

“Public Relations : Its Vital Role in CSR”

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***P**ublic relations plays an important part in a company's corporate social responsibility (CSR) policies and programs, but this role is often misunderstood by both corporate executives and the public.*

One common misunderstanding is that the issues of pollution, global warming, and environmental sustainability are just “PR problems.” This attitude is reinforced by executives such as Steve Jobs, CEO of Apple Computer, who dismissed two environmentalist-sponsored stockholder resolutions at the company's annual meeting as just a “PR problem.” The “problem,” as he saw it, was a Greenpeace report ranking Apple last among 14 major manufacturers for its lack of progress with e-cycling and eliminating toxic chemicals from its manufacturing process.

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Critics have also expressed the opinion that CSR is more illusion than substance. One criticism is that CSR, or what is called “corporate citizenship,” is just a strategy by the organization’s public relations, advertising, and marketing departments to enhance brand image and sell products. In other words, CSR is not an integral part of an organization’s core values. As a result, consumers around the world are increasingly skeptical of claims that a company’s policies and products are really energy-efficient, environmentally friendly or even healthy. And too many companies engage in such “greenswashing.”

Even the esteemed *Economist* magazine takes a somewhat skeptical attitude toward CSR as being more “fluff” than substance. It stated, “And even to the most innocent bystander, plenty of CSR policies smack of tokenism and political correctness more than of a genuine concern to ‘give back to the community.’” Indeed, the magazine’s conclusions are valid if a company’s executives think of CSR as simply a “problem” that can be fixed with public relations or an advertising campaign.

Such an approach fails to recognize that such efforts can only be effective if there is, first of all, a company commitment to implementing rigorous standards for environmental, social, and sustainability in its own operations and throughout its supply chain. If such policies and initiatives are in place, public relations professionals can work in two important areas: (1) communicating to inform and educate and (2) building strategic stakeholder relationships.

Indeed, corporate citizenship is operationalized through stakeholder relationships and is integral to success. Citizenship demands responsible use of the power and resources that companies and their

leaders command, and it demands relationship-building with stakeholders. The public also has high expectations. A multiple-nation survey by GlobeScan, for example, found that 79 percent of the public expects companies to make products in a socially and environmentally responsible manner. Another 61 percent believe it’s a corporation’s responsibility to improve education and skills in the communities in which it operates.

Public relations professionals can play a vital role in CSR once corporate executives realize that corporate citizenship, grounded in action instead of rhetoric, is the main driver of a company’s reputation. According to a survey by the Reputation Institute (USA), good citizenship is even more important than products, innovation, financial performance, workplace practices, and governance in building a reputation.

The following are some ways that public relations professionals, as part of management, help an organization build its reputation through CSR.

The Need for Transparency

A key aspect of governance today is transparency in all of a company’s operations. Transparency is integral to building trust and credibility, and public relations professionals often are the catalysts for convincing top management to adopt transparency as a core value. James Murphy, global managing director of communications for Accenture, says it best: “PR staffs are in the forefront of building trust and credibility and coordinating corporate social responsibility efforts. These are the people who deal with trust and credibility all the time; therefore, we’re in a good position to address them.”

Murphy and other senior communication executives formed a coalition of 20 major public relations organizations and issued a report, "Restoring Trust in Business: Models for Action". One of the group's key recommendations was for corporate leaders to create a process for transparency and disclosure in both current and future operations. It should include a senior oversight committee, "culture" audits, and consistent messaging. Another major recommendation was to articulate a set of ethical principles that are closely connected to their core values and business processes and are supported with deep management commitment and enterprise-wide-discipline.

Indeed, in the boardroom, the senior communications officer for the company often plays the role of advocate and conscience of the organization for insisting on transparency and ethical decision making -- which are important elements of CSR.

Selecting the Right Causes

A part of public relations strategy in many corporations is philanthropy - the donation of services, equipment, and cash to worthy causes and organizations. Another approach is cause-marketing, which ties company contributions to the sale of products and services.

Public relations professionals work with management to do a better job of thinking strategically about corporate philanthropy. PR professionals, for example, often must tell management that giving a check to a local charity for publicity purposes doesn't build relationships or often doesn't even convey an organization's core values and commitment to social responsibility. Such efforts are often dismissed as a "PR gimmick" by critics and dilutes the concept of CSR.

Strategic philanthropy, on the other hand, often meets with less criticism because it's more related to the company's core business and offers opportunities for actually enhancing market leadership and corporate reputation in a competitive world. An example of strategic giving is IBM. It is working with the Nature Conservancy to digitally map South America's second largest river system. IBM is donating goods and services valued at \$6 million - but its also using the project as a way to build its environmental business selling its analytic techniques to corporate customers to model their so-called carbon footprint or evaluate alternative-energy potential.

Many consumer product companies also engage cause-related-marketing. Typically, a percentage of revenues from sales of a product (up to 10 percent) are allocated to a worthy cause, such as support of Olympic athletes or cancer research. A good example is Target Stores, a large American retailer. It encourages customer loyalty and support with a corporate policy that 5 percent of its income is given to programs in education, the arts, and social services in the communities where it has stores. Last year, more than \$150 million (USD) was generated through Target's cause-related marketing strategy.

The Management of Issues

Monitoring emerging issues and assessing risk to corporate performance and reputation is an integral part of today's modern public relations. There are two other aspects of issues management: (1) public opinion research and (2) conducting company audits to establish a scoreboard of CSR status.

Public relations professionals often are responsible for conducting public opinion research. Such research has two purposes: (1) ascertain public perceptions and even misconceptions in order to decide what concepts and ideas must be communicated more effectively to various stakeholders and (2) measure the impact of corporate CSR policies and initiatives among key publics. Did the company's reputation increase? Do employees, customers, and governmental leaders perceive the company as a leader in the field? Do publics believe the company is truthful and credible? Such feedback is part of effectively communicating a company's CSR philosophy.

The second important aspect of implementing a CSR strategy is an analysis (audit) of a company's operations. According to Greg Schneider of CSR wire, this analysis should include the principles, practices, and measurements in areas such as ethics, accountability, human rights, governance, financial returns, employment practices, business relationships, diversity, products, community involvement, and environmental impact.

Public relations professionals often spearhead such an audit and, with other representatives from all areas of the company, a CSR scoreboard can be established that will clearly show areas where the company is weak and strong. Once such a scoreboard is done, the company is in a much better position to select appropriate initiatives. Ultimately, the public relations staff is responsible for communicating these CSR initiatives in such a way that journalists, analysts, academics, investors, and even activists are reached and informed.

Conducting Effective Communications

Public relations professionals, by training and background, are communication experts. A primary responsibility is to communicate a company or industry's CSR activities to a variety of stakeholders - each with its own perceptions, concerns, and even suspicions about what is actually being done and why it's important. The formation of favorable public opinion is crucial to a company's survival.

As the **Economist** notes, "Companies do operate in a climate of public opinion. To be successful and profitable, they must take into account how they are perceived. Big, successful businesses, which often find themselves in the public view, strive constantly to improve and protect their reputation."

There are several levels of communication that must be done. On one level, there is a need to provide continual, fact-based communications to a variety of publics. This includes employees, local citizens, governmental officers, vendors, and suppliers. They need to know about company plans, policies, and initiatives that illustrate the company's commitment to CSR. A variety of communication vehicles are used: speeches by company executives, newsletters, brochures, news releases, media interviews, seminars, and even one-on-one discussions with a variety of opinion leaders. One public relations objective, of course, is to position the CEO and the company as a major thought leader on matters of the environment, global warming, etc.

Increasingly, companies are also issuing annual CSR reports, or sometimes called "Global Citizenship Reports," or "Sustainable Development Review." Novo Nordisk, a Denmark-based health-

care company, views its sustainability report as an integral part of its business plan because executives believe it gives a competitive advantage.

An important public for these reports are investors. They want a return on their investment and often have the perception that CSR programs reduce company profits. Given these perceptions, there is a real need for public relations professionals to constantly inform and educate investors. The point has to be made, backed up with logic and evidence, that CSR is not just "doing good" at the expense of the investor - but really is "enlightened self-interest" that ultimately ensures that the company remains profitable in a very competitive marketplace. As Fred Smith, founder and president of the Competitive Enterprise Institute, says about CSR: "It's really nothing more than rational profit maximization."

General Electric, for example, has been very successful in positioning its Ecomagination program, which is investing hundreds of millions dollars in research to produce technologies that will reduce greenhouse gasses and other pollutants and be cost effective for consumers. It is good environment policy. These technologies, along with GE's wind turbines, nuclear reactors, etc. will become more desirable and profitable if anti-carbon fuel technologies are adopted. This is something that even a hard-core, profit-minded investor can understand.

Educating the Public About Complex Subjects

Another challenge for public relations professionals is to educate and inform the public about what constitutes CSR, but also about the

complexities of such issues as global warming, environmental protection, and sustainability. As Jan Kees, director of sustainable development for Unilever says, "Consumers are worried and confused about globalization, and they want assurances that familiar household brands use materials that can be produced in a sustainable way."

Kees is correct that the public is confused. Thanks to intense media coverage, they are aware of many issues, but their understanding of them is considerably more limited. How many consumers, for example, really understand the concept of carbon emissions, and the buying and selling of credits? Judi Mackey, director of US corporate and financial practices at Hill & Knowlton, adds, "The complexity is not always apparent to corporate leadership and certainly to consumers."

The new buzz about the production of bio-fuels is an example of a complex subject that is not totally understood. Although the idea of using soya, palm oil, beans, and corn to make bio-fuels seems like a wonderful idea to generate less dependence on oil, the downside is that more land will need to be cleared for agricultural purposes.

Another aspect that needs to be effectively communicated is that sustainable development is not just what corporations do - but its also educating and informing consumers about their role in sustainable development and the products they want, and how much they are willing to change their consumption habits.

Conflict Resolution and Negotiation

An increasingly important field of expertise for public relations professionals is conflict resolution and negotiation.

It has already been mentioned that a corporation has multiple stakeholders, and they are often in conflict about what constitutes responsible citizenship. The most classic example is the constant tug-of-war between environmental groups and hard-nosed investors. The citizen/activist wants more anti-pollution equipment installed, better wages and working conditions for employees around the world, and reduction of carbon footprints. Investors, on the other hand, want maximum profits even at the cost of corporate responsibility.

Public relations professionals often need the skills of conflict resolution to work with groups that have conflicting agendas. All are placing pressure on the corporation, and it's often the responsibility of the public relations professional to not only take part in deciding the company stance, but to communicate it in such a way that each group understands the rationale although they may not like it. At times, it will be impossible for the organization to please all stakeholders but the degree of opposition may be somewhat lowered if a continued, respectful dialogue is done. The by-word again is transparency.

An open dialogue is also necessary with non-governmental organizations (NGOs) so that conflict can be reduced through negotiation and understanding. John Paluzcek, a senior partner in Ketchum Communications, makes the point: "The NGOs are here to stay... smart companies are already dealing constructively with this force... already many other companies are now studying how triangular partnering with NGOs and governments around the world can, somewhat, generate genuine progress in achieving humanitarian/business objectives."

Public relations professionals are advocates of open dialogue and conflict resolution, and they are

often the first initiators of such a dialogue. They find that such dialogue can (1) improve the ethical scorecard in ethical supply chains and environmental practices, and (2) NGOs can provide corporations with the credibility of an independent third party. Leslie Dach, vice chairman of Edelman Worldwide, says, "Making progress means engaging in dialogues with NGOs, tapping local spokespeople, including academics and local management, having constant contact with local media, and activating employees about strategy so that they become catalysts for change."

Partnering with NGOs, instead of ignoring them, seems to be the trend. Unilver, for example, is working with Oxfam to explore the basic question, "Does international business investment help or hinder the fight against poverty?" Coca-Cola is partnering with the Millennium Water Alliance to find ways to preserve and increase the amount of clean water for communities in the developing world.

In Conclusion

In sum, public relations plays a vital role in the establishment and implementation of CSR policies for companies. Public relations professionals not only give the company valuable feedback on the issues that stakeholders are concerned about, but also serve as a corporate watchdog for ethical behavior and transparency in all operations.

Public relations also plays the vital role of informing and educating a variety of stakeholders about CSR, but it is also a strategy for preserving and building relationships with stakeholders. It also plays an increasing role in conflict resolution and negotiation with various competing groups.

The best analysis is offered by the Global Alliance for Public Relations and Communication

Management, an coalition of public relations associations in many nations: "A successful CSR model would be multicultural, multiperspectival, and integrating public relations with other disciplines,

with public relations playing a vital role in CSR management in order to develop and maintain a reciprocal relationship with the publics (or stakeholders) that can influence its future."