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CSR is here to stay

Environics International's Doug Miller heads one of the world's leading public opinion research agencies. He gives us his insights into the growing worldwide CSR phenomenon and business' vital role in the future.



Doug Miller is a leading pollster and commentator, regularly briefing corporate leaders and government officials around the world on global public opinion and expert views. He is founder and president of **Environics International Ltd**, which this year published its third annual survey of global public opinion on the changing role of companies - the **2002 CSR Monitor**¹.

During the recent high-level Lekgotla (Business Day) at the World Summit on Sustainable Development in Johannesburg, he presented the fresh findings from an online survey of business leaders across 50 countries on their attitudes to Sustainable Development².

How do the results of the 2002 CSR Monitor compare to previous years?

Firstly, we have to remember that the research we are talking about was conducted two months following 11 September last year. It did not reflect subsequent events regarding Enron or WorldCom or any of the other controversies.

With this in mind, over the last three years we have seen a **continuing upward trend** in the public's focus on the social behaviour of companies.

However, the most striking year-on-year finding was the significant increase in the percentage of people who

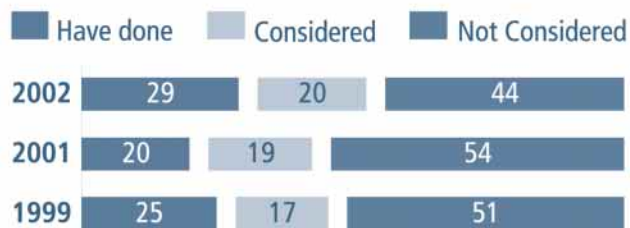
self-reported punishing a company because of their perceptions that it wasn't fulfilling its social responsibilities sufficiently. This was particularly true in the G7 countries.

Between 2001 and 2002, this percentage went from 43%-58% in the US. With similarly dramatic increases in Canada, the UK, Germany, Italy and France as well. So what we've got is obviously something that people are paying attention to.

How real is consumer pressure?

The best way we as researchers help shed light on this question for our clients is by doing a segmentation of the audience. We find those segments of the

Punishing Companies Seen as Socially Irresponsible G20 Countries Surveyed: 1999-2002



¹ The 2002 CSR Monitor builds on the success of the '1999 Millennium Poll' on CSR and the '2001 CSR Monitor'.

² A GlobeScan Survey of Business Leaders on Sustainable Development

population that are wired in their minds to be consistent between their concerns as citizens and their behaviour as consumers.

We identified **17%** of the consumers that we talked to in the G20 countries as **social activists** and **12%** as **demanding consumers**. This gave us **29%** of the total consumers that we talked to who are consistently acting on their concerns. So yes, there is real pressure on companies from consumers.

Anecdotally, we're getting the same signal from companies as they flock to organisations like CSR Europe and to researchers like us. This seems to indicate they are paying serious attention to the issue, and recognise that it has real marketplace implications.

Business leaders who take a 'just pure business and profit' approach are not successful, their companies are not successful, and they get harmed.

Can you see a change in the way companies approach this kind of research?

Most companies who do market research just interview existing consumers of their products. However, some of the firms we're associated with are being commissioned by companies to do research among people who have chosen **not** to buy a company's products.

The classical marketing research that a lot of companies do will

still find that CSR – while it's a significant item in people's concerns – is most frequently not a key determinant of consumer behaviour amongst existing consumers of a given company or brand.

However, once you take a look at the people who are not consumers, and you explore why they aren't, CSR comes in much higher as a deciding factor.

How do you convince critics?

Firstly, we are seeing that the types of business leaders who dismiss social research are generally not in the significant decision making positions anymore. We have seen a great reduction in that sort of hard-nosed mentality amongst our clientele over the last five years, because it's quite simply not that kind of world anymore.

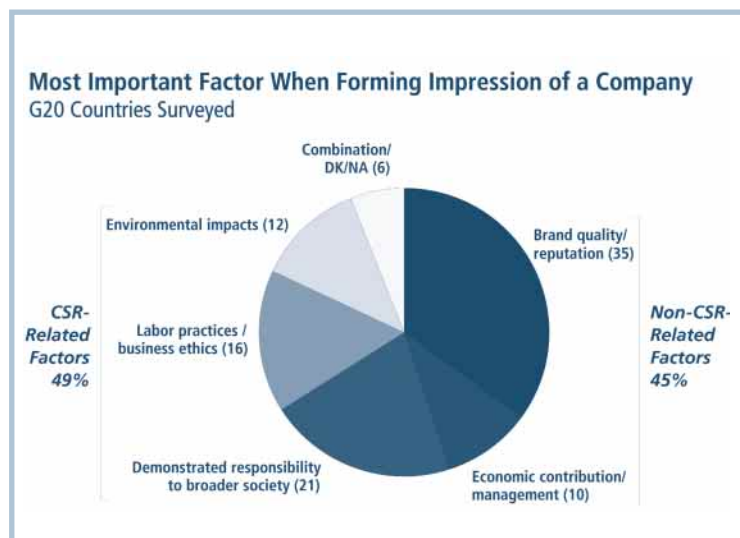
Secondly, we meet this kind of concern by demonstrating that we're doing very serious research. We're asking tough questions and we're asking very relevant questions, not superficial questions. That convinces people its worthy of being treated seriously.

At the same time, given the potency of external business issues these days, business people are recognising that they need to treat them as seriously as some of the other business issues, like cost and supplier relations etc. They are realising that a scientific approach to providing metrics around the social dimension is important to their companies.

Is it getting easier to measure public attitudes to CSR?

Well it is in the sense that this is now a broad public issue. It's not just a few stakeholders that are worried about how companies are treating people in third world countries. It's now a powerful cultural norm. People are thinking about these things.

Thus surveys of the general public have become a very appropriate and very relevant approach to getting metrics. And indeed, given the reality of the high percentage of the public that owns shares in listed companies either directly or indirectly, a public opinion survey has even become an



appropriate way to identify the views of individual shareholders in companies.

As our research shows, we've got 60% of Americans owning shares, and we've got 43% of people in Britain owning shares. These are very high numbers. Our kind of research can therefore be seen as a very effective way, and indeed low cost way, of getting the views of these people.

Is the developing world ready for CSR?

While there is no doubt that the US and Europe are the hotbed of CSR, there is certainly a latent CSR movement in the developing world. Citizens in the developing world have high expectations of companies operating in their communities, particularly with regards to issues such as education, health, water and sanitation.

In this sense, the developing world is desperate for the benefits of CSR. However, the market structure is not yet in place for consumers to translate

their activism into punishing companies. But this is definitely something companies operating internationally can't ignore anymore.

What lies ahead?

Greed is dead! We are operating in a different world. Companies are being thrust into circumstances and expected to play a role they never considered they would have to play.

We feel very privileged to have the only dataset that has three data points in over 20 countries, and to be doing our fourth annual survey this year. Based on this, I would say the trend in public demand for CSR has far from peaked. It's going to continue to evolve.

At the Johannesburg Summit, Kofi Annan in a sense gave business a formal role: to not wait for governments, but to already go about their business differently. This includes the development challenge and the partnerships that are emerging out of that. Business and NGOs who are willing to work in partnership with business look set to leave governments in the dust.

Governments will struggle to keep up and they will use the legislative instrument available to them. Thus companies who are leading the way in CSR will achieve a competitive advantage as the legislation forces others to catch up all of a sudden.

For more information visit www.EnvirionicsInternational.com



"Unless global companies take some proactive initiatives around accountability, the pressure to legislate certain elements of CSR will grow".

Most Effective Approach in Making Global Companies More Socially Responsible

Average of G20 Countries Surveyed

