

MC  
MORI RESEARCH

CSR Global

MC  
MORI RESEARCH

There is an increase in meaning of Corporate Social Responsibility:  
"The profits of large companies improve the lives for everyone who use their products and services." Do you agree or disagree?

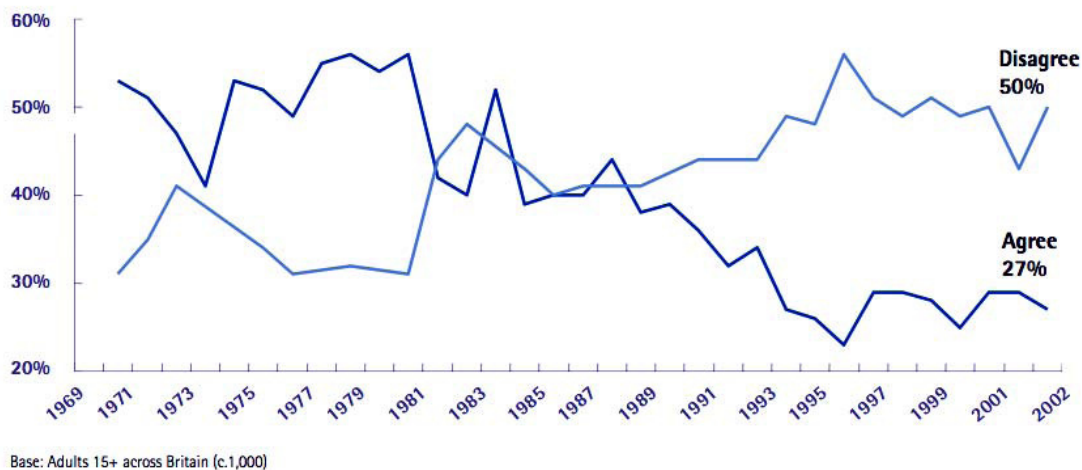
**Corporate Social Responsibility:  
Effective communication brings competitive advantages**

Source: MORI Research

## CSR Global - Background of the CSR boom

In recent years the responsibility for a multitude of tasks, outreaching the traditional role perception as economical actors, has been placed on the companies. At the same time the companies get involved in a novel manner. This extended (Self)Concept of businesses is discussed among the term of Corporate Social Responsibility. It stays in the focus of the discussion about the societal role of companies.

**“The profits of large companies help to make things better for everyone who uses their products and services.” Do you agree or disagree?**



Declining faith in the social benefit of business profits.

Source: **MORI**

It becomes apparent, that transnational as well as over the course of time an increasing mistrust is shown to the profit principle. The fears are growing, that the achievement of personal earnings could be at the expense of the common welfare. Thereby the global economy defines the debate, which is confronted with far less developed political and social structures on a global level. The range of action and therewith the range of responsibility and commitment of companies is unlike more complex and differentiated than some years ago.

MORI Research is a preeminent media research and consulting firm. MORI has conducted proprietary strategic and tactical research for newspaper, magazine, television and Internet media clients in more than 250 markets throughout North America and Great Britain. Our clients range from the largest media organizations in the world to those serving small or specialized markets.

[www.moriresearch.com](http://www.moriresearch.com)



The fast spread of the concept CSR is seen as an expression of the growing need to (newly) assign not only the role of companies, but also more basic questions of the quality of market economy. Competition and corporate profit seeking seemed to be once again under the pressure of justification. Already since the 1980s the "CSR-Movement" has become evident as a response to the ideas of Shareholder Value. Not only companies but also market economy and profit principle seem to lose the faith of the society. The fast spread of the approach of CSR is seen as a response to the loss of confidence. The discussion about CSR correlates with the increasing public criticism at the economical happenings. Background of the disappearing trust in market, profit principle and businesses is the reinforced awareness of apparent target conflicts between economical and societal aims.

In co-operation with national attitude research institutes the GlobalScan Report 2005 collected data in Argentina, Brazil, China, Germany, France, GB, India, Indonesia, Italy, Canada, Kenya, Mexico, Nigeria, Philippines, Poland, Russia, South Korea, Spain, Turkey and the USA in July and August 2005. For information about structure and methodology see GlobeScan (2006b; p. 10). Evaluated has been the accordance to the predication: „**The free enterprise system and free market economy is the best system on which to base the future of the world.**“ The possible answers have been "strongly agree", "somehow agree", "somehow disagree" as well as "strongly disagree". See GlobeScan (2006b; p. 3).

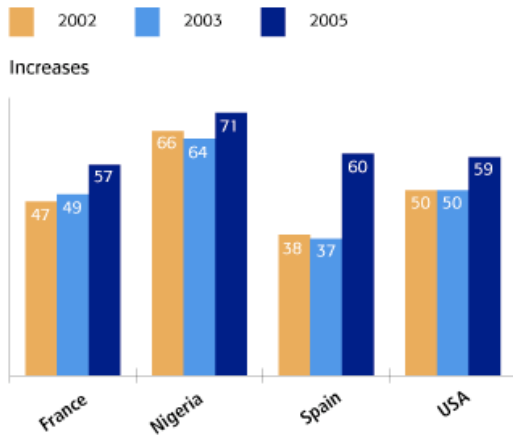


Declining accordance to market economy  
 Source: **GlobeScan**

As the approbation of market economy declines slowly, but constant, the claims of a governmental regulation are gaining ground. The graphic shows the data of four countries, where this trend is seen specially clearly. Evaluated has been the accordance to the prediction: „**The free enterprise system and free market economy work best in society's interests when accompanied by strong government regulations.**“

## Free Market Economy Works Best When Strongly Regulated

"Agree," General Public (n=4,003), Trends: 2002–2005



Growing accordance to governmental regulation

Source: **GlobeScan**

GlobeScan Inc. is a worldwide acting attitude research institute specialised on attitude research and Stakeholder-interrogation with branches in Toronto, London and Washington. GlobeScan implements market research projects and annual tracking-studies about global topics. With a research network, that includes more than 50 countries, GlobeScan works together with global companies, multilateral agencies, federal state governments and NGO to provide research based cognitions for successful strategies. [www.globescan.com](http://www.globescan.com)

**Conclusion:**  
**In addition to profit, the public and consumers expect social responsibility from companies.**

**CSR Global**

Discrepancy between the societal expectations on CSR engagement of companies and their publicly recognised CSR performance

Societal Expectations on CSR vs Industry  
 CSR Performance Ratings  
 Average of 21 Countries,\* General Public (n=21,713),  
 2001-2005

Source: GlobeScan

CSR expectations = On the one hand GlobeScan's CSR monitor determines expectations of the public towards companies' CSR engagement.

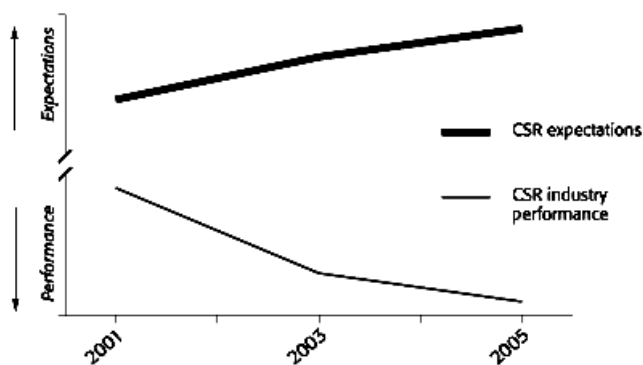
CSR performance = On the other hand it collects and estimates the public perception of the the actual CSR behavior of companies. This **perceived CSR performance** reflects how far companies meet public CSR expectations. It was asked here, if companies are perceived more or even less responsible compared to the average standard.

A total of 21.000 participants from Argentina, Australia, Brazil, Chile, China, Germany, France, UK, India, Indonesia, Italy, Canada, Mexico, Nigeria, Philippines, Russia, South-Africa, South-Korea, Switzerland, Turkey and USA were polled.

**Societal Expectations on CSR vs Industry**

**CSR Performance Ratings**

Average of 21 Countries,\* General Public (n=21,713),  
 2001-2005



Discrepancy between CSR expectations and CSR performance  
 Source: **GlobeScan**



## CSR and the world's financial crisis

At this year's **CSR conference in the Humboldt University of Berlin** in October, the world's financial crisis was a big topic. Also the relation between corporate responsibility, societal responsibility and governmental responsibility was discussed. Thus, the discussion about the measure between corporate self-commitment and lawful regulation is driven up and will cause an increased discussion concerning CSR, many experts were convinced. The keynote speaker, Nobel Prize laureate Prof. Michael Spence from the Stanford University, expressed his worries about an overreaction of politics and a hard regulation on the part of national states. Two contributions of the founder of the Transparency International, Prof. Dr. Peter Eigen, made clear that national states have failed at their responsibility to arrange.

Andrew Michael Spence is a US American economist. Together with George A. Akerlof and Joseph E. Stiglitz, he was awarded the Nobel Prize 2001 for economics for his work on the measure between information and markets. Spence is a professor at the Harvard University (Graduate School of Business) and the Stanford University (1990-1999).





### CSR in Europe:

In Europe, the CSR discussion developed later than in the US. Reasons are:

- strong social security systems
- Anchoring the traditional sense of responsibility in European companies

Globalization of economic activity and the change of the national welfare state also promote the debate about CSR in Europe.

### **Europe follows: Green Paper Promoting the European Framework for CSR**

The "Green Paper Promoting the European Framework for CSR" was published 2001 by the European Union. This was the first time the EU dealt with the topic CSR. One year later the "European Multi-Stakeholder-Forum on CSR" (EMS-Forum) was founded. The green paper defines CSR as follows: **"It is a concept which serves as a basis for companies to voluntarily integrate social and environmental issues in their business activities and interrelations to stakeholders."** According to the EU, CSR is a concept that measures the total performance of a company by considering the company's contribution to economical prosperity, environmental quality, and social capital. Also for the superior aim of sustainable development there are 3 dimensions considered:

- Economy: Long-term yields from existing resources
- Ecology: friendly handling with these resources and nature in general
- Social: distributive justice, which means an intramural and intergenerational justice

The social commitment of enterprises also aims to build social networks, which means generating social capital. In modern societies social capital is a needle eye or a scarce, valuable and unevenly distributed well. Where social capital exists and is being cultivated, it is an easy challenge to gain financial resources.

### **How do European companies understand CSR:**

The changed general conditions (globalisation, improved information and communication technologies, changing attitudes of consumers and public, transition of the national welfare state) offer an incentive to incrementally deal with CSR. Companies are challenged to develop appropriate concepts for their own interest. To find a collective approach to CSR, companies partly merge to networks.

Societal commitment is a strategy for both European and global acting companies to socially establish at business locations as well as in societies, in which the companies produce and sell. For several US-American businesses acting in Europe, societal commitment is an integral part of their company philosophy. The companies are committed targeted at their business locations in the sense of Community Involvements. Most of all, CSR for European businesses includes the following measures:

- Commitment for society and science (foundations, education, social coherence)
- Commitment for environment and climate protection (sustainability, livable architecture, energy efficiency, CO2 reduction, waste separation and recycling)
- staff (apprenticeship and advanced training, compatibility of job and family, equal opportunities, working safety and health)
- Youth protection (code of behaviour, bounded internet access)



## CSR in Germany:

According to the most recent report of the **German Council on Sustainable Development\*** the meaning of CSR in Germany has dramatically increased. The Council on Sustainable Development was founded by the German Government in April 2001. It consists of 13 people in the public life.

According to the report politics do not significantly contribute to the developments in CSR. At the same time politics see a growing need for CSR activities, especially concerning the topic climate change/climate protection.

With single events (G8-Summit) and publications (IPCC report, Stern report) the relevance of the topics sustainability/climate protection have been strengthened and companies must make a relevant contribution. The changes in policy are thus especially on the symbolic level.

In the practical implementation of CSR the following have the greatest importance for German companies:

- climate change / climate protection
- Structuring of the concrete company services
- International working conditions

These relevant issues are in many companies, however, not yet fully implemented and communicated. This concerns mainly the treatment of these issues but also issues like anti-corruption and demographic change.



## CSR and enterprise size

CSR is not only a matter of multinational corporate groups. According to the International Business Report 2008 published by the international auditing company **Grant Thornton International** in February 2008, CSR is very important for the viability of middle sized companies. For the report, about 7,800 owners of private companies in 34 countries (industrial nations, newly industrializing countries and developing countries) have been polled. In a global average between 60 and 70 percent of the polled companies offer such programmes. According to the poll, middle-sized companies mainly consider CSR as a measure to cause good working conditions for the staff. Reason for this is the competition for the best employees. According to the companies the following motives are most important:

- Competition for the best employees (65%)
- Advantages in cost management (63%)
- Company reputation (56%)

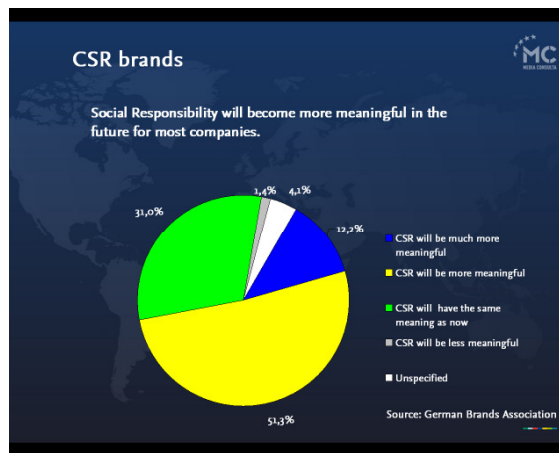
These priorities are reflected in the factual implemented CSR measures of the owner-run companies. 4 of the 5 mostly mentioned initiatives deal with offering good working places for the staff:

- Programmes for safety and health at the working place
- Health programmes
- Flexible working times

After all 56% of the owner-run companies have set a formal CSR strategy. There is large differences between the countries. Countries like China, India or Brazil take top positions. The report explains this with the pressure exerted by the ordering corporate groups: They want to assert their CSR charges also in front of their sub-contractors.

According to a study of the **Bertelsmann Foundation** its mainly SMEs, here mostly crafts enterprises, to engage in the field of CSR. But the content of their CSR engagement is often diffuse and based on personal contacts (according to Forsa/Society for social research and statistical analyses).





**Census among the members of the German Brand Association** concerning the social responsibility of companies and brands (Source: German Brand Association)

Results:

Among the members social responsibility is an important factor in corporate business: 98,6% said that “social engagement is an important issue for our company.” Only 1,4% stated that “social engagement is not an important issue for our company.”

As main reasons are mentioned:

- growing influence on the corporate image (95,9%),
- Increase of staff motivation and working moral (81,1 %),
- Growing interest of consumers (75,7 %),
- Achievement of competitive advantages (64,9%)



**Conclusion:**  
 CSR has become an important tool in the marketing of global brands.



## Potentials of CSR as strategic management tool

Particularly in the German discussion, in times of the globalisation of economic management, the societal engagement still bases on voluntary initiative. Engaged businesses do not accept the deficiency guaranty for the state. Societal engagement is considered as socio-political participation and intervention, as well as a part of an economically justified business strategy, but not as a vague orientation towards public welfare or philanthropic action. Strategic management deals with the competitive advantages of an engaged and responsible company. In this respect two totally different approaches can be considered:

- Market-based view: increase of reputation of an engaged company as market barriers for competitors
- Resource-based view: competitive advantage through advantageous combination of resources. Those resources comprises both soft skills of the employees, which they gain through their own additional engagement, and networks emerging through the company's engagement with associations.

The multiplicity of entrepreneurial opportunities to react on the societal environment and to influence it in a productive way and the high expectations of the public force businesses to use modern competencies and abilities for co-operations with respect to the conception and implementation of CSR activities. According to scientific studies, in Germany and many other European countries the CSR practice is still characterised by contingencies, spontaneity, and semi-professionalism. In many businesses you can find a conglomeration of units, target groups, topics, and kinds of support. When the trainee is in charge of the CSR work of the company the potentials of a professional treatment of the issue are not fully exploited.

Most of the European businesses operate in the qualitative sector. Particular awareness is focussed on the requirements of demanding customers who inquire the place of origin, the quality, and the price of the product. But also societal groups such as citizens' groups and associations whose requirements are not restricted on business issues are stakeholders. Those stakeholders - LOHAS and SNEEPS - have political requirements towards the businesses in a wider sense. If a company is not – or only rhetorical – attending its societal responsibility or if it is even refusing the dialogue with stakeholders than a decrease in reputation and a drop in sales is very likely. Examples for this are the criticised workings conditions from Nike and the announced sinking of the drilling rig "Brent Spar" from the Shell company. In recent years cost reductions and efficiency increases have sparked a significant price competition. In the sectors and business where you cannot reduce the prices by outsourcing the production it is inevitable to differentiate from competitors on another way:

- Quality of the product
- Modality of the production process
- Socio-political roll of the company

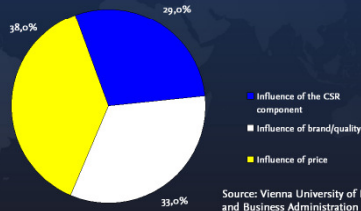
As corporate citizens, businesses are equipped with a wide range of strategies to clarify distinctive differences towards consumers and stakeholders.

## CSR and entrepreneurial success



More success on the sales market:

Consumers are aware of CSR activities when making purchasing decisions. A product's price, brand/quality and CSR component have nearly equal influence on its purchase. A brand is preferred when the company is recognised being socially responsible.



Source: Vienna University of Economics and Business Administration 2006

## Responsible Management Education



The communication challenge:

Managers must recognise that social responsibility is an entrepreneurial opportunity which must be effectively communicated. Only then will the competitive advantage through CSR be seen.

## Responsible Management Education



The communication chances:

All stakeholders are target groups for CSR communications.

Internal:

- ★ Employees

External:

- ★ Broad public
- ★ Consumer market: The development of particular target groups can be considered here. They actively support health and sustainability through their consumer behaviour and product choice. Examples are:
  - ★ LOHAS (Lifestyle of Health and Sustainability)
  - ★ "Scuppies" (socially conscious upwardly-mobile people)

## Final conclusion:

If you really want to make the most from CSR  
do good and let people know.

Thank you for your  
attention!

