

FORÉTICA REPORT

THE EVOLUTION OF SOCIAL RESPONSIBILITY AMONG SPANISH BUSINESSES



Introduction	3
Businesses	4
Awareness and clarity of CSR	5
Corporate attitudes towards CSR	6
Strategic and operational integration of CSR	8
CSR in a context of crisis	12
Segmentation of businesses' attitudes towards CSR	13
The public	16
Awareness and clarity of CSR	17
Public attitudes towards CSR	18
Socially responsible consumption	21
Segmentation of Spanish population towards CSR	24
Conclusion	27

If one thing has characterized the private sector over the last two years, it has been the acute economic crisis, in which we are still immersed today. During this process, the importance of transparency and ethics as an integral part of business management has become evident.

In that respect, many experts from the private sector have supported the idea that Corporate Social Responsibility (CSR) has failed in reducing risks and correcting behavioral patterns. Moreover, there has been a recurrent theory that the economic crisis will signify the end of CSR.

It should be furthermore added that companies' budgets have suffered significant cuts, particularly in those activities that are further removed from the core business, or have less tangible results, and this naturally presents a serious risk for corporate social responsibility programs.

The public, in their role as consumers of goods and services, have also adapted their behavior to this new situation. The crisis has brought to the surface new concerns and a different approach to CSR.

Another trend of thought points to the idea of the "refinement of CSR". This theory states that if some organizations have abandoned, completely or partially, their CSR practices, it has only been in the case of organizations that do not have CSR integrated into their business strategy. In such cases it would have sufficed to moderate the over exuberance of certain CSR policies that were considered as a superfluous and dispensable part of corporate activity.

In contrast to this sort of organization, those which integrate CSR into their business strategy, considering it a competitive tool that enhances management and improves efficiency in the handling of risks, as well as attracting and retaining both clients and employees, have not abandoned CSR policies.

This Forética 2011 Report provides an accurate and precise view of the current state of CSR development in today's Spanish private sector, as well as how this trend has evolved over the last two years, with emphasis on the effect that the crisis has had upon the way in which businesses tackle the challenge of sustainability.

It also investigates how the concept of CSR has evolved among the public, as well as the impact which different initiatives, both public and private, and the adverse economic situation, have had on their behaviour. Particularly noteworthy is the analysis of their role as consumers and as agents of change in business behaviour patterns.



Businesses

One of the most prominent conclusions of the Forética 2011 Report, with regards to previous editions, is the substantial increase in the awareness of CSR amongst Spanish businesses.

However, this increase shows certain irregularities that are worth highlighting. Social Responsibility is now a well-known concept, yet the breach between the awareness of small businesses and that of medium and large companies has expanded significantly. The vision of CSR is qualitatively different between these groups regarding the concept, the perception of its usefulness and the level of skepticism towards its future development.

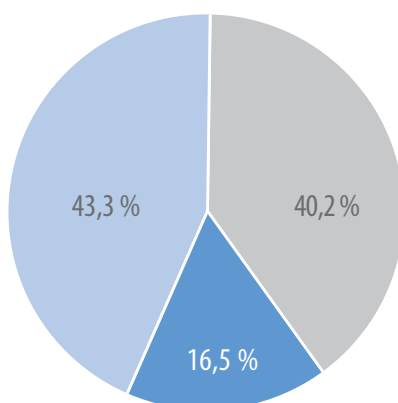
Awareness and Clarity of CSR

“Awareness” measures the level of penetration into the private sector that the concept of CSR has had, whilst “clarity” attempts to assess the clarity with which it has been put into place by businesses, in relation to the widely accepted concept of Social Responsibility. A good level of awareness and clarity is an indispensable element in the development of CSR.

CSR is becoming integrated into business discourse. 6 out of every 10 businesses are now aware of CSR

Awareness of the CSR concept continues to gain momentum in the Spanish private sector. There is a significant increase in the number of companies that demonstrate awareness of CSR, rising from 54% to 60% in 2010. In the case of large and medium sized companies CSR awareness is practically complete, reaching 96% in spontaneous responses. That is in contrast to small companies, where this sort of awareness only reaches 52%.

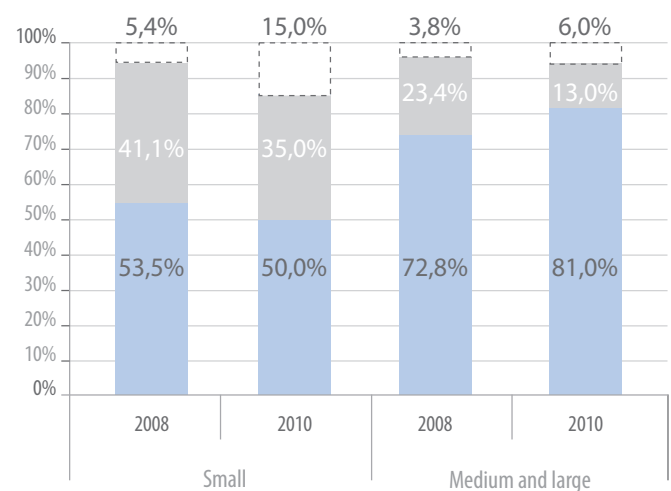
Have you heard of CSR?



■ Yes - spontaneous mention ■ Yes - prompted ■ No

Clarity is increasing among large and medium sized enterprises, while amongst small enterprises it is in decline. The concept is evolving unevenly between small businesses, which barely capture the concept, and larger businesses, whose view of it is becoming “mainstream”.

Development of clarity according to size of enterprise



■ CSR attributes ■ Market attributes² ▨ No answer

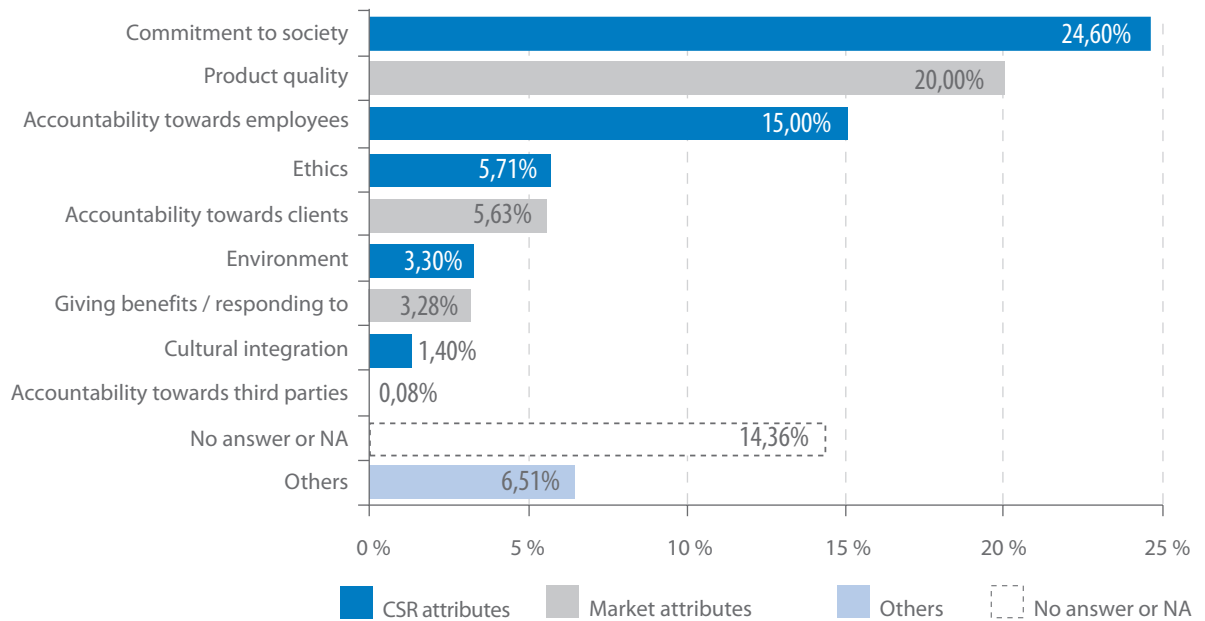
¹ The data for the Forética 2011 Report was collected between April and June 2010 (see the technical sheet) and so all comparisons made throughout this document refer to this year.

² Market: includes those elements which make up the competitive position of the business from an economic and commercial perspective. These include price, quality, customer service, profit generation, brand creation and others...

The degree of clarity is mixed depending on the group under analysis. Medium and large enterprises experience an improvement when defining CSR spontaneously, naming 83% of attributes related to social and environmental aspects. The remaining 17% cor-

respond to other market attributes. In the case of small enterprises, the concept of CSR becomes slightly blurred, reducing the attributes typically related to CSR and with significant increases in the "no answer" section.

What is CSR? (Spontaneous response - top of mind)



Corporate attitudes towards CSR

The attitude that an organization demonstrates in its approach to Social Responsibility can indicate present and future trends concerning the development and evolution of CSR policies within the private sector.

Companies show a more defensive attitude towards CSR in a context of crisis. Skepticism about CSR is on the increase.

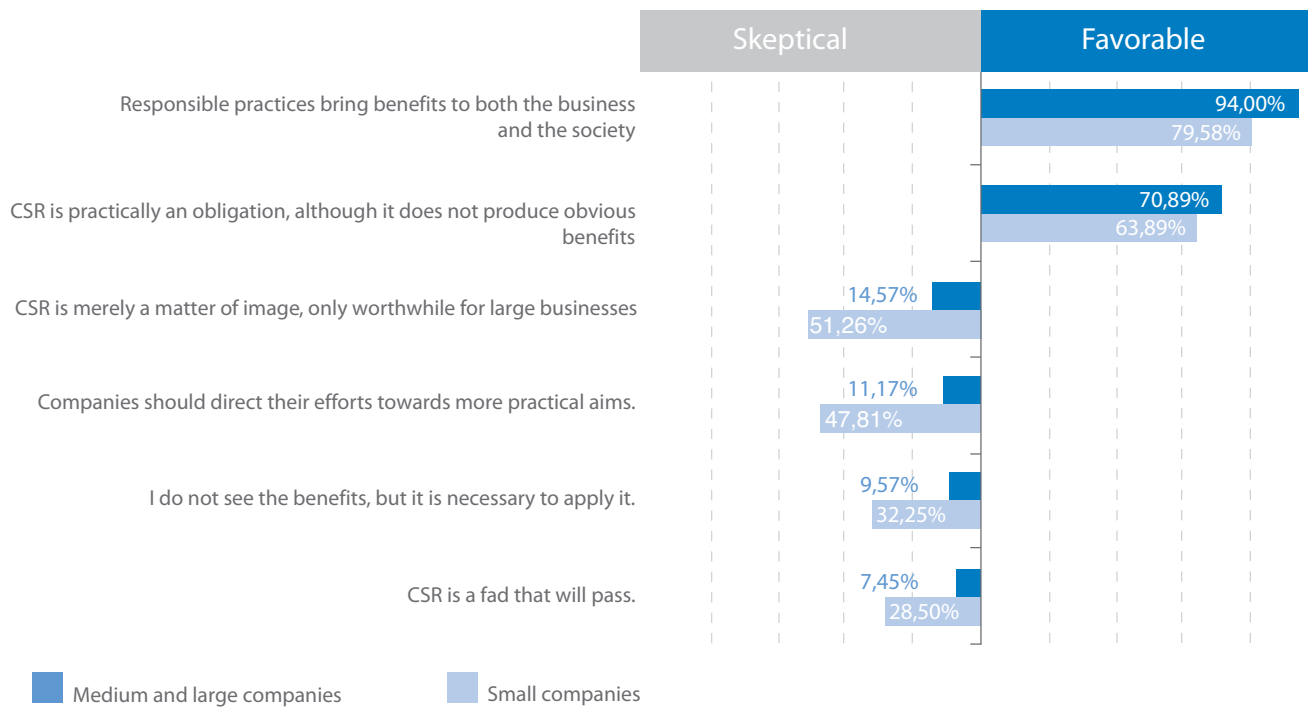
The majority of Spanish companies believe that CSR generates mutual benefits both for society and for the private sector, although they recognize the difficulty

in measuring these benefits. On the other hand, the perception about the advantages and consistency of CSR has declined due to an increased skepticism. The authors of this report maintain that this less favorable perception is principally due to a significant deterioration in the economic situation, which leads companies

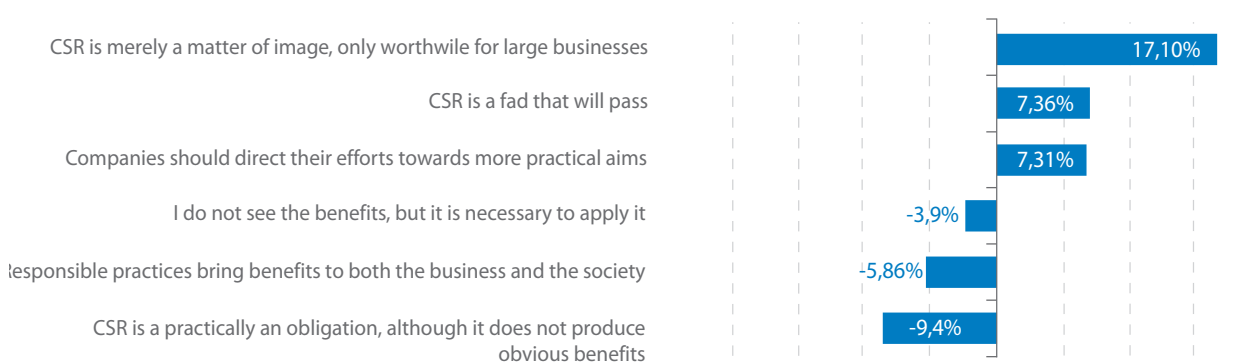
to adopt a more defensive position. So, a more skeptical stance towards CSR is maintained by small companies (less than 100 employees), whilst the medium

and large companies are dominated by more favorable opinions of the advantages of CSR. This divide is consistent throughout the entire report.

Attitudes towards CSR: Do you agree that...?



Differences in attitudes between 2008 and 2010



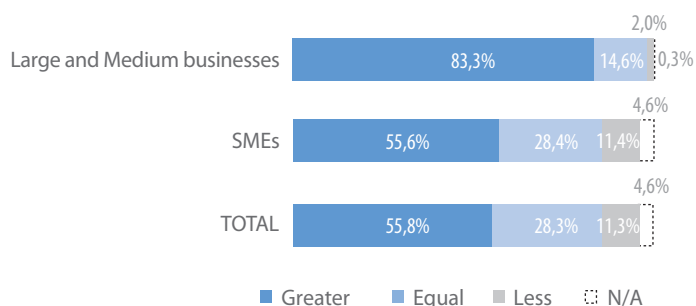
The importance of CSR will continue to grow, but at a slower rate. 84% of businesses believe that CSR will have an equal or greater significance in the future.

The perspectives on the future of CSR are still positive. 84% of businesses think that the significance of

CSR will be equal or greater in the years to come. This statistic is 8 points below that recorded in the Forética 2008 Report, in which the consensus reached 92%. However, this decline can be attributed exclusively to the small business sector. Hence 56% of small companies estimate that the significance of CSR will increase,

³ The authors of this report want to make clear that the concept of CSR cannot be analyzed in isolation from the other variables which make up businesses' competitiveness. The separation used in this study responds to a methodological structure which aims to highlight those aspects most typically related to businesses' Social, Environmental and Ethical Responsibility.

Over the next few years, the importance of CSR will be...



compared to 66% in 2008. At the most negative extreme, 11% of companies consider that CSR will be less important in the future.

Overall, responses suggest that CSR will continue to consolidate in the future, despite small companies appearing more reluctant on the subject. It seems

probable that the pull effect of the medium and large companies, with a large influence over the small, will contribute.

Priorities within CSR also adapt to the economic cycle. Employment creation is gaining priority, to the detriment of environmental concerns.

Spanish businesses consolidate CSR priorities set out in previous editions of the Forética Report. Changes produced respond to a change in the current socio-economic context, where variables linked to employment are gaining importance – 4 out of 5 of the top priorities respond to this aspect, compared to 3 in 2008 – and the environment has given way to client protection. Nonetheless, it must be noted that these changes are slight and do not alter the global framework of corporate CSR priorities.

CSR Priorities

2008	2010
Respect human rights and the privacy of your employees and suppliers	Respect human rights and the privacy of your employees and suppliers
Respect the Environment	Generate employment
Commit to health and safety precautions in the workplace	Do not discriminate and promote equality, especially for employees
Do not discriminate and promote equality, especially for employees	Commit to health and safety precautions in the workplace
Pay attention to and protect the rights of your clients	Respect the Environment

Strategic and operational integration of CSR

At the point of integrating CSR into an organization, two levels can be distinguished: the strategic – responsible for formulating, approving and supervising the strategy of social responsibility – and the operational – responsible for executing and implementing the CSR strategy. In this analysis, we will only consider those businesses that have CSR policies.

The strategic profile of the organization. The CEO makes up the principal driving force of CSR, followed by the Board of Directors. 5 out of 100 companies organize the implementation of CSR through systematic policies and procedures.

5% of businesses in Spain formalize their CSR policies in written form and 11% are in the process of formalization. With respect to the highest authority responsible, the main driving force of CSR on a strategic level, it can be observed, is the CEO, in 44.5% of cases, followed by the board of directors at 25.4%.

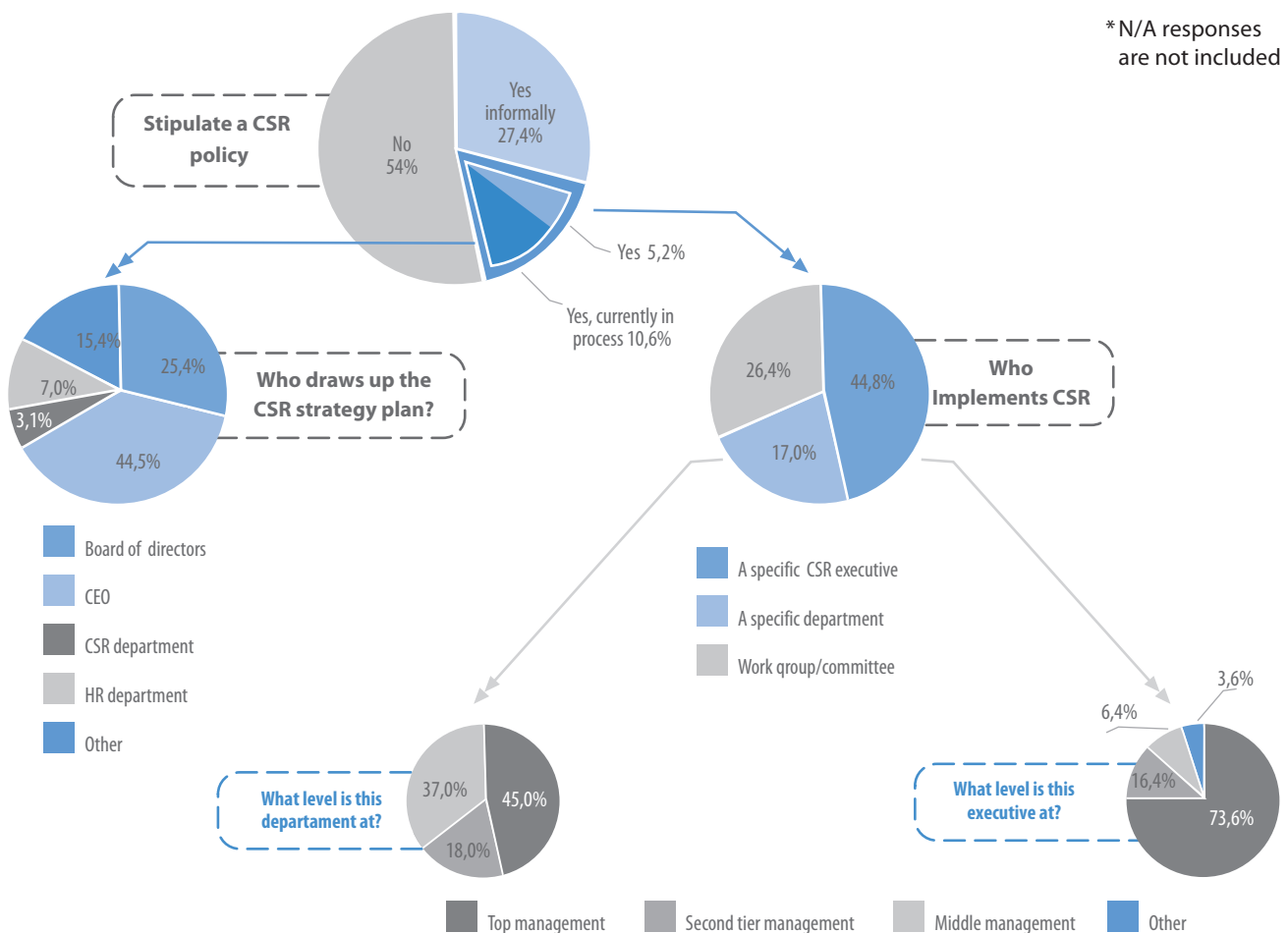
On an operational level, no dominant model exists for integrating CSR into the organization. The CSR director is a leader in

the organization and has grown to become the most widespread formula.

On an operational level we can observe large differences in the structuring of CSR implementation. The most common formula is the designation of a specific CSR Director, as occurs in 45% of cases. In second place, the integration of social responsibility is delegated through the creation of committees or work groups, representing 26% of observations. Finally, 17% of companies with CSR policies delegate its implementation by adding the responsibility of CSR to another pre-existing department such as communication, HR or quality control.

The different methods of integrating CSR into an organization have hierarchal implications. That is to say, the figure of a CSR Director is that which benefits from the greatest influential weight, since they tend to

Strategic and operational integration of CSR*



be part of the Executive Committee - as observed in 73.6% of companies. In those cases where implementation is attributed to a preexisting department, CSR has a less prominent profile, since in only 45% of cases, the person responsible for CSR is in a top management position, 18% are in second tier management and 37% rest in the middle management.

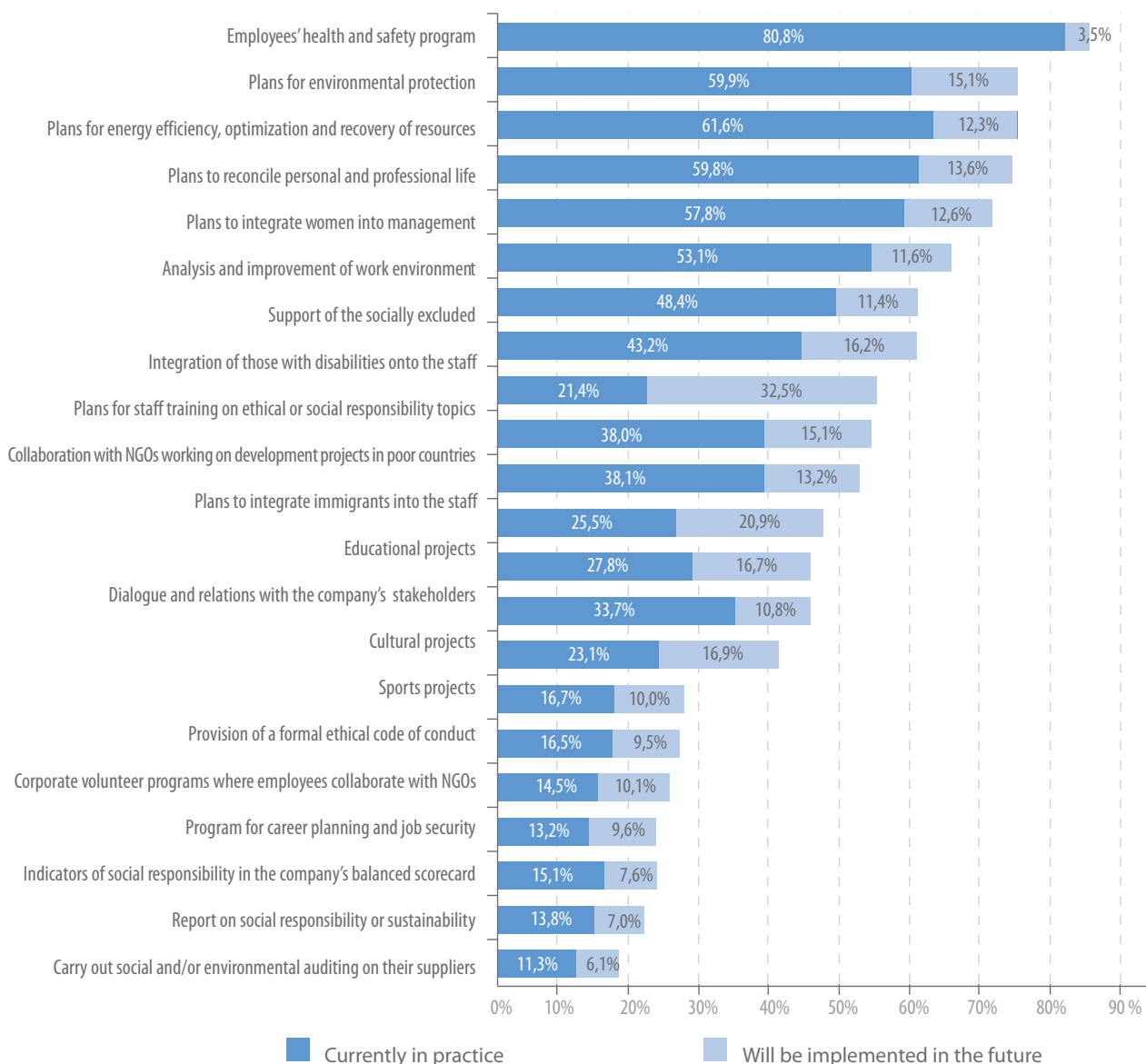
Management is dominated by vertical processes, showing deficiencies in the cross-cutting nature of CSR. Health and safety, environmental protection, optimization of resources, gender equality

and work-life balance constitute the most common practices among Spanish companies.

The most long-standing CSR management areas respond mainly to vertical duties and processes within the organizations. Prevention of occupational hazards, plans for environmental management, gender equality and work-life balance are the best integrated management practices in Spain.

These lines of work have two aspects in common. On the one hand, they concern highly regulated areas and their development tends to correspond to a single de-

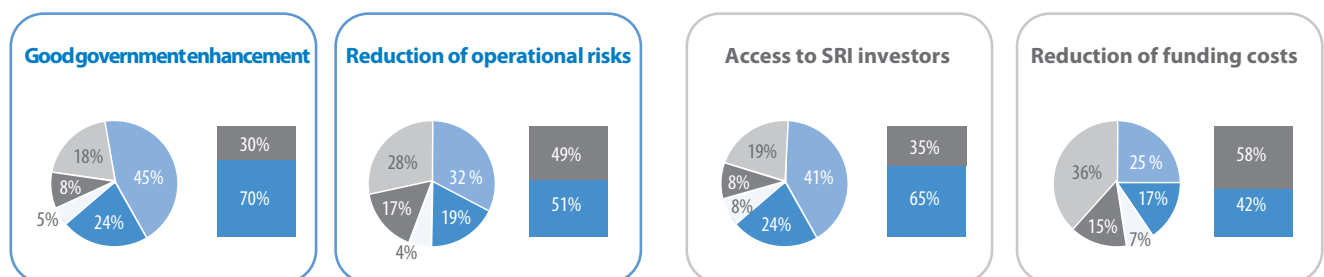
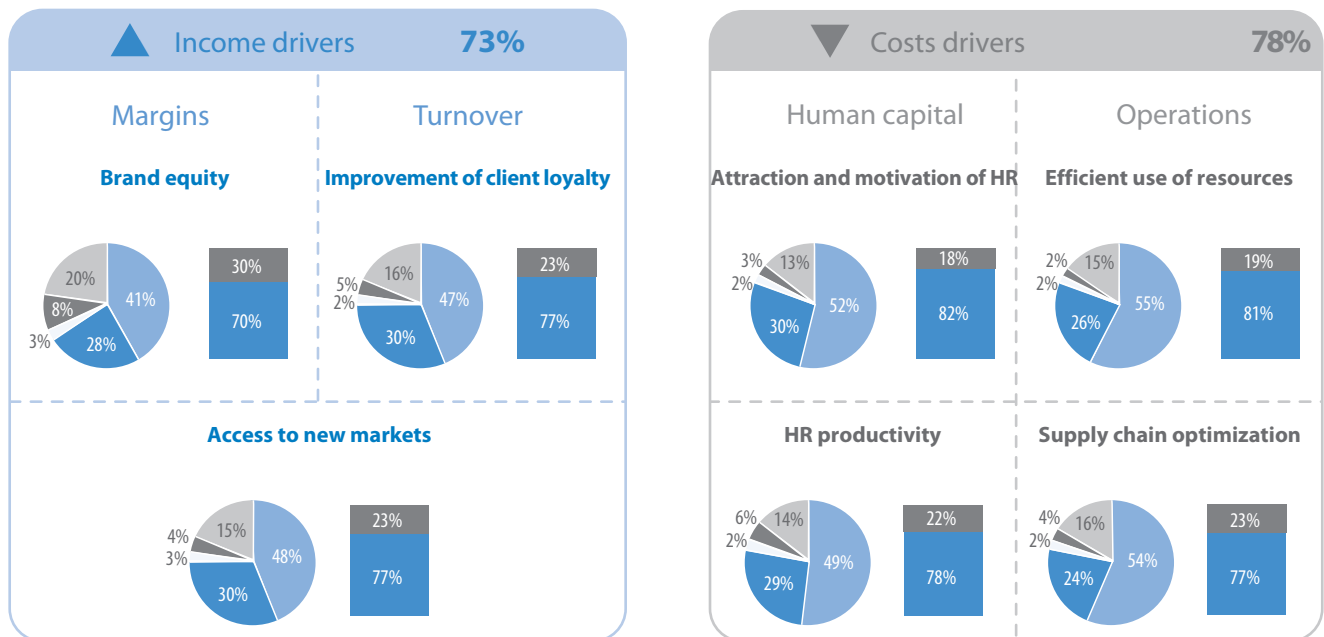
Implementation of CSR programs



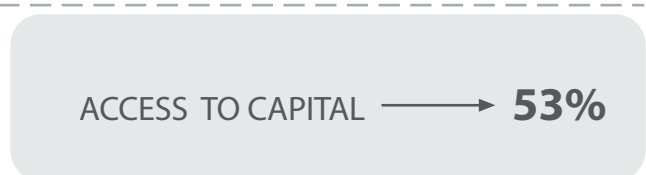
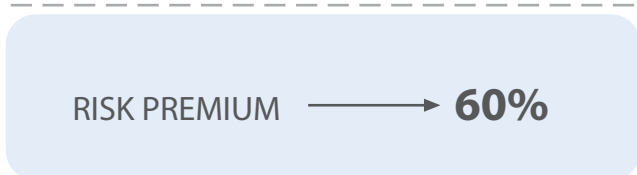
partment, hence their vertical significance. Aspects linked to human resources and corporate philanthropy are on a second level of integration, notably, initiatives such as a safe working environment, inte-

gration of those with disabilities onto the staff, or CSR training, on the one hand, and the support of the socially excluded, collaboration with NGOs and other educational and cultural projects on the other.

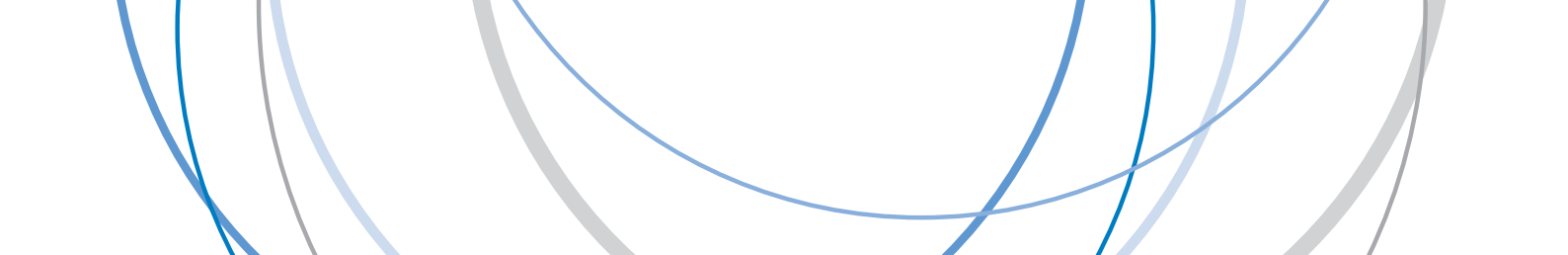
Generation of added value*



Pie charts: ■ Do not agree ■ Partially agree ■ Mainly agree ■ Totally agree Bar charts: ■ Agree ■ Disagree



* 78% of businesses think that CSR contributes to 78% of cost reductions and to 76% of the increase in income, thereby generating a positive impact on the beneficiaries, while 57% believe it reduces financing costs, thanks to a reduction in the risk premium (60%) and an improved access to capital (53%).



Cross-cutting, horizontal processes, such as the formulation of codes of conduct, the deployment of indicators of company's balanced scorecard, the CSR report or the control of CSR in the supply chain, show the lowest level of implementation.

🕒 **Excellence in human capital and optimization of resources are the principal levers of the merit of CSR. Out of every 10 companies, 8 consider that CSR contributes to the reduction in costs, 7 to an increased income and 6 to better access to sources of funding.**

CSR is perceived as a source of added-value. Within the influences so far analyzed, Spanish companies consider CSR to have a large impact inside and outside the organization. The motivation and productivity of human capital, and the efficiency in the consumption of resources contribute to a reduction of costs, so being the main source of value for the organization. Greater fidelity of clients and an increased potential access to market niches favor the generation of income. Furthermore, a sounder management and the attraction of SRI (Socially Responsible Investment) facilitate the businesses' access to capital.

CSR in a context of crisis

For the first time since we began this series of Forética Reports, we have been able to analyze what happens when CSR is put under pressure. The economic crisis has had a direct impact on all areas of activity within companies. In order to balance the budget and adjust to new conditions in the market, the majority of organizations have had to adjust their spending and investments. This section aims to analyze the direct impact that this situation has had on CSR activities.

🕒 **Businesses show signs of the crisis and this has repercussions for their CSR policies. However, not all are giving up. One in three companies has cut its CSR activities.**

One in every three Spanish businesses (31% in total) has stopped carrying out CSR activities as a direct consequence of the economic situation. This data,

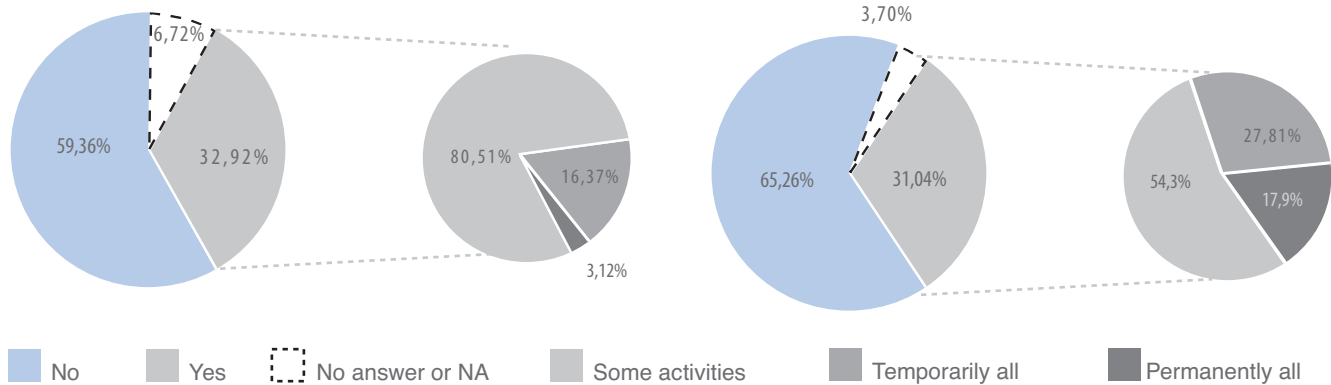
although it appears disheartening, gives away the strength of CSR if we take it into account that, since the last edition of this report, 2.3 million jobs and 130,000 businesses have been destroyed. In contrast, 65.21% show that their business is maintaining or even increasing their CSR activities.

Continuing this analysis, we can distinguish once again between the behavior of small and of medium

Abandoning of CSR activities due to the crisis

Medium and large N = 400

Small N = 631



and large companies, since they differ noticeably as regards the size of the cutback. A large proportion of small businesses, opt for complete or partial cutbacks, demonstrated by 45% of companies, who confirm having cutback their activities. The impact on medium and

large companies is significantly smaller. Of the 32.9% which have made cutbacks in their CSR programs, the majority – more than 80% - have opted for a partial reduction in activities, rather than for their complete disposal, as the other 20% have done.

Segmentation of businesses' attitudes towards CSR

Forética has categorized businesses to make it possible to distinguish clearly the different approaches to Social Responsibility that organizations demonstrate. This categorization is divided into six different categories based on three criteria:

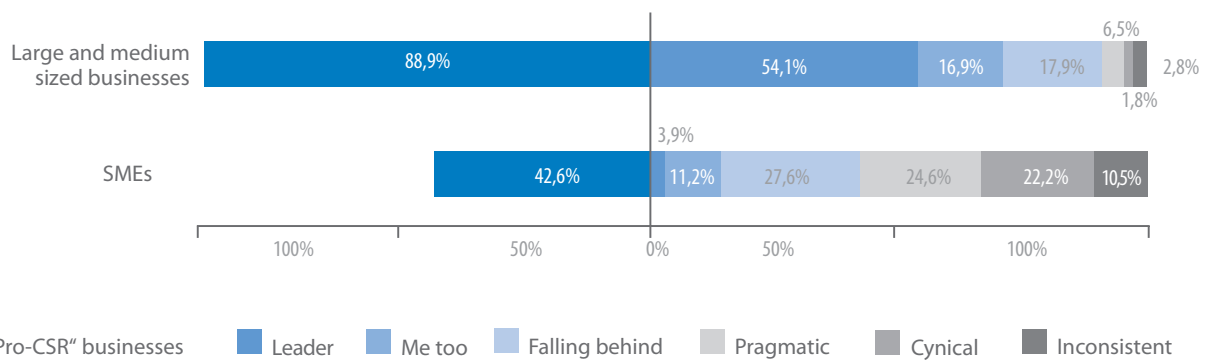
- Knowing: the level of knowledge of CSR
- Wanting: the attitude and motivation to do something (the level of skepticism and perception of usefulness)
- Empowering: providing the means for achieving desired objectives (behavioral patterns)

The Forética report divides Spanish businesses according to their attitude and approach to CSR. 4.3% of businesses are leaders, meaning that they believe

in CSR and apply it. The total number of organizations with a favorable perspective towards CSR is 43.1%.

		2006	2008	2010
LEADER	Believe in CSR and apply it	4,1%	3,8%	4,3%
ME TOO	Only partially believe in CSR but are taking actions	10,7%	12,7%	11,2%
FALLING BEHIND	Believe in CSR but do not apply it	40,6%	33,2%	27,6%
PRAGMATIC	Only partially believe in CSR and do not apply it	24,0%	27,0%	24,4%
CYNICAL	Do not believe in CSR or apply it	16,5%	17,7%	22,1%
INCONSISTENT	Are skeptical about CSR but believe in its advantages	4,1%	5,6%	10,4%

Categorization of businesses



43% of businesses in Spain consider Social Responsibility as purposeful for their organization (the sum of leader, me too and falling behind categories) although only 15.5% are systematically developing Social Responsibility practices.

24.4% of the same companies have not been able to see the advantages of Social Responsibility and, consequently, do not implement any practices of this kind.

Profile of a leading business in CSR

Type of business	Generally of a large size, with more diverse origins
Awareness and clarity	Spontaneous. More importance given to social aspects (especially relating to people who work for the organization)
Attitude	Perception of the mutual benefits, as much for the business as for society
Strategic integration	Strategies and policies are developed from the top level management. The person or committee responsible for CSR is on the Board of Directors
Management of CSR	Advanced use of management tools for CSR
Attitude in the face of the crisis	Solid support for CSR. Few cutbacks for CSR due to the crisis

On an even more critical level, more than 22% of firms interviewed do not appreciate any sort of use, nor believe in the philosophy of Social Responsibility, for which reason we have considered this group as cynics.

The “inconsistent” section gathers together 10% of cases, those businesses that appear to be skeptical about CSR but also seem to believe in its usefulness.

A new attitude. Is the glass half full or half empty?

The results of this study, observing a widening of the gap between small companies on the one side and medium and large on the other, has made us revise our analysis, categorizing the samples, not only by size of the company but also from the point of view of organizations’ contribution to employment, broken down by company type.

This form of analyzing the samples greatly changes the perspective. The amount of businesses with more than 100 employees is multiplied by 99, thus representing 36.6% of the total (they are the generators of one in 3 job posts in Spain) compared to the original 0.4%.

In this way of considering businesses for their contribution to employment, the leaders reach 23.3% of the total, the “me too” 17.4% and the “falling behind” sec-

tion 24.7%. On the less favorable side to CSR, 10.8% of the businesses were cynical and 6.9% were inconsistent. This new perspective of the sample of businesses leads to much more favorable results concerning the proportion of organizations that are active in CSR. Particularly regarding the sector of leaders, which seemed to be in the minority but has now become the largest category in the sample.

The question is how should we interpret this data? Is it merely a game of variables set up by the authors to give a better image of CSR? What is certain is that both methods presented are two perfectly consistent and legitimate statistical weightings. It is about showing that there is a strong polarization of businesses and that their size in terms of employment has become a crucial factor.

In this way, when we observe all the businesses in the Spanish economy, independently from their contribution to GDP or to employment, we conclude that CSR continues to be an “illustrated” reality present in a reduced number of businesses. However, when we observe firms in terms of the number of employees, we see that in a significant group of organizations CSR has become a daily concern. We will leave to the readers the choice of statistics that seems most reasonable and encourage them to draw their own conclusions.



The public

Within this section on the public, the Forética Report tries to analyze the level of awareness on CSR, the perceptions about businesses' behavior in this area, and the level of integration of responsible consumption. In this edition we have noticed improvements in the awareness and clarity of the concept and the perception that businesses show a greater concern for society and the environment. Nevertheless, the general index of popular awareness has slightly decreased.

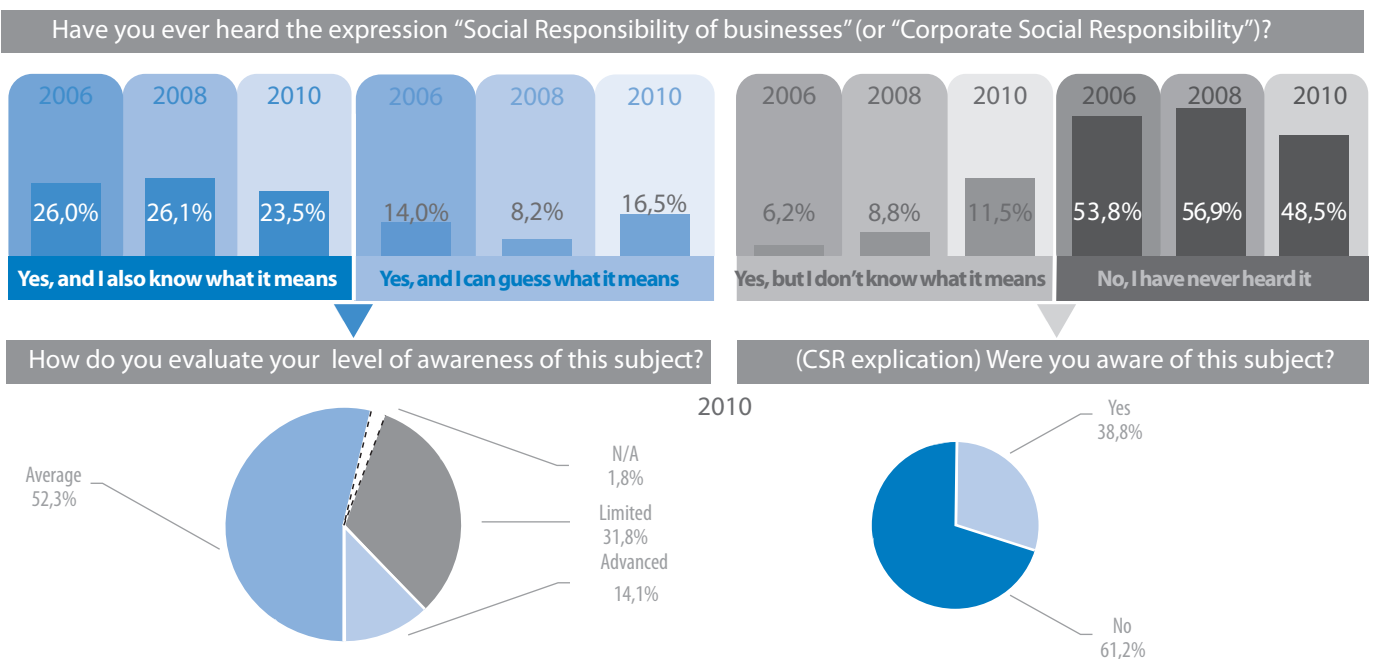
Awareness and clarity of CSR

Awareness and clarity of CSR is especially crucial when analyzing the public, since a number of factors which could facilitate or hinder the development of the concept come into play. The consumer is permanently exposed to an enormous quantity of incentives, such as advertising, political debates and campaigns around social and environmental topics. Socio-cultural class and age are determinates when grasping the concept and forming a favorable or critical opinion of CSR.

The concept of CSR is increasingly penetrating among consumers. One in two citizens has heard about CSR.

Awareness of the topic of social responsibility has increased in the last two years, crossing the threshold of 50% of citizens who acknowledge having heard of it.

Level of awareness of CSR



Spontaneously 51% appeared to have been exposed to the term. Nevertheless, the concept is still not very well-established, as only 5.6% of Spanish felt they had an advanced knowledge of this topic.

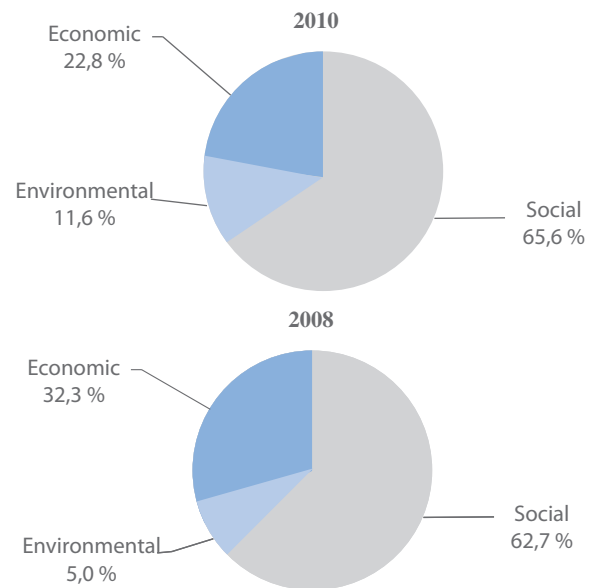
🕒 **Clarity has experienced qualitative rather than quantitative changes. Social topics have gained importance in the public attitude towards CSR.**

23.5% of citizens spontaneously demonstrate knowledge of social responsibility, showing no variation from the previous edition of this study.

What has changed, on the other hand, is the weighting given to the different social, environmental and economic attributes when forming the concept of CSR. Both the social and the environmental dimension have made progress with respect to 2008, while the economic dimension has digressed. This responds to two probable hypotheses: on the one hand, the effects of the economic crisis have an impact on citizens and amplify the sensitivity towards the social dimension; on the other hand, the concept of CSR is evolving

and increasing the value of environmental protection, which appeared undervalued in previous editions of the Forética Report.

The importance attributed to the three pillars of CSR by the public



Public attitudes towards CSR

In this section we try to analyze which criteria the public takes into account when labeling an organization as a “good company”. We measure the value that consumers award to corporate social responsibility and we observe the public perception of businesses’ social and environmental behavior.

🕒 **Social responsibility is becoming more important as an attribute of a “good company”, due to a greater concern for employment. Market attributes have less**

and less influence in the evaluation of a business.

One of the indicators of the Forética Report consists of identifying which attributes citizens value when

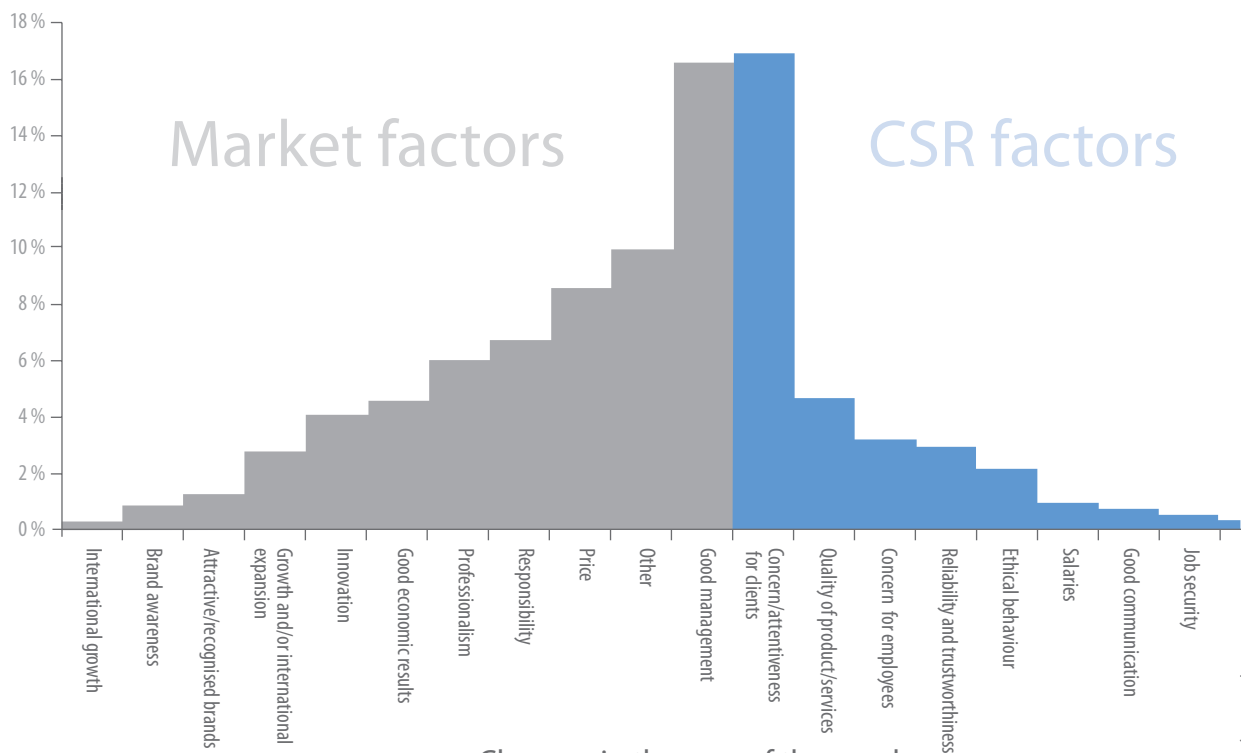
considering a company as “good” and breaking them down into two types: market attributes – linked to competitiveness – and CSR attributes – those most typically linked to social responsibility.

In this edition, the attributes of social responsibility have undergone a significant boost since 2008. This is due to a greater appreciation of the social and labor components across all variables. Hence, concern for employees on the one hand, and loyalty and trust, on the other, have contributed to an increase in the value of CSR. As far as concerns market related attributes, primarily quality, as well as price and brand have diminished in importance. The analysis of both

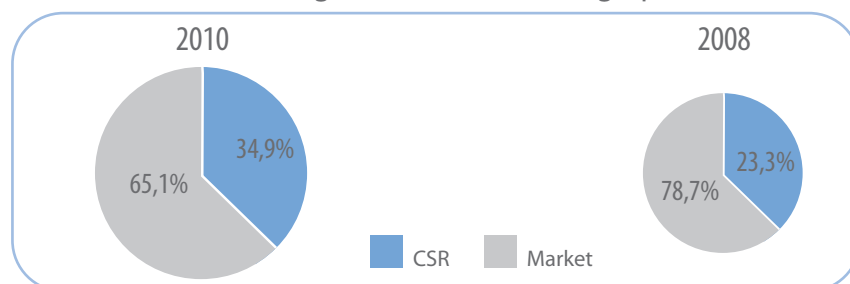
dimensions seems to show the effects of the severe economic crisis upon employment, salary cuts and a loss of trust in the private sector. Once again the low value attributed to the environment when evaluating businesses stands out, with a total value of 1%. This trend reveals a conceptual disconnection between the businesses and the environmental dimension of their activities.

CSR still is a priority for the public. Three thresholds of requirement for CSR have been established: the obligatory, the required and the desirable.

Public attitude



Changes in the area of the graph



⁵ See foot note number 2.

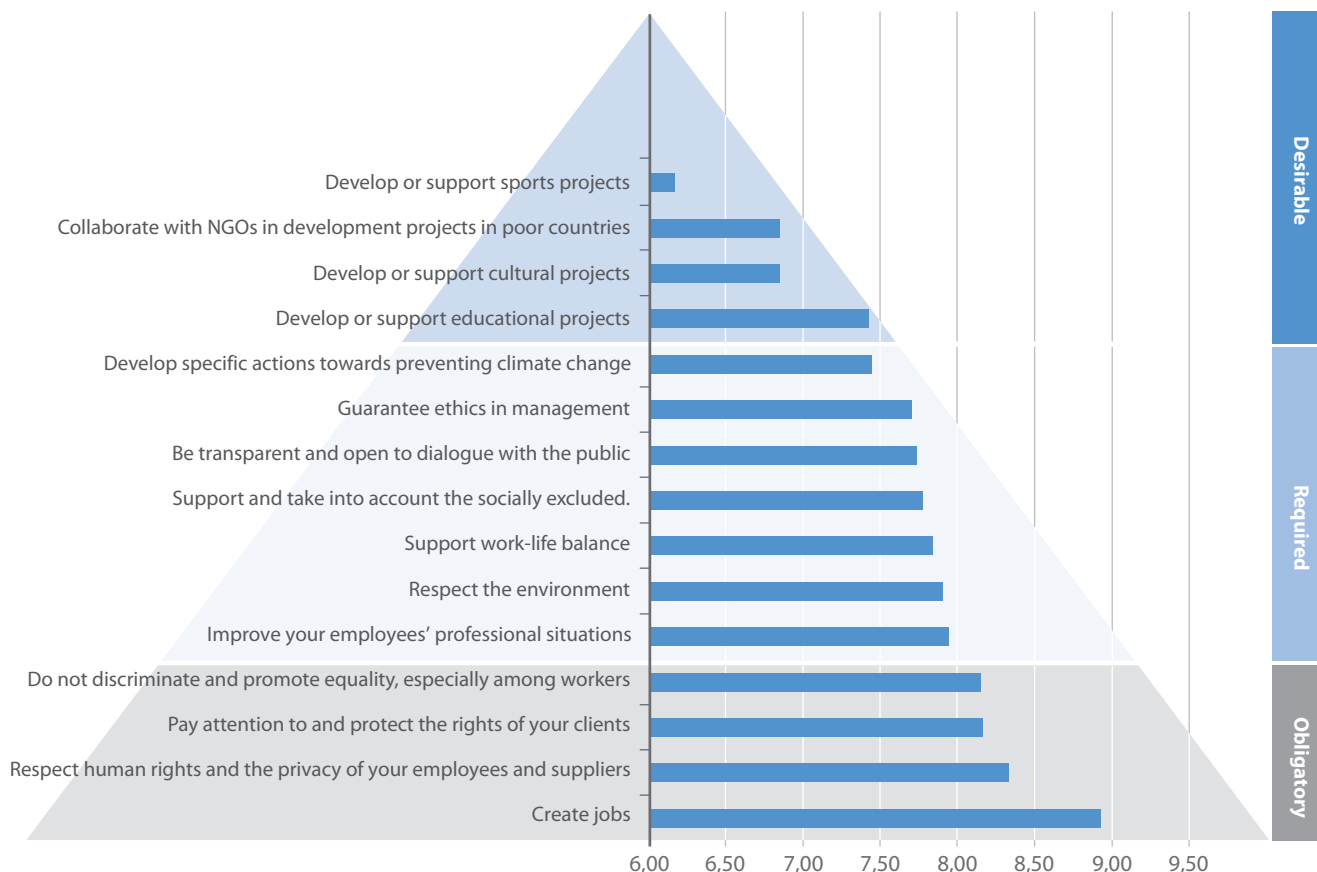
The importance of CSR in the eyes of the public has remained constant over recent years. 61% of the population thinks that CSR should be a total priority, while the other 30% think that CSR, whilst being important, should have a secondary role amongst corporate priorities. Only 2.5% of people think that CSR is not part of businesses' responsibilities.

Analyzing citizens' evaluations of the different themes that should be included in CSR, we see a clear hierarchy in the different dimensions of social responsibility. Similarly to Maslow's Pyramid, three levels of requirement are clearly differentiated. In the base of the pyramid are the obligatory elements, corresponding to those which, being either a regulation or an implicit social contract, are considered an indispensable part of a company's operational license. In second place, the

"required" elements refer to that part which, although considered "obligatory", is not generally fulfilled, either for the fault of the market or for other factors. In third place, the "desirable" groups together those aspects which are not required a priori, but are judged positively by the public.

This theory, which was already drawn up in the previous edition of the report, shows that although the socio-economic context can substantially affect some of the variables of CSR (especially in responsible consumption) there is an essential core that remains intact and which does not depend on the economic cycle. This would imply - as we have seen at various points in this report - that strategic dimensions coexist with other, more cyclical, dimensions within the public view of CSR.

Hierarchical pyramid of the priorities in CSR

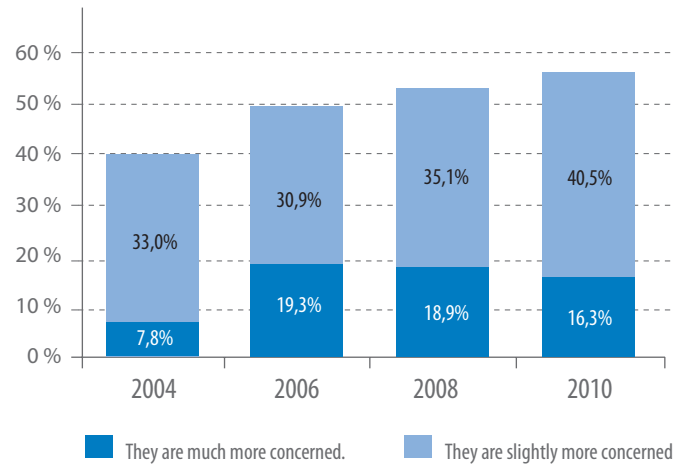


🕒 **Citizens continue to appreciate improvements in CSR management. 6 out of 10 citizens perceive improvements in the social and environmental performance.**

The general public observes improvements in businesses' concern for their social and environmental surroundings. 57% of those questioned observed a "greater" or "much greater" concern for aspects of CSR. This perception is independent of the segmentation of citizens according to their attitudes towards CSR.

The groups that observe the highest level of concern for these topics correspond to an upper middle or upper socio-cultural class: 66% and 70% of the sample, respectively. On the cynical end of the scale are young people between 18 and 24 years old, among whom only 44% notices improvements from businesses.

Public perception of CSR in business



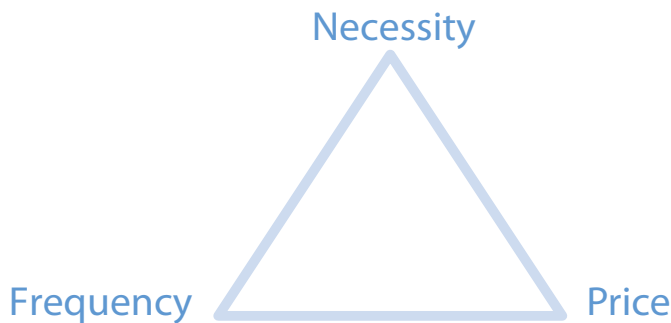
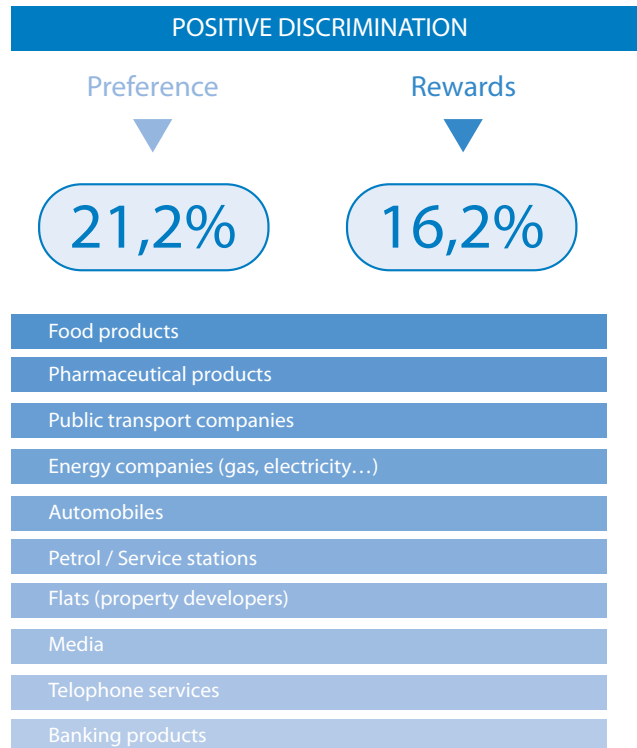
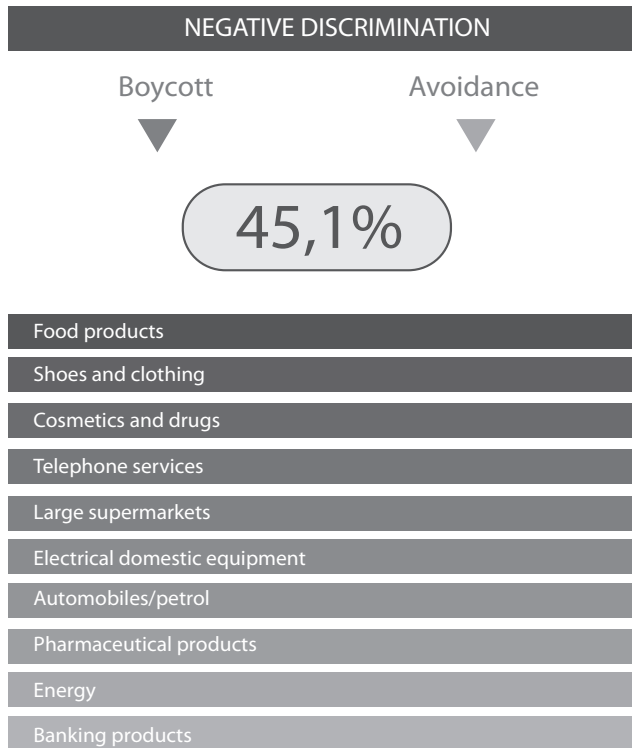
Socially responsible consumption

The attitude of the public is an indicator of the tendencies that could materialize in specific consumer behavior. Analyzing to what measure the aspects relative to social responsibility are present in purchasing decisions can shed light on the future of CSR itself.

🕒 **Positive discrimination of a product is well-established, while negative discrimination is gaining momentum and becoming the primary tool of responsible consumption. Ethical consumers reduce their investments into CSR and prefer to discriminate within an equal price range and boycott "irresponsible" businesses.**

Agreeing with our method of evaluation, the responsible consumer generally presents two norms of behavior: negative discrimination (boycott and avoidance) and positive discrimination (preference and rewards). Other factors exist that affect the influence of responsible and ethical criteria in the regulating of consumption. This is the case with purchase frequency, the necessity that the product or service addresses and its price, among others. Finally, a third dimension exists

Responsible Consumption



***Forética Report collects the data in first person and third person. Data in this table corresponds to the evaluation that each citizen makes on the Spanish consumers as a whole.**

which reflects the direction of responsible consumption (systematic, thematic or sporadic). Those readers with a specific interest in this model will find further detail in the complete version of the Forética 2011 Report.

Negative discrimination is becoming the main outworking of responsible consumption. 45% of citizens admit to having stopped buying a product or service

because they believed that the manufacture or distribution company carried out irresponsible or unethical practices. This means a significant progress since 2008, when this practice was at around 37%. In the area of positive discrimination, a shift can be observed from rewards (paying more for a responsible product) towards preference (choosing a responsible product or business at the same price). 21.2% would choose

a responsible company when faced with an offer of equal price, while another 16.2% would even be willing to pay a bit more for a responsible product, which, when added together, means that 37.4% of citizens carry out positive discrimination, albeit with different intensities. According to the authors of this report, these changes reflect more a temporary situation than a substantial long term change in consumer behavior. This is one of the variables that demonstrates a circular behavioral pattern in responsible consumption.

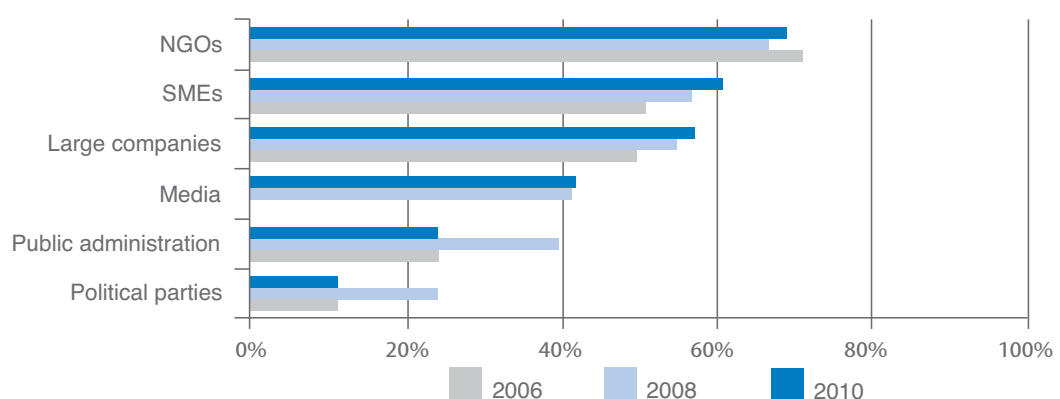
In terms of the variety of products most often tied to discrimination by responsible consumers, we find a very similar list in both alternatives. It is noticeable, however, that when a citizen selects the most ordinary, everyday products, they favor negative discrimination rather than positive, and, vice versa, positive discrimination is more usual for less common products and services.

Public perception of ethical practices on the side of private institutions is improving, while public institutions are falling behind significantly. The pharmaceutical, automobile and transport industries are leaders in the private sector.

In the evaluation of the social responsibility of different economic activities and sectors, NGOs are in the lead for the third consecutive time, in the rate of approval, with respect to ethics and responsibility in business, judged first place by 75% of the public. Contrary to expectations, the private sector, far from losing points in the crisis setting, has increased its rating compared to the previous edition of this Report. This is consistent with the perception of improvement in the private sector's social and environmental concern.

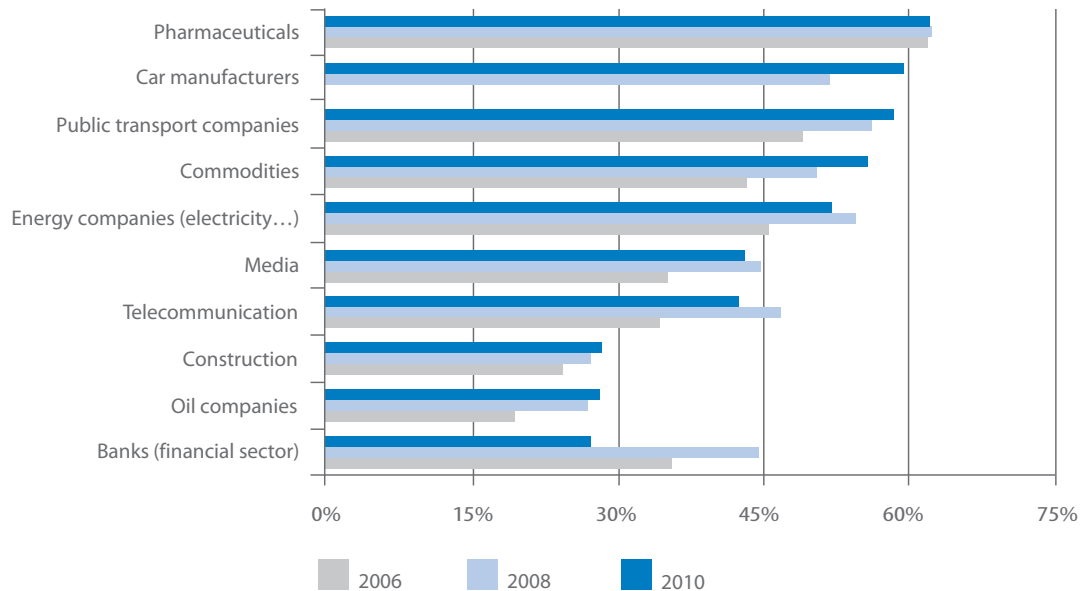
In the case of SMEs, 63% of the population estimates that they have "very" or "quite" responsible management practices, while for large companies the percentage is 47%. The media remains in the same position, while the public administration and political parties have fallen by 17% and 13% respectively; the public administration now achieves 25% of ratings, while political parties only receive 13%. Within the private sector, and from a sectorial point of view, the pharmaceutical and automobile industries, public transport, commodities and energy have adequate ethics and social responsibility according to the consensus of Spanish citizens. At the lower end of the scale, banking stands out, burdened by the weight of the financial crisis during the worldwide and local recession.

Public perception of social agents in terms of CSR



⁷ This analysis is based on responses in third person, to avoid the problem known as *the double standards of a responsible consumer*.

Public perception of the different sectors in terms of CSR



Segmentation of Spanish population towards CSR

Forética has segmented citizens in accordance with their awareness of CSR, their attitude towards it and their behavior. In this way, the sample is divided into four sections in order of awareness: active, engaged, disengaged and oblivious.

Spanish have seen a decline in their awareness to the subject of CSR. Three out of every 10 Spanish are aware of CSR.

The results of this edition show that the segments of population most favorable to CSR have been able to deal with the changes produced around them without this affecting their level of awareness. This group appears to have a strong conviction about the impor-

tance of social responsibility and is conscious of the protagonist role it plays as a consumer when shaping CSR tendencies.

However, at the lower end of the awareness scale, there is a greater rate of negligence. Therefore, the majority of respondents are found in the disengaged or passive categories, which believe that CSR is a business matter and has no connection to their life as a consumer-citizen.

Segmentation of the sample

According to citizen's behavior and attitudes towards Corporate Social Responsibility

			2006	2008	2010
1	ENGAGED	They know the concept of CSR and claim to have penalized a certain company for having unethical or irresponsible practices.	23,1 %	20,5 %	21,0 %
2	ACTIVE	They recognize the importance of social responsibility, have not acted in consequence but show clear tendencies to do so (paying more for products from responsible businesses or penalizing those businesses which have unethical or irresponsible practices).	15,5 %	13,3 %	7,3 %
3	DISENGAGED	They tend to think that CSR is a business matter and consequently they have not acted personally nor show any tendency to do so.	57,1 %	59,8 %	63,3 %
4	OBLIVIOUS	They do not attach any importance to corporate social responsibility.	4,3 %	6,4 %	8,4 %

Lastly, the number of "oblivious" citizens is growing too: those who attach no importance at all to CSR. So, in each 100 citizens in Spain, 21 show a high level of awareness, 7 are aware although they do not adapt their lifestyle to their socio-environmental concerns, 63 are passive towards the situation and 8 lack all interest in CSR.

These results contrast with the improvements in businesses' perception of public expectations towards CSR and with the improvement in the public's general judgment of the sectors. This apparent contradiction may respond to the hypothesis of a circular behavioral pattern.

From the consume's point to view CSR appears to have circular patterns, so the situation significantly affects citizens with lower awareness. This implies that the impact of ethical and CSR factors in consumption, rather than being a universal constant, fluctuates according to the context. This hypothesis remains true, according

to the authors of this report, when observing the oscillations of different variables and a regular regression to the mean (see complete version of the Report⁸).

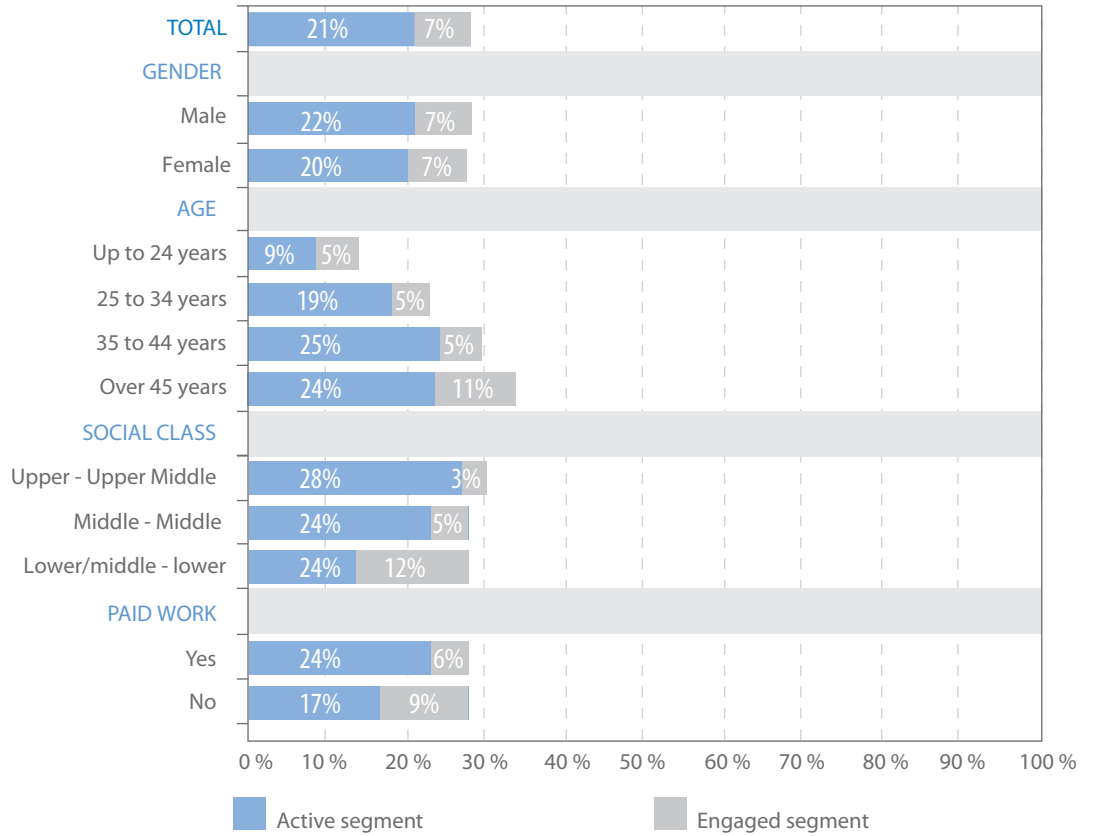
Profile of a socially responsible (SR) consumer

Ideology	The sample shows no significant differences in the ideological profiles of the SR consumer.
Gender	Neither gender is dominant within the SR category
Age	The generation over 45 year old notably stands out, followed by the group between 35 and 44 years old. The younger generation tends to be found in the disengaged or passive categories.
Socio-cultural class	The profiles of higher socio-cultural class stand out in the category of "active". The lower the socio-cultural class, the lower the level of awareness
Size of residence	The SR citizen is more numerous in urban areas, proportionally to the more highly populated it is.

⁸ Forética has carried out an analysis on the pendulum effect of certain variables around their mean. It concludes that there are two types of variables. On the one hand, static variables, which oscillate very little in relation to the mean, and on the other hand, dynamic variables, which oscillate significantly in relation to the mean. Patterns of

Profile of involved segments

according to socio-demographic dimensions





Conclusion

Corporate social responsibility is navigating through turbulent waters in the context of a severe crisis. This exceptional situation permits us to evaluate the resilience of CSR and confirms it as a longstanding tendency.

Throughout this report we have observed changes – apparently unfavorable – as much among businesses as among citizens. From an attitudinal point of view, there has been a defensive withdrawal towards a greater skepticism about CSR. From a behavioral point of view, we have seen cut-backs in certain corporate activities and in some consumer practices. By our judgment, all this is normal and clearly responds to a change in circumstances.

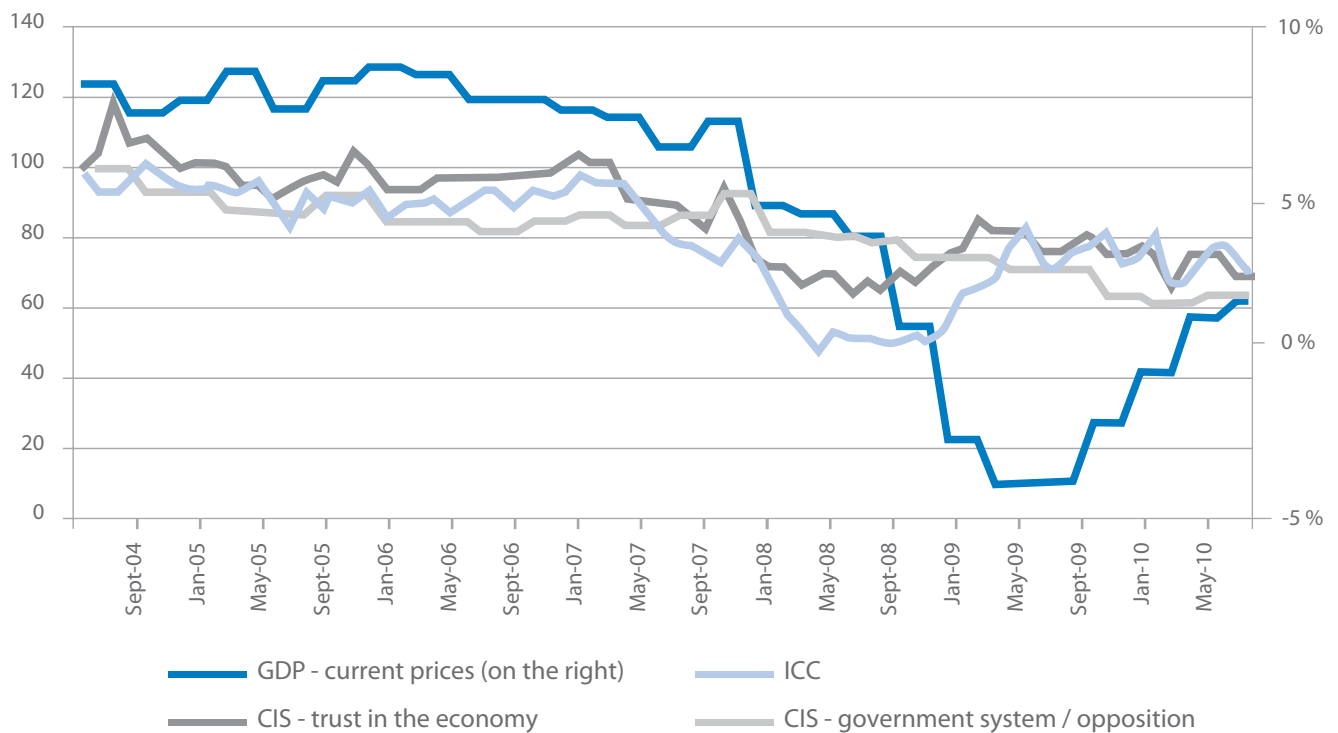
Businesses as well as consumers have fewer resources at their disposal and feeble prospects of benefits and employment, which consequently means less generalized optimism. As demonstrated in the graph below, in moments of crisis, the public experiences a strongly skeptical reaction in terms of consumer confidence index (ICC-ICO) as well as their confidence in the state of the economy and in the government/opposition system (CIS).

Discounting the effect of the crisis on consumers' confidence, we can see that the findings of this study reflect the solidity of the subject of CSR.

From a corporate perspective we have observed an increase in awareness and clarity of the concept of CSR. In the same way, discourse in its favor is continuing to gain strength in medium and large businesses, which compensates to a great extent the decline in small businesses, thanks to the pull effect that the former have on the latter.

Evolution of public trust

(Standardized - base 100)



With regards to the public, we see in turn a greater establishing of the concept and a positive evaluation of companies' concern for society and the environment. The consistency of the active citizens' profile stands out, as it has not wavered during times of crisis and is an example to the less diligent public.

As for the future, in the authors' opinion, CSR will continue to gain influence. Not only because businesses in this report view it to be so but also because this tendency is continually proven on a long term basis, equally in the private and public sectors. We hope to confirm this hypothesis over the next few years in future editions of the Forética Report.

Technical information

Research among the public:

Scope:

Residents in Spain between 18 and 70 years old.

Research Techniques:

Telephone interviews, applying a structured questionnaire.

Sample size and sampling omissions:

1004 valid interviews with 95% reliability and the least favourable hypothesis ($p=q=50\%$) the maximum error of the sampling for general data (rebased=total interviewees=1004) is +/- 3.1%

Sampling distribution:


Representative of the population between 18 and 70 years old, residents in the geographical area of this study, distributed proportionately according to age and gender, and stratified by geographic zone and population size.

Data Collection:

Completed by Análisis y Servicios de Marketing SA (grupo ASM) through the CATI system (Computer Assisted Telephone Interview). The field work was carried out during April and May 2010.

Data Processing:

Grupo ASM's Data Processing department was responsible for processing the data.



Research among businesses:

Scope:

Spanish businesses from across the nation.

Research Techniques:

Telephone interviews, applying a structured questionnaire.

Sample size and sampling omissions:

1031 1004 valid interviews with 95% reliability and the least favourable hypothesis ($p=q=50\%$) the maximum error of the sampling for general data (rebased=total interviewees=1031) is +/- 3.1%

Sampling distribution:

Representative of Spanish businesses located across the geographical area of this study, distributed proportionately according to sectors of activity as defined by CNAE codes (National Classification of Economic Activities), and representative of geographic zone and company size (number of employees)."

Data Collection:

Completed by Análisis y Servicios de Marketing SA (Grupo ASM) through the CATI system (Computer Assisted Telephone Interview). The field work was carried out during May and June 2010.

Data Processing:

Grupo ASM's Data Processing department was responsible for processing the data.

Research Direction

Jaime Silos

Director of Corporative Development in Forética

BIO

Degree in Law from the Universidad Complutense in Madrid

Master in Stock Market and Financial Markets from the IEB

MBA from the IE Business School

Executive Certificate in Strategy and Innovations from the MIT Sloan School of Management. Corporative Strategy Program.

Professor at International Master on Sustainable Development from EOI

Professor at Master in Corporate Communication from the Universidad Pontificia in Salamanca

Director of Forética's RSEearch series

Juan Pedro Galiano

President of Forética and Manager of Corporative Reputation and Brand for Adif.

BIO

Degree in Sociology and an Advanced Diploma from the Universidad Complutense in Madrid

Master in CSR, UBA and CIES from the University of Barcelona and CIES

Advanced Management Course in ESADE

Professor at the Universidad Complutense in Madrid

Program supervisor of Business and Communications Management from the IE Business School

Member of the Advisory Council for the Luis Vives Foundation's CSR journal

Member of the Editorial Council for Research and Marketing.

Analysis Committee

Ricardo Trujillo

Íñigo Luis

Beatriz Berruga

Ana Herrero

Cecilia Williams

Germán Granda

José Manuel Valls

Field work

ASM Grupo

Communications

Laura Maure

Natalia Montero

Catherine Lambert

Design and Layout

21 gramos, Marketing de peso

Translation

Catherine Lambert

FORÉTICA owns full copyright to the contents of this document and reserves all rights to the total or partial translation and/or reproduction of this document by whatever means.

Edited by FORÉTICA - c/ Zorrilla 11, 1º izq. 28014 Madrid - Tfno. 91 522 79 46 Fax. 91 369 27 86
www.foretica.org

Legal deposit: 11/22555

ISBN13: 978-84-614-8198-9



Sponsors:

