

Reputation matters, top 20 SA companies

The 2013 RepTrak Pulse survey has released the names of the top 20 JSE companies in South Africa in reputation.



Leading the field is Vodacom, with a score of 74.17, improving by 6.64 points overall compared to its performance in last year's survey. A significant increase in all seven of the reputation drivers used by the annual survey placed it ahead of Old Mutual, which came second with a score of 69.94.

The seven reputation drivers used in the Reputation Institute's survey are products and services, innovation, performance, citizenship, workplace, governance and leadership.

Reputation Institute's partner for Africa, Dr Dominik Heil says, "Vodacom's success appears to be grounded on its holistic application of a strategy across all areas of its business. This is apparent from its consistent scores in all the reputation drivers. Interestingly, the leadership score increased by 3.75 points, coinciding with the change in leadership in the company, its innovation score increased by 8.05 points and its products and services by 8.5 points, thus indicating a shift in its focus on innovation and quality of service.

Innovation becoming consistently important

"These results are showing that a company cannot 'cherry-pick' what it should focus on. It should have a sound strategy in place that drives the business as a whole."

Trevor Ndlazi, Reputation Institute's country manager for South Africa added that the 2013 survey shows that while South Africans still emphasise products and services, innovation is becoming consistently important. This driver has steadily increased over the past five years.

"South Africans want companies to innovate and respond to their specific needs. They are tired of companies 'recycling' goods and services. What's good or what works in one country does not necessarily mean it will meet the needs of South Africans."

Mining houses added

The survey measures the reputation of the largest listed South African companies, based on revenue. For the first time, the survey was expanded to include mining houses because of the importance of this sector in the South African business context, in particular the effect the Marikana crisis has had on the country. This addition changed the list of companies appearing in the top 20, due to the change in the revenue average.

Woolworths, which was number one in the survey last year, and which would have come second this year with a score of 73.98, does not appear within the top 20 because of the inclusion of the large mining companies against its comparatively lower revenue base. The other retailers to appear within the top 20 are Pick 'n Pay, which came in at number three with a score of 69.38, Shoprite at number ten, with a score of 64.01 and making its first appearance, Massmart, coming in at nineteen with a score of 48.29.

With the exception of Woolworths, MTN and ABSA, the remaining seventeen companies achieved higher scores in this year's survey than last year.

Big bank sector

South Africa's big banks continue to rank within the top 20, with Sanlam and Standard Bank overtaking ABSA this year, by over two points. FNB continues to lead the banking industries with regard to reputation, overtaking Old Mutual, but was not rated among the top 20 listed companies, as it is a wholly owned subsidiary and is not listed. Nedbank dropped to ninth position this year.

Telecoms success unusual internationally

Globally, the financial and telecommunications sectors generally tend to score poorly amongst their respective audiences. Ndlazi said that if one had to look at this year's global survey, Vodacom's score is markedly higher than other international telecommunications companies are. The first such company ranks only 30 on the global survey, Vodacom's score would have placed it at 17th position. MTN, which came second in last year's survey, has dropped down to fifth position and Telkom has fallen off the list altogether. Cell C has not been surveyed, as it is not a listed company.

Ndlazi stressed the importance of building a company's reputation on solid business imperatives and on a dynamic strategy. This is because the importance of the drivers for reputation change over time, so focusing on a specific reputation driver is counter-productive. A holistic business strategy, which delivers value to customers and other stakeholders, will consequently address all of the reputation drivers consistently. This will ensure reputation sustainability.

Mining's key is governance

In addition, he notes the difference between what drives a reputation for mining houses as opposed to other businesses. "Innovation isn't an important factor when it comes to rating this sector, governance is. This comes as a direct result of what has happened in the industry, specifically over the past year and it far outstrips the other drivers.

"This is such an important sector to watch and monitor. It will be very interesting to see how it fares in the next survey," said Ndlazi.

The mining houses that were ranked and their placements were Anglo American (15th); AngloGold Ashanti (16th); BHP Billiton (17th) and Goldfields (20th).

The survey is conducted annually in January and February and collects over 3000 ratings from the economically active segments of the LSM 6+ public in four major provinces (Gauteng, KwaZulu-Natal, Western Cape and Eastern Cape), with 99% of respondents have either "middle" or "high" education levels.

To be included in the survey, companies had to meet the following criteria:

- Be among Financial Mail's 2012 top 20 Companies listed on the Johannesburg Stock Exchange (JSE) based on total revenues;
- Be at least somewhat familiar to the economically active segment of the public; with some large South African holding companies excluded, due to low familiarity with the public.

Scores

Vodacom	74.17
Old Mutual	69.94
Pick 'n Pay	69.38
Sasol	69.05
MTN	68.93
Sanlam	68.89
Standard Bank	68.50
ABSA	66.22
Nedbank	65.42
Shoprite	64.01
SABMiller	59.97
Bidvest	59.38
Barloworld	53.55
Imperial Holdings	53.02
Anglo American	51.90
AngloGold Ashanti	50.41
BHP Billiton	49.90
British American Tobacco	48.98
Massmart	48.29
Goldfields	48.18

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