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Media Release

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For immediate release

American Companies Face Growing Pressure to Deliver the Social Goods

New Poll on Corporate Social Responsibility Includes Views of Shareholders

Over one in four Americans that own shares say that a company's record on its broader social responsibilities has influenced their decision to purchase or sell its shares.

Fully 60 percent of Americans own shares either directly or indirectly (such as through a stock mutual fund). And 28 percent of them report buying or selling shares on the basis of a company's employment practices, community involvement or business ethics; and another 10 percent say they have considered doing so.

These findings – which emerge from the US portion* of a unique 20-nation public opinion survey on the changing expectations of companies – offer compelling new evidence of the positive impact of ethical conduct and social philanthropy on share value as well as corporate reputation.

The research, involving 20,000 interviews across the G20 countries, was conducted worldwide by Environics International of Toronto as a follow-up study to its 1999 Millennium Poll on Corporate Social Responsibility.

Trust: the Oxygen of the New Economy

The US portion of this global survey also reveals the prominence of ethics and trust as increasingly potent forces in American society. Indeed, while issues of education, the environment, health care and crime and violence all stand out as significant in the US public mind, concerns over trust and accountability appear most intense.

Worries over ethical leadership are particularly salient. Over nine in ten of the 1,000 Americans polled last December identify a "lack of honesty among people in power" as a problem, and a full two-thirds rate it as "very serious."

As an indicator of the "post-Seattle" world in which we live, the poll shows Americans trust non-governmental organizations (NGOs, including advocacy groups and faith-based organizations) much more than government, trade unions, businesses or the media to operate in the best interests of American society.

Attitudes toward corporations are particularly mixed. Trust in corporate *motives* is very low. Only a slight majority of those polled express confidence in the trustworthiness of American companies, and most lack trust in global companies. In fact, a full six in ten view the growing power of global corporations as threatening to society (although only a quarter see it as “very serious”).

At the same time, public confidence in corporate *abilities* is strong. Many regard global companies as important players in addressing social concerns such as poverty, education and basic services in poorer countries. And a full two-thirds of those polled view corporate executives as offering better leadership than many of today’s politicians.

Commenting on the business implications of the poll’s findings, Environics International’s President Doug Miller says, “Bridging the gap between trust in corporate *abilities* and distrust of their *motives* represents both a challenge for business leaders, as well as an opportunity for future success. It will require companies to work on broader societal goals – that is, delivering things that people value as citizens as well as consumers.

“Ford Chairman Bill Ford Jr. and BP Amoco chief Sir John Browne are two of the new breed of CEOs moving in this direction. Each anticipates growing societal push-back over the environmental impacts of their businesses, and each has begun moving their firms to more fertile ground – with Ford pledging to make his company ‘the world’s greenest auto-maker,’ and Browne committing his firm to a renewable energy future by re-branding BP as ‘Beyond Petroleum.’”

The poll findings suggest that delivering on such broader societal goals can be an effective way of building brand loyalty.

- While fewer than four in ten Americans polled say they have a high level of respect for companies that build a solid brand reputation, almost eight in ten strongly endorse firms known to give back generously to the communities in which they operate.
- Respondents rank ‘equal and fair treatment of all employees’ more highly than ‘providing quality products at the lowest possible price’ as a key expectation of corporate behavior.
- Over the past year, the percentage of Americans who have discussed the ethical or social behavior of companies “many times” has jumped from 24 percent to 41 percent (in part likely due to major corporate missteps like the Firestone/ Bridgestone Tire recall and Aventis’ Starlink-corn-in-taco-shells error).
- The percentage of Americans who have punished a company they see as socially irresponsible continues at about 45 percent of consumers, with most of these saying they actually avoided the offending company’s products or services.

Corporate Winners and Losers

The poll also explored which industries and individual companies are seen as either good or bad examples in fulfilling their responsibilities to society.

Americans rate the telecommunication, high technology, biotechnology, food, electrical and pharmaceutical industries most favorably in terms of responsible practice. Banking and finance, clothing and apparel, cosmetics, and alcohol beverage companies rate average. And automobile, oil, genetically modified food, mining and tobacco industries all rank below average.

For the second year running, Wal-Mart, General Electric, IBM, General Motors, Ford, Procter & Gamble, and AT&T are volunteered by US respondents as the individual companies seen as best fulfilling their responsibilities to society – with opinion based primarily on their support for charities, product quality and treatment of employees.

“Our comparative findings across the G20 countries show American consumers and shareholders to be leading the world in concern and activism on the social and ethical practices of companies,” says Miller. “But they are far from alone, with other mainly Anglo-Saxon countries (Britain, Australia, Canada) running a close second and significant activism extending even to Asia. Social accountability is a strong and growing world-wide phenomenon that puts lagging companies at risk.

“It may be that the strong pressure from US consumers will actually help American-based global companies achieve competitive advantage on this, compared to companies based elsewhere. For example, Nike, after receiving a black eye from US consumers on its labor practices, is now going further than most other global companies in transparently fixing the problems in its supply chain using independent auditors and public reporting.”

“Certainly, this latest global research will help corporate executives make the business case for contributing to society’s aspirational agenda by launching serious corporate social responsibility initiatives.”

* The US survey was based on a sample of 1,000 adults nation-wide, and was conducted by telephone during December 2000 as part of Environics’ annual 20-nation Corporate Social Responsibility Monitor. Findings are accurate to within + or – 3 percent, 19 times out of 20.

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