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Consumers Consider the Importance of Corporate Social Responsibility

The corporate social responsibility (CSR) factors that American consumers believe are most important differ from those that socially responsible investors (SRI) use. Although its members are far from united in their appraisal methods, the SRI movement embraces a

wide spectrum of evaluation characteristics. Prominent investment research firm KLD Research & Analytics, Inc. created Socrates™, an online social research database that provides measures of company performance designed to help investment professionals integrate environmental, social, and governance factors into their decisions.

For seven years, *Business Ethics* magazine has used Socrates™ data to define its 100 Best Corporate Citizens list. Firms are ranked on performance in eight stakeholder categories: shareholders, community, governance, diversity, employees, environment, human rights, and product.

The disparate CSR perspective held by consumers was developed through research sponsored by the National Consumers League. A telephone survey of 800 U.S. adults showed that the most important proof of good corporate citizenship

is how well a company treats its employees. Similarly, the survey found that 76% believe that a company's treatment of its employees plays a big role in consumer purchasing decisions.

The most common responses consumers give to what corporate social responsibility means are: "corporations need to be committed to their employees" (27%), "corporations need to be committed to the public and communities and overall society" (23%), "corporations have a responsibility to provide quality products" (16%), and "responsibility to the environment" (12%).

American consumers also feel strongly about buying products from or working for a company whose values are aligned with their own personal values. Survey respondents say that it's "extremely" or "very" important to work for (79%), buy products from (65%), and socialize

with (72%) those who have similar values and principles.

Major employee-related issues cited by consumers include:

- ◆ The importance to pay workers inside/outside the U.S. a living wage,
- ◆ Salary/wage increases should be placed ahead of making charitable contributions,
- ◆ Businesses should employ more people rather than make charitable contributions,
- ◆ How well a company treats employees influences what they buy,
- ◆ Risks to employee safety influences what they buy, and
- ◆ Desire to work for a company that shares similar values and principles.

In contrast to the high importance consumers give to social responsibility, the survey found that only 21% of respondents give U.S. corporations top marks for being socially responsible. When asked whether companies have improved in their social responsibility during the last two or three years, only 30% believe that companies are doing a "somewhat better" or "a lot better" job of being socially responsible.

When asked how they obtain information to form their judgments

about the social responsibility of a company, 47% of respondents indicate that they use the Internet. Americans believe the most credible means to shape their opinion of corporate social responsibility is their own online research. Consumers rely on the Internet and word-of-mouth sources because they prefer an unfiltered, unedited view of news and information. Because of the increased availability of online resources, 58% of the respondents believe they or people like them are more informed about companies' records for social responsibility than they were just a few years ago.

The survey also found a positive relationship between active Internet use and engagement in social responsibility. About 40% of those using the Internet have sent e-mail messages to a company about its products or services, and 41% have sent a message to an elected state or federal official about an issue. According to Paul Argenti, professor of corporate communication at Dartmouth's Tuck School of Business, "The American public continues to refine its definition of corporate social responsibility and gain empowerment through online resources in their new role as activists for social change." Argenti states, "Corporations must engage in a new level of dialogue that resonates with stakeholders' personal values. They also will have to increase transparency and adopt a more integrated approach to monitoring and influencing the online communications shaping their reputations."

A possible explanation for the strong emphasis given to employee treatment and the use of the Internet to obtain relevant information about corporate responsibility is the ongoing media coverage of employee ben-

efit reductions, such as the elimination of airline employee retirement programs and continuing layoffs of employees in many industries. "If companies want to maintain and strengthen their reputations," states John D. Graham, CEO of Fleishman-Hilliard, the public relations firm that conducted the survey, "it will be essential for them to invest actively and visibly in their employees."

Professionals Desire Independence

In spite of the fact that independent professionals don't receive many of the fringe and other benefits that employees generally do, a study by the Hudson Highland Group, a global staffing, executive search, and consulting firm, shows them to be consistently happier and better compensated than their counterparts in full-time employee positions. The survey covered 2,168 participants, of which about half were in the U.S.

Titled *The Lure of Autonomy: A Global Study of Professional Workers*, the survey finds that these workers hold similar views of the importance of competence and knowledge, balance between work and life, compensation, and interesting work. The independent professionals are likely to be slightly older and more experienced, and they are considerably more likely to value both autonomy in their work situation and a flexible work schedule than does a full-time nonprofessional employee. Independents also want to develop their professionalism, broaden their skill sets, and get the type of experiences that will advance their careers while keeping their work interesting.

According to Jon Chait, chair and CEO of Hudson Highland, "The study is a wake-up call for employers...to fundamentally rethink the

way they manage their workforce." He adds, "Smart employers are not only focusing on their full-time employees, but developing strategies to relate to and manage highly skilled and productive professionals who are not under their direct control."

Full-time employees in the U.S. give the highest weight to paid vacation and the lowest to having to deal with office politics. They also report very low satisfaction with their employment security, which they rate as one of the most important objectives. On the other hand, independent professionals generally cite greater satisfaction than their full-time counterparts with the type of work they do, the people with whom they work, the industry, and their employer. Professionals report less satisfaction with the lack of paid vacations and the need to provide their own retirement benefits.

Robert Morgan, chief operating officer of Hudson Talent Management in North America, states, "This segment of nontraditional employees is fast approaching 10% of the total workforce and is expected to show continued strong growth in future years."

Perhaps one way to better motivate professionals—including those who are also full-time employees, such as management accountants—is to provide them with some of the benefits of independence, including more flexible work hours, additional varied temporary work assignments, and more development activities. ■

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