

THE PRINCE OF WALES  
BUSINESS LEADERS  
FORUM

**Burson-Marsteller**



# the responsible century?

Summary of an international opinion leader  
survey on Corporate Social Responsibility

# the responsible century?

**“Nowadays, the image of a company, its corporate identity, has become fundamentally important. An organisation has to be transparent and well behaved; just having a good quality product is not sufficient anymore.”** Legislator, France

## From anecdote to evidence

- 66% of opinion leaders agree strongly that corporate citizenship will be important in the future
- 64% of opinion leaders agree strongly that the health of a company's reputation will affect their own decisions as legislators, regulators, journalists, NGO leaders, etc.
- 42% of opinion leaders agree strongly that corporate responsibility will affect share prices in the future.

The Responsible Century?, an Opinion Leader Survey on Corporate Social Responsibility conducted by Burson-Marsteller in partnership with The Prince of Wales Business Leaders Forum, is the first of its kind and a significant contribution to the CSR debate. The survey focuses exclusively on Media; Institutional investors; MPs and MEPs; Regulators; NGOs in three major European markets (France, Germany and the UK). The results reveal the battle lines of the future fight for corporate reputation - the new pillar of commercial success.

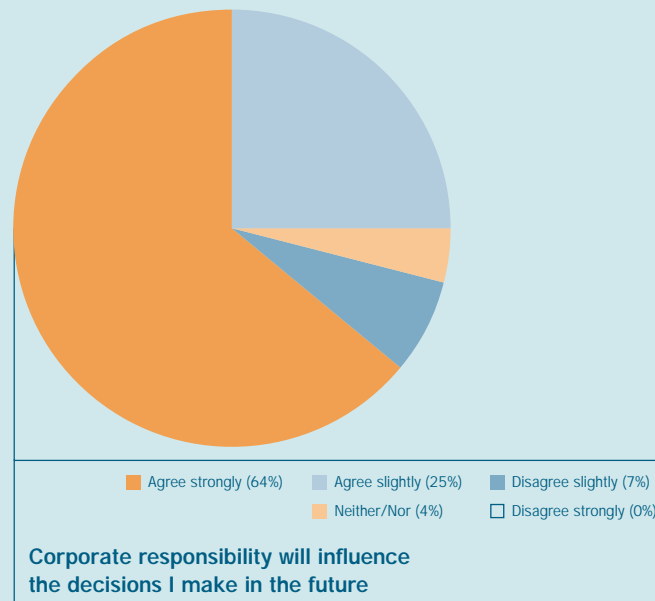
Existing research work by Environics International, the Future Foundation and other bodies examines changing consumer expectations and the powerful connection between trust and customer loyalty. This Burson-Marsteller research complements their work by investigating the attitudes of those people who directly influence the CSR agenda and publicly punish or reward corporate performance in this area.

As part of the survey, participants were asked to assess thirty individual, named companies to allow leading firms to be ranked and to allow models of responsible and irresponsible firms to be created. Eight of these companies are common to all three markets.

The survey provides vivid proof that CSR is not a passing, activist-driven fad but a legitimate and permanent feature of the business landscape. It is no surprise that NGOs scrutinise corporate performance on CSR, but now there is evidence that other opinion leaders are watching closely, too. The new rules requiring UK occupational pension funds to declare their environmental, social and ethical policies will not be the last regulatory intervention in this arena and will give a further boost to the increasingly frequent and effective shareholder revolts.

CSR has shifted decisively from the realm of 'nice to do' to the realm of 'need to do' not just because it is a serious and sustained interest of consumers but also because opinion leaders recognise this fact and will act accordingly.

The survey results are invaluable intelligence for any company committed to managing perceptions, reducing risk and keeping one step ahead of shifting expectations in a fiercely competitive world.



## How is CSR now defined?

- 71% of opinion leaders cite 'leadership that looks beyond the short term' as the most important CSR factor from their own professional perspective
- Around half (53%) define CSR as 'treating employees with respect'
- 35% cite 'environmental responsibility' as important to CSR
- 30% expect a 'commitment to local communities'
- Only 5% regard 'charitable donations' as important to CSR

CSR is defined by opinion leaders as 'doing well by doing good', in the broadest sense. Few opinion leaders now perceive any conflict between the interests of shareholders and the interests of stakeholders, even in the short or medium term. Writing cheques to charity, if not part of a wider CSR strategy, is viewed with suspicion.

For business executives, the expanding range and unstable configuration of responsibilities placed on them is frustrating, but the expectations are real. The imperative to meet them is the central leadership challenge of 21st Century business.

## Why is CSR vital to business success?

- 89% of these decision makers say CSR will influence the decisions they take in the future

Business exists to meet consumer needs and desires in a context shaped by opinion leaders and decision makers. For both these groups, CSR is now a precondition of respect for business and must be addressed seriously. Where consumers lead, campaigners and legislators are swift to follow if new expectations are not met quickly and credibly.

CSR is all about competing beyond technology, quality, service and price - all areas where competitive advantage is fleeting.

**“We have more and more sensitive (and I am saying this from experience) consumers who are increasingly critical when it comes to social and ethical issues. A different kind of customer has emerged with very different demands.”** NGO, Germany

## What are the key attributes of a responsible company?

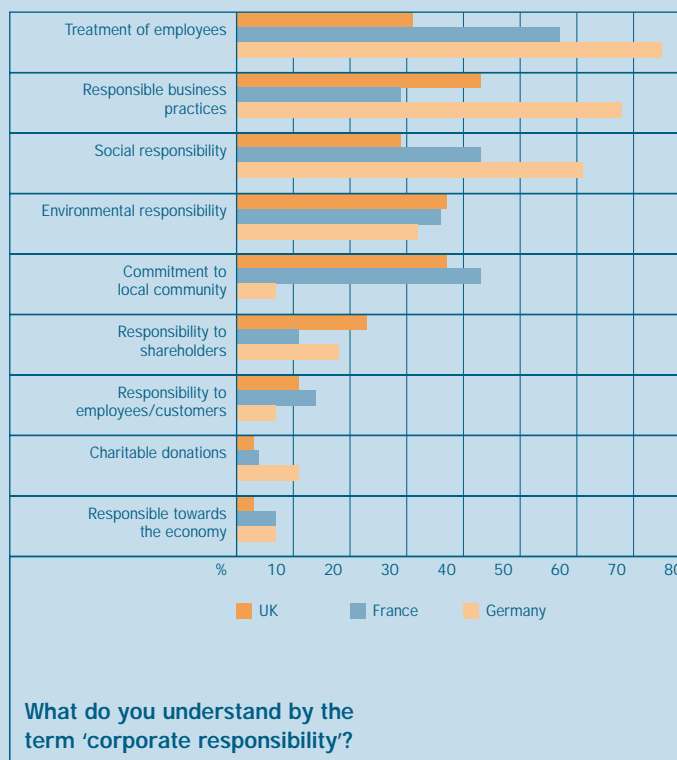
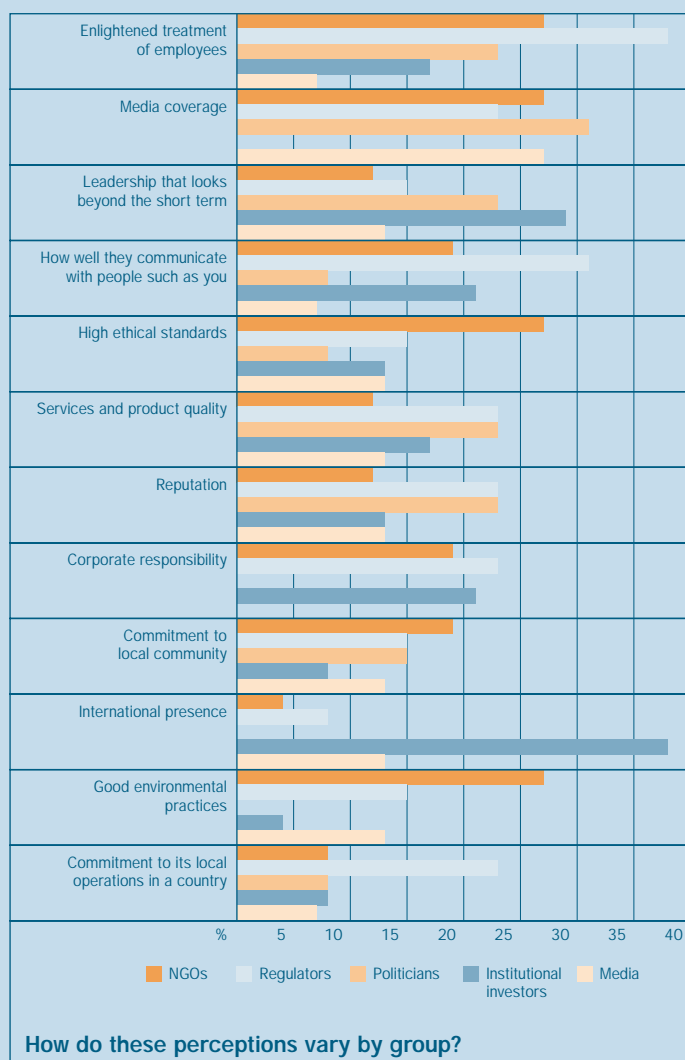
### 1. A holistic approach

- Only 54% of opinion leaders cite 'making profits' as the most important function of business today

**"The model of dishing out cash or sponsoring a trophy - it's fine, but it's often used as a soft way of solving things and not really tackling the serious issues."** NGO, UK

All the opinion leaders surveyed regarded financial performance as important, acknowledging the unique role of business in generating wealth and recognising profitability as the sine qua non of CSR. But profitability is largely assumed and other demands come to the fore.

Opinion leaders increasingly regard CSR as a comprehensive approach. While environment is still an important concern, especially in the UK, it is just one of many areas where a failure to meet expectations can have serious consequences for reputation. Opinion leaders expect companies to behave as fully integrated 'family members' of the societies where they are based, where they operate and where they sell. To live in harmony with society is to take a holistic, inclusive approach to all the various responsibilities that businesses are perceived to have. If even one area is neglected, there is a real risk that other efforts will be nullified and hard won plaudits negated overnight.



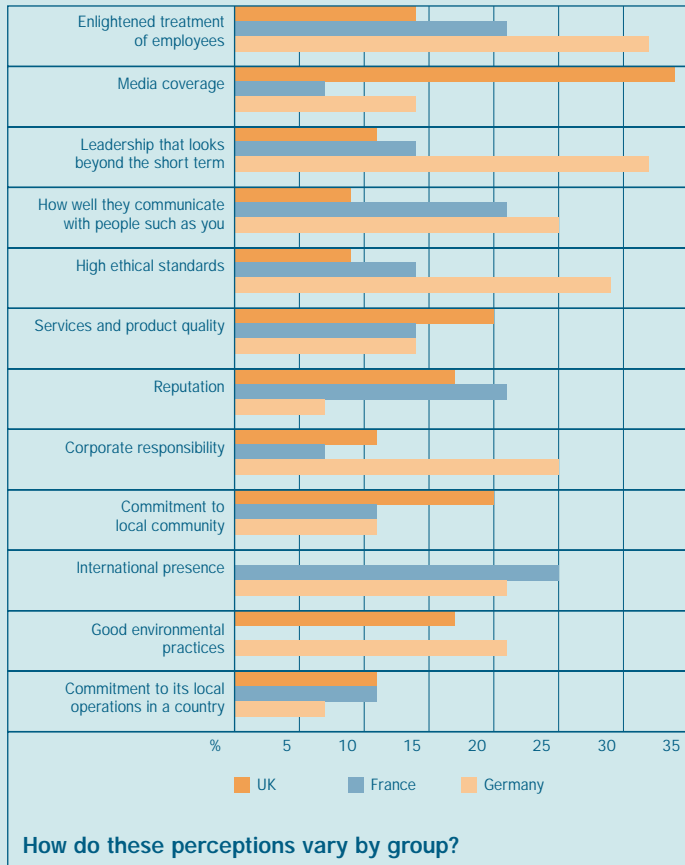
### 2. Understanding the shift from hard to soft issues

- Only 3 of the 12 factors cited by opinion leaders as critical are directly quantifiable

**"Support for charitable causes is often used as a smokescreen more than anything else, e.g. "We're manufacturing lots of things that kill lots of people, but we built three scout huts last year"."** NGO, UK

One of the most significant and challenging results of the survey is the shift away from hard issues toward soft issues in the spectrum of opinion leader concern. Hard issues can be characterized as those which are both traditional concerns and easy to monitor and quantify. Classic examples of hard issues are environmental performance and charitable giving. Soft issues include the treatment of employees, commitment to local communities and ethical business conduct.

As soft issues grow in importance, the pressure increases to develop methodologies for benchmarking performance and developing best practice against which individual companies can be compared. Assessing whether a company is behaving well towards its employees, for instance, is currently more a matter of personal perspective than sound judgment. Credible means must be found to shift such judgments from a subjective to an objective, verifiable basis.



### 3. Treatment of employees

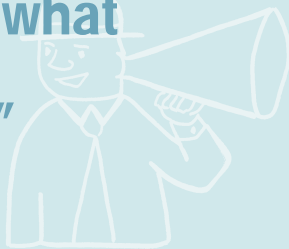
One of the dominant findings of the research was the importance placed by these opinion leaders on a company's relationship with its employees.

- When asked the principal reason for admiring certain named companies, 24% of opinion leaders said "their respect for employees"
- 21% said "environmental responsibility"
- 12% said "financial health"
- 4% said "creativity"

So, of all the issues that are important to CSR, the single most powerful factor is 'treatment of employees'. There is no doubt that rapid technological change and other drivers of globalization have led opinion leaders to place a greater emphasis on the way a company treats its employees when judging its reputation.

**"The satisfaction of employees and customers stand for me very close together. I only get good work out of employees when they feel that they are taken seriously -when they are informed and take part in what is happening in the company."**

Institutional Investor, Germany



**"It is vital that people are treated with dignity, down to the cleaning lady."** MEP, Germany



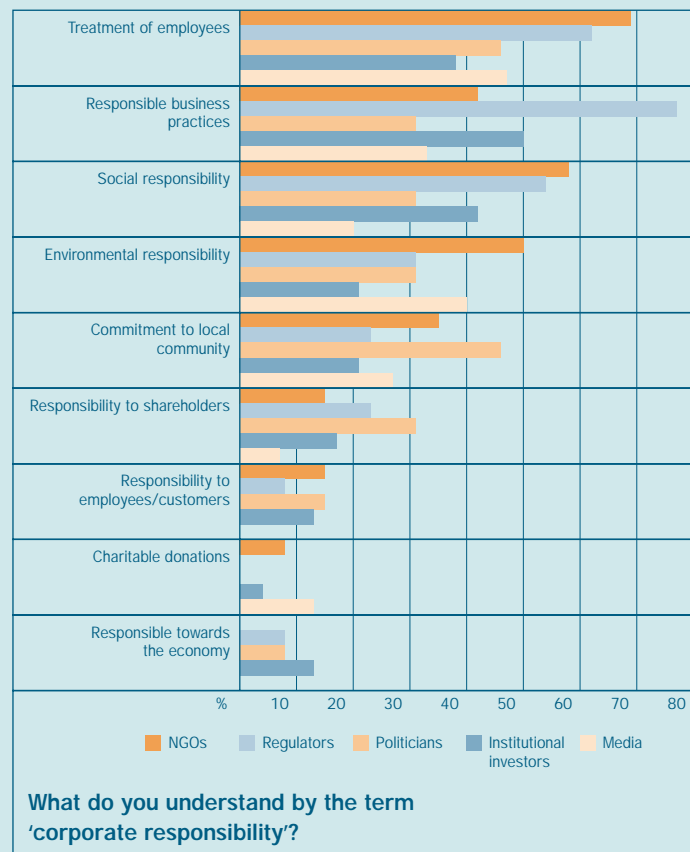
Engagement with wider society, the essence of a sensible CSR approach, adds value in unexpected ways. New ideas drive the new economy, and new ways to stimulate employees are needed. Dialogue with an NGO, volunteering in a school or cleaning up a stream can provide more inspiration than a dozen internal brainstorming sessions. These activities can teach teamwork skills, too, which are an increasingly significant factor in the Burson-Marsteller CEO Reputation Survey.

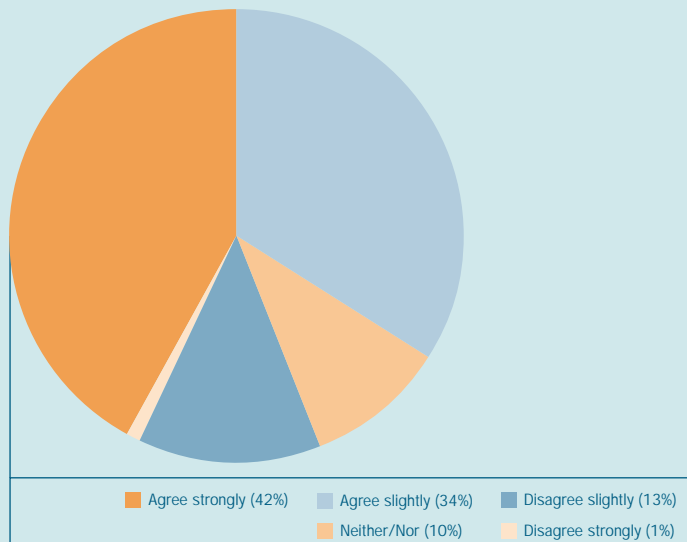
CSR also impacts the ability of companies to recruit and retain the most talented people, whose services are at a premium. In the new 'global war for talent', a good reputation is an indispensable weapon.

CSR used to focus almost exclusively on how a company behaves externally. This has changed and internal behaviour is now a crucial test of responsibility.

- **4. Reaping the rewards of perpetual engagement**  
42% of opinion leaders agree strongly that CSR will increasingly affect share price in the future.

**"A company must take into account the cultural idiosyncrasies of the country in which it is establishing itself. If it has the attitude of a conqueror i.e. imposing its vision of things, as with GMOs, I tend to form a negative opinion."** Legislator, France





The degree to which an organisation is seen as corporately responsible will have an increasing impact on share prices

A good reputation attracts capital, making it a key leadership challenge for any CEO in a world of diminishing margins. Yet the range of factors which together constitute a company's reputation has both extended in scope and become more fluid. The relative weight given to particular elements of reputation is constantly changing and needs to be monitored carefully.

As the world continues to change, and as the concerns and priorities of opinion leaders change with it, it is more important than ever before for companies to stay in touch with the expectation of every group that impacts their commercial success. This is no mean feat, and few companies achieve it with consistent success.

This challenge raises fundamental questions about the capacity of companies to listen and react to the changes that are happening to their various stakeholder audiences. Two factors govern the capacity to engage:

First, corporate culture - is the company a place which naturally pays attention to the world around it, which actively listens to voices both friendly and hostile and which is open to adapting itself to the felt needs of those it professes to serve?

Second, corporate resources - are there sufficient people with the right skills and adequate funds to undertake the task of engagement?



**"If corporations are not themselves responsible, we are heading for a catastrophe."** Legislator, France

**"If people are using a natural resource in their business then I think that they have a responsibility to get involved with thinking about how that can be replaced."** Regulator, UK

### Environmental issues

The opinion leaders were asked which environmental issues good corporate citizens should focus on in the 21st Century. The top eight issues of concern are as follows:

1. Pollution to air and water	57%
2. Waste and recycling	47%
3. Climate change	31%
4. Resource and energy conservation	21%
5. Transport	9%
6. Biodiversity	8%
7. Ecological manufacturing	5%
8. Biotechnology	4%

All other environmental issues that were mentioned were remarked on by less than 4% of respondents. Animal testing was not mentioned at all unless respondents were prompted by the interviewer.

In the UK, concern about pollution is lower than average, but concern about climate change is higher than average. Concern about biotechnology is highest in France. Across markets, fears about biotechnology were cited most often by journalists and NGOs.

Factor	Media - spontaneous (%)	Media - prompted (%)
Leadership that looks beyond the short term	13	74
How well they communicate with people such as you	7	53
Corporate responsibility	0	73
Commitment to Research and development	0	80
Enlightened treatment of employees	7	80
Good environmental practices	13	74
High ethical standards	13	47
A responsible procurement policy	7	53
Commitment to creating quality of life	7	60
Commitment to its local operations	7	58
Support for charitable causes	7	46
Commitment to local community	13	47

% ■ Media - spontaneous ■ Media - prompted

**In the context of your work, what factors are critical when assessing company reputation?**

## Ranking of industry sectors

The opinion leaders were asked to assess nine different industry sectors on their level of responsibility on a scale of one to ten (one being 'not at all responsible' and ten being 'very responsible'). The average score was 5.41 and overall the sectors were ranked as follows, in descending order of achievement:

1. Telecoms	(most responsible sector)
2. Automotive	
3. Retailers	
4. Utility	
5. Manufacturers	
6. Pharmaceutical	
7. Banks	
8. Petrochemicals	
9. Transport	(least responsible sector)

## CSR and the dot.com business

- 19% said CSR is already as relevant to dot.coms as Blue Chips
- 18% of opinion leaders said CSR would have an 'eventual impact' on dot.coms
- 15% said they did not know or it was too early to tell
- 14% said it would have no impact on dot.coms

**"Companies operating in an electronic environment would be foolhardy not to take CSR seriously."** Regulator, UK

Opinion leader views are divided on the question of the impact of the CSR agenda on the world of e-commerce. While a minority think the issues are totally irrelevant, more think the issues are biting now or will do so in 2-5 years' time. The assumption that e-commerce is 'virtual' and 'weightless', with no impact on real people or the real world, is false. Public interest in dot.coms will shift from issues of survival, security and quality of service to wider CSR concerns.

The wake-up call these results represent must be taken seriously. The sections of society most concerned about CSR and most vociferous in their opposition to perceived bad practice are also the most new media savvy. Recent demonstrations in Seattle, Washington and London are the tip of the electronic activists' iceberg. In time, with rich postmodern irony and to the delight of the traditional media, the very technology that dot.coms rely on will be used against them by opportunistic e-campaigners. Who will be the first victim?

The smartest dot.coms will not wait to be attacked, risking the loss of both customers and socially aware staff. Instead, they will engage with stakeholders, meet all reasonable expectations and use their distinctiveness and attractiveness to build their brands.

**"E-commerce is going to be like a jungle to start with. Maybe it will become less so, but for now consumers are not concerned with e-businesses having a responsible attitude, all they want is to get the cheapest deal."** Politician, France

### Environmental Statement

This leaflet is printed on Dutchman® Paper. The Dutchman® Text and Cover range of fine papers and boards are Elemental Chlorine Free, fully recyclable, acid free and fully bio-degradable. The Mill's policy is to work closely with the local community in environmental matters and also with the European Paper Institute in continually seeking to adopt all those measures required to improve its contributions as part of the European paper making industry. All papers and boards produced at the mill are appropriate in all proper applications. The level of dioxin content, if present at all, is of no harm to human health. The Mill draws its water from a canal and resources from underground springs. Waste water is thoroughly cleaned within strict government regulations before being discharged into the local communal waste water treatment plant.

**"They currently see themselves as being different, outside the rules. As they settle down the assumption will be that they must behave responsibly like any large actor in society. If you are a big permanent feature in society, you are seen to have power, and with power comes responsibility."** NGO, UK



## Survey Process

Over 100 randomly selected opinion leaders were interviewed during April and May 2000 by Research International, an independent company with wide experience of conducting this kind of survey.

A balanced sample of the following five opinion leader groups participated in the survey: Media; Institutional investors; MPs and MEPs; Regulators; NGOs, split equally across France, Germany and the UK.

The survey was conducted in accordance with the global code of conduct on market research.

Each opinion leader spent approximately 30 minutes doing a telephone interview with Research International. The names of the individual companies to be assessed and the assessment criteria were faxed in advance to all the participants. In addition, some respondents agreed to speak with the interviewer for longer than 30 minutes to provide a more in-depth, qualitative interview of up to 60 minutes.

Care was taken to ensure that in each market the legislators surveyed were spread evenly across the political mainstream.

## From analysis to action

Burson-Marsteller is an acknowledged leader in the field of CSR and environmental communication and strategy. If you would like a full presentation of 'the responsible century' or to discuss how Burson-Marsteller might help your company to achieve success through CSR, please contact:

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In the context of its Human Capitalism campaign, The Prince of Wales Business Leaders Forum (PWBLF) has partnered with Burson-Marsteller to produce this authoritative survey on corporate social responsibility.

PWBLF, a not for profit organisation is composed of more than 60 global corporations domiciled in all regions over the world, is active in some 30 emerging and transition economies. It has been promoting responsible business practices since 1990.

If you would like more information on how business can engage in corporate social responsibility, please contact:

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