputation, employee's satisfaction and CSR. Shamma and Hassan (2009) also analysed the influence of CSR on behavioural intentions of both customers and non-customers. They found positive relationships between behavioural intentions of both customers and non-customers and corporate reputation. Stanaland et al (2011) also delved into the social discourse. Their research revealed that corporate reputation is best managed by companies through the implementation of CSR programs. The result showed that there is a positive relationship between customers' evaluation of CSR and corporate reputation; hence any company that places importance on it CSR initiatives is in a better position to manage its corporate reputation exceptionally well.

Hodovic et al, (2011), Brammer and Pavelin, (2006), Bartikowski et al., (2011) and Alnaicik et al., (2011) also analyse the effect of behavioural intentions, customer loyalty and affective commitment on corporate reputation. These studies indicated that behavioural intentions, customer loyalty and affective commitment are perceptions influenced by CSR programs. As influential as they are, their collective effect has the potential to build or damage the corporate reputation of companies. The findings from these works showed that behavioural intentions, customer loyalty and affective commitment play important roles on corporate reputation, hence positive relationships between CSR and corporate reputation. CSR implementation ensures regulatory compliance which is a major driver of

reputation. CSR initiatives play a role in ensuring that companies comply with rules and regulations set by government and the companies themselves as compliance remains exceptionally important in reputation risk management. Spence, (2012) indicated that rules and regulations put in the form of laws are meant to structure the relationships between International Oil Companies (IOCs) and their external stakeholders. To ensure that these laws are duly adhered to, companies formulate policies and programs that reflect the requirements of these laws. Even in the absence of stringent governmental regulations, companies themselves set certain minimum legal requirements which they consider as a corporate responsibility. Designing CSR initiatives to reflect the requirement of these laws ensures regulatory compliance.

Maden, (2012); Spence (2012) and Gupta (2012) concluded that meeting these legal requirements through CSR initiatives implementation ensure that relationships are well established and rules complied with. However, Rayner (2011); Larkin (2003) and McDowall (2006) argued that reputation is driven by regulatory compliance. CSR programs implementation enable companies improve their financial performance. The managers and employees, embarking on corporate responsible behaviours provides the opportunity for companies to be innovative in developing new and quality products which creates new market to those companies. CSR initiatives provide the opportunity for companies to establish better relationships with all their stakeholders.. Bartikowski et al., (2011) research revealed that customer loyalty is increased due to increase in the relationship they have with companies. As a benefit, CSR implementation ensures that companies live up to expectation as it enhances their corporate responsibility.

Chun and Davies, (2010) and Alniacik et al. (2011) show that components of corporate reputation are highly correlated with employee satisfaction. CSR programs promote good corporate governance and leadership. Literature (Robertson et al., 2013; Brammer, 2006; Simkins & Ramirez, 2008) indicates that good corporate governance ensures growth, preservation and protection of stakeholder interest and this has the incentive to creating the opportunity for enhancing reputation. In light of CSR and corporate governance, Barnett (2007) indicated that CSR initiatives involves discretionarily allocating corporate resources with the aim to improving social welfare which serves as a means to enhancing the relationship with key stakeholders.

Whetten et al. (2002), cited by Lindgreen and Swaen (2010), contended that CSR is the societal expectations of corporate behaviour and this behaviour is expected to ethical. Therefore adopting CSR initiatives

which are ethically oriented demonstrates a good corporate governance and leadership path. As a driver, good corporate governance and leadership ensures that corporate resources are well allocated and societal expectations met, thus promoting reputation risk management.

CONCLUSIONS

Discussing the role CSR plays in managing reputation for this study is based on the benefits that CSR implementation accrues to a company which have the potential to build a much more stronger reputation for companies in the petroleum industry in the long run.

Reputation risk management can greatly reduce the impact of risk loss and ensure that more social resources and funds are channeled to the desired sectors in order to achieve higher profit levels and other targets. But as a complex process, RRM requires a more comprehensive and holistic approach that is capable of addressing the valid concerns of all stakeholders, thus the adoption of CSR. Like reputation, CSR is perceptual and considered to play a significant role in RRM. According to Gupta (2012), CSR is a strategy which demonstrates the way companies achieve ethical standards, economic balance, environmental and social imperatives which addresses the concerns and expectations of stakeholders and legal responsibilities. In light of this, many companies consider CSR activities to be deliberate attempts that can fill the void that is usually created by reputational damage (Rayner, 2011; Scandizzo, 2011; Brown 2007; Davies, 2006). Literature revealed (Stanaland et al., 2011; Hodovic et al., 2011; Brammer and Pavelin, 2006; Bartikowski et al., 2011; Alnaicik et al., 2011) that CSR programs play significant roles in RRM as reputation is perception oriented. These studies indicated that behavioural intentions, customer loyalty and affective commitment are perceptions that can easily be influence by CSR programs and collective effect from these elements has the potential to drive the corporate reputation of companies. There is a positive linkage or relationship between CSR benefits and reputation (Stanaland et al., 2011; Hodovic et al., 2011; Brammer and Pavelin, 2006; Bartikowski et al., 2011; Alnaicik et al., 2011).

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