

*A stakeholder-driven approach to evaluating Corporate Resilience
against crises*

Stakeholder Survey Results
Fall 2020

GLOBESCAN

evidence and ideas. applied



COVID-19 and Inequality:

A Test of Corporate Purpose (TCP)

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Introduction



Context

- In the midst of the COVID-19 pandemic and with a spotlight on inequality, expectations for companies are shifting. The current circumstances make for an important test of corporate purpose
- The initiative “Test of Corporate Purpose” (TCP) initiative assesses how purpose-driven companies respond in a time of severe global crises and test if they truly “walk the talk” in delivering value for all stakeholders. It also seeks to analyze the impact of corporate action on systemic issues such as inequality

About the survey

- GlobeScan along with TCP has designed and implemented a multi-stakeholder survey (10-minute consultation) to gather insights about corporate response to the COVID-19 crisis and inequality around the world
- The survey will complement in-depth research on hundreds of publicly traded companies on their sustainability performance in relation to response and actions to the COVID-19 pandemic and inequality

Key metrics

Survey Start Date: **July 17th 2020**

Survey Close Date: **August 14th 2020**

No of completed responses:

561

No. of countries where responses originated

53

Gender split*

Male - **50%**

Female - **37%**

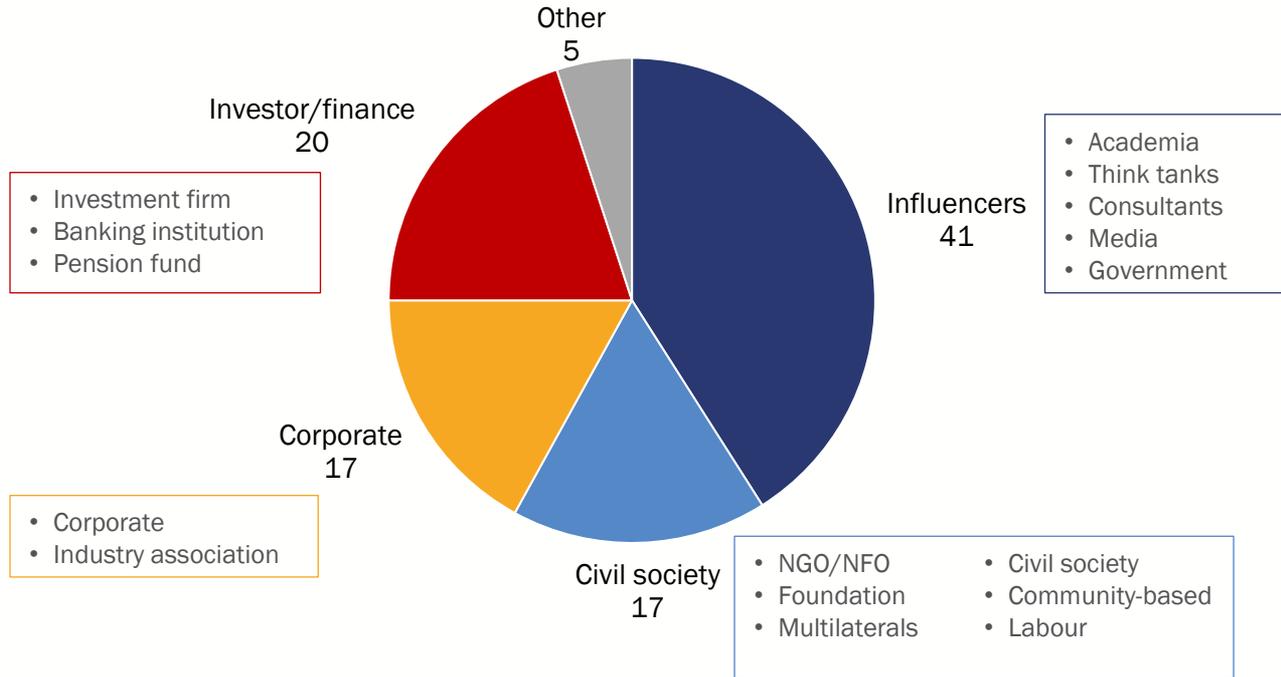
*Excludes respondents who chose not to answer

Role profile

CEO, ED, Board - **37%**

Stakeholder Respondent Profile

Breakdown of respondents by Stakeholder Type
All Stakeholders, 2020



1dd. Which of the following best describes the sector where you work?

Key Findings

Institutional Contributions Toward Addressing Current Crises

- Compared with business and government, stakeholders consider civil society institutions to be better-performing in their response to both COVID-19 and inequality crises. Investors, national governments, and large companies receive particularly low ratings for efforts to address inequality.
- Eight in ten stakeholders agree that companies with strong corporate purpose are responding better to both the inequality and COVID-19 crises. Within the corporate sector, stakeholders rate the healthcare and technology sectors as performing the strongest in responding to stakeholder needs during ongoing crises.
- Only 13% of respondents feel there is consistency between company communication and action to meet stakeholder needs. Stakeholders are less likely than the general public to trust that companies are communicating honestly about their social and environmental performance.

Prioritizing Systemic Issues for Large Companies

- Activities relating to diversity, ensuring employee health and safety, and environment and climate are most important for stakeholders. There is a large degree of alignment across stakeholder types in the importance rating.
- Stakeholders of all types rate climate change as the top systemic issue for companies to focus on, compared with COVID-19 and inequality. In examining 'Other' unprompted responses, biodiversity was a prominent mention.

Business Purpose is Evolving

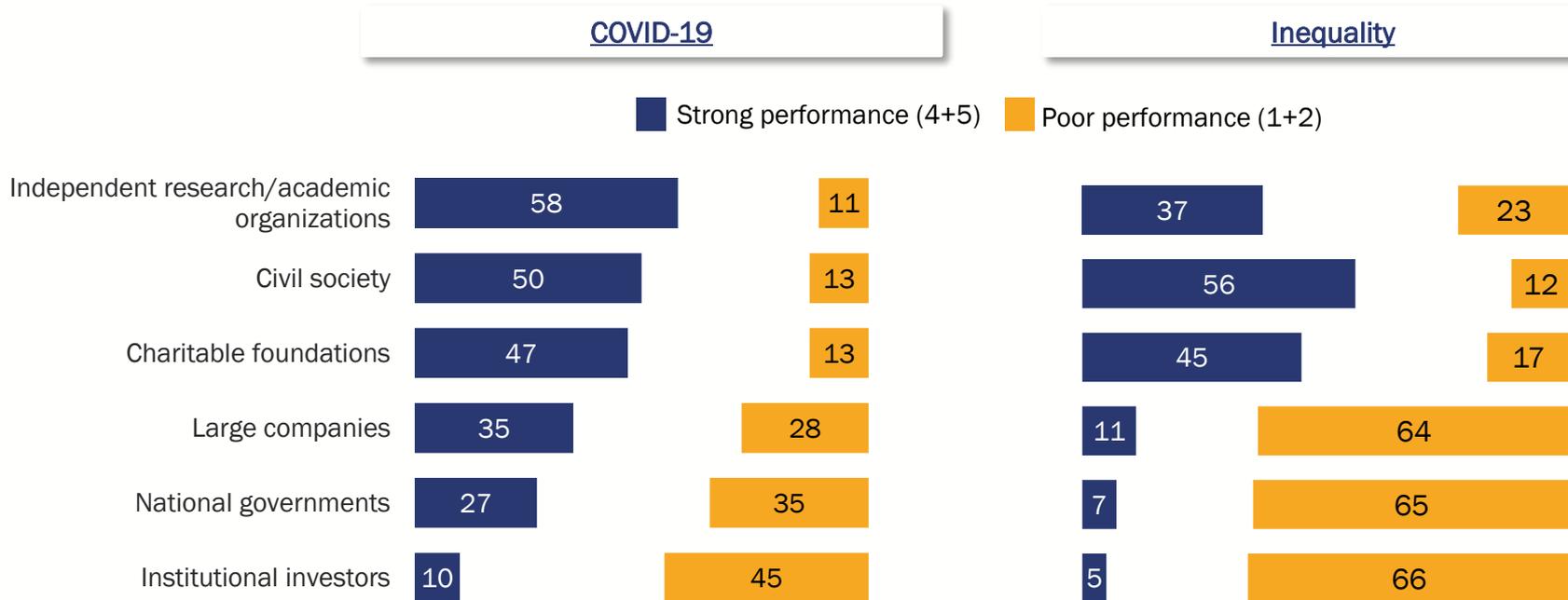
- More than 90% of respondents feel the purpose of business is to create value for all stakeholders, rather than increase profit alone.
- A similar proportion – nearly 85% of respondents – feel that societal expectations for purposeful corporate leadership will be higher a year from now than they are today

Rating Institutional Contributions to Addressing Current Crises

Investors, national governments, and large companies are viewed as underperforming in their efforts to address current crises, particularly inequality



Performance of each institution's contribution to addressing current crises
 All Stakeholders, Strong Performance (4+5) vs Poor Performance (1+2), 2020

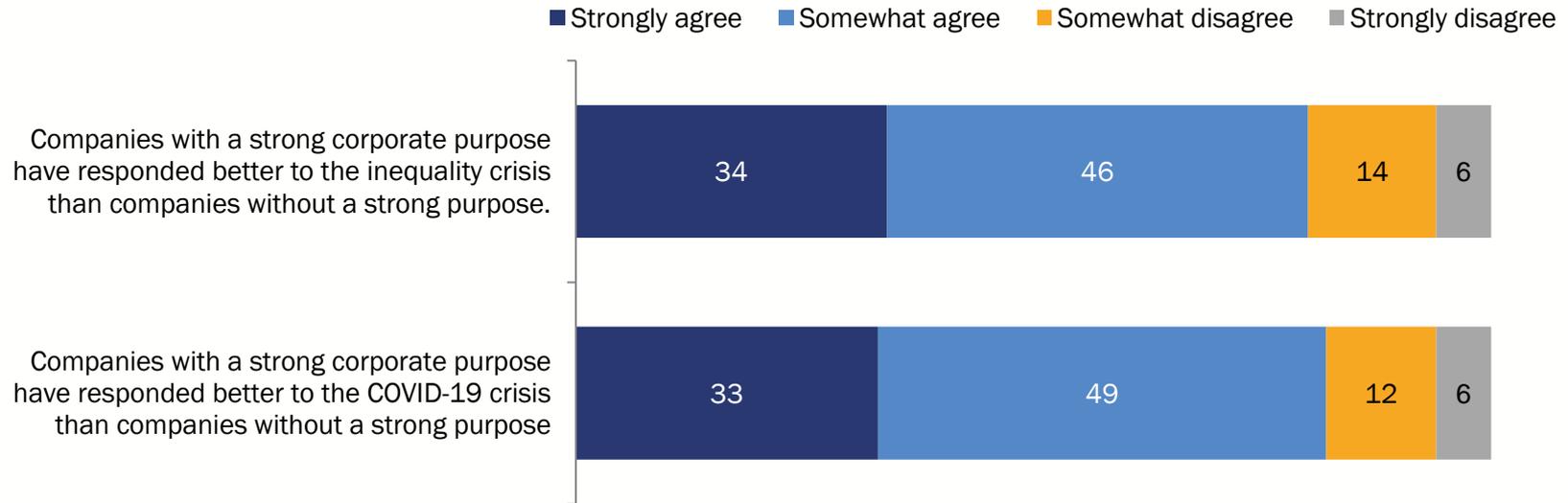


Q 1. How would you rate each of the following types of organizations in terms of their contribution to addressing the COVID-19 crisis?

Q 2. How would you rate each of the following types of organizations in terms of their contribution to addressing the inequality crisis?

Eight in ten stakeholders agree that companies with strong corporate purpose are responding better to both the inequality and COVID-19 crises

Perceptions of crisis response by companies with a strong purpose
All Stakeholders, 2020

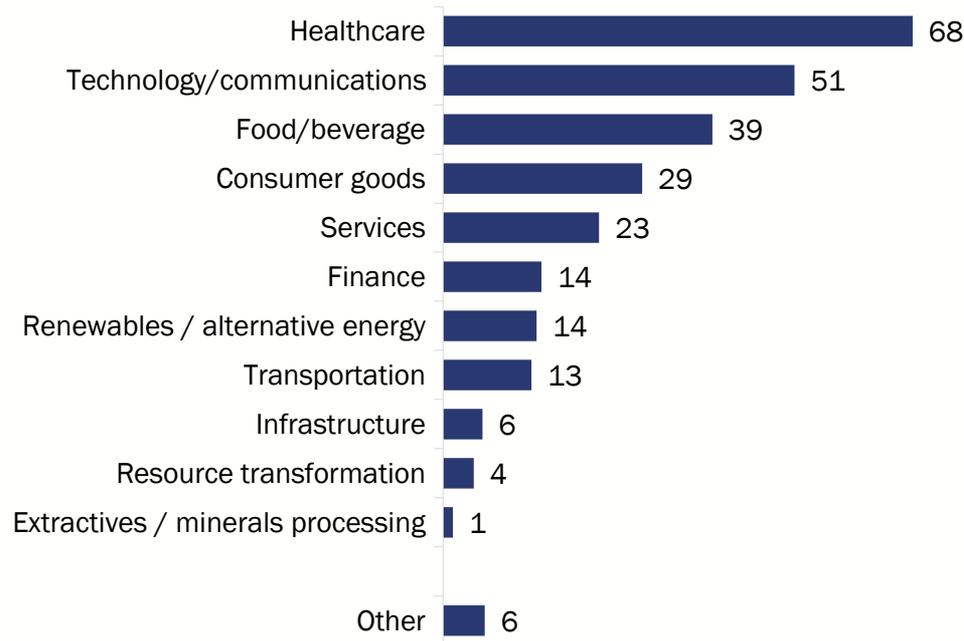


Q 9. For each of the following statements, please indicate if you strongly agree, somewhat agree, somewhat disagree, or strongly disagree:
Companies with a strong corporate purpose have responded better to the **COVID-19** crisis than companies without a strong purpose.
Companies with a strong corporate purpose have responded better to the **inequality** crisis than companies without a strong purpose.

Considering the corporate sector, stakeholders view healthcare and technology companies as responding best to stakeholder needs during ongoing crises



Performance of sectors in responding to stakeholder needs during challenging times
Percentage of stakeholders selecting each sector, Multiple sectors allowed, 2020



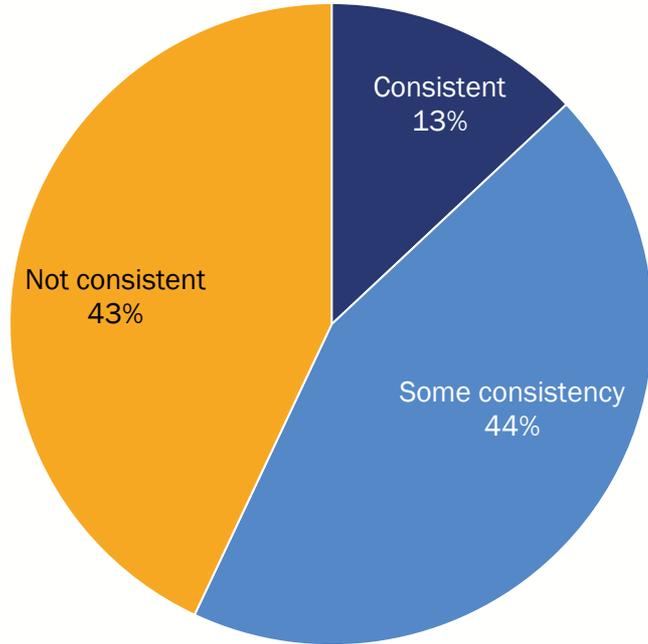
Q 4. Which corporate sectors do you think have performed best in terms of being responsive to stakeholder needs throughout these challenging times? Please choose up to three sectors.

Only one in eight stakeholders feel companies are “walking the talk” and acting in line with their communications about stakeholder needs



Perceived consistency between company communication and action to meet stakeholder needs

All Stakeholders, 2020



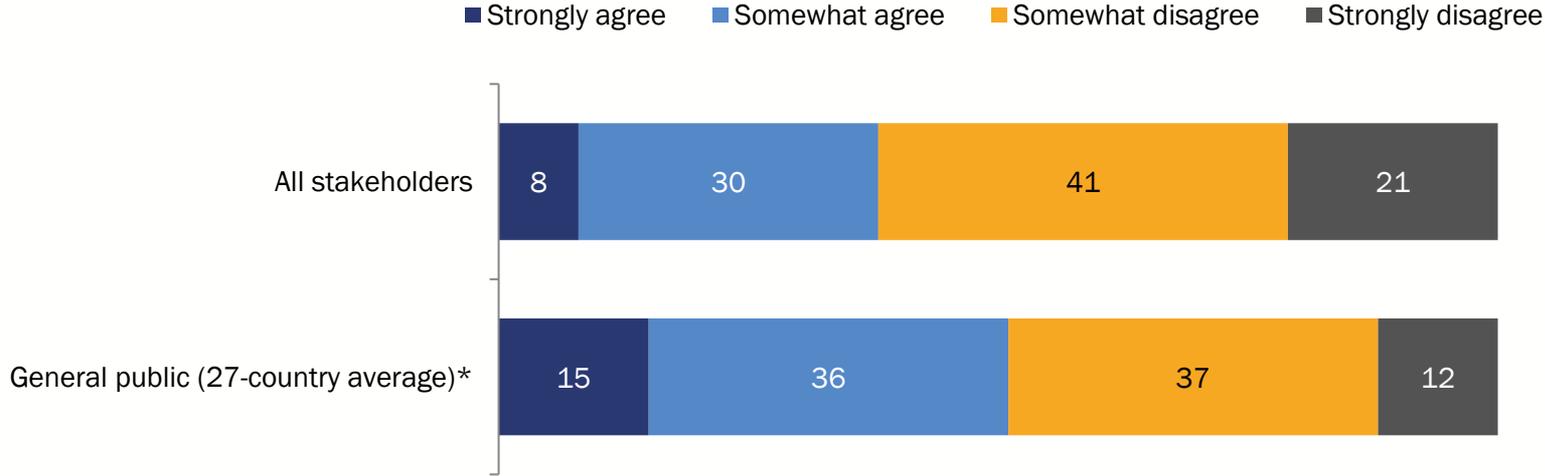
Q 6. How much, if any, consistency do you see between what companies proclaim (via their purpose, policies, communications, and commitments) and their actual actions in terms of meeting the needs of all their stakeholders (i.e., employees, communities, suppliers, customers, investors, etc.)?



Stakeholders are skeptical about companies' claims regarding social and environmental performance, more so than the general public



Companies communicate honestly and truthfully about their social and environmental performance
All Stakeholders vs General Public, 2020



Q 9. For each of the following statements, please indicate if you strongly agree, somewhat agree, somewhat disagree, or strongly disagree:
Companies communicate honestly and truthfully about their social and environmental performance.

*Source: GlobeScan Radar 2020 annual survey of the general public across 27 countries (n=27,000)



Prioritizing Systemic Issues for Large Companies

Indicator Importance Scores, Ranked (1)

All Stakeholders, 2020

Rank	Indicator	Mean Importance
1	Company's ability to create and maintain safe and healthy working environments	4.33
2	Inequality - Covering Employee Engagement, Diversity & Inclusion / Labor Practices, Worker health & safety	4.11
3	COVID-19 and its impact on employees	4.08
4	Company's ability to uphold commonly accepted labor standards	4.06
5	Company's approach to managing risks and opportunities related to ethical conduct of business	4.01
6	Industry's capacity to incorporate environmental, social and political transitions	3.97
7	Issues involving product /services that may create health or safety risks	3.95
8	Company's ability to support building of a diverse and inclusive workforce	3.90
9	Management of environmental, social and governance (ESG) risks in company's supply chain	3.86
10	Management of the relationship between businesses and communities in which they operate	3.77
11	Company's policy related to providing paid sick leave	3.74
12	Company's decision of job cuts or layoffs during the Covid-19.	3.70
13	Company's impact on ecosystem and biodiversity	3.63
14	COVID-19 and its impact on supply chain	3.61
	Assessment of company's resilience in the face of COVID-like upheavals	3.61
16	COVID-19 and its impact on the broader economy.	3.58
17	Company's use of management systems to address critical incidents and risks	3.55
18	Quality of employer-sponsored health insurance not provided by the government	3.50

Q 5. For each item, please rate how important it is to your rating of corporate performance in addressing current societal challenges. Please use a scale of 1 to 5, where 1 means "Less important" and 5 means "Essential."

Indicator Importance Scores, Ranked (2)

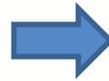
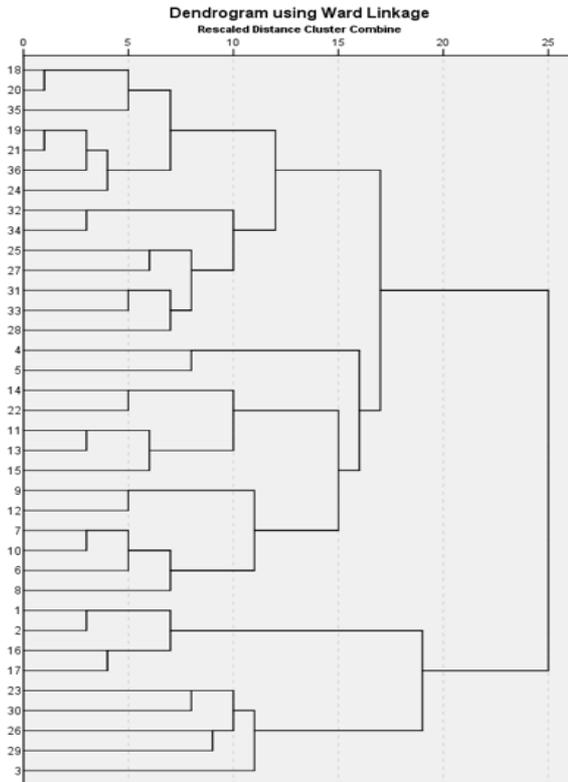
All stakeholders, 2020

Rank	Indicator	Mean Importance
19	Direct greenhouse gas (GHG) emissions that a company generates	3.47
20	Company's policy to deduct wages/ employee pay during Covid-19	3.45
21	Company's ability to address customer welfare concerns	3.44
22	Company's decision of furlough schemes during the Covid-19	3.42
23	Company's level of reliance upon regulatory policies and ability to comply with regulations	3.40
24	Management of risks related to the use of personally identifiable information	3.31
	Alignment of company's lobbying and political spending activities to its purpose	3.31
26	Social issues associated with existence of monopolies	3.28
	Engagement of company in tax avoidance schemes	3.28
28	Composition and breakdown of the compensation of leadership team	3.27
29	Company's investment in local community initiatives and/or projects.	3.24
	Company's ability to ensure broad access to its products and services	3.24
31	Management of risks related to collection, retention and use of customer or user data	3.23
32	COVID-19 and its impact on quality of living	3.19
33	Company's effort for creating new jobs during the Covid-19	3.14
34	COVID-19 and its impact on R&D and unusual crisis-specific services or products	3.06
35	Company's reliance on subsidies, tax incentives, or other government support	2.90
36	Philanthropic activities of the company	2.51

Q 5. For each item, please rate how important it is to your rating of corporate performance in addressing current societal challenges. Please use a scale of 1 to 5, where 1 means "Less important" and 5 means "Essential."

Indicator Groupings: Statistically Related Attributes (1)

Through statistical analysis, GlobeScan identified a set of thematic clusters that can provide a higher-level view of the indicators. This involves examining the pattern of responses across the full data set to pinpoint how individual indicators relate to each other. This process identified 16 consolidated issues that can help guide business through the challenging crises faced today and in the future.



- Diversity & Inclusion
- Community Relationships
- Health & Safety
- Risk Management
- Customer Access & Welfare
- Resilience
- Philanthropy
- Employee Health
- COVID Job Security
- COVID Quality of Life
- Crisis-Driven Innovation
- Environment & Climate Change
- Tax Compliance
- Political Lobbying & Spending
- Reliance on Government
- Executive Compensation

Indicator Groupings: Statistically Related Attributes (2)



Environment & Climate	Customer Access & Welfare	Health & Safety	Employee Health	COVID Job Security	COVID Quality of Life	Employee Diversity & Inclusion	Community Relationships	Philanthropy
Industry's capacity to incorporate environmental, social, and political transitions	Company's ability to ensure broad access to its products and services	Company's ability to create and maintain safe and healthy working environments	Company's policy related to providing paid sick leave	Company's decision of furlough schemes during COVID-19	COVID-19 and its impact on quality of living	Company's ability to support building of a diverse and inclusive workforce	Management of the relationship between businesses and communities in which they operate	Company's investment in local community initiatives and/or projects
Management of environmental, social, and governance (ESG) risks in company's supply chain	Company's ability to address customer welfare concerns	Company's ability to uphold commonly accepted labor standards	Quality of employer-sponsored health insurance not provided by the government	Company's decision of job cuts or layoffs during COVID-19	Company's effort for creating new jobs during the Covid-19	Inequality - Covering Employee Engagement, Diversity & Inclusion / Labor Practices, Worker health & safety		Philanthropic activities of the company
Company's impact on ecosystem and biodiversity		Issues involving products/services that may create health or safety risks		Company's policy to deduct wages/ employee pay during COVID-19	COVID-19 and its impact on employees			
Direct greenhouse gas (GHG) emissions that a company generates					COVID-19 and its impact on supply chain			
					COVID-19 and its impact on the broader economy			

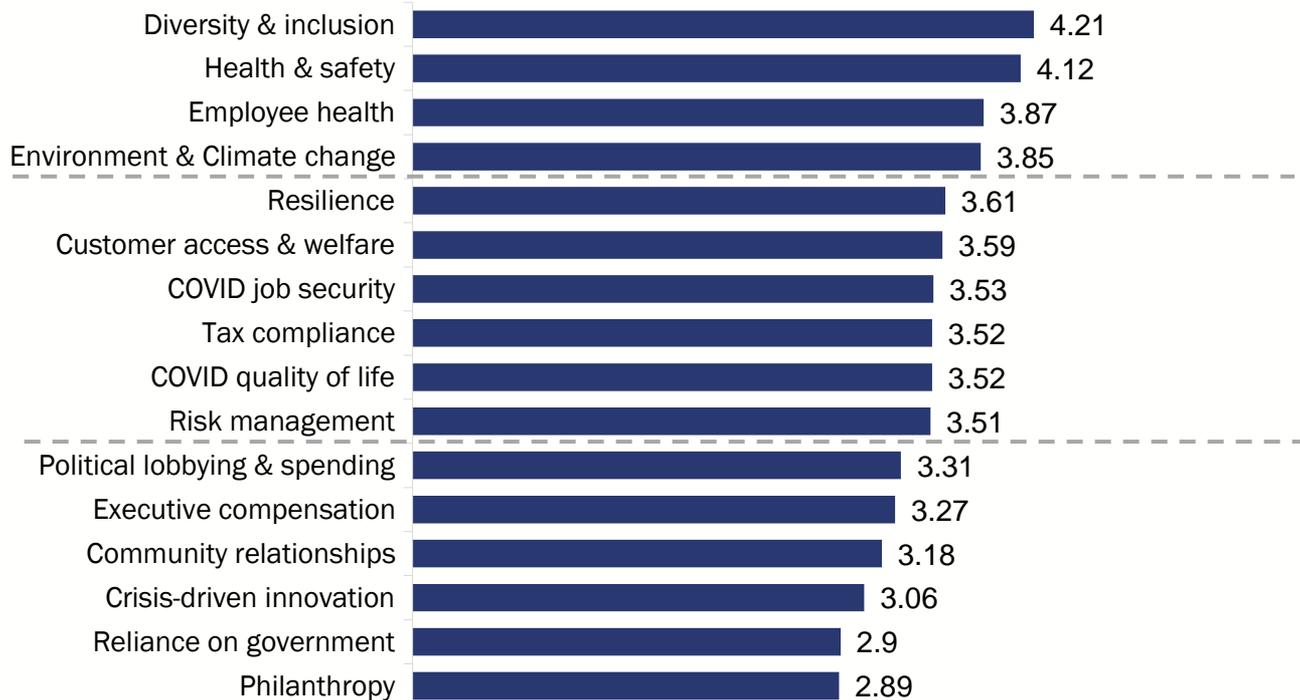
Indicator Groupings: Statistically Related Attributes (3)

Crisis-Driven Innovation	Resilience	Risk Management	Tax Compliance	Political Lobbying & Spending	Reliance on Government	Executive Compensation
COVID-19 and its impact on R&D and unusual crisis-specific services or products	Assessment of company's resilience in the face of COVID-like upheavals	Company's approach to managing risks and opportunities related to ethical conduct of business	Engagement of company in tax avoidance schemes	Alignment of company's lobbying and political spending activities to its purpose	Company's reliance on subsidies, tax incentives, or other government support	Composition and breakdown of the compensation of leadership team
		Management of risks related to the use of personally identifiable information	Social issues associated with existence of monopolies			
		Management of risks related to collection, retention, and use of customer or user data				
		Company's use of management systems to address critical incidents and risks				
		Company's level of reliance upon regulatory policies and ability to comply with regulations				

Activities relating to diversity, ensuring employee health and safety, and environment and climate are most important for stakeholders



Indicator Groupings Ranked by Mean Importance
All Stakeholders, 2020

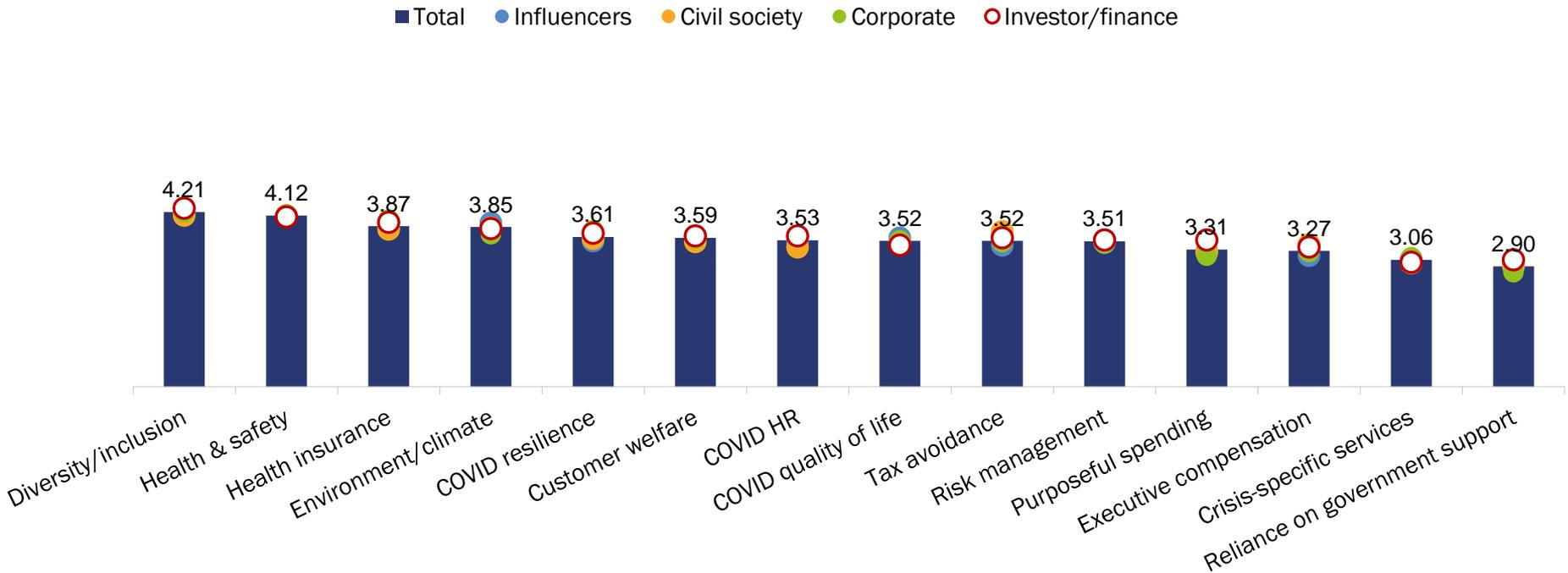


Q 5. For each item, please rate how important it is to your rating of corporate performance in addressing current societal challenges. Please use a scale of 1 to 5, where 1 means "Less important" and 5 means "Essential."

Stakeholders are largely aligned in their views about importance of indicators



Thematics Ranked by Mean Importance
All Stakeholders, by Stakeholder type, 2020



Q 5. For each item, please rate how important it is to your rating of corporate performance in addressing current societal challenges. Please use a scale of 1 to 5, where 1 means "Less important" and 5 means "Essential."

Outside of issue prioritization, climate change remains a top priority across stakeholder types. Unprompted, biodiversity was also a common theme.



Systemic Issues for Large Companies to Prioritize,
Percentage of Stakeholders Selecting Issue as Top Priority, All Stakeholders, 2020

	Climate change	COVID-19	Inequality
Influencers	46%	30%	19%
Civil society	42%	25%	22%
Corporate	48%	27%	20%
Investor/finance	38%	26%	33%

'Other' issues to prioritize include

- Biodiversity loss / conservation
- Diversity / racism
- Corruption / business integrity
- Political lobbying
- Human rights, SDGs
- Shareholder value



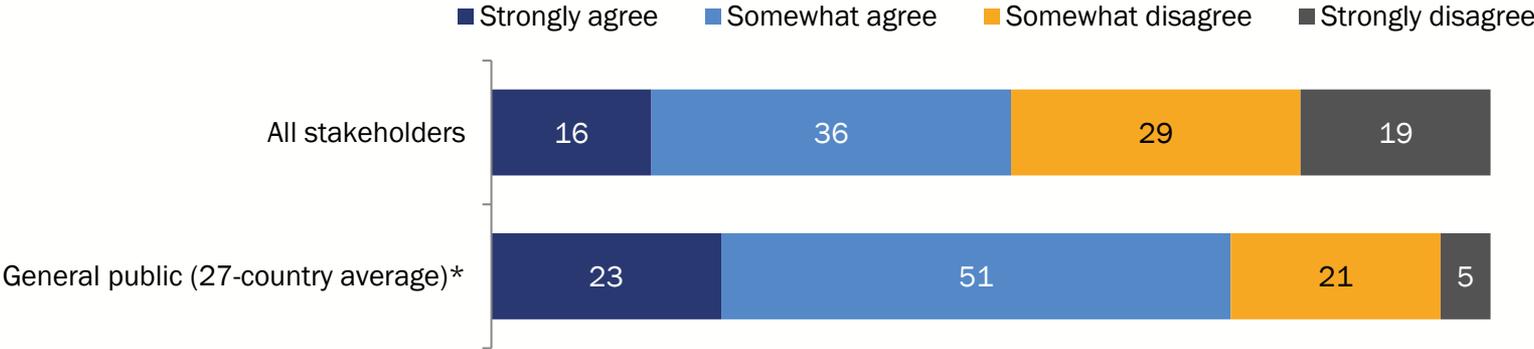
Q 3. Please rank the below systemic issues, in terms of how much priority you think large companies should be placing on each today.

Business Purpose is Evolving

Stakeholders are less likely than the general public to consider the free market economy the best for the future



“The free market system and free market economy is the best system on which to base the future of the world,” All Stakeholders vs General Public, 2020



Q 9. For each of the following statements, please indicate if you strongly agree, somewhat agree, somewhat disagree, or strongly disagree:
The free market system and free market economy is the best system on which to base the future of the world.

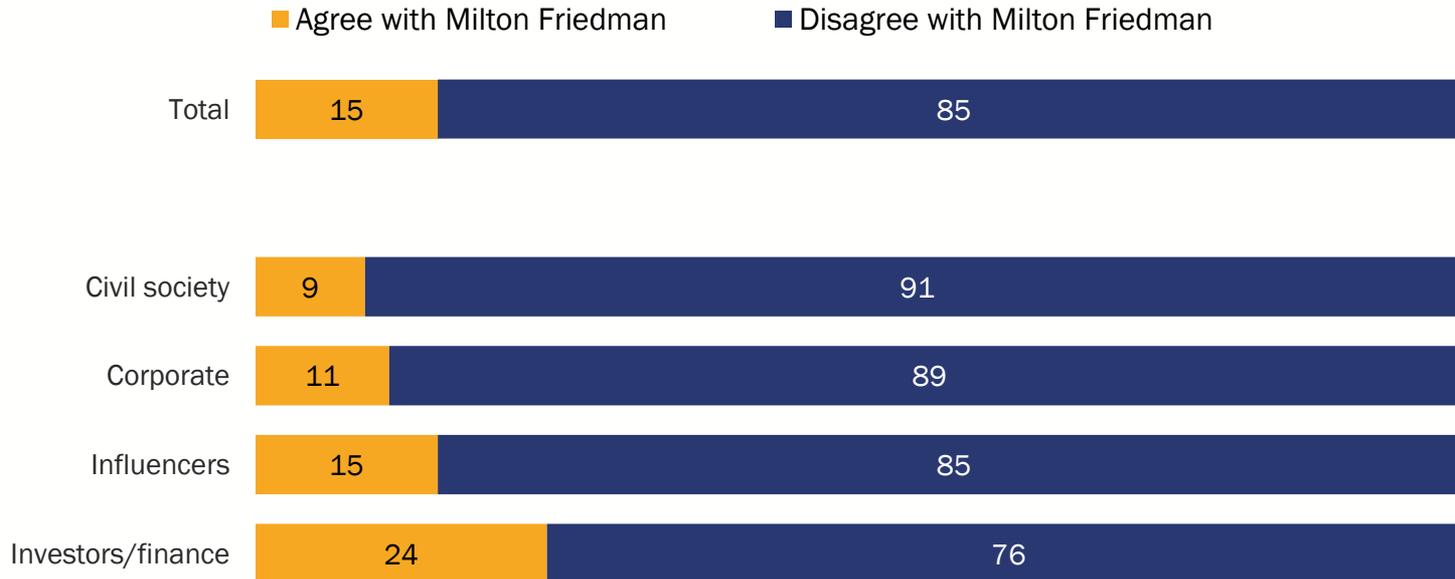
*Source: GlobeScan Radar 2020 annual survey of the general public across 27 countries (n=27,000)



The wide majority of stakeholders disagree with Milton Friedman’s sentiment that the sole purpose of business is to increase profit

Reaction to Milton Friedman statement about “one and only social responsibility of business”
All Stakeholders, Agree vs Disagree, 2020

This year is the 50th anniversary of a statement by Milton Friedman that “there is one and only one social responsibility of business—to use its resources and engage in activities designed to increase its profits.”



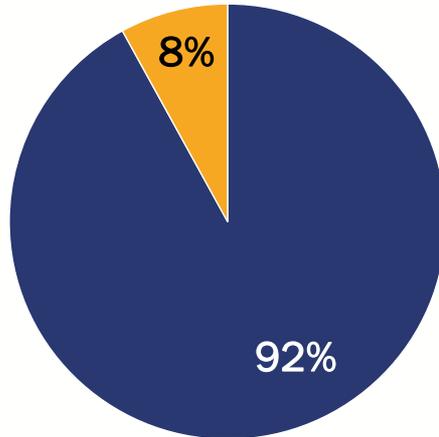
Q11. How much, if at all, do you agree with the following statement: This year is the 50th anniversary of a statement by Milton Friedman that “there is one and only one social responsibility of business – to use its resources and engage in activities designed to increase its profits.”

An even larger proportion - more than nine in ten - feel the purpose of business is to create value for *all* stakeholders

Defining the purpose of business

Percentage of All Stakeholders, 2020

- The purpose of business is to create value for all stakeholders
- The purpose of business is to make a profit and deliver returns to shareholders



Q. How would you best describe the purpose of business today?



A matter of trust, responsibility and commitment to the community, the consumers and the planet. In the face of the huge challenges of our times, the most resilient companies will be those that put purpose into every aspect of business.

- To create something of value, and in turn create profit and returns for its shareholders, while being a good partner and neighbor in communities most impacted by the business.
- To partner with all stakeholders to create wealth, tackle climate change and inequality and to do so fairly and inclusively



Q10. Which of the following statements is closest to your opinion?

Q12 - How would you best describe the purpose of business today?

Civil society and Corporate stakeholders overwhelmingly support this view; investors are less aligned

Defining the purpose of business

Percentage of All Stakeholders, by Stakeholder Type, 2020



Q. How would you best describe the purpose of business today?

- To be accountable to all its impacts on people, the planet and economy
- To work in balanced communities to solve the crises facing our world
- To create a sustainable and scalable culture that balances profit and value generation with long-term positively impacting effects for people, society and the world climate
- To bring people, capital, resources and skills together to deliver benefits for consumers, employees, society and shareholders



Q10. Which of the following statements is closest to your opinion?

Q12. How would you best describe the purpose of business today?

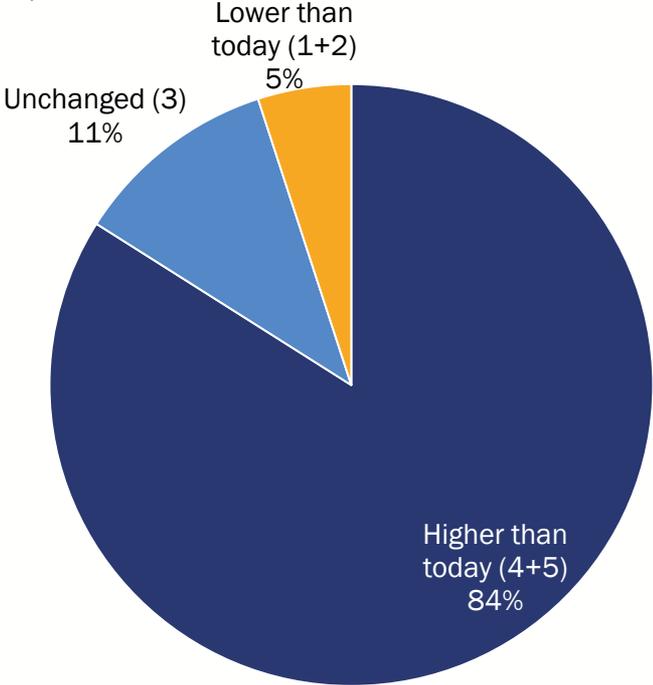
The Future of Purposeful Leadership

Stakeholders anticipate that future expectations for companies to demonstrate purposeful leadership will be higher than today



Future Societal Expectations for Purposeful Corporate Leadership

All Stakeholders, 2020



Q7. In a year from now, how do you think societal expectations for purposeful corporate leadership will differ from today?

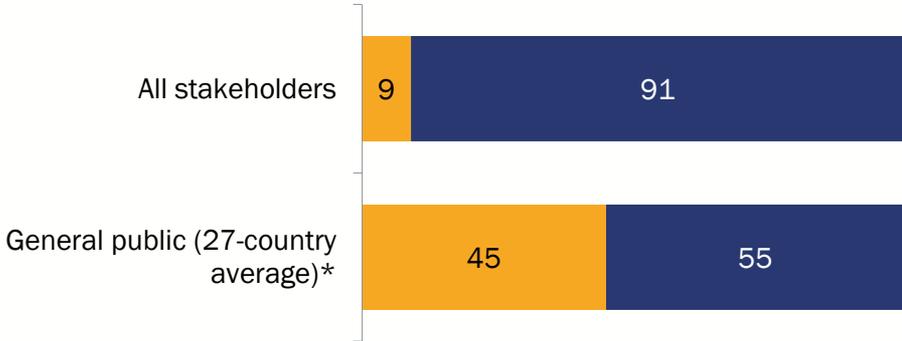
Nearly all stakeholders agree the best way toward economic recovery is through restructuring to address systemic challenges, but the global public is divided



Priorities toward building post-COVID-19 economic recovery

All stakeholders vs General Public, 2020

- Getting our economy back to normal as soon as possible
- Restructuring our economy so it deals better with other challenges like inequality and climate change as well



Among stakeholders surveyed, “Restructuring our economy so it deals better with other challenges like inequality and climate change as well” was selected by

Civil society	95%	Influencers	92%
Investor/Finance	91%	Corporate	88%

Q8. In building the post-COVID-19 economic recovery, do you think the priority should be on:

*Source: GlobeScan Radar 2020 annual survey of the general public across 27 countries (n=27,000)



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