

Consumer Responses to Gulf Oil Spill Reflect Americans' Changing Corporate Expectations

ScienceDaily (June 16, 2010) — Just as President Barack Obama called for in his address to the nation last night, Americans are demanding that BP and all other companies be responsible to both their shareholders and society, according to a new report from Rice University's Jones Graduate School of Business.

The rigorous survey-based nationwide study of U.S. adults aware of the oil spill in the Gulf of Mexico found that Republicans, Democrats and Independents strongly agree that the spill shows that businesses need to be more socially responsible and they agree that socially responsible corporations can also create a lot of wealth for their shareholders.

"Over the years, there has been a core shift in the American public's expectations," said Vikas Mittal, professor of marketing at the Jones School. "The old idea was that businesses were only responsible to their shareholders. But now people are realizing that this isn't a zero-sum game. No matter their political leanings, Americans expect corporations to be profitable, sustainable and socially responsible."

Mittal and his co-author, Rajan Sambandam from the market research company TRC, surveyed a national sample of 522 adults using a scale where zero indicated complete disagreement and 10 indicated complete agreement. On the 0-to-10 scale, Republicans with an average rating of 7.9, Independents (8.3) and Democrats (8.3) agreed that "socially responsible corporations can also create a lot of wealth for their shareholders." Independents (9.0) and Democrats (8.7) agreed somewhat more than Republicans (8.0) that "corporate social responsibility is just as important as corporate shareholder responsibility."

Even given the current spill, Americans aren't ready for government to completely ban offshore drilling, according to the study. When asked whether the oil spill made them more likely to support a ban on offshore drilling, Republican ratings averaged 3.3, Democrats 5.8 and Independents 5.3 in support of a ban.

Republicans disagreed sharply with Independents and Democrats on issues concerning offshore drilling. On the 0-to-10 scale, Republicans more strongly agreed that:

- The government should allow offshore exploration (7.8).
- Offshore drilling is critical for America to maintain its competitiveness (8.2).

"People are recognizing business is a key driver of economic and societal progress," Mittal said. "They understand the best way is not to block the economic process of running a business, but to expect companies and their CEOs to create shareholder wealth while being socially responsible."

Mittal noted that business executives are realizing the changing expectations. He cited a 2010 study that showed

60 percent of business executives consider sustainability issues to be very or extremely important in their overall corporate strategy.

"I expect this proportion to only grow in the coming future," he said. "However, I concur with the public's general view that populist government interventions that block progress are unlikely to solve complex issues facing societies -- of which public, business and government are co-equal key stakeholders."

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