

Communicating CSR: Talking to People Who Listen

A survey conducted by APCO Worldwide shows the people most likely to be listening are receptive and responsive to proactive corporate social responsibility (CSR) communication and this communication directly impacts behavior. The Global CSR Survey sheds new light on the perceived value of CSR communication, the role key stakeholders play in influencing and working with companies on CSR and how CSR communication impacts consumer and investment behavior.

The survey was conducted among the most active and informed segment of society in 10 countries using APCO's opinion elite research panel. This online panel is made up of a representative sample of those who are among the top 10 percent of each society in terms of media consumption, interest in public policy and civic participation. These "opinion elites" are the people who listen to what companies and stakeholders say about CSR.

The survey findings show opinion elites are listening, but still do not feel very well informed on social responsibility activities of companies. The people who are listening believe corporate CSR communication is both credible and important. However, third-party verification of CSR practices clearly enhances credibility.

Third-parties are perceived as playing an important role in influencing CSR. In particular, the media and government are perceived to be more responsible than other parties for moving companies toward responsible behavior. Non-Governmental Organizations (NGOs) are also recognized as an important stakeholder with which companies should engage, but not at the exclusion of the media, government, employees, customers and other key stakeholders.

While third-parties play an important role, opinion elites believe companies act in a socially responsible way because it is a business interest, not simply a reaction to stakeholder pressure. Indeed, opinion elites acknowledge CSR can have a profound affect on real business outcomes. The survey shows that opinion elites act in response to news they receive about a company's social responsibility through their purchase decisions and influence on others. Three-quarters say they have purchased a company's products or services in response to positive news about a company's social responsibility.

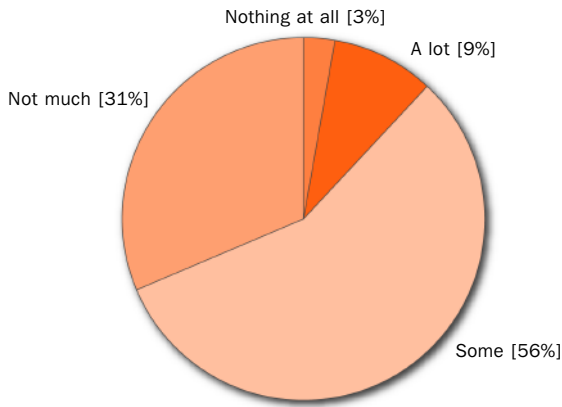
In fact, positive news has a greater impact on opinion elites' behavior than negative news—suggesting that proactive communications by companies can have greater impact than negative news reported by third-parties. Still, 60 percent of opinion elites say they have boycotted products or services in response to negative news about a company's social responsibility.

APCO Worldwide's Global CSR Survey is part of a broader, five-year research endeavor to understand society's expectations for corporate responsibility and reputation. This survey and other research conducted by APCO shows the importance of CSR to overall corporate reputation, which in turn, is a primary factor in determining corporate value. The findings from this survey underscore the importance of companies communicating CSR. The findings also provide good news for corporate communicators: The people who are listening are willing to hear companies talk about their CSR activities and it does make a difference.

Value of Social Responsibility Communication

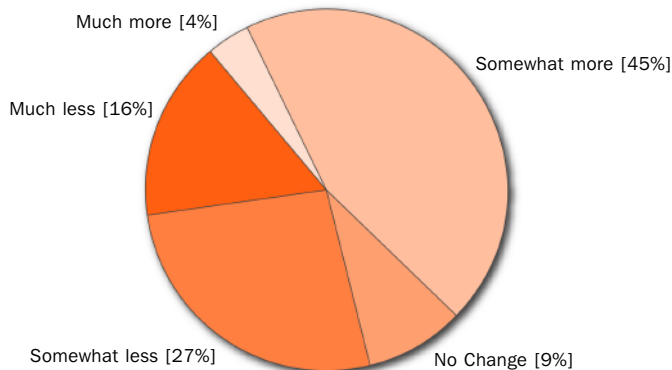
Shallow Awareness Among Audiences Who Listen: CSR communication is being heard, but few opinion elites say they know “a lot” about the social responsibility of companies. Despite the growing efforts of corporations to report their social and environmental practices, the people most informed and active in society do not feel they know much about what companies are doing.

How much do you feel you know about the social responsibility of companies?



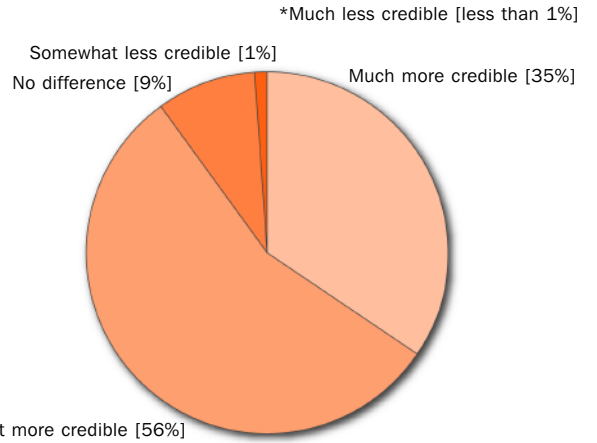
Cynicism Surrounding CSR Progress: Communicating about CSR activities is critical in the current environment of public scrutiny of corporate behavior and aggressive criticism by watchdog groups. Many are still not convinced that companies have changed. Opinion elites are divided on whether or not companies have become more or less socially responsible over the past few years, and only four percent say companies have become “much more” responsible.

Have companies become more socially responsible or less socially responsible over the past few years, or has there been no change?



Companies Can Talk Credibly About CSR: Two-out-of-three opinion elites consider direct corporate communication about CSR activities credible. Third-party verification is still important – 91 percent say communication is even more credible when verified by NGOs or local governments.

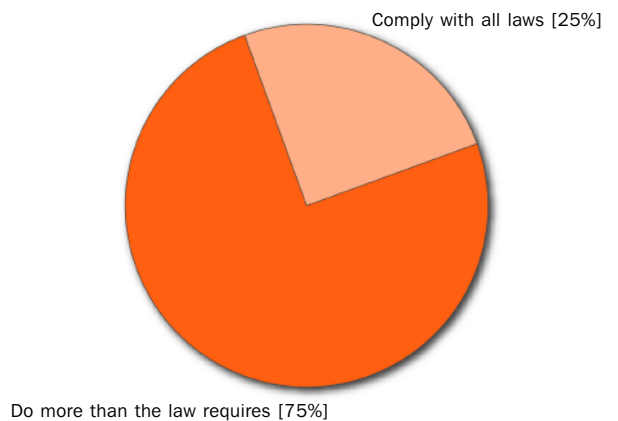
How much more credible or less credible is information from companies on their social and environmental practices when it is verified by independent third-parties, like NGOs or local government, or does it make no difference?



Social Responsibility Expectations Transcend Compliance: Social responsibility is defined as an expansive set of expectations, beyond simply complying with laws and regulations. By a 2-to-1 margin across all regions, opinion elites believe companies have to “do more than the law requires” to be considered socially responsible.

While compliance remains a foundation of responsible corporate behavior, there are added expectations for corporate conduct, including specific expectations based on the unique issues the company faces.

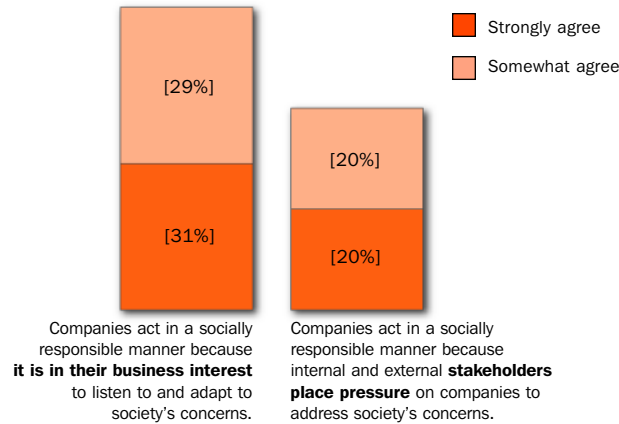
Is a company socially responsible if they comply with all the laws and regulations – or does a company have to do more than the law requires to be considered socially responsible?



CSR is a Business Interest: A majority of opinion elites believe companies act in a socially responsible manner because it is in their business interest to do so – not because they are pressured by stakeholder demands.

However, opinion elites in North America are more inclined than opinion elites in other regions to credit stakeholder pressure as the impetus for CSR.

Which of the following statements do you agree with more:



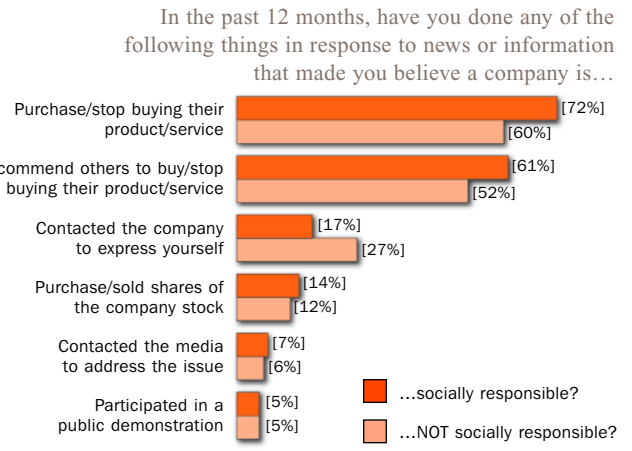
Impact of Social Responsibility Communication

CSR Has Real Outcomes: There is considerable debate about the “value” of communicating about a company’s social responsibility. Survey findings clearly show CSR communication impacts opinion elites’ perceptions and behavior, including their purchase decisions.

Positive News Carries More Weight than Negative News: A strong majority of opinion elites say they have purchased a company’s products and services (72%) and have recommended the company to others (61%) in response to positive news about a company’s social responsibility. Negative news about a company’s CSR also impacts behavior – but slightly less than positive news. Sixty percent of opinion elites have boycotted a company’s products or services in response to negative news about a company’s social responsibility.

CSR Impacts the Pocketbook More than the Portfolio: The survey indicates CSR information is more likely to affect consumer decisions than investment decisions. Still, 14 percent of opinion elites say they have purchased shares of a company’s stock in response to positive CSR information, and a similar proportion (12%) have sold shares in response to negative news.

Opinion elites are receptive and responsive to proactive CSR communication and it directly impacts their behaviors. Leaving communication about social responsibility to third-parties (namely, critics) unchecked unnecessarily exposes companies.



Influencing Change

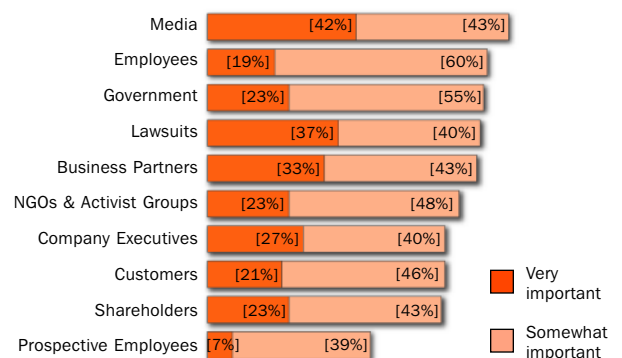
Who is Responsible for Driving CSR Progress?

The greatest forces perceived to drive positive change in the social responsibility of companies tend to be external – and punitive: media, government regulations and lawsuits. Companies should harness the power of these external forces by transparently engaging with them to shape the opinion and regulatory environment.

Internal company stakeholders (employees, business partners, executives and shareholders) also make important contributions to encouraging positive change in social responsibility. This highlights the importance of internal, as much as external corporate communication.

NGOs, activist groups and customers are ranked relatively less important in motivating positive change in CSR.

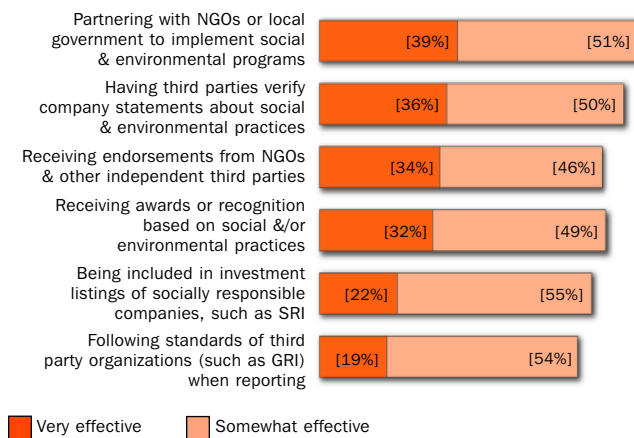
How important have each of the following been to encourage positive change in the social responsibility of companies?



Demonstrating Social Responsibility

Collaboration Demonstrates CSR Commitment: Third-party partnerships, endorsements and verifications are critical to demonstrating social responsibility. While companies can credibly communicate about their social responsibility programs on their own, their social responsibility practices are perceived as more effective when in partnership with third-parties.

How effective is each of the following in demonstrating to you a company's social responsibility?



Methodology

The survey was conducted by APCO Insight, the opinion research division of global strategic communication firm, APCO Worldwide. It was conducted through APCO Insight's Insightpoll.com Opinion Elite Panel. A total of 419 opinion elite panelists from 10 countries in North America, Europe and Asia-Pacific completed the survey between February 5 and April 27, 2004. The sampling margin of error for the global survey is ± 4.8 percent.

About the Insightpoll.com Opinion Elite Panel

The Insightpoll.com Opinion Elite Panel is a representative and scientific sample of the most active and informed citizens within each country. Panelists are recruited for participation through random-sampling techniques and are screened to include only the top 10 percent of each country's population based on news consumption frequency, level of interest in public policy issues and level of civic participation.

Communicating CSR: Study Implications

- **Enhance understanding:** Communicating more with opinion leaders, not less, will yield positive results for business.
- **Influence behavior:** Communicating directly with key audiences influences behavior, including purchase decisions.
- **Gain credibility:** Collaborating with NGOs and other third-parties for development, implementation and endorsement of CSR programs and practices is worthwhile.
- **Condition the environment:** Harnessing the power of external forces, such as media and government, through direct engagement helps shape the opinion and regulatory environment.

For more than two decades, APCO has helped global corporations understand the growing expectations of their constituents, assess the risk to their business and reputation, determine how best to address issues most relevant to the success of the company and share their stories with those whose opinions matter. For more information on APCO's CSR practice please visit www.apcoworldwide.com/content/services/csr.cfm or contact Ellen Mignoni at 202-778-1000.

APCO
worldwide®
apcoworldwide.com

Margery Kraus
President and CEO
APCO Worldwide
1615 L Street, N.W., Suite 900
Washington, D.C. 20036
U.S.A.
Tel: +1-202-778-1000
Fax: +1-202-466-6002
mkraus@apcoworldwide.com

Ellen Mignoni
SVP and Director, CSR
APCO Worldwide
1615 L Street, N.W., Suite 900
Washington, D.C. 20036
U.S.A.
Tel: +1-202-778-1000
Fax: +1-202-466-6002
emignoni@apcoworldwide.com

Chrystine Zacherau
Vice President
APCO Insight
1615 L Street, N.W., Suite 900
Washington, D.C. 20036
U.S.A.
Tel: +1-202-778-1000
Fax: +1-202-466-6002
czacherau@apcoinsight.com