



GlobeScan Radar 2013

Business in Society

Executive Summary

August 2013

GLOBESCAN

evidence and ideas. applied

GlobeScan Radar 2013

GlobeScan Radar is an evidence-based program that helps companies respond to global citizens' expectations, attitudes and perceptions of business today. It continues to be the largest longitudinal tracking study of its kind anywhere, and delivers insights and guidance for issues and reputation management, strategic planning and communications, and sustainability/corporate responsibility strategies.

This report summarizes the key perspectives from the 2013 wave of global research across 25 countries, and explores implications for global organizations.

A full report outlining the results in detail is available separately from GlobeScan.

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Trust in Institutions

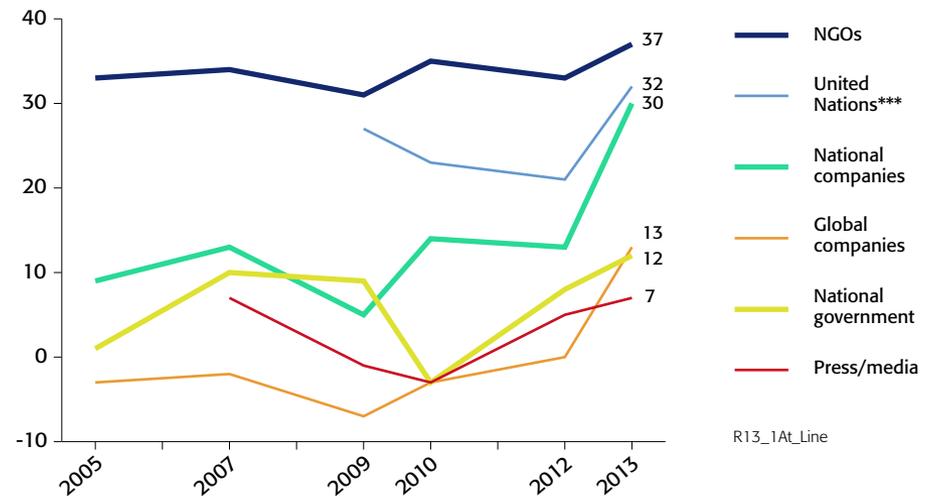
Trust rises for all institutions—including global companies

For more than a decade, GlobeScan has been tracking the changes in levels of public trust in some of the institutions that govern our lives—business national and global, NGOs, government, the media, scientists and the United Nations. Despite much focus in recent years on the trust deficit affecting many of these institutions, the picture this year is of a significant increase in trust for all institutions we track.

As in previous years, scientists/academics are by some distance the most trusted group, followed by NGOs, with government, global companies and the media the least trusted. But this year's findings represent a significant recovery for trust in global business, which at the depths of the financial crisis was well into negative territory at a net level of -7. Now, it is at +13. The gap in trust between global companies and NGOs (+37) remains significant, but there has been a very sharp rise in trust in national companies, particularly in the developing world. Overall, trust in national companies is now only slightly behind trust in NGOs.

Net Trust* in Institutions

Average of 15 Tracking Countries,** 2005–2013



*"A lot of trust" and "Some trust" minus "Not much trust" and "No trust at all"

**Includes Australia, Canada, China, France, Germany, India, Indonesia, Kenya, Mexico, Nigeria, Russia, Spain, Turkey, UK, and USA. Australia not asked in 2005; Spain not asked in 2007.

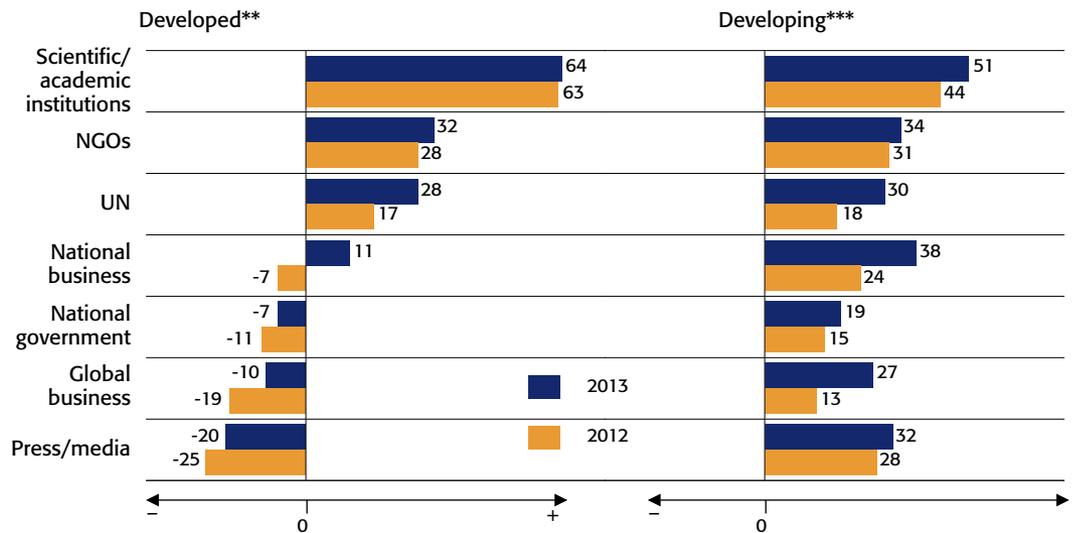
***Canada, Russia not asked in 2010

As in many other areas, the gap between trust in institutions in the industrialised world and the developing world remains very stark. Scientists/academics are the only institutions that citizens of developed economies clearly trust more than their developing world counterparts. Trust in global companies, especially, is strongly concentrated in emerging economies, with Indonesia, Kenya, Ghana, Nigeria, China and India topping the list of countries with the most trust in multinationals.

Trust in government remains highly volatile, and is an area where national perspectives differ greatly. While more than three in four Chinese and Indians say they trust their government as the boom years continue, the picture in crisis-hit European economies—notably Spain and Greece but also France—is starkly different. In all three cases, a recent change of government appears to have done little to alleviate the public trust deficit towards their political leaders.

Net Trust* in Institutions

Developed vs Developing Countries, 2012–2013



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*"A lot of trust" and "Some trust" minus "Not much trust" and "No trust at all"

**Includes Australia, Canada, France, Germany, Greece, Spain, Russia, South Korea, UK, and USA

***Includes Chile, China, Ghana, India, Indonesia, Kenya, Mexico, Nigeria, Pakistan, Peru, and Turkey

What this means for business

The rising trust in institutions across the board is certainly a hopeful sign—and an important one, given that as we shall see, citizens remain acutely conscious of the gravity of some of the challenges facing the world. If they are to address these problems effectively, these institutions need the public’s confidence—which for a number of years has been lacking. The fact that national companies have made particularly large gains in public trust this year, however, suggests that **in the current climate, global businesses need to be putting increased emphasis on their national credentials—how their interests are aligned with those of the countries in which they operate, and how citizens in these societies will benefit from their success.**

Environmental Concern

Concern across all environmental issues rebounds significantly

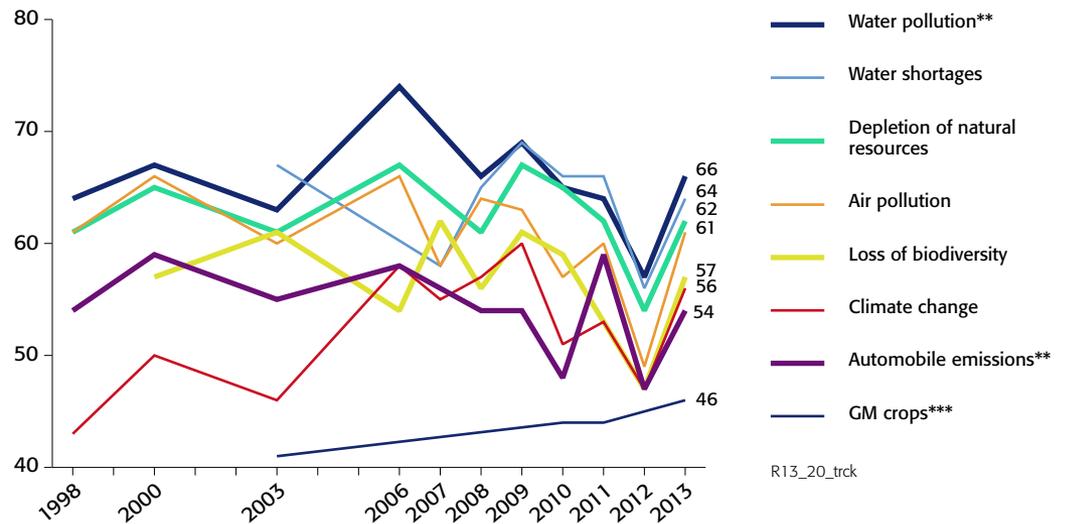
In 2012, we recorded a significant drop in environmental concern around the world—a continuation of a trend that started after the failure of the Copenhagen climate summit at the end of 2009, when environmental challenges also started to be pushed out of the headlines by the ballooning economic crisis.

This year, we see that this trend has been reversed. Public concern across the whole range of environmental challenges has increased sharply, erasing most of the fall in concern seen over the past three years. The order of perceived seriousness of environmental problems remains as in previous years, with water pollution and shortages topping the list, followed by resource depletion. Majorities continue to see all but one of the issues we track (GM crops) as “very serious.”

Climate change continues to be seen as a second-order environmental concern in comparison to some of the more tangible environmental challenges, but concern here too has increased, including in North America

Seriousness of Issues

“Very Serious,” Average of 10 Tracking Countries,* 1998–2013



*Includes China, France, Germany, India, Indonesia, Mexico, Nigeria, Turkey, UK, and USA

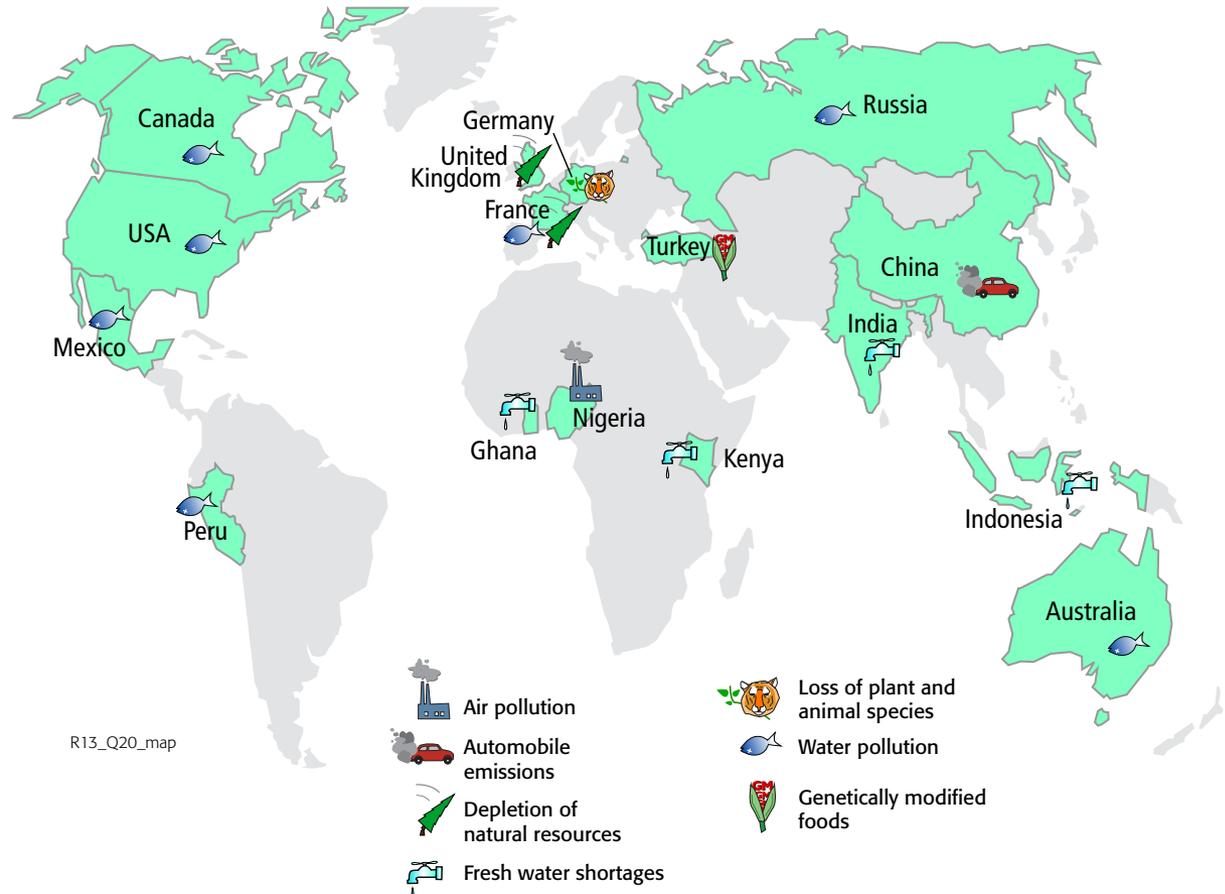
**Not asked in France in 2011

***Not asked in France, Indonesia, UK, or USA in 2011

during a year that has seen severe heat waves, droughts and tornados strike the continent. Over the period, we have also seen this rise in concern accompanied by an increasing volume of social media commentary that indicates heightened concern with climate change.

As in previous years, however, countries differ greatly in their perceptions of the gravity of different environmental concerns. While water pollution and natural resource depletion dominate concerns in the global North, water shortages are of greatest concern in water-stressed developing nations such as Kenya, Ghana and India while for the urban Chinese in our sample automobile emissions are the greatest preoccupation.

Most Serious Environmental Issue By Country, 2013



R13_Q20_map

What this means for business

When environmental concern fell sharply over recent years, we predicted that the fall was likely to be temporary, and that we expected to see short-term volatility but a long-term upward trend in public's judgment of the threat posed by the daunting list of serious environmental challenges the world currently faces. This prediction has been borne out by this year's results. Public concern on the climate, in particular, appears to be linked to severe weather events. In this context, **forward-thinking companies need to view a focus on increased environmental sustainability as a long-term strategic goal rather than a short-term public relations fix**, and to make the most of periods when public concern is less intense and the spotlight is elsewhere to ensure their operations are environmentally sustainable.

Expectations of Companies

Empowered consumers have high expectations of companies' role—and back governments to compel corporate responsibility

There is a high level of consensus within societies around the world that companies' social role does not end with job creation and the payment of taxes. Only around one in four hold this view, with the rest believing that companies need, at least to some degree, to go beyond what is required by law and set ethical standards.

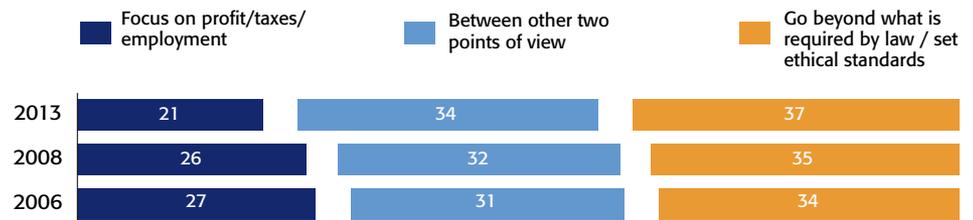
The Latin American nations we poll are among those with the highest expectations for an expanded corporate role in this area, and across the world this belief has been steadily gaining ground since 2006.

However, public opinion in developed nations seems to be shifting in a different direction, with France and Germany more likely to be looking for an expanded social role for companies since 2008, while for the USA and Australia the idea holds less appeal than it did before as economies recover.

Whether or not companies embrace higher ethical standards, consumers feel positive about their ability to make them behave more responsibly, with more than two-thirds feeling

Preferred Social Role for Large Companies in Society

Average of 18 Tracking Countries,* 2013



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The white space in this chart represents "Other," "Have low/no expectations of companies," and "DK/NA."

*Includes Australia, Brazil, Canada, Chile, China, France, Germany, India, Indonesia, Kenya, Mexico, Nigeria, Russia, South Korea, Spain, Turkey, UK, and USA

empowered to do so. Citizens of emerging economies seem particularly bullish about their power as consumers—though while Russian consumers feel more empowered than they did, alongside the French they are the citizens who feel least able to make a difference by their actions. The decline in consumer empowerment since the economic crisis has also been partially reversed this year.

If levels of consumer empowerment in the industrialised world are not as high as they might be, the perceived availability of

socially responsible products and services may be partly to blame. While more than three in five believe there are enough such products available, this has fallen sharply in some major economies, notably Germany and crisis-hit Spain.

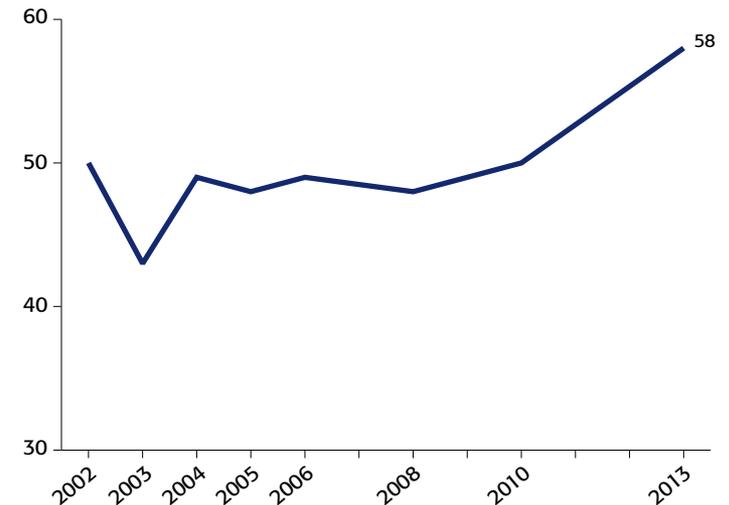
But even if most consumers feel empowered to make a difference to the way companies behave, on balance, this year's findings suggest that citizens do not feel that market forces on their own are enough to compel responsible corporate behaviour. Globally, over half believe that governments should be forcing companies to become more socially responsible. Significantly, developing world citizens are most comfortable with this idea, while opinion in Europe and North America is much more divided.

What this means for business

This year's data confirms not only that increasing numbers see business's role as going well beyond wealth creation and payment of taxes, but that many also support government enforcement of more responsible corporate behaviour. **Companies need to continue to monitor and respond to societal expectations and demands to become more responsible. And these trends reinforce the business case for voluntary standards and regulations. If companies are to forestall policy changes that may severely restrict their freedom of manoeuvre, they may need to be proactive in demonstrating, through their behaviour on issues like executive compensation as well as in their external communications, that their instincts are aligned with society's best interests.**

Governments Should Force Companies to Go Beyond Their Traditional Social Role

"Agree," Average of 18 Countries,* 2002–2013



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*Includes Argentina, Australia, Brazil, Canada, Chile, China, France, Germany, India, Indonesia, Mexico, Nigeria, Russia, South Korea, Spain, Turkey, UK, and USA. Turkey not asked in 2002, Argentina not asked in 2003, South Korea not asked in 2004.

Ethical Consumerism

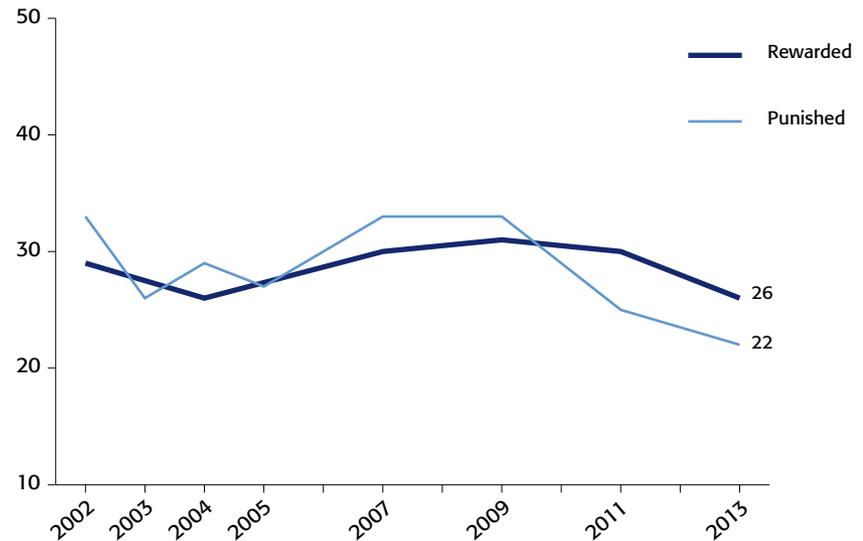
But consumer activism on rewarding companies is stagnant, while punishing of companies continues to decline

Since 2002, GlobeScan has been tracking trends in ethical consumerism—the degree to which consumers say they are putting their values and beliefs about the way companies do business into practice, and rewarding or punishing companies they see as socially responsible or irresponsible. Throughout the decade, there has been little change in consumer activism on rewarding companies—which has remained between 26% and 30% of the global public. From 2009, we have recorded a steady decline in the proportions reporting that they have punished companies.

It is striking that the countries with the highest numbers who report punishing companies are in the English-speaking world—Australia, the UK, USA and Canada—where there is a tradition of prominent and credible independent media sources holding companies to account as well as campaigning NGOs focusing on unethical practice by individual companies and lobbying for consumer boycotts. The UK, indeed, is bucking the global trend of stagnating ethical consumerism, with an increase both in rewarding and punishing companies as brands like Fair trade,

Have Rewarded/Punished Companies Seen as Socially Responsible/Irresponsible

Average of 13 Tracking Countries,* 2002–2013



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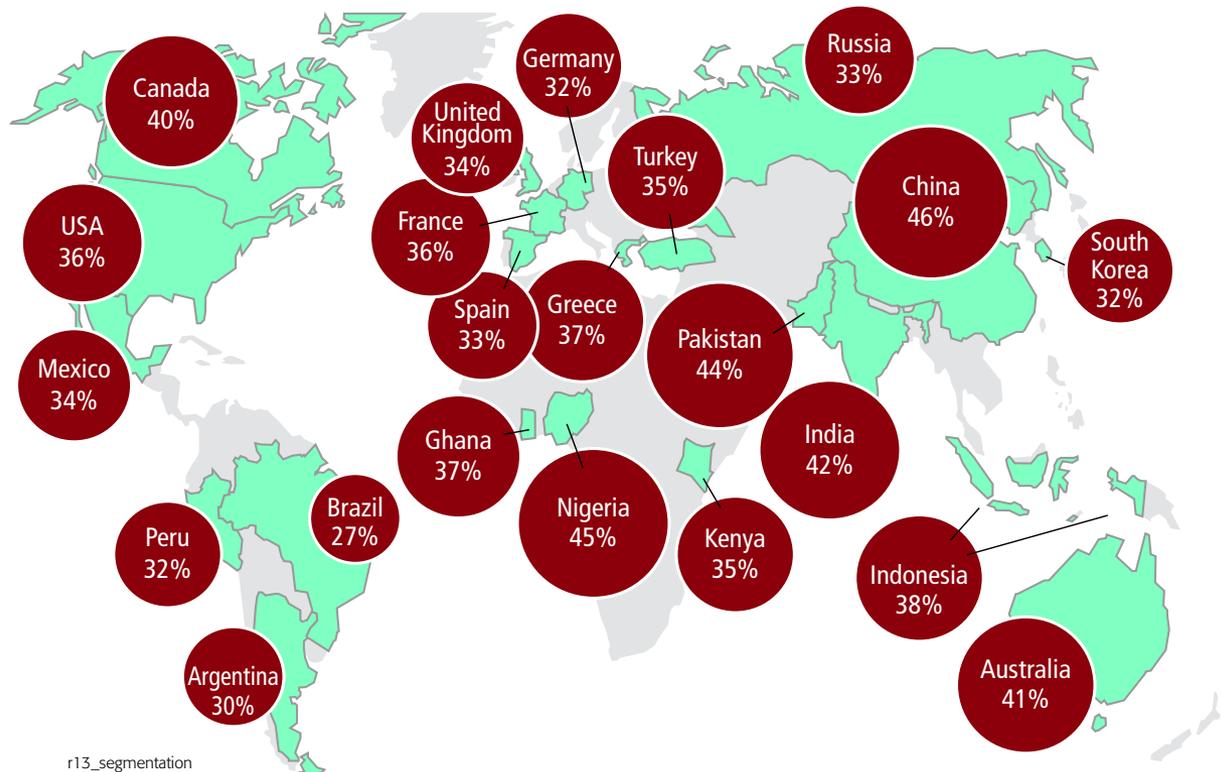
*Includes Australia, Brazil, Canada, Chile, China, France, Germany, Mexico, Nigeria, Russia, Turkey, UK, and USA

John Lewis and the Co-operative continue to advance the ethical agenda.

In contrast, despite their higher expectations noted above for an expanded social role for companies, few Latin Americans report punishing companies for irresponsible practice. This may be linked to the fact that Latin Americans also find it more difficult to cite examples of socially irresponsible companies.

This year, GlobeScan introduced a new segmentation¹ to shed more light on these global trends and help understand how consumer values, motivations and behaviors are evolving. Four consumer segments on the social and environmental sustainability spectrum are identified: highly committed Advocates; style and social status seeking

Aspirational Segment By Country, 2013



r13_segmentation

¹Consumer segmentation and Aspirational segment first developed by GlobeScan, BBMG and SustainAbility as part of the Rethinking Consumption Consumer Study



Aspirational; price and performance-minded Practicals; and less engaged Indifferents.

Aspirational—who are over-represented in developing markets—are motivated by materialism while at the same time aspiring to be sustainable and responsible in their purchases and beliefs. This group represents a breakthrough in redefining ethical consumers and how to target them.

What this means for business

The moribund trend in ethical consumerism over the past decade suggests a new approach is needed to understanding and engaging the global public with sustainable brands. One solution lies with the Aspirational—a large group of consumers seeking to reconcile their tendency towards materialism with their social and environmental values. **By prioritizing and targeting the Aspirational companies have an opportunity to connect with consumers across practical benefits like price and quality, as well as societal, environmental and personal benefits.**

Communicating Responsibility

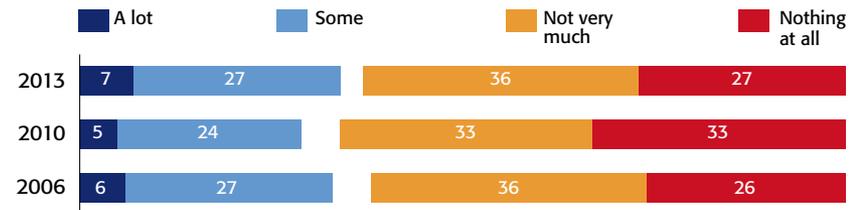
Only one in three feel informed about CSR efforts, with social media an ever more important communication channel

Despite many years of focus by increasing numbers of companies on embedding a responsible approach to business within their core mission and projecting this more effectively to the outside world, public awareness of companies' CSR efforts appears to be stuck, with only one in three across our tracking countries feeling informed about what companies are doing to give back to the community, and only seven per cent feeling that they know "a lot" about it. This year may have seen an increase in awareness—but it is one that only brings us back to 2006 levels. A large majority are not engaged. Anglo-Saxon nations are again among those with high levels of reported attentiveness to CSR, with French consumers the most attuned to it overall.

The key channels for CSR communication remain relatively consistent, but a long-term shift in dynamic is clearly underway. News stories and advertisements are the most common means by which consumers report hearing about companies' social and environmental activities, but the proportion mentioning the Internet is increasing steadily over time, and is now, at 47 per cent,

Amount Heard over Past Year about Companies' Efforts to Improve CSR and Give Back to the Community

Average of 14 Tracking Countries,* 2006–2013



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*Includes Australia, Canada, Chile, China, France, Germany, India, Indonesia, Mexico, Russia, South Korea, Turkey, UK, and USA

The white space in this chart represents "DK/NA."

well ahead of those for whom company reports/publications or in-store messaging are significant, as well as friends and family.

While a steady decline in numbers mentioning news stories should not be overstated—part of the increase in Internet usage can be attributed to people reading stories from the same news sources online, particularly in developed nations—it is the boom in social media that is clearly part of a long-term trend. When we ask citizens which online sources they use, we can see that social media like Twitter and Facebook are increasingly a pivotal channel for communicating CSR to the young online populations in developing nations—98 percent of Indians for whom the Internet is an important channel indicate that they hear about responsible business through social media.

What this means for business

While traditional media channels remain critical for communicating corporate responsibility to consumers, the rapid rise of social media is progressively starting to erode their status as the primary source of information about the efforts companies are making to be more responsible and meet social expectations. This is particularly the case among the predominantly young online populations in emerging economies. Responding to these growing preferences—and **reaching the two-thirds of consumers that existing channels for communicating CSR seem unable to connect with—will require companies to be more flexible and nimble in identifying the influential online forums, Twitter feeds and other virtual communities where discussions on responsible business take place, and then discovering a way of making their voices heard in a credible and trustworthy way.**

Companies' Performance on Responsibility

National flagship companies remain top of mind—for good or bad reasons

As we have seen, trust in national companies has increased significantly this year. This tendency is also borne out when we ask citizens to identify companies that they see as particularly responsible, or irresponsible, where high-profile, often consumer-facing “national flagship” companies, feature highly within individual countries. Examples include Tata in India, Samsung in South Korea, Safaricom in Kenya and La Serenissima in Argentina.

It is telling that in several instances—Samsung being a case in point—the same company is most frequently cited both as most and least responsible. The same qualities that such companies often embody, of prominence, prestige, significance as an employer and contribution to a country's economic success that cause some to cite it as an example of good corporate practice also mean that attention is drawn to its faults—whether around staff treatment, perceived problems with product quality, customer service or other issues.

Most and Least Responsible Companies

Unprompted, by Country, 2013

	Most socially responsible companies	Least socially responsible companies
Argentina	La Serenissima (15%)	N/A
Australia	Dick Smith (6%)	BP (8%)
Brazil	Coca-Cola (12%)	British-American Tobacco (3%)
Canada	Walmart (3%)	Walmart (8%)
Chile	Codelco (8%)	La Polar (8%)
China	Haier (5%)	Sanlu (3%)
France	EDF (5%)	McDonald's (3%)
Germany	Multiple companies at 2%	Deutsche Bahn (8%)
Ghana	Zoomlion (25%)	Electrical Company of Ghana (58%)
Greece	AB-Vasilopoulos, Planet (both 3%)	DEH, Lidi (both 3%)
India	Tata (11%)	Adidas (5%)
Indonesia	Unilever (14%)	Lapindo Brantas (4%)
Kenya	Safaricom (16%)	Kenya Power And Lighting Company (4%)
Mexico	Bimbo (23%)	Pemex (19%)
Nigeria	Dangote (25%)	PHCN (17%)
Pakistan	Nestle Milpak (8%)	Wapda (5%)
Peru	Gloria (21%)	Telefónica (13%)
Russia	Gazprom (14%)	Coca-Cola, Gazprom (both 5%)
South Korea	Samsung (14%)	Samsung (17%)
Spain	Mercadona (10%)	Telefónica (8%)
Turkey	Arcelik (10%)	Ağaoğlu İnşaat, Coca-Cola (both 5%)
UK	Cooperative (13%)	BP (14%)
USA	Ford, BP (both 3%)	BP (15%)

Otherwise, companies most frequently cited as least responsible are more likely to include those affected by scandals, those in sectors with a significant environmental footprint or multinationals (BP, McDonald's, Walmart, Telefonica and Adidas)—again, bearing out the markedly lower levels of trust that the public tends to have in global companies.

- In the USA, three years after the Gulf of Mexico spill, BP is most mentioned as least socially responsible (by 15%), but along with Ford and Johnson and Johnson also tops the list of most socially responsible companies (albeit with only three per cent of mentions)—likely a result of its efforts to compensate residents and businesses and to restore the ecosystem.
- In the UK, the Co-operative, with its participatory business model and growing high street presence, is well ahead as the company most often cited as socially responsible. BP again is seen as least responsible (by 14%), with supermarket Tesco the second most mentioned (by 12%) in the wake of 2012's horse meat scandal.
- In Brazil, Coca-Cola is the most mentioned responsible company—perhaps a consequence of the highly-regarded youth programs that its Institute runs in low-income areas of the

country. Cosmetics manufacturer Natura, with its strong emphasis on environmental responsibility, is the second most mentioned, while British-American Tobacco is seen as least responsible.

- In India, Tata (named by 11%) enjoys the best reputation for social responsibility, which may be a consequence of its vocal and longstanding commitment to sustainable development and community investment. Adidas, in contrast, which was linked with a multi-million dollar fraud at an Indian subsidiary in 2012, is most often cited as irresponsible (by 5%).

What this means for business

The paucity of brands with a truly global reputation for responsibility underlines the importance for companies to understand their markets in detail when projecting themselves as responsible corporate citizens. Here once again the **importance of generating a sense of connectedness with national success is key, as well as taking a long-term and holistic view of social responsibility, clearly aligning CSR initiatives with their core mission.**

Sectors' Performance on Responsibility

After a steady decline, perceptions of responsibility across industry sectors have stabilized in recent years

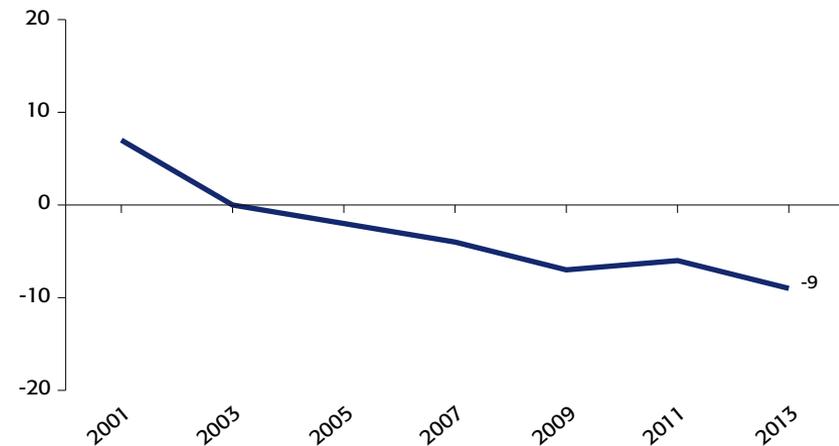
GlobeScan has updated its tracking this year of the perceived responsibility of sixteen different sectors. Overall, it shows that the steady erosion of perceived responsibility up to 2009 has now stabilised, reflecting the recovery in trust in companies noted above. This suggests that the tide may be turning, with signs that consumers are starting to recognise some companies' efforts to be more responsible.

When we look at the results by sector, we find a similar pattern to that observed in recent years, with sectors that are heavily consumer-facing faring better than those whose outputs are less visible to the person in the street.

Once more, high-tech/computer, supermarkets, telecommunications and food top the list of sectors seen as most responsible. They are the only sectors for which positive ratings are not outnumbered by negative or neutral ratings. At the other end of the scale, sectors seen to have either significant environmental footprints—mining, chemicals and oil—or significant public health downsides—tobacco, alcoholic beverages and beer—fare least well.

Perceived CSR Performance of Industry Sectors

Net Ratings,* Average of 10 Sectors across 14 Countries,** 2001–2013



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*Net performance ratings equal "Among the very best" and "Above average" minus "Below average" and "Among the very worst"

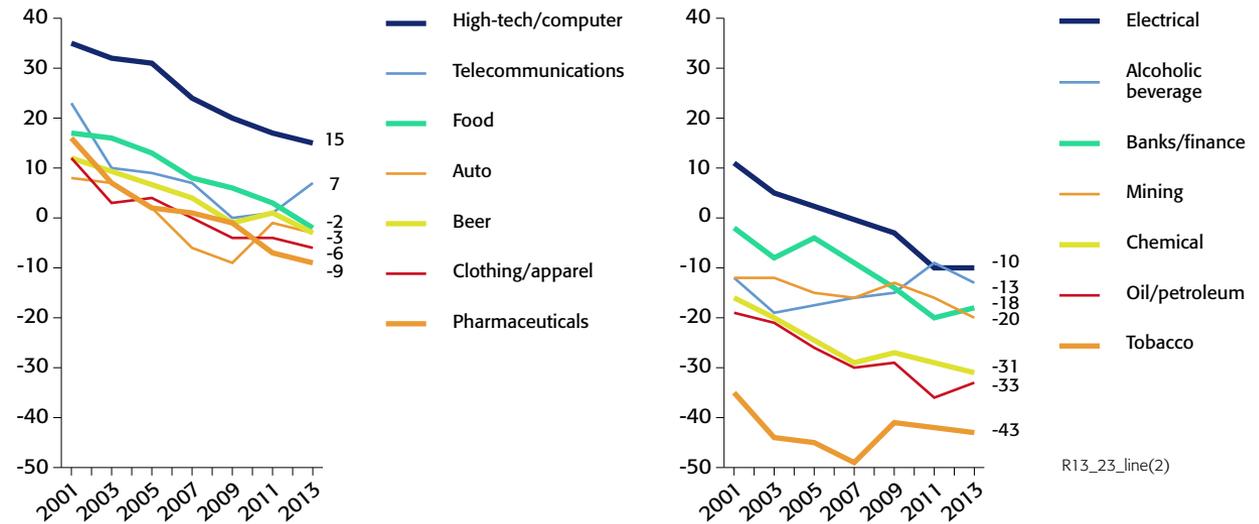
**Sectors include Banks/finance, Oil, Auto, Clothing, Technology, Tobacco, Food, Pharmaceutical, Mining, and Telecommunications. Countries include Australia, Brazil, Canada, Chile, China, France, Germany, Mexico, Nigeria, Russia, South Korea, Turkey, UK, and USA

In each case, large minorities or even majorities give neutral ratings, or even no rating at all, to individual sectors. This suggests that public awareness of what sectors are doing may be low, and there remains significant potential to shift attitudes by increased information.

An analysis by country reveals the wide diversity of perspectives towards the corporate world's responsibility. Consumers in Africa and parts of Asia—as well as displaying higher trust towards companies in general—also tend to rate different industries higher on social responsibility, while many developed economies give negative scores overall. Different industries fare better in different regions—the food industry is seen to outperform all others in Latin America, high-tech is reputable across various continents and banking is rated most positively in parts of East and South Asia and Africa.

CSR Performance of Industry Sectors

Net,* Average of 11 Countries,** 2001–2013



*"Among the best" and "Above average" minus "Below average" and "Among the worst"

**Includes Australia, Canada, Chile, China, France, Germany, Mexico, Russia, Turkey, UK, and USA

The following sectors were not asked in France in 2005: telecommunications, banks, auto, chemical, electrical, beer and alcoholic beverage. Telecommunications, banks/finance not asked in France in 2006.

Despite the fact that the food industry enjoys positive ratings overall, they have been on a decline since 2001—a period that has seen a number of food-related scandals and heightened nutritional concerns among the public focused on the processed food and soft drink industries. Among our long-term tracking countries, indeed, those with a negative view of the food industry outweigh those with a positive view for the first time this year. Ratings of the high-tech industry have stabilised somewhat, while those of the telecommunications industry have improved. Those industries with some of the worst reputations for responsibility in 2011, meanwhile—tobacco, chemical and oil—have either slightly improved or maintained their ratings this year. This year also provides some early indications that the banking sector's reputation may have turned the corner—its responsibility ratings have improved for the first time since 2005.

What this means for business

These findings highlight the challenges companies face in responding to today's VUCA world—volatile, uncertain, complex and ambiguous. The social media revolution, the growing importance of developing economies, and shifting consumer expectations mean that whole sectors are facing a progressive loss of control. In this context, corporate reputation management is both more challenging and more important than ever. In GlobeScan's reputation studies with individual clients, stakeholder intelligence and analysis reveal the strengthening of CSR as a driver of reputation equity. **Companies need to consider managing reputation a strategic priority, with CSR and sustainability—key components of reputation equity—incorporated in the mix.**

About this summary

This summary represents the primary deliverable to subscribers to the GlobeScan Radar 2013 research program. Other items delivered to subscribers included a top line trend report, full PowerPoint report, and online report interface. The summary outlines some of the key themes and trends emerging from this year's study of global societal attitudes towards business in society.

About the study

The study was fielded among representative samples of about 1,000 adults in each of 26 countries from December, 2012 to April, 2013. GlobeScan co-ordinated fieldwork, which was carried out by telephone and in person via its global network of research partners. Full details and methodology are available under separate cover.

For twenty-five years, GlobeScan has helped clients measure and build value-generating relationships with their stakeholders, and to work collaboratively in delivering a sustainable and equitable future.

Uniquely placed at the nexus of reputation, brand and sustainability, GlobeScan partners with clients to build trust, drive engagement and inspire innovation within, around and beyond their organizations.

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