

***US BUSINESSES LEAD THE WORLD WITH PHILANTHROPY  
But Blinded To Their Corporate Social Responsibilities***

**Greater links between good CSR and good market valuations needed**

*"Advocates of theory want to marry profit and purpose. Right now it's mostly theory. Unless [CSR...] generates shareholder value, it's not going anywhere." (Stuart Hart, North Carolina University Business School, quoted in Fortune, 23 June 2003.)*

*"Enron's corporate governance statement was enough to make your eyes weep, but look what happened to it." (Ronnie Morriss, quoted in Business Week, 23 March 2003).*

**New York, 26 February 2004** - Echo Research, the global specialists in reputation audit and analysis, today launches its latest international corporate social responsibility (CSR) report – *"CSR and The Financial Community – Friends or Foes?"*

The report draws upon a mix of face-to-face interviews with US and international financial community leaders in the UK, Australia, France, Germany and South Africa - plus a commutative analysis of over 5,000 CSR-related media mentions. Echo's research shows how some US corporations are increasingly active in trying to make good the socio-economic deficit with their own local and regional communities as financial markets see good corporate CSR as the entry qualification for confident investment.

But Echo's report also highlights that the US is lagging - not leading - in the CSR debate. The report shows that US focus on corporate governance has been at the expense of the more broadly-based CSR agenda. While big US business, and its leaders, are continuing to concentrate on their philanthropy programs, they are not being CSR-active. Further, Echo's report concludes that most banks, brokers, insurance companies, stock exchanges, analysts and a wealth of financial experts are not taking CSR seriously when analyzing and valuing companies.

Echo Research MD Marianne Eisenmann said: “Historically, major North American corporations and financial institutions have been viewed as role models of best corporate practice and behavior. However, our report shows that many major US enterprises are now increasingly out-of-step with the international corporate and financial community, which generally has CSR much higher up its agenda. Post the Iraq war and Davos World Economic Forum, the international role and impact of the US business community is more relevant and generally under greater scrutiny than ever before. This report points to some much needed head-scratching by many major corporate business leaders and their corresponding financial institution’s senior management.”

### **Regulatory Resistance**

Most financial executives interviewed by Echo had a strong resistance to the need for CSR regulation, noting that, ironically, a set standard would act as a minimum level of attainment. As one respondent dryly observed “...I don’t believe you can regulate ethics – you either have them or you don’t.” While many admitted that “CSR is no protection from failure”, there is broad recognition that good CSR equates with better risk management.

Marianne Eisenmann added: “This is our third in-depth, qualitative report on the perception of CSR, based now on over 250 interviews around the world. Picking up the mood of Davos this year, we have seen a distinct shift from CSR as an inspirational concept three years ago towards accepted good management practice today. As this occurs, whether in the US or elsewhere, we see the international financial community giving a strong CSR commitment much greater credence when evaluating the quality of management, the company’s strategy and how its shares should be rated.”

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## **Methodology**

By 2003, 240 opinion formers from the US, UK, Australia, China, France, Germany and South Africa have been interviewed. Financial institutions interviewed included Citigroup (US), JP Morgan (US), Moodys (US), FTSE (UK), Core Ratings (UK), Confederation of British Industry (UK), Britannic Asset Management (UK), Capital Investment (Germany), Allianz Asset Management (Germany), Deutsche Securities (South Africa), Association of Superannuation Funds of Australia, Australian Investment Managers Association, Cazenove (South Africa), HSBC (South Africa), Deloitte & Touche (South Africa). Some 5,432 evaluated press mentions cover the main national, international and business press in the same seven international markets.

## **Notes to Editor**

Free to the media upon request, the cost of Echo's CSR3 Report is \$700, 20% of which will go directly to the LC International, a global charity specializing in creating opportunities for disabled people. There is a nominal charge of \$75 for university libraries and special interest groups. Further information can be found on [www.echoResearch.com](http://www.echoResearch.com).

## **Background**

Echo Research Group, global specialists in reputation analysis and communications research, helps organizations measure how they are seen among different stakeholder groups. With 165 analysts, Echo has offices in New York, London, Brussels, Paris and Stockholm. Its world-class clients include one quarter of the Fortune 100. Echo's expertise crosses key industry sectors including: Consumer, Financial Services, Health, IT, Telecommunications, Media, Professional Services, Public Sector and NGOs. More information and resources can be found at [www.echoResearch.com](http://www.echoResearch.com).

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