



Public opinion and corporate responsibility in recent times —how we got here



The past few years have seen some fundamental shifts in the public's attitudes to business's role within society. The corporate scandals of the early years of the 21st century—not just Enron but WorldCom, Parmalat, Global Crossing, Royal Ahold, and others—had an immediate impact on consumer perceptions in countries all around the world, but especially in North America and Europe. This includes Mexico.

Public assessment of how well companies were doing in meeting their responsibilities to society deteriorated sharply, at the same time as expectations of what the corporate world should be doing increased. In the years that followed, this gap between perceived performance and expectations has not closed—indeed, GlobeScan's data generally and MUND's data in Mexico show that despite the unprecedented level of attention being given to CSR initiatives by companies, the gap between performance and expectations has continued to widen each year.

Why is this? Trust is clearly a major factor. Most consumers do not follow closely what global companies are doing to be more responsible, but our tracking shows that consumers here in Mexico and in a number of other countries start with an assumption that corporations cannot be trusted to act in the best interests of society -- unlike institutions like NGOs and the UN.

The core of the wariness is that the corporations are limited in their trustworthiness because of their profit motive around which they need to organize their operations.

Media included in the wariness over corporations

While in some countries—notably the US—trust in big business has improved recently, it mostly remains in negative territory. A broader “trust deficit” is clearly apparent, affecting not just business but many other institutions, notably the media. As global problems become more numerous and more intractable, the public have diminishing faith in those whose job it is to deal with them. In effect, support for the globalized system is accordingly on the wane.

At the same time, we have seen the inexorable rise of the “ethical consumer.” At least as an aspiration, more and more people around the world feel themselves to be in a position to hold companies to account—punishing irresponsible companies and rewarding responsible ones, and seeking to choose ethical and environmentally friendly products and services where they can.



But despite this trend, there remains a notable contrast between the values that consumers espouse, characterized by environmental and social concern, and their behavior, where they often face competing priorities and a lack of information they can trust to help them make responsible choices.

Finally, our research suggests the “great disruption”—the economic crisis that detonated in late 2007—has had surprisingly little impact on public attitudes regarding corporate social responsibility in particular.

One way to interpret this is that the serious flaws it revealed in the way global free-market economics works did not come as a surprise to many. If the political consequences of the crisis have, arguably, been modest so far, there is the reality that a viable alternative economic system is not clear to many people.

What, then, do this year’s results tell us about the way the responsible business agenda looks in 2010?

Ethics and transparency increasingly define what it means to be socially responsible

One area in which the financial crisis may be having a profound impact is on perceptions of what it means for a company to be socially responsible.

The importance of an honest, ethical, and transparent approach to doing business seems to have increased markedly, particularly since 2008. It is now mentioned by one in five consumers.

The other top four variables for defining social responsibility are employee treatment, environmental protection, job creation and supporting the national economy.

What this means for companies

A combination of factors appear to be fostering a desire among the public for “hyper-transparency” that will require a real culture shift by the corporate world. These include stubbornly low trust in global corporations, the financial crisis—and particularly the revelations of the opaque and risky business models of leading companies in the financial sector, as well as growing assumptions that companies, like individuals, will use social online media to reveal more about themselves than ever before.

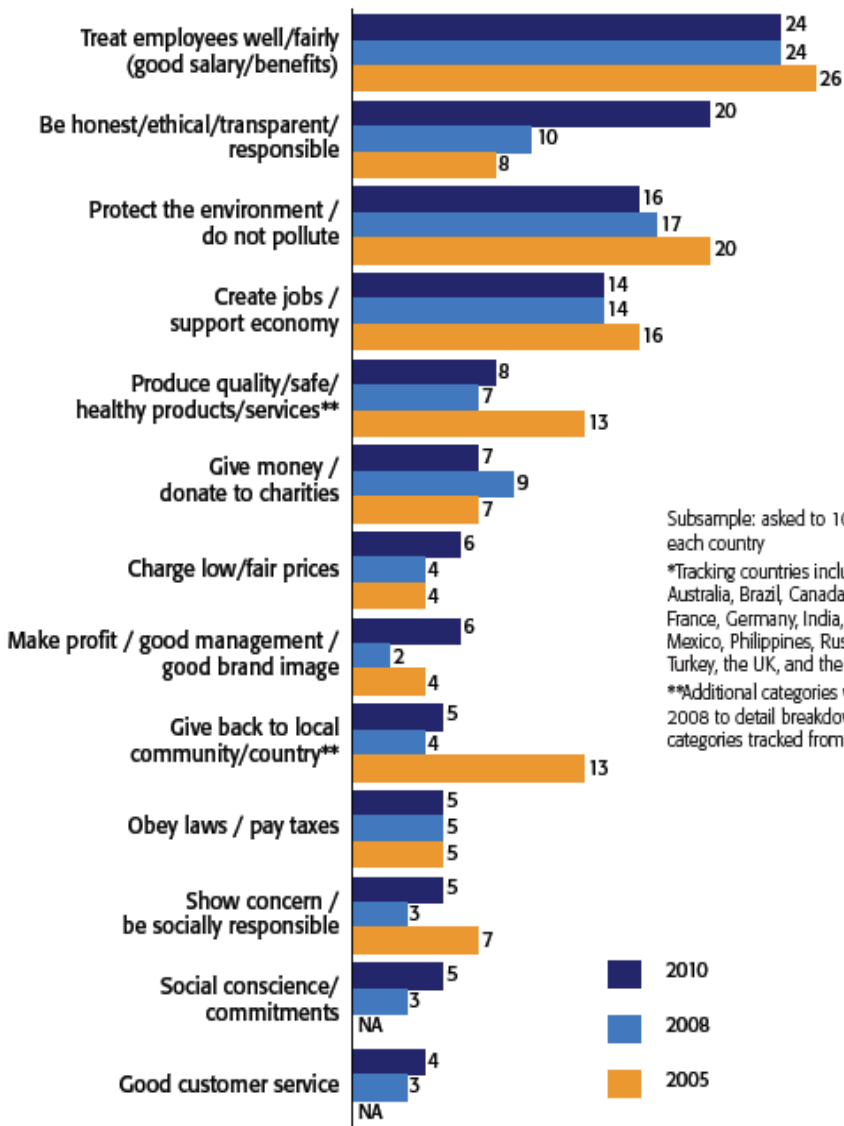
Consumers’ instinct to assume the worst about companies in the absence of information means that greater disclosure may be less risky than it sounds.

The Chart below summarizes global response to the question of the most important thing a company can do “to be seen as socially responsible.”



Most Important Thing a Company Can Do to Be Seen as Socially Responsible

Unprompted, Total Mentions, Average of 18 Tracking Countries,* 2005–2010



Subsample: asked to 100 respondents in each country
 *Tracking countries include Argentina, Australia, Brazil, Canada, Chile, China, France, Germany, India, Indonesia, Italy, Mexico, Philippines, Russia, South Korea, Turkey, the UK, and the USA.
 **Additional categories were added in 2008 to detail breakdown of these two categories tracked from 2005.



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The results of this year's study show that drivers of positive and negative reputation are influenced strongly both by geography and stage of development. Environmental considerations are top of mind when people in Canada, the USA, Australia, Japan, and much of Europe identify responsible companies, while in emerging markets either brand (India, Turkey, Indonesia, Nigeria, and Argentina) or product/service quality (China, Russia, Mexico, Kenya, and others) are the main factor.



At a sector level, however, specific drivers of positive or negative reputation come to the fore. For instance, automotive manufacturers may be appreciated for making efforts to protect the environment or for the quality of their products, but a reputation for cutting jobs and outsourcing production of vehicles is a key negative reputation driver. At the same time, a reputation for fair pricing is just one of the factors that causes consumers to identify a pharmaceutical company as a responsible corporation, but perceived overcharging for drugs is a dominant negative driver of reputation for the sector.

What this means for companies

This strongly suggests that, for global companies in particular, reliable intelligence on the dominant issues in-country for their sector is absolutely critical. A top-down approach to CSR is unlikely to pay dividends if it fails to acknowledge or address local concerns that may be top of mind for consumers, or if consumers cannot easily see the relevance of initiatives that are being undertaken. Companies need to understand which issues are essentially hygiene factors with little reputation “upside” but potential to do damage if they are seen as falling short, and where there is a potential to make an issue a positive differentiator against the competition.

Reason a Company Is Considered Socially Responsible
 Unprompted, Top Mention, by Country, 2010

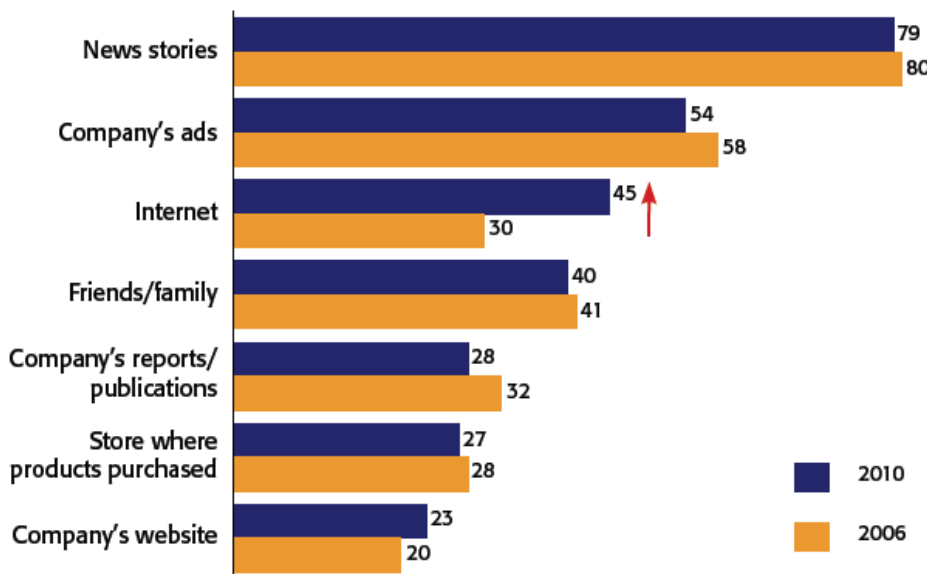




The following chart will not surprise those in the public and private sectors who follow the media closely. It may, however, challenge those who tend to think only in terms of institutional advertising.

How People Learn about Companies' CSR Efforts

Prompted, Average of 19 Tracking Countries,* 2006–2010



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Subsample: those who have heard/read "A lot" or "Some" about companies' CSR efforts
 *Tracking countries include Argentina, Australia, Brazil, Canada, Chile, China, France, Germany, India, Indonesia, Italy, Japan, Mexico, the Philippines, Russia, South Korea, Turkey, the UK, and the USA.

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About the study

The study was fielded among representative samples of 1,000 adults in each of 29 countries in late 2009 and early 2010. GlobeScan coordinated fieldwork, carried out by telephone and in person via its global network of research partners; in Mexico, the MUND Group. Full details and methodology are available under separate cover.

Additional Note

For a previous review of CSR and the “un-empowered consumer” in Mexico, please request MUND Bulletin Series 9 Number 13 -- 2009.

