Guest Editorial

Globalization and Corporate Reputation

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Globalization has brought forth a new set of challenges for the large corporations, and notably the multinational corporations, to be cognizant of the broader societal impact of their operations. In particular, these pertain to the second-order consequence or negative externalities of a company's core operations on the broader community.

In responding to these issues and societal expectations, MNCs face certain unique challenges:

1. Any action to voluntarily ameliorate the negative societal impact of externalities may also result in higher costs and put the company at a competitive advantage.
2. Large corporations, by their very nature, are highly visible and raise societal expectations. This is especially so for the companies that hold leadership positions in the industry or areas of their operations. Therefore, an inadequate response to societal concern would risk erosion in corporate reputation.
3. At the same time, forward-looking companies can use their current high reputation as a measure of public

trust and confidence, and reinforce it through policies and programs that are prudent, cost effective and provide meaningful, objectively measured and transparent responses to the community's concerns.

The five papers included in this issue present the diversity of corporate responses – both in action and through communication – to society's concerns pertaining to sustainable development, environmental protection and corporate social responsibility. Of these, the first four papers were presented at the ICCA's 2nd International Conference 'Globalization and the Good Corporation' held in New York on 26–28 June, 2007. The fifth paper was independently submitted to the *Corporate Reputation Review*, but has been included in this special issue since it provided a good fit with the rest of the text.

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