
PR FOR BEGINNERS

This introduction to public relations (PR) explores the role of the PR industry in defending and promoting corporate power.

Corporate power

Transnational corporations (TNCs), also known as **multinational corporations** (MNCs), are large businesses which have subsidiaries, investments or operations in more than one country. The earliest TNCs had their origins in colonial times – the British and Dutch East India Companies were set up in the 16th century. The modern TNC developed in the 19th century with the expansion of industrial capitalism and its quest for natural resources to fuel its growth. The US agribusiness giant United Fruit Company already controlled 90% of US banana imports by 1899, and by the outbreak of World War Two, Royal Dutch/Shell accounted for 20% of Russia's oil production.

However, it is in the post-1945 period that the growth in the power and influence of corporations has accelerated. Annual turnover of some TNCs now exceeds £60bn – more than the exports and imports of most developing countries. 500 TNCs dominate the world economy. Together they produce 30% of the planet's output, account for 70% of global trade and 80% of international investment. Most are based in the 'North' (Western Europe, North America and Japan) but their operations span the globe and permeate every aspect of our lives – the goods and services we consume, from holidays to hamburgers, pensions to paracetamol.

Fifteen companies control the market for 20 of the world's key commodities. They have 90% of the wheat, timber, iron-ore, cotton and tobacco trades, 80% of the tea, coffee, and copper trades, and 70% of the rice trade. There has never been such a concentration of power – so great that it threatens the sovereignty of governments. This power is increasing. Twenty years ago:

- ◆ not one of the world's 7,000 major sources of planting seed held an identifiable share of the commercial seed market; today, the top ten seed companies have a third of the world's market
- ◆ the top 20 pharmaceutical companies held about 5% of the world prescription drug trade; today, the top ten companies control well over 40% of the market
- ◆ 65 agricultural chemical companies were competitors in the world market; today, nine companies have approximately 90% of global pesticide sales.



Illustration: M Garcia/Corporate Watch (USA)
www.artmecca.com/artspan/mgarcia.htm

This pursuit of market share and profits has been achieved through fair means and foul. The sheer size of these corporations confers enormous power and influence with little formal accountability. Attempts to impose international measures to regulate corporate practices on worker rights or the environment have been vigorously resisted. Yet, at the same time TNCs, through trade associations such as the **International Chamber of Commerce** (ICC), have used their influence to persuade their governments and world bodies such as the **International Monetary Fund** (IMF) to open up new markets, especially in developing countries, and guarantee their rights under international law:

- ◆ in 1954 the United Fruit Company persuaded the US government to invade Guatemala to prevent its government from taking unused Company land for redistribution to landless peasants, even though the Company would have received compensation plus interest
- ◆ human rights groups have evidence that killing and routine torture have been employed by security forces against indigenous people protesting against the environmental impact of the Freeport Copper mine in West Papua in the late 1990s; the mine is partially owned by the British mining conglomerate, Rio Tinto plc
- ◆ Nestlé and other manufacturers flout international regulations which govern the promotion of breastmilk substitutes, contributing to 1.5 million avoidable infant deaths a year
- ◆ in 1989 leading oil, gas, chemical and automobile companies set up the **Global Climate Coalition**, to lobby governments against reducing the consumption of the fossil fuels which produce the greenhouse gases responsible for global warming
- ◆ the **Business Council for Sustainable Development**, a coalition of large TNCs, used their influence to remove proposals to regulate the operations of global corporations from the agenda of the 1992 United Nations Earth Summit in Rio
- ◆ in 1995, following pressure from TNCs, new rules regarding intellectual property rights were established which gave them the ability to privatise and patent life forms, including the plant and other genetic resources of developing countries, as well as human genes; these rules are administered by the **World Trade Organisation** (WTO), an international body which works with the **World Bank** and IMF to serve the economic interests of TNCs
- ◆ Chiquita Brands made a large donation to the Clinton administration after the US filed a complaint with the WTO against the **European Union** (EU) because European import policies favoured bananas coming from small Caribbean growers – the WTO decided against the EU, allowing the US to impose sanctions on European exports
- ◆ from the 1980s most developing countries have been forced to accept **Structural Adjustment Programmes** (SAPs) by the IMF in return for credit to meet interest repayments on bank loans; conditions include privatisation of state industries, and the removal of regulations and subsidies which protect local businesses – the result has been the takeover of key sectors of their economies by TNCs
- ◆ in 1995 secret negotiations began between the 29 members of the **Organisation for Economic Cooperation and Development** (OECD) – the rich nations' economic club; the **Multilateral Agreement on Investment** (MAI) aimed to remove obstacles to foreign investment and give TNCs the right to sue governments or local authorities for compensation if they thought national or local regulations reduced their profits – it was abandoned in 1998 after a massive global campaign, but remains on the corporate agenda.

illustration: Habib Haddad (Lebanon)



NGOs

The growth of corporations has been accompanied by increasing concern about the impact on civil society of such power with limited accountability. Many **non-governmental organisations** (NGOs) have emerged in response. These are private agencies of an educational, charitable or research nature which are concerned with a wide range of economic, environmental and social issues – ranging from the arms race (Campaign Against the Arms Trade) and global warming (Greenpeace) to human rights (Amnesty International) and development (War on Want). They operate in all countries and at different levels – local, national and international. Some raise money for good causes, other pressure groups campaign to raise public awareness of important issues, and aim to change government policies. There are hundreds of thousands of NGOs worldwide, representing millions of concerned citizens. They have an important influence on decision making at every level. For example, NGOs are actively involved in UN policy making and have forced politicians to enact laws to ban landmines.

- ▶ Further information on international trade and globalisation is provided in **Appendix 4: The trading game**, **Appendix 5: WTO – Shrink or sink** and **Appendix 15: Behind the scenes**

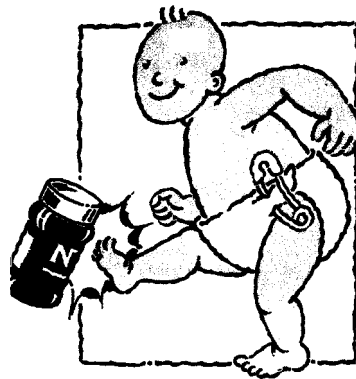


Illustration: Baby Milk Action (UK)

Corporate PR

TNCs have developed many strategies to counter such criticism and avoid regulation. Central to this is corporate PR:

- ◆ the international PR industry is booming – according to the industry's own yearbook, O'Dwyer's Directory of Public Relations Firms, between 1978-98 income of the top 50 PR firms increased 263%; this compares with a 54% growth in the UK's Gross Domestic Product over the same period; most of this growth has come from corporate clients as they seek to expand their market share and counter criticism of their operations
- ◆ in the UK the PR industry employs more than 48,000 people
- ◆ according to conservative estimates \$10 billion is spent annually on PR in the US alone – each year McDonald's spends about \$1.8bn on various PR, and the world's largest PR firm, Burson-Marsteller earned \$258m in 1998
- ◆ traditionally PR and marketing were seen as separate functions, but new concepts such as 'image engineering', 'Reputation Management' and 'Perception Management®' have been introduced by leading PR companies to describe a more integrated approach to building a positive corporate image for all 'stakeholders' – customers, employees, investors, government etc; these bring together:
 - **marketing** – advertising sells products or services, but is also highly effective in shaping attitudes towards a company, its brand and products
 - **branding** – the process through which organisations strive to create a positive brand image which benefits all their activities and products, eg Virgin was able to use its successful music business as a springboard for new ventures – airline, cola, internet etc
 - **cause-related marketing** – community outreach, eg sponsorship of arts, education, creates an association with socially useful activities
 - **media relations** – placing stories to promote a positive image or counter bad publicity
 - **crisis management** – dealing with problems which damage an organisation's reputation
 - **lobbying** – the cultivation and influencing of policy makers in order to create a better climate for an organisation's activities.

Reputation management

“All is not right in the kingdom,” King Corporate sighed as he sat upon his royal throne in the Great Hall of Commerce... “I need someone who will make the town criers stop gossiping and saying those awful things. We need to improve the Queen’s image and get the townspeople to sing her praises. I need someone who will prove that the moat water is harmless and that these old people are getting sick because they are old. I need someone who will organize a feast that will fill the people’s hearts with joy. And someone to demonstrate the new Royal Carousel to the people and show them how much fun it is. I need someone to show the people that I do care about them and about the kingdom. I am at a loss as to what to do.”

“Sounds to me like you need Karwoski the Courageous” Chester the Court Jester said as he bowed humbly before the troubled King

from Karwoski & Courage website (www.creativepr.com/)

Reputation management is a proactive and systematic approach to identifying issues that currently affect your company or will affect it within the next 12 to 36 months. Like it or not, your company’s policies and actions are shaped and developed in anticipation of, and reaction to, political, economic, social and technological forces

Karwoski & Courage has the resources and expertise to plan strategies on how to help you communicate with the general public, media, activist groups, regulatory agencies and local, state and national lawmakers. By strengthening your reputation, you will be perceived as being a credible source, which will influence your audience’s buying decisions. With a solid reputation, you will also be able to increase sales through word of mouth.

from Karwoski & Courage website (www.creativepr.com/)

In the United States, the 170,000 public-relations employees engaged in manipulating news, public opinion, and public policy to serve the interests of paying clients now outnumber actual news reporters by about 40,000 – and the gap is growing. These firms will organise citizens’ letter-writing campaigns, provide paid operatives posing as ‘housewives’ to present corporate views in public meetings, and place favourable news items and op-ed (opinion-editorial) pieces in the press. A 1990 study found that almost 40% of the news content in a typical US newspaper originates from public-relations press releases, story memos, and suggestions. According to the Columbia Journalism Review, more than half of the Wall Street Journal’s news stories are based solely on press releases. The distinction between advertising space and news space grows less distinct with each passing day.

David Korten *When Corporations Rule the World* 1995

Who is behind anti-environmentalism – it’s business... who is waging the campaigns, who is choosing the tactics, who is coordinating the fight, who are the field generals, it is PR practitioners.

John Stauber, Editor of *PR Watch* magazine, 1995

Burson-Marsteller is the new definition of ‘global public relations’. We advise and counsel on what an organisation should say, and implement total communications programmes against specific objectives

Burson-Marsteller promotional material

- ▶ Issues relating to reputation management are covered in *What’s in a name* and *Branding*.

Marketing

Marketing is a strategic activity and a discipline focused on the endgame of getting more consumers to buy your product more often so that your company makes more money.

Sergio Zyman, Chief Marketing Officer, Coca Cola, in *The end of marketing as we know it* 1999

Someone looking at the billboards across Mexico City could be forgiven for thinking the Pope had taken the Pepsi challenge, decided to dump “the real thing” and signed up as a fully fledged member of Generation Next. For the month of January, at least, Pepsi is the drink of choice for the Vatican generation. “Pepsi, always faithful,” read the signs plastered across the Mexican capital...

Here in Mexico, on the eve of John Paul’s fourth trip to the nation, the Vatican is doing just that [raising funds] through a host of deals with companies eager for a divine endorsement. The Holy See has passed the plate to companies selling everything from soft drinks to computers to potato chips. Now, the donations are flooding in. Pepsi tops the list of advertisers, but there are plenty of others as well...

Mercedes-Benz is providing two Popemobiles, Hewlett Packard is donating computer equipment... In addition to providing the pope’s entourage with portable telephones, a cellular phone company is giving away 5,000 T-shirts

All in all, the 25 companies sponsoring the five-day papal visit to Mexico will cover 75 percent of the trip’s expenses through either money paid for concessions or by donating equipment or services. In return, the Vatican will grant each participating firm permission to call itself an “Official Collaborator.”

Andrew Downie, in the *Houston Chronicle* 22 January 1999

Community relations

Corporations have always tried to project an image of social responsibility by sponsoring community organisations, education initiatives, the arts etc. Ogilvy & Mather, now Ogilvy PR Worldwide, set up Shell’s ‘Better Britain Campaign’, even though the company was selling the organo-chlorine pesticides which destroyed so much biodiversity in the British countryside.

The advantages of an ethical image are well known and PR companies openly advise businesses who face criticism to aggressively advertise their links with charities and good causes in order to counter-balance bad publicity.

The benefits of cause-related marketing are long term... You are building a surplus account for the times you have a crisis.

Marjorie Thompson, Saatchi & Saatchi, in *Marketing Week* 11 February 1999

Companies like to say they are promoting education and school-business partnerships, but what they’re really doing is going after the kids’ market anywhere they can.

Alex Molnar, Director of the Center for the Analysis of Commercialism in Education

It isn’t enough to just advertise on television... You’ve got to reach kids throughout their day – in school, as they’re shopping at the mall... or at the movies. You’ve got to become part of the fabric of their lives

Senior Vice-President of Grey Advertising

(Vouchers for educational resources) is the latest scheme dreamed up by food manufacturers, and it’s working a treat. Corporate public-relations departments refer to it as ‘in-school marketing’, and it’s proven a better tool for generating junk food sales among children and their parents than any advertising campaign. With this strategy, the crisp biscuit and fizzy drink manufacturers can then present their products as having a useful contribution to make to children’s physical or mental well-being. And, by linking them to some moral high ground – literacy, sport, education – they can have a real field day. It’s what’s known in the marketing business as a ‘paradox concept’ – which, in a nutshell, means you link two disparate and contradictory concepts and use them to entice the gullible

Joanna Blythman, in *The Guardian* 1 April 2000

The (oil) industry has suffered for some time from a rather negative image, particularly among young people... Television and movies seem to have developed a bias against big business and, to a certain extent, so has the education system. The oil and energy companies are an easy target.

To impact the perceptions among young people, the industry as a whole should focus on education. By mounting a proactive campaign to educate students about the positive efforts the industry is undertaking – social, economic and environmental – they might be able to move the needle in their favour.

Thomas Bell, Global Chief Executive, Burson-Marsteller, from BM website (www.bm.com/)

In modern societies, television has arguably become our most important institution of cultural reproduction. Our schools are probably the second most important. Television has already been wholly colonized by corporate interests, which are now laying claim to our schools. The goal is not simply to sell products and strengthen consumer culture. It is also to create a political culture that equates the corporate interest with the human interest in the public mind.

David Korten, in *When Corporations Rule the World* 1995

- ▶ Issues relating to community relations are covered in *The bottom line* and *A message from...*, and **Appendix 7: School meal deals**.

Branding

For much of the Twentieth Century, the vast majority of a company's assets were tangible – real estate, plant, facilities, equipment, inventory, stock investments and cash. A company's balance sheet was, therefore, a reliable measure of its worth. However, this is no longer the case. Today, the intangible assets of the firm are frequently the most valuable – that is, the copyrights and patents; the company's technical expertise and know-how; the management teams, and particularly, the company's trademarks or brands...

Almost invariably top brands are: more resistant to price competition, command higher prices and better margins, enjoy high levels of consumer loyalty, have 'personality' and 'character', help define the personality of the users, can stretch into new areas...

Environmental design combines those disciplines necessary to translate a brand's positioning into the creation of unique and appealing surroundings, whether it be a store showroom or tradeshow exhibit.

Our environmental specialists produce a seamless combination of name, brand mark and positioning with signage, graphics, merchandising, exterior/interior design and service livery. Our proprietary research then validates the selected approach against the targeted customer profile. Translating a brand's positioning into an exciting physical environment involves exploiting each aspect of a retail facility to express the brand's essential values. When brilliantly executed, such a facility brings the brand owner a unique competitive advantage.

from Interbrand website (www.interbrand.com/)

Case study: British Airways

Within British Airways, research had led the company to the conclusion that it wanted to be seen as "global and caring". But many others might equally claim that position. Our role was to interpret this in a way that created a real sense of difference in line with BA's strategy to become a global player.

We defined the purpose of BA's identity as aiming to be seen as a "citizen of the world," a community committed to connecting and serving the communities of the world. We expressed this strategic idea through the total visual approach, which included the commissioning and use of world images. Different artists from around the world have

produced works of art expressing the spirit of their communities. These images are then applied to British Airways planes and other means of communication with customers (for example, tickets). British Airways celebrates the wonderful diversity that characterises individual peoples, their cultures and their communities

Importantly that is an expression of British Airways strategy. Those who have railed against the visual identity have, perhaps without understanding it, been attacking the business strategy which BA has decided is crucial to its future. Research had shown that it could no longer afford to be seen as a parochial British airline, rooted to the days when every country had a national airline as a symbol of national pride. A change was needed. A change of strategy was needed to enable the company to grow in the future and meet a developing competitive challenge. That strategy needed to be given visual expression to speed and facilitate the communication process, inside and outside

from Interbrand website (www.interbrand.com/)

- ▶ Issues relating to branding are covered in *What's in a name, Branding, A change of image and A warm welcome*

Media relations

Failing to provide witnesses... will lead to media efforts to obtain interviews on their own, either outside the gates or at the local watering hole. Control is the important element here.

Harold Burson of Burson-Marsteller, from BM website (www.bm.com/)

Persuasion, by its definition, is subtle. The best PR ends up looking like news. You ~~won't~~ know when a PR agency is being effective; you'll just find your views slowly shifting

a PR executive quoted in *Toxic Sludge is Good for You* 1995

Case study: Infant Formula In Undeveloped Countries

Challenge

The problem facing US infant formula manufacturers was two-fold:

- ◆ *Questionable marketing tactics in undeveloped countries by non-US infant formula manufacturers had been widely reported in the press. The media and most readers assumed that US manufacturers were guilty of the same practices*
- ◆ *When the US Congress decided to vote against the World Health Organization's infant formula marketing code, American manufacturers were condemned by the press, termed 'baby killers' and accused of placing profits before human lives*

Since what most Americans knew about a controversy surrounding the use of infant formula in undeveloped countries came from media coverage, reaching reporters and editorial page editors with the facts was the best way to influence public opinion.

Action

PCI organized a series of editorial board briefings with major metropolitan newspapers across the country for a team of company officials. Editorial background briefings were held in the 18 top markets to correct misconceptions and misinformation among editorial policy directors, editorial writers, and medical and consumer affairs writers. PCI initiated the contact with media, prepared top company officials for these sessions, prepared leave-behind materials and accompanied company spokespersons on the sessions

from Public Communications Inc website (www.pcipr.com/)

- ▶ Issues relating to the media are covered in *Every picture... Between the lines, Press call, Storyboard and Unravelling the net*

Crisis management

If your company or organisation faces a challenge from central, state or local government, you will need to campaign. Hill and Knowlton's worldwide Public Affairs practice organizes campaigns which draw on professional expertise in policy forecasting, media relations, grassroots communications and direct policy advocacy.

from Hill & Knowlton website (www.hill&knowlton.com/)

The crisis response to a toxic gas release at a Union Carbide chemical plant in Bhopal, India that killed more than 2,000 people was managed very effectively by 'the Bhopal team'. There were only 10 Union Carbide managers and executives on that team but it was headed by the CEO and they all worked full time for months in coordinating the operational, management and communications response to the worst industrial accident in history.

In contrast, one of the worst environmental accidents in history, the Exxon Valdez oil spill, is generally regarded as one of the worst managed in history because of the lack of coordination between management, operations and communications. The extraordinary work done by the Exxon oil spill response crews in terrible weather conditions is generally not known because of the company's inept and insensitive communications with the community and government officials. It took CEO Lawrence Rawl two weeks to visit the scene and make any kind of substantive statement regarding the tragedy.

If anybody questions the importance of focusing on the financial consequences in crisis communications, consider what the lack of crisis communications cost Exxon in addition to the damage to its reputation as a leading oil company. The costs of the cleanup were approximately \$1 billion, but Exxon was forced by the courts in Alaska to pay an additional \$3 billion in compensatory and punitive damages. One can only speculate on how much less the punitive damages would have been if Exxon had expressed any empathy in the first days after the accident to the fishermen, local citizens and millions of TV viewers who were appalled and outraged by the damage done to Prince William Sound.

from Institute of Crisis Management website (www.crisisexperts.com/)

spin: (n) A bias or slant on information, intended to create a favourable impression when it is presented to the public; an interpretation or viewpoint. Frequently in phrase 'to put a positive (negative, etc) spin on'. colloquial (chiefly US politics).

Concise Oxford English Dictionary

- Issues relating to crisis management are covered in *Campaign strategy*, *Press call*, *Storyboard* and **Appendix 2: Rules of the road**



illustration: Corporate Watch (USA)

Lobbying

Corporations have created a multi-billion dollar industry of lobbyists, public relations firms, scholarly papers prepared by conservative think tanks, artificially generated 'people's' campaigns, 'expert' witnesses at public hearings who work for, or who are paid by, corporate interests, and lawyers based in Washington DC, whose sole purpose is to influence lawmakers and regulators in their offices, in four star restaurants, at lavish receptions, at overseas junkets.

Paul Hawken, green businessman and author of *The Ecology of Commerce* 1994

The 'revolving door' problem is the practice of government officials 'cashing in' on their public service by leaving public office and going to work for the same special interests who were seeking favors from them while they were in office

from Common Cause website (www.commoncause.org/)

David W Beier, former head of Government Affairs for Genentech Inc... now chief domestic policy advisor to Al Gore, Vice President of the United States; Michael A Friedman, former acting commissioner of the United States Food and Drug Administration (FDA) Department of Health and Human Services... now senior vice-president for clinical affairs at GD Searle & Co, a pharmaceutical division of Monsanto Corporation; Michael (Mikey) Kantor, former Secretary of the United States Department of Commerce and former Trade Representative of the United States... now member of the board of directors of Monsanto Corporation...

from Edmonds Institute website (www.edmonds-institute.org/)

There are no globally agreed upon rules of what's right and what's wrong for transnational corporations, no sense of global responsibility to match the global reach of corporations

Peter Hansen, Director of the UN Centre for Transnational Corporations, 1991

Case study: International Chamber of Commerce

ICC is the world business organization, the only representative body that speaks with authority on behalf of enterprises from all sectors in every part of the world. ICC promotes an open international trade and investment system and the market economy. Its conviction that trade is a powerful force for peace and prosperity dates from the organization's origins early in the last century. The small group of far-sighted business leaders who founded ICC called themselves 'the merchants of peace'

Because its member companies and associations are themselves engaged in international business, ICC has unrivalled authority in making rules that govern the conduct of business across borders. Although these rules are voluntary, they are observed in countless thousands of transactions every day and have become part of the fabric of international trade...

ICC was founded in 1919. Today it groups thousands of member companies and associations from over 130 countries. National committees in the world's major capitals coordinate with their membership to address the concerns of the business community and to convey to their governments the business views formulated by ICC

The case for the global economy

The great debate on globalization is in full swing. Can – or should – it be stopped? Is it pushing governments to the sidelines? Does it have a human face? Is it a threat to jobs? What are the benefits and what is the downside?

ICC is convinced that the emergence of a global market economy, a process that has only just begun, will bring unprecedented prosperity to millions. But the right balance needs to be found between rules and freedom if the global economy is to realize its full potential.

from ICC website (www.iccwbo.org/)

Joe Camel and the Marlboro Man – a landmark settlement in 1997 between the tobacco industry and several state attorneys general promised the demise of these two smoking icons. However the nuts and bolts of that historic settlement, including plans to allow the Food and Drug Administration to regulate nicotine as a drug, were mostly scuttled when the industry spent millions of dollars lobbying to block the deal... the tobacco industry continues to play a prominent presence in the funding of today's political campaigns

from Center for Responsive Politics website (www.opensecrets.org/)

Rule four

Recruit and use third parties to speak on your behalf. Third parties are becoming critically important. Given the landscape that shows lack of trust on the part of large institutions like big business, it is very important to have other people, hopefully friends, saying the things you want to say about yourself. They are more credible than you are

Harlan Teller, managing director Hill & Knowlton, from H&K website (www.hillandknowlton.com/)

TNCs form NGOs which we call, Business Interest NGOs – BINGOs. We call Public Interest NGOs, PINGOs. BINGOs often pretend to be PINGOs and it is important to recognise their very different aims and objectives

Patti Rundall, Baby Milk Action, 2000

Case study: Business Council for Sustainable Development

In response to the success of the environmental movement, industries set up their own green business networks – the chemical industry's Responsible Care programme and Global Environment Management Initiative to name a few. The most important is the Business Council for Sustainable Development (BCSD) which was set up by Burson-Marsteller, the world's largest PR company, to prepare for the 1992 United Nations Conference on Environment and Development (UNCED), the Rio Earth Summit.

In a major new initiative on the future development and use of the world's natural resources, over 40 top world business leaders have joined forces in the form of an international organisation to propose new policies and actions on the sustainable development of the Earth's environment.

Burson-Marsteller press release

BCSD members included Volkswagen, 3M, Mitsubishi, Du Pont and Shell. With the help of this elite group of business people it was able to influence the Summit agenda. Discussion of the environmental impact of TNCs was blocked and recommendations drawn up by the UN's own Centre for Transnational Corporations (UNCTC), which would have imposed tough global standards on TNC operations, were shelved. Instead, the BCSD's voluntary code of conduct was adopted as the official UNCED input. Despite the concerns about TNCs shared by the majority of the 30,000 delegates, a UN Code of Conduct on TNCs was killed off and the UNCTC shut down.

In 1995 the BCSD was transformed into World BCSD following a merger with the World Industry Council for the Environment (WICE), an International Chamber of Commerce (ICC) initiative, and has about 140 members. Its objectives are:

- ◆ *to be the leading business advocate on issues connected with the environment and sustainable development*
- ◆ *to participate in policy development in order to create a framework that allows business to contribute effectively to sustainable development*
- ◆ *to demonstrate progress in environmental and resource management in business and to share leading-edge practices among our members*
- ◆ *to contribute through our global network to a sustainable future for developing nations and nations in transition.*

from WBCSD website (www.wbcd.org/)

Corporate responsibility and the triple bottom line

The last year of the 20th century has seen a constructive new relationship develop between the United Nations and business, with each side recognizing that their respective goals are mutually supporting. Peace, development, the rule of law and harmonious and constructive relations between nations are fundamental goals of the United Nations. Achievement of these goals enables business to expand and prosper. By creating wealth and jobs, by stimulating scientific and technical progress, and by constantly improving products under the stimulus of competition, companies help to defeat poverty and improve the quality of life. And poverty is the enemy of the humanitarian values espoused by the UN

These complementary goals led the UN Secretary General, Kofi Annan, to propose a Global Compact between the UN and business to uphold a set of core values in the areas of human rights, labour standards and environmental practice. Formal business acceptance of Kofi Annan's challenge came in July when I led a delegation of world business leaders to confer with Mr Annan and the heads of United Nations agencies in Geneva.

Adnan Kassab, President of International Chamber of Commerce (ICC)

from ICC website (www.iccwbo.org/)



Illustration: Public Interest Research Group (India)

In February 1999, Shell reported its worst ever financial results, in terms of overall profitability. Chairman Mark Moody-Stuart warned that Shell faces one of the toughest challenges in its history. But what has this got to do with sustainable development? Long-sighted stakeholders argue that Big Oil is intrinsically unsustainable, so get used to vanishing profits. Shorter-sighted shareholders might argue that Shell must drop distractions like sustainable development and concentrate on the real bottom line. But the real lesson is that business now requires economic, environmental and social value added. That's why the sustainability and corporate governance agendas will be inextricably linked.

John Elkington in *The Shell Report* 1999

green*wash *gr~en-w^osh* -washers, -washing, -washed 1) The phenomenon of socially and environmentally destructive corporations attempting to preserve and expand their markets by posing as friends of the environment and leaders in the struggle to eradicate poverty.

2) Environmental whitewash. 3) Hogwash.

Corporate Watch, 1996

There must be no suggestion of hedging the Global Compact with formal prescriptive rules. We would resist any tendency for this to happen.

Adnan Kassar, President of International Chamber of Commerce, on ICC website

There is still a yawning gulf between the kind of 'Green' environmentalism that business wants to promote – one that justifies growth and expansionary use of resources – and the kind that actually deals with the core issues of carrying capacity, draw down, biotic impoverishment, and extinction of species

Paul Hawken, green businessman and author of *The Ecology of Commerce* 1994

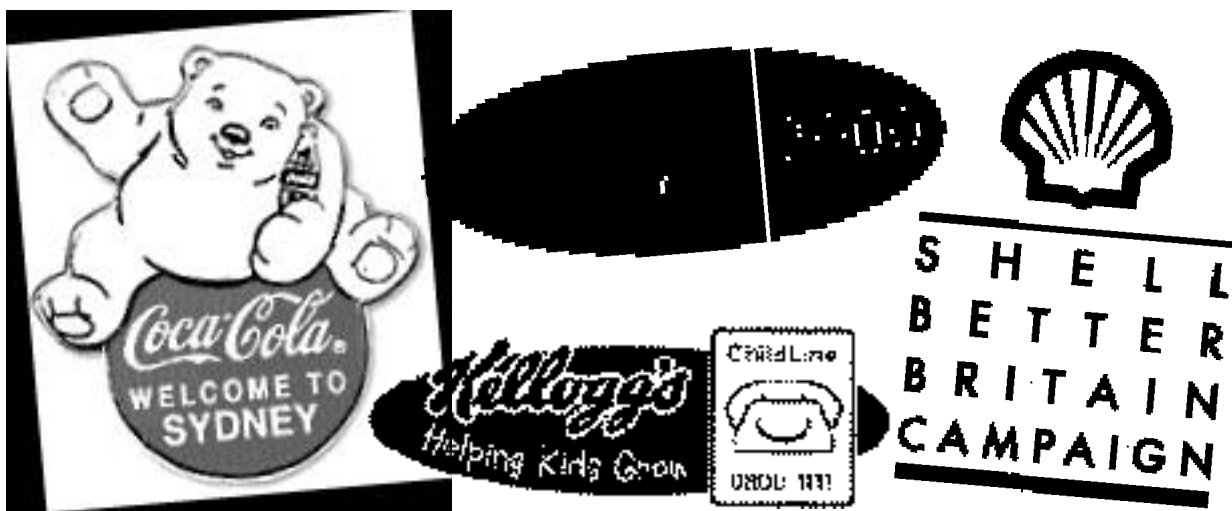
Codes like this, codes of conduct slow down business; codes of ethics have never worked, there are too many cultural differences; when there is competition, they (codes) are not observed; when they are too general, they are no use, if on the other hand, they are too detailed, they are difficult to apply. What's more, they prevent competition.

Helmut Maucher, Nestlé Chairman, September 1998

Voluntary codes of practice filled with vague ambiguous language, such as sustainable development, are the industry's tactics to avoid mandatory regulation. By advocating policing itself, with schemes of voluntary oversight, industry aims to pre-empt regulations

Paul Rowell in *Green Backlash: Global Subversion of the Environment Movement*, 1996

- Issues relating to corporate responsibility are covered in *Ethical investor*, *A warm welcome*, **Appendix 9: Co-op fairtrade**, **Appendix 10: Fair & ethical trade**, **Appendix 11: Triple bottom line**, **Appendix 12: Buy in or sell out?**, **Appendix 13: Greenwash guide**, **Appendix 14: Bluewash**, and **Appendix 15: Behind the scenes**



NGOs vs TNCs

The fact that a backlash is occurring is a tribute to the environment movement, because it shows that the environment movement is making a difference. If someone does not make a difference, there is no backlash.

Vandana Shiva, author of *Eco-Feminism*

When Julia Halies and I published our best selling Green Consumer Guide in 1988, we were promptly targeted by McDonald's and the pesticides, paints and PVC industries, among others. In 1996, a column I wrote on PVC for Tomorrow magazine triggered an attempt at blackmail.

John Elkington, Chairman of SustainAbility Ltd

It is only the radical elements within the conservation movement who oppose forestry and the words used in statements and press releases should reflect this fact. Some of the following may be of use when putting thoughts together; the environmental lobby radical conservationist, conservation extremists, environmental fanatics. Other words it may be useful to include; excessive demands, unreasonable, drastic claims, zealots, uninformed, rebellious, ultra radical, hysterical, bigots, biased, narrow-minded and uncompromising... the following terminology will often be appropriate: the anti-forestry lobby anti-forestry extremists, the anti-industry movement, the anti-development movement.

advice to industry from the Forest Industries Association, Australia, 1992

Helmut Maucher, Chairman of Nestlé and former President of the International Chamber of Commerce, (ICC) gave an insight as to how TNCs try to undermine the public's perception of NGOs who are critical of them. Speaking at the Geneva Business Declaration in September 1998 he said:

"ICC recognizes how societies are changing, with citizens speaking up and expressing their deep-felt concerns. However, in some respects, the emergence of activist pressure groups risks weakening the effectiveness of public rules, legitimate institutions and democratic processes... Business is accustomed to working with trade unions, consumer organizations and other representative groups that are responsible, credible, transparent and accountable and consequently command respect."

Mr Maucher fails to mention the way that his own company has undermined Government efforts to bring in strong legislation. Nor does he mention how they ignore these laws when it suits them.

from Baby Milk Action website (www.babymilkaction.org/)

According to Duchin (Ronald Duchin of environmental communications PR specialists Mongoven, Biscoe and Duchin), activists fall into four distinct categories: 'radicals' 'opportunists', idealists' and 'realists'. To defeat activists, says Duchin, corporations must utilise a three-step, divide-and-conquer strategy. The goal is to isolate the radicals 'cultivate' the idealists and 'educate' them into becoming realists, then co-opt the realists into agreeing with industry

from *PR Watch* Oct-Dec 1993



UK NGO campaign logos (left-right): World Development Movement, ActionAid, Banana Link



Conclusion

The abuses of corporate power have always met opposition. Trades unions have long struggled to secure improved pay and working conditions. Since the 1970s pressure groups – campaigning on the environment, consumer rights, worker rights, and development – have challenged corporate power. Such NGOs often have their own PR advisors. Greenpeace has a highly effective media unit which has maintained public interest on nuclear power, GMOs and global warming. This has provoked a defensive response from TNCs, ranging from co-opting opponents and comprehensive PR strategies, to initiatives which feature ‘ethical sourcing’ and ‘sustainable development’.

Advocates of the ‘triple bottom line’ strategy argue that achieving environmental protection and social equity, as well as economic prosperity, is already top of the corporate agenda, and that it represents the only way forward for 21st century business. However, it remains to be seen whether corporations do abandon their tried and tested habits which ensured power and profits. How far do the revised mission statements herald a radical shift in the heart of capitalism? Or are we being treated to a more sophisticated form of window dressing? Companies which insist on voluntary Codes of Conduct for their own operations, nevertheless lobby vigorously for the WTO to impose legally binding trade rules on countries where they want to do business.

Many of the businesses which now embrace the ethos of corporate responsibility have been the worst abusers of corporate power. Will the businesses which pursued profits and market share so vigorously now accept international controls over their practices? Corporations will be judged by their actions not their words.

