British Public Increasingly Cynical about Business

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A study to commemorate pollster MORI's 30th birthday finds the British public increasingly cynical about big business despite rising expectations of the corporate world, specifically with regard to social and environmental responsibility.

Trends in public opinion show a dramatic decline in public faith in the way companies use their profits over the past 30 years. In 1970 the public agreed by a majority of two-to-one that the *"profits of large companies help make things better for everyone who buys their products and services"*. In 1999, the public by two-to-one disagrees.

The oil crisis of 1973 dented faith in profits, but this was restored until the recession of 1981-82. Privatisations, especially of the utilities and the subsequent *"fat cat"* scandals, further damaged public trust. A series of company-related events such as the Exxon Valdez, Piper Alpha, Guinness and Maxwell affairs, and the collapse of Barings, contributed latterly to a sharpening decline in confidence.

Traditionally, companies have been judged by their profitability and quality of products and services, but the 90's have seen a rise in the importance of softer values such as social and environmental responsibility. Four-fifths of the British public believe that *"As they grow bigger, companies usually get cold and impersonal in their relations with people."* Despite the actions of business, over two-thirds of the public currently feel that *"Industry and commerce do not pay enough attention to their social responsibilities"* and *"British companies do not pay enough attention to their treatment of the environment"*.

Brent Spar was an important lesson for all major companies, not just Shell. It proved how effective lobbyists such as Greenpeace could be in influencing public opinion and mobilised big business into addressing consumer demands for more corporate accountability.

In addition to focusing on the expectations of their customers and shareholders, companies now recognise the need to build and sustain trust among other stakeholder groups. It is a reality acknowledged in Shell's *"Profits and Principles"* report: *"Faced with uncertainty, people are withdrawing their trust in traditional institutions unless it can be demonstrated that such faith is warranted"*.

Social responsibility has become the corporate phenomenon of the Nineties - the appointment of Reputation Managers and creation of Corporate Community Involvement Departments. A key remit of these posts is to offset actual or potential negative publicity by promoting the company's contribution to the communities and societies in which they operate.

The importance of good corporate citizenship cannot be underestimated. Another MORI survey saw most consumers saying that social responsibility influences them when deciding between competing products and services.

Product quality is now of paramount importance and large companies can no longer rely on a good corporate image alone to win consumer trust. While three-quarters agreed in 1970 that *"a company with a good reputation would not sell poor products"*, only 58% now think this. Similarly, in 1970 almost half believed that *"old established companies make the best products,"* and now only 37% are so sure.

If business is part of the problem, the public also clearly sees it as part of the solution. Over two-thirds feel that *"Large companies are essential for the nation's growth and expansion"*, a figure

that has changed little in the last 20 years. The vast majority disagree that *"For the good of the country, many of our largest companies should be broken up into smaller companies"* or *"It is in the country's interest that the big industries should be controlled by the government"*.

http://www.mori.com/polls/1999/mori30th.shtml