

Company philosophy and its reputation through an analysis of the MERCO ranking

José Daniel Barquero Cabrero

ESERP-Abertis Observatory, Spain

M^a de las Mercedes Cancelo Sanmartín

University of Malaga, UVM, ECSSR

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ABSTRACT

Social responsibility has been incorporated as a fundamental aspect in the structuring of large organizations. It is inevitable from a communicative and social interpretation perspective of organizations, not to observe them as socially incorporated entities and active agents in society. In the last two decades there has been not only an advance in the theoretical conceptualization of social responsibility, but also a normative and strategic design of the implementation of SR in companies. In the present investigation, a comparative study is presented that analyzes the development and execution of Social Responsibility in Spanish and Mexican companies. For this, the index based on Corporate Reputation Corporate Monitoring (MERCORanking) will be taken as a basis, selecting those considered as the ten best companies positioned in Spain and Mexico. The objective of the study is to determine the coherence of the MERCORanking Index with the theoretical concept of social responsibility. As well as determining the real role of the SR in the organizational philosophy and the materialization of it.

KEYWORDS

MERCORanking, Social Responsibility, Organizational Philosophy, Mexico, Spain.

1. Theoretically frame

Due to its importance, we must determine what we understand for Social Responsibility. We will use the interpretation of the concept, understanding that "social responsibility has its roots not in the simple balance between the economic and the environmental, but in an authentic ethical conduct" (Cortina Orts, 2010).

Starting in the 2000s, the concept of organizational social responsibility or corporate social responsibility is increasingly integrated into the actions to be achieved through comprehensive communication and relations with the public, from a strategic perspective of organizations, in particular in Spain, Brazil, Mexico and Colombia (Rebeil, Arévalo and Moreno, 2013).

The current importance of communication for organizations lies in providing a global vision that allows them greater competitiveness and the support of the public, as well as greater agility to adapt to continuous changes through generating fruitful relationships around organizations with the same identity but also, with interest Grupos around the world. Thus, in the evolution of integral communication for organizations, it can be seen that there are four phases that go from the functional to the contingent approach and from the attention of internal needs to the effective management of change.

Currently, business communication seeks to consolidate the image, reputation, credibility, trust, and therefore the global competitiveness of organizations, in a highly demanding environment and at unprecedented hyper-speed. The reputation of organizations - the harmony between identity and image consolidated over time - is the product of various previously planned strategies and actions that take the analysis of their different audiences as a priority so that effective communication occurs (Villafañe, 2004) and have been increased in their impact, through the integration of new technologies. MK Online –MK Digital, cookies, artificial intelligence, SEO traffic, leads, SEM, social networks such as Instagram, Facebook, Twitter, stand out among others.

The reputation of an organization, therefore, can be produced through a solid axiological dimension (corporate values and their compliance), committed corporate behavior (compliance with commitments), and proactivity in reputational management (performance beyond what is mandatory) (Villafañe, 2004). Besides, the reputation of an organization is not only given by fulfilling its objectives in communication, but by the business ones; since as much as we take care of the communication aspects, we must also fulfill the objectives of the company, in terms of economic results. (Cancelo-Barquero

2018). Derived from the above, comprehensive communication for organizations when using digital social networks, has a platform to show the identity of the organization, project its image with a positive profile of notoriety, and position it with a positive and increasingly solid reputation online. Particularly with the use of digital social networks and the conversations they generate (Pardo, 2010), comprehensive communication for organizations has increased their reach, making them a fundamental tool for achieving objectives. This is because organizations increasingly have interest Grupos that make up micro-segmented audiences that are difficult to characterize due to their particular different needs.

1.1. Business ethics

Once the applied concept of Social Responsibility has been defined, it is necessary to expand the theoretical context including the related aspect of business ethics. In so much business ethics is united and associated with social responsibility; which does not exclude achieving good results for the company or its shareholders.

On business ethics, a great number of theoretical documents have been written, not only in the academic field but also in business. What is Business Ethics?; as an approximation to the subject, let's review a definition by Adela Cortina, who writes that:

"... ethics is a type of knowledge that seeks to guide human action in a rational sense; that is to say, ethics wants us to act rationally. Unlike the preferably technical, contemplative knowledge, to which it does not matter in principle to guide action, ethics is essentially, knowledge to act in a rational way "(Cortina, 1994)

From the above, it can be concluded that, contrary to the instrumentalist vision of the organization that establishes profitability as the ultimate goal of a company, there is the non-utilitarian approach, where ethics is integrated as an inherent element, in such a way that business ethics looms as the way an organization recognizes its role in society and is willing to provide good examples with its behavior; that is, business ethics is an end in itself and not a way to generate profits.

The United Nations Global Compact, among its principles, establishes that companies must fight corruption in all its forms; However, in the last decades, the phenomenon of corruption has spread widely, encompassing all kinds of organizations (public, private and third sector) leaving in its wake serious financial, ethical, social and, in many cases, reputational damages. (UN, 2013)

For some reason, Business Ethics is, in the 21st century, a trend to which organizations of all kinds continually join in, it is a subject that increasingly attracts attention in the academic world and is a fundamental factor in the formation of future leaders.

Undoubtedly, one of the features that characterize postmodern¹ societies is the great influence that organizations exert on daily life, on the subsistence and quality of life of the individuals that make them up; In this sense, as Chiavenato analyzes:

“The world we live in is an institutionalized society made up of organizations. All activities related to the production of goods (products) or the provision of services (specialized activities) are planned, coordinated, directed, and controlled by the organizations.... people's lives depend closely on organizations and these depend on the work of those organizations. first... people are born, grow, learn, live, work, have fun, and interact within organizations” (Chiavenato, 2000).

Hence, it can be argued that companies, especially in 21st-century societies, have a great capacity to influence the values and behavior of individuals by establishing clear criteria of conduct among their various stakeholders; It is for this reason that, at present, the phenomenon of corruption is considered a serious problem not only because it weakens the sense of integrity and ethics among the members of a community, but also because it has become an obstacle for the political and social development of the countries; also, it is “a threat to the economic growth and reputation of the organizations” (Duque, Y., M. Cardona & J. Rendón). Ethics in the short and long term are synonymous with the success within companies. (Cancelo-Barquero, 2018).

Now, if in recent years they have been particularly difficult for the business sector in Latin America and the world in general, the current economic crisis caused by the Coronavirus has had and will have serious consequences, affecting companies of all kinds, as they have had to face and will face a very complicated situation losing of competitiveness and increase in production costs. This situation becomes relevant for this research project, given that the consulting firm PricewaterhouseCoopers (PwC) indicates that:

¹ According to Bauman “The term postmodernity renders accurately the defining traits of the social condition that emerged throughout the affluent countries of Europe and European descent in the 20Th Century, and took its present shape in the second half of the century” (Bauman, A sociological Theory of Postmodernity, 1996).

“... In times of crisis companies try to reduce expenses. This measure, which in principle seems adequate, can have serious consequences, because if the reduction in expenses is not carried out in a planned manner, there is a risk that part of this reduction in expenditure will be carried out to the detriment of internal control mechanisms. Consequently, the ability of companies to prevent and detect irregularities that eventually become unethical behavior is reduced. Indeed, the vulnerability of companies to raise their corruption rates in times of crisis is related to the weakening of their control mechanisms”(PricewaterhouseCoopers, 2009).

According to the Administrative Development and Auditing Secretariat in Mexico (SECODAM, 2008), six criteria allow an organization to apply Business Ethics: (1) the definition of its organizational culture; (2) the elaboration of a Code of Conduct; (3) the implementation of an internal and external communication strategy; (4) the development of a Corporate Government; (5) the application of community support policies; and (6) the commitment of its managers. Along these same lines, the Global Compact, as well as Transparency International and the International Forum of Business Leaders² (IBLF) propose three dimensions to comply with the principle of fighting corruption, namely, internal action, external and collective. For this project, only internal action is of interest. Although it will be explained in depth later, it is also necessary to establish that this type of action, in general, states that organizations must: (1) foster a culture of Business Ethics to prevent and face corruption; (2) adopt a Code of Ethics; (3) develop internal control mechanisms; (4) establish disciplinary measures to reinforce anti-corruption criteria and procedures; and (5) integrate and train its employees to ensure compliance with the Code of Ethics.

1.2. Corporate Reputation Business Monitoring (MERCO Ranking)

MERCO's analysis has become an important instrument in the strategic management of companies' values and competitive elements. We mean that MERCO was born on the university roof of the Complutense University of Madrid and from the hand of Professor Justo Villafañe at the beginning of 1999. What was initially a research project turned into a business development measuring corporate reputation.

² International Business Leaders Forum (IBLF) is an international non-profit organization created to offer a platform that allows new entrepreneurs to come up with ideas for good practices, not only to reduce the risk of corruption but also to promote measures that help fighting it, in society.

After more than a decade of measurement, Merco has been established as a benchmark monitoring that reveals information on three essential factors in management: transparency, methodological rigor, and independence.

Currently, the Merco Ranking measures Corporate Responsibility in Spain, Argentina, Brazil, Bolivia, Colombia, Chile, Ecuador, Mexico, and Peru.

2. Methodology

The present investigation gives an account of a comparative study in which the development and execution of Social Responsibility in Spanish and Mexican companies is analyzed.

The objective of the research was to determine the existing coherence in the MERCO Reputation Index by comparing the theoretical concept of corporate social responsibility and its real role within the organizational philosophy of the sample analyzed; and also its materialization through concrete actions.

The study was carried out on a sample of 20 companies, 10 from Mexico and 10 from Spain, which were the ones with the best reputation in 2017, according to the index based on Corporate Reputation Business Monitoring (MERCO Ranking).

España	México
Inditex	Coca Cola
Mercadona	Bimbo
Santander	Grupo Modelo
Repsol	Google
BBVA	P&G
Telefónica	PepsiCo
Caixabank	Femsa
Mapfre	Grupo Carso
Iberdrola	Microsoft
Once	Apple

Table 1. Companies analyzed

The research was carried out during February 2018 through the content analysis of the website of the sample of Mexican and Spanish companies, first identifying the presence

or absence of the following categories, both in their definitions of social responsibility as in the actions they carry out: 1) presence of four values in the organizational philosophy and/or in the actions of the analyzed brands (honesty, justice, respect, and openness); 2) type of social responsibility (economic, social and ecological); and secondly, through a comparative and coherence analysis between its narrative and its corporate social responsibility programs that are communicated through this means of communication.

3. Results

Among the ten best-positioned companies in the MERCO ranking in Spain, we can consider that the majority belong to the service sector, only two of them to the commercial sector and one to the third sector. These companies are included in the fields of banking, energy, information technology, holding, and sale of products of frequent consumption.

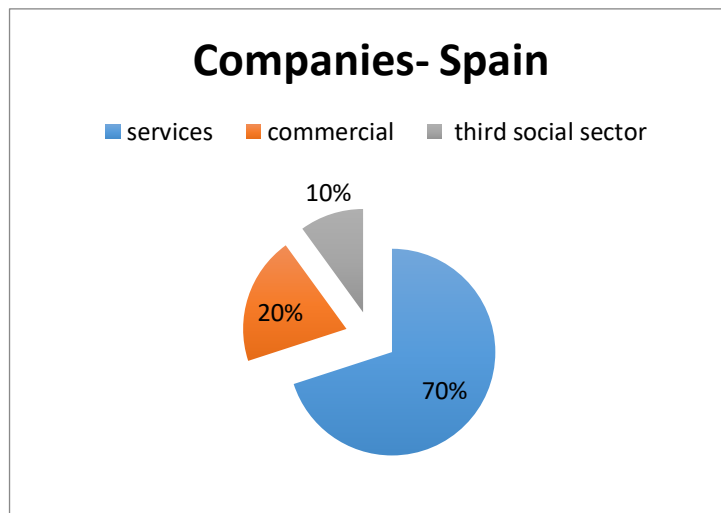


Figure 1. Sector of Analyzed Companies- Spain.

The list of companies is as follows (in order of positioning in Spain): Inditex, Mercadona, Santander, Repsol, BBVA, Telefónica, Caixabank, Mapfre, Iberdrola and Once.

We must highlight, although we will go on to analyze each of them later, that three of the ten belong to the banking sector, a fairly important consideration, taking into account the reputational and financial crisis that Spain has experienced in recent years.

The Inditex organization, an important Galician holding company made up of well-known brands in Spain such as Massimo Dutti, Zara, Pull & Bear, etc. ranks first in the MERCO ranking. If we analyze its website, this organization contains extensive content regarding the values related to its organizational philosophy, relating them to its messages and

actions, such as honesty (with an internal code of conduct, taxation, action and social capital), respect (towards human rights, workers, and towards the social community), openness (with projects with *Right to Wear*) or justice (social justice).

In the case of Mercadona, the second company in this ranking, they transmit these values of honesty with a quality management program, respect for the community and the environment, openness with food waste management programs, and justice concerning society.

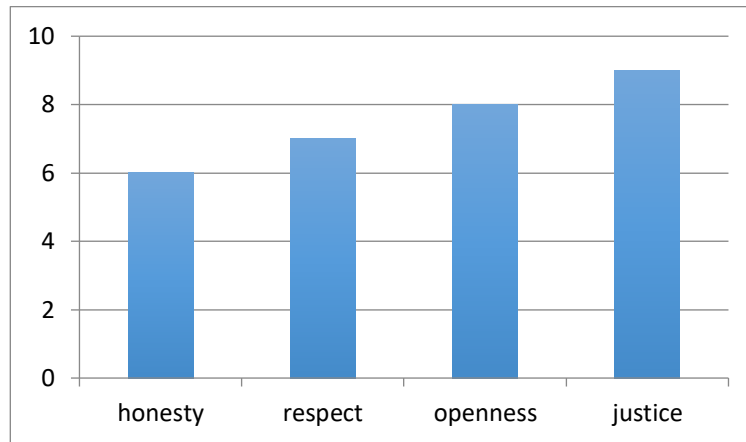


Figure 2. Companies Values - Spain.

The banking sector is represented in three organizations (Banco Santander, BBVA and Caixabank which occupy third, fifth and seventh place, respectively). All three have in common the codes of conduct that they share and are published on their corporate website, as they are related to the bad reputation that banks have developed during the economic crisis. Concerning this value, all three omit the value of justice (it is not even named). On the other hand, regarding respect, they show their support for policies for the improvement of the environment, as well as respect for suppliers and customers. What distinguishes them is the way they carry out the different actions of the CSR programs, although they all project it through specialized reports. All three develop these programs and they have foundations and Social Work: Banco Santander Foundation, BBVA Foundation, and La Caixa Social Work Foundation, the latter considered a national and international benchmark.

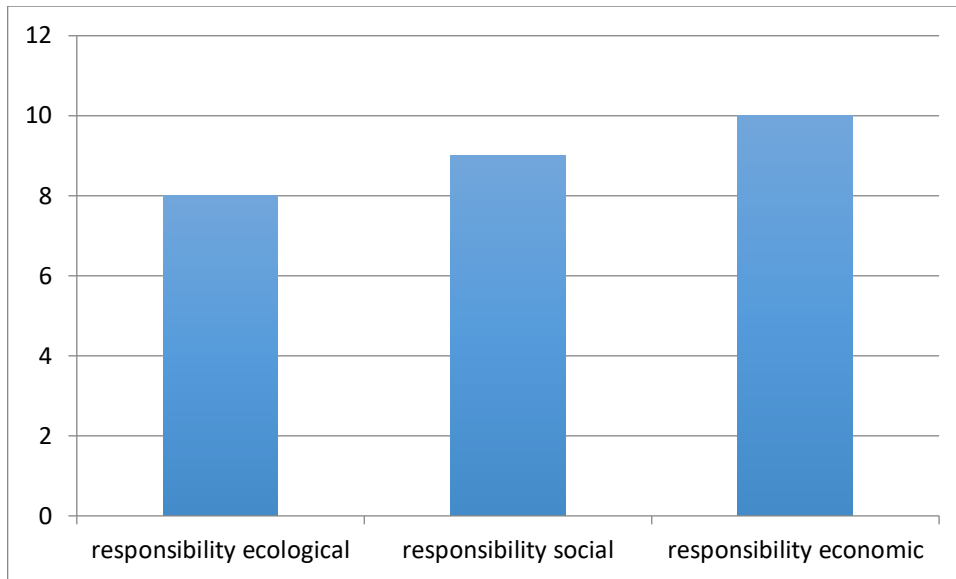


Figure 3. Company Values – Spain.

Regarding the case of Mexico, we indicate that the list of companies according to their position in MERCOSUR is as follows: Coca-Cola, Bimbo, Grupo Modelo, Google, P&G, PepsiCo, Femsas, Grupo Carso, Microsoft, and Apple.

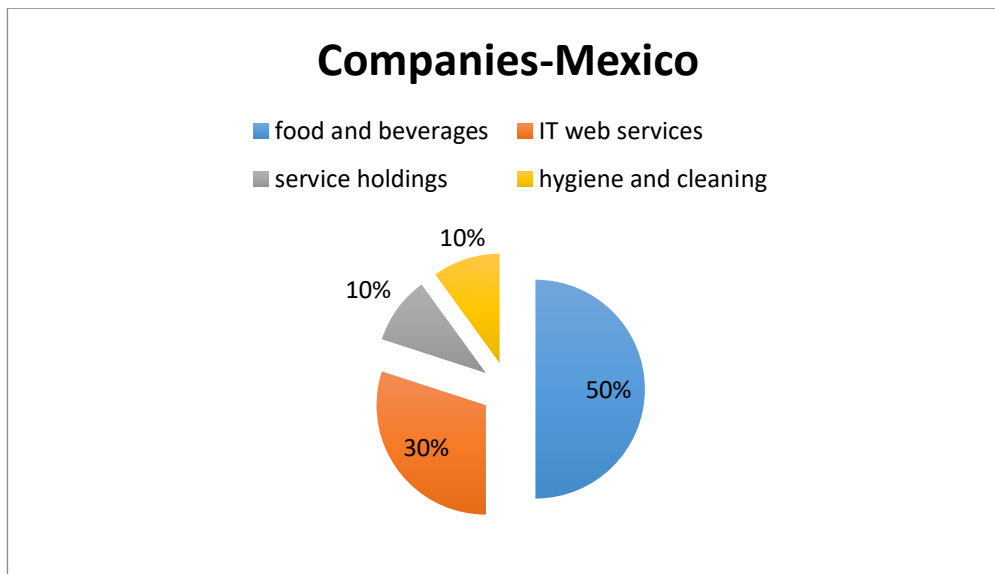


Figure 4. Analyzed Companies Sector Chart - México.

In Mexico's analysis, Mercosur places five organizations related to food and beverages as the top ten companies, being the leader of the evaluation Coca Cola, followed by Bimbo and Grupo Modelo (a company that is distinguished by its alcoholic products). The rest of the corporations belong to the IT and web services sector; we also find service holdings and a hygiene and cleaning products company.

The companies that make up the MERCO monitoring in the Aztec country agree on the results of how the companies account for them, generating Grupos of similar behaviors among the best positioned in the ranking.

We find the values of honesty, respect, openness, and justice regarding its organizational philosophy, its actions, or messages.

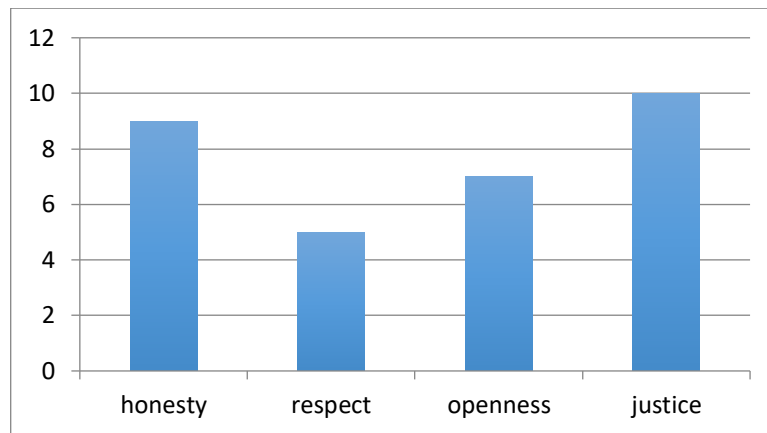


Figure 5. Companies Values - Mexico.

Out of the ten companies positioned, a total of nine refers to their organizational honesty as aimed at the external and internal public. Only Apple which is positioned in the last place, is the only one that does not refer to the value of honesty either directly or indirectly. Regarding the value of respect, five of the top ten indicate that they have the value of respect but do not indicate how they materialize it or the orientation of it. Among these, is the one positioned as the best: Coca Cola. Three of the multinationals do not include respect as a value in their philosophy as they communicate it. Only PepsiCo (6th place in the ranking), Grupo Carso (8th place in the ranking), and Apple (last place in the top ten) make an explicit indication of respect, targeting users, and different audiences. Concerning to openness, six of the ten companies allude directly to social openness and their interest in getting involved in the environment through different actions such as unions with organizations, their foundations, etc. Three companies do not allude to openness as a value and it coincides that they are the last three positioned (Grupo Carso, Microsoft, and Apple). Only Femsa refers to the fact that it contemplates the opening but does not indicate how it is applied. Regarding justice, half of the companies positioned make no allusion to this value in their philosophy, among them the two best positioned: Coca Cola and Bimbo, (first and second place respectively); four of the companies, position justice as a singular value in its organizational development (Grupo Modelo,

P&G, PepsiCo, and Grupo Carso). Finally Femsa refers to the value but does not make clear indications of how it is applied.

Regarding the types of social responsibility exercised by companies (ecological, social, and economic), the data indicates that eight of the ten positioned indicate clear actions related to ecological responsibility; only Google and Microsoft do not allude to this aspect. Regarding the actions of responsibility in the social field, six companies engage in social involvement. On the contrary, Grupo Modelo, Google, Microsoft, and Apple show no signs of actions aimed at social responsibility. Finally, regarding financial responsibility, the framework is divided between the five companies that indicate specific actions and those that do not show any application scenario, such as Microsoft, Apple, Grupo Modelo, Google, and P&G.

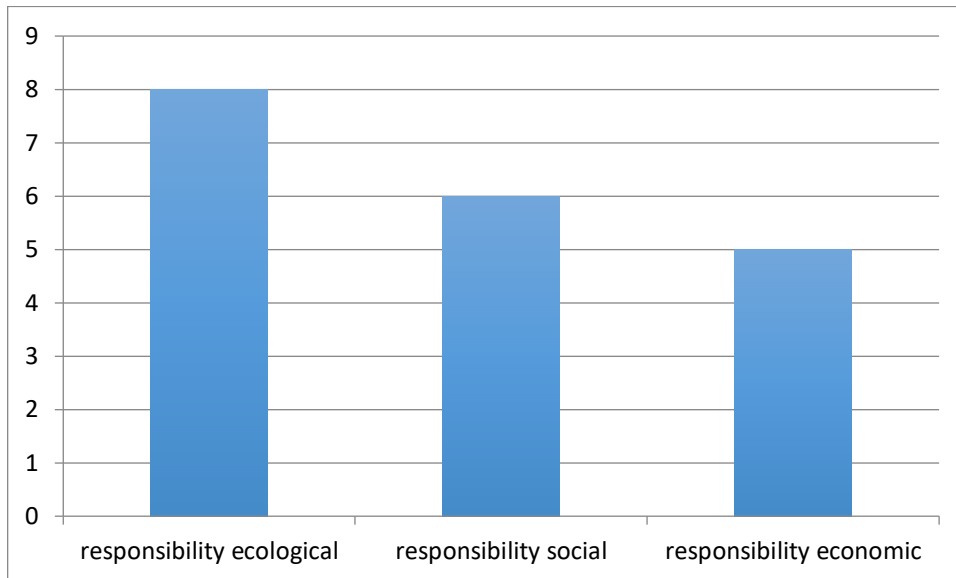


Figure 6. Corporate Responsibility Chart - México.

4. Discussion and Conclusions

The results of Merco's analysis in Spain and Mexico show notable differences both in the positioned companies and the aspects that lead them to that ranking in social corporate reputation.

In the Spanish case there is a wide sector of companies representing the financial sector such as banks and insurance companies, which is surprising in the context of the crisis of the financial sector and its damaged reputation manifested in the media. It is not surprising the position of Inditex for its size and strategic development not only at the national level but also internationally. In the last five years, this multinational has considerably

expanded its orientation in social responsibility and reputation management. Like Repsol or Iberdrola's incursion, which in their sector represents the forefront in the management of social responsibility. Finally, it is important to allude to Mercadona in second place, a company that despite its success in the market and the data released by Merco is highly questioned by its internal public and in some media.

Mexico shows us a spectrum marked by beverage brands and technology. Of the ten companies located in the best positions, only four are national. The incursion of multinationals exclusively oriented to the Internet such as Google is striking, a company that in Europe is having wide criticism from the institutions of the European Union. In the companies analyzed in Mexico, it is shown that responsibility is made visible through concrete actions aimed at the vector areas of Social Responsibility such as the environment, social and economic. The values on business philosophy and ethics are largely suspended.

The comparative analysis between countries allows us to see that although there are companies with a presence in both nations, there is no coincidence in the ranking, presenting high disparity from the companies to the sectors to which they belong. In Spain, sectors such as banking and companies such as Mercadona, appear to be very well positioned, which makes the ranking stand out from the general public and media perception. Seeing that, it is necessary to consider what aspects guide both specters. It is also noteworthy that in the Spanish ranking the majority are national companies as opposed to the Mexican one where 60% are foreign multinationals, with clear US influence. In Mexican companies, like in Spain, social responsibility is an action in itself, while the exercise and integration of values in the Corporate philosophy and ethics are more diffuse and less perceptible. This last assessment is very remarkable in the Mexican case, since the companies that operate in the country are based on their philosophy of values as a guideline for internal communication and relationship with the environment. Regarding the implementation of business values and the exercise of activities consistent with them, there is a clear evolutionary need that commits companies to establish values oriented to business ethics as an important intangible value for both the organizational and public sectors. al. Regarding the direct exercise of the social responsibility materialized in the three vectors, substantial progress is shown in line with the contextual, legal, and also academic-professional development.

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