

U.S. investors lack interest in companies doing good

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NEW YORK (Reuters) - Top U.S. chief executives lamented on Monday a lack of interest from investors in their efforts to do social good and suggested the creation of a social responsibility index of companies that would help educate shareholders on the value of philanthropy. With global economic uncertainty tightening government purse strings, about 70 chief executives who met in New York for a Committee Encouraging Corporate Philanthropy conference said business leaders had to step up to help tackle the world's woes.

Corporate philanthropy is no longer just writing a check for charity - more executives are making efforts to do social good part a profitable part of their core business.

But business leaders said it was consumers and employees demanding companies do their bit for society, not investors.

"Investors are really not driving this at all. The reality is that when you look at various companies doing earnings calls and the like, you're not getting questions around these kinds of topics," PriceWaterhouseCoopers Chairman Bob Moritz said in an interview after the conference.

"There is an effort needed to educate them both in terms what we're doing but also why we're doing it," Moritz said of investors' lack of interest in corporate social responsibility. "This will not be revolutionary, it will be evolutionary."

Corporations made up 5 percent - or \$15 billion - of U.S. giving in 2010, while individuals accounted for 73 percent, giving \$211 billion, according to a Giving USA Foundation report researched by The Center on Philanthropy at Indiana University.

Opinions at the conference were split over whether shareholders wanted more transparency on community engagement initiatives. Forty-eight percent said there was greater demand than five years ago, while 52 percent said it was unchanged, found a poll by the Committee Encouraging Corporate Philanthropy.

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But when it comes to short-term investors, Western Union Co Chief Executive Hikmet Ersek said they do not care and that a global sustainability index - similar to indexes already in place in South Africa and Brazil - could help educate them.

"Long term it will definitely force the short-term investors to think differently," he said. "You have to give back to make more money ... That has to be in shareholders' understanding."

"The biggest issue will be defining what the metrics are (for such an index). I think you need industry metrics because you can't compare a medical company with a financial service company," Ersek said.

Moritz said the chief executives meeting on Monday, which was International Corporate Philanthropy Day, had agreed that some level of reporting standards needed to be developed for areas of corporate philanthropy.

Shelly Lazarus, chairman of Ogilvy & Mather, said that with corporate philanthropy becoming part of the core business of many companies, measuring the value through an index could be tricky.

"You got to have some belief that if you do the right thing people will want to get involved and it does drive revenue," she said. "But I'm not sure it will ever work in a way where you can say 'we spent X on saving the Arctic and we got a Y response.'"

"The more sophisticated and clever and imaginative you become I think the harder the measurement becomes," she said.

Source: Reuters, 27th February 2012