

Official Version

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**International Public Relations Association
Friendship Hotel
Beijing, China
November 13, 2008**

Corporations, Social Responsibility and Public Relations

My Fellow Practitioners of Public Relations Practitioners:

My first IPRA meeting was in 1963 forty-five years ago. Berlin, then a divided city under military occupation by four nations, was the venue. Europe was divided, described by Winston Churchill in these memorable words: “from Stettin in the Baltic to Trieste in the Adriatic an ‘iron curtain’ has descended across the Continent.” The Soviet Union had separated itself from the Western world. China was the sleeping giant of Asia.

Since then the world has changed. Never before has the world been so interconnected, every region and every nation so dependent on other regions and other nations. Today one need not be reminded of the financial dependencies that have dominated politics, news coverage and the anxieties of millions of individuals whose life savings and retirement plans have been put into jeopardy by questionable financial practices that have transcended all national boundaries.

It pleases me that public relations as a management function has thrived in this environment. But I would be less than candid not to admit being troubled by the lack of understanding and perspective of the roles of the corporation and public relations in an increasingly competitive economic and social environment. I worry also about a lack of understanding of what corporate social responsibility is all about.

Accordingly, I have titled my talk “The Corporation, Social Responsibility and Public Relations.” I have drawn heavily on a speech I made thirty-five years ago. Yes, thirty-five years ago when I first used the term “corporate social responsibility.” From this one could infer that the principles underlying effective public relations haven’t changed. I would go a step further and say the principles underlying public relations are immutable. People will forever want to influence and motivate other people; channels of communication will always lend themselves to delivering messages that create new opinions and attitudes, reinforce opinions and attitudes and change opinions and attitudes. That’s what public relations is all about. It’s that simple. My purpose today is to share some insights on the role of the corporation in society and the role of public relations in helping corporations fulfill both their business and social obligations.

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I will talk first about the corporation –what it is and what we can rightfully expect from it.

Actually, the corporation is a peculiar institution. We speak of it as though it is human. But the fact is, corporations per se don’t think, they don’t feel, they don’t speak. Instead, corporations are really people who band together to pursue a business objective. People are different; therefore we should expect corporations to be different. The naturalist Henry Thoreau summed it up in a 19th Century essay:

“It is truly enough said that a corporation has no conscience; but a corporation of conscientious men is a corporation with a conscience.”

A corporation managed by responsible managers will be a responsible corporation; a corporation managed by irresponsible managers will be an irresponsible corporation. It’s individuals who are responsible for what corporations do.

While it should operate honestly and ethically, the corporation is not moralistic by nature; it’s pragmatic. And mostly, it’s conservative – dedicated to nurturing and growing shareowner assets. Its first duty, as I see it, is to manage its affairs properly and profitably. When it does that well, it is fulfilling its greatest obligation to society. It has a duty to compensate

employees and reward investors fairly. It has a duty to create favorable and safe working conditions for employees and produce goods and services of value. It has a duty to deliver on its promises – to customers, to employees, to investors, to the community, in fact, to all stakeholders. Unless it does those things, it can never claim to be a socially responsible corporation. A poorly managed corporation that fails to deliver on basic obligations cannot make up for inadequacies with good deeds that have little or no bearing on daily operations. Also, I believe a corporation that is not profitable will not have the resources to do those good deeds we now term “social responsibility.”

Corporations should not be expected to initiate social change. Traditionally, institutions better equipped to serve as social planners have pushed for such change. They include churches, universities, NGOs and government agencies concerned with education, health, safety, housing and other aspects of public welfare. They are the entities we have always depended on to make judgments about societal needs and see that they are implemented and enforced.

Let’s take the environment as an example. While corporations have a significant role in cleaning up the environment, it was Rachel Carson’s book “Silent Spring” that sparked the environmental movement. Less than a decade after “Silent Spring” was published in 1963, Congress passed the Clean Air and Clean Water acts that set standards for air and water emissions in the United States. Corporations had no choice but to obey the law. Emitting clean air and clean water was no longer optional. It was and is the law. But the public has judged corporate behavior on how quickly a company complied with the law and the spirit in which they went about seeking modifications to the law – mainly economically achievable standards and deadlines for compliance.

No corporation has a monopoly on virtue; no corporation has a monopoly on sin. We can even say that some corporations have the capacity for both responsible and irresponsible acts, and sometimes they can and will behave both ways simultaneously -- just like people. I know of companies that set a high bar on environmental standards, but pay little heed to promoting females to managerial jobs. I know of companies that are exceptional at hiring minorities, but lax in enforcing safety standards.

The real measure for the socially responsible corporation is not organizing itself to lead social change; the real measure is whether it has organized itself

to anticipate and to respond appropriately to social change. When to react to social change is a critical decision in which public relations plays a crucial role. Corporations which react early and voluntarily are, by and large, regarded as socially responsible – or, at the very least, responsive to social change. Those who wait until the deadline, legal or otherwise, are usually stigmatized for being unresponsive to social needs and requirements. Timing is critical.

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I think most of us would agree that financial support of educational, health, cultural and other community endeavors no longer suffices for companies aspiring to social responsibility status. Make no mistake: I applaud corporations which support the philharmonic and modern dance and a new cancer wing at the local hospital. A company deserves credit for a big donation to United Way or contributing to a memorial for the war dead. But such deeds, good as they are, are now taken for granted as acts of good corporate citizenship. In today's environment writing a check is not enough.

We all recognize the change in public expectation levels. And I believe young people every where are more caring and socially-minded than their fathers and grandfathers. New technology now facilitates the formation of special interest groups with members numbering in the millions. Yesterday's community protest groups have evolved into national and international NGOs that use their enormous purchasing power as a weapon. The most nimble corporations recognized this change in societal attitudes some time ago. Think Ben and Jerry. Even some global corporate giants have latched on to it: Think General Electric; think Coca-Cola; think Merck, Johnson & Johnson and other pharmaceutical companies which have taken on the challenge of eradicating AIDS, malaria and tuberculosis. Think Shell and BP.

The buying public no longer looks only to governments and well-financed foundations to do the heavy lifting on major societal problems. Corporations are not only adapting themselves to fill this space but see it as a reputation and market-building opportunity. Going "green" is just one manifestation.

One example: our client, Coca-Cola, has great expertise in processing water. Very likely, it has the largest presence of any corporation in Africa. It was

only natural when it decided that its most useful contribution to the people of Africa would be helping bring water to water-deprived villages. It takes little explaining that doing so makes sense and is a constructive use of corporate assets.

Let me conclude this part of my talk by saying that striving for corporate social responsibility status should not be regarded totally as an exercise in altruism. Rather, the record shows it can be good business. In today's competitive economy, companies and products – brands – seek differentiation at a time when differentiation is harder and harder to achieve. Competitors nowadays often use the same computer design and manufacturing programs. Stand on any busy big city intersection and see how much the cars look alike. And because of the huge impact of national retailers, price points are getting narrower and narrower. It's a perfect scenario for a new metric – social responsibility -- on which customers base a purchasing decision – and what's better than a reputation for social responsibility.

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Now, I wish to speak briefly about public relations and the role of the chief public relations officer. A concern I have is that, in recent years, there has been a contraction in the definition and scope of public relations. Webster's Encyclopedic Unabridged Dictionary of the English Language (1996) circumscribes public relations with the following:

Public relations. 1. the actions of a corporation, store, government, individual, etc. in promoting goodwill between itself and the public, the community, employees, customers, etc. 2. the art, technique, or profession of promoting such goodwill.

In the early 1920s, Edward L. Bernays, often said to be the architect of public relations as it is practiced today, defined public relations in this manner:

Public relations is the management function which tabulates public attitudes, defines the policies, procedures and interest of an organization followed by executing a program of action to earn public understanding and acceptance.

Bernays identifies two aspects underlying the practice of public relations. The first is influencing the decision making process in a way that reconciles a client's or employer's objectives to accord with public expectations and serve the public interest; second, it employs communications strategies and tactics to motivate audiences to a specific course of action. In short: influence behavior and effectively communicate.

Unhappily, public relations during the past three decades has come to be defined increasingly as communications. That reflects the now common usage of the word "communications" as a descriptor for "public relations." This began in the mid-1970s and today, in the United States and elsewhere, the corporate function once almost uniformly labeled "public relations" is now almost universally labeled "communications." This, I believe, diminishes what you and I do – or should do – as public relations professionals.

On the other hand, the chief communications officer is now much closer to a company's chief executive officer than ever before. But that close relationship, I fear, is often not as much a function of providing public relations advice in its broadest context as it is in serving as a skilled professional conduit to the media. The role of the chief public relations officer should be broader than that. In fact, I see four principal roles for a corporation's chief public relations officer.

The first is to serve the corporation as a sensor of social change (sensor is spelled s-e-n-s-o-r). He/she perceives those societal rumblings that auger good or ill for the organization. In a way, he/she is like the radar chief who gives the early warning. And after pondering the yearnings and stirrings, he/she interprets the signals for the management team.

Part of the job as corporate sensor is to keep management focused on those external problems not usually considered part of managing a large business. He/she is the one who says "you don't care for the likes of a Ralph Nader or a Jesse Jackson, but you should never underestimate the power they wield over people and problems that can damage our business."

The second role is that of corporate conscience. I trust you -- and your colleagues in management -- will not infer that only public relations executives have a conscience -- or that public relations people are either more ethical or more moral or have a greater commitment to serving the public interest than executives with other titles. In fact, there may be others with more of these

qualities than the person with the public relations/ communications title. But the fact is that being the corporate conscience is not in the job description of other executives. It is -- or should be -- in the job description of the chief public relations officer.

The third role of the chief public relations/communications officer is that of communicator. The tendency -- especially in recent times, as I referred to earlier -- is to think that communications, mainly working with the media, print, electronic and digital -- is his/her only role. Though communications is an important part of the job, that is hardly the case.

The global corporation has two distinct audiences; one external, the other internal. Communications with both audiences move in two directions: what the corporation says to its external stakeholders and what it says to its employees, distribution and supply chains, and shareowners. Listening is as important a part of the job as speaking -- and the chief public relations officer should be equally adept at both. For both audiences, the "why" and "how" of an action or policy is invariably as important, if not more so, than the "what" and the "when." The goal of communications is more than to tell or inform; its primary purpose is to bring about understanding.

No matter how effective the dissemination of information about a corporation, it will not succeed unless it truthfully reflects the corporation's behavior. Above all, the corporation must always deliver on its promises, whether guaranteeing the reliability of a product or achieving earnings goals. In the words of the rapper, if you're gonna talk the talk, you gotta walk the walk.

The fourth role is to serve as corporate monitor. Since the public relations/communications department is the company's voice and also has so major a role dealing with and commenting on public issues, there is a need for constant monitoring of policies and programs to make sure they accord with both the company's commitment and with public expectations. If they fall short, it's the job of the chief public relations officer to agitate for new programs and policies. Failing to do so means, simply, that he/she, is not living up to the requirements of the job.

To summarize, the chief public relations officer has four roles: corporate sensor, corporate conscience, corporate communicator and corporate monitor. As corporate sensor and corporate conscience, he/she contributes to and participates in the decision making process. It is his/her job to anticipate

changes in the social environment and make sure the corporation's response is in the public interest and accords with public expectations. In the roles as corporate communicator and corporate monitor, he/she speaks for the corporation both truthfully and timely and makes certain the corporation is delivering on its promises.

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I have spoken of the role of the corporation, the corporation as a socially responsible entity and the role of the public relations professional. With this background, I want to express my feelings about the future of public relations.

The first point I want to make is that public relations will be practiced as long as people are on this planet interacting with one another. After all, it was practiced long before the beginning of the 20th Century when public relations was first offered as a commercial service. I could spend several hours relating how the ancient Greeks and Romans used public relations and the role of public relations in the American Revolution that separated the colonies from England. I take it for granted that institutions and people will employ public relations strategies and tactics for as long as there are people and organizations interacting with one another.

But a question we should ponder is whether public relations professionals, in the context you and I define public relations professionals, will provide the advice and counsel and implement the programs that have traditionally been our responsibility. Even today, we have witnessed encroachment on territory we claim as ours.

It started about 25 years ago when chief financial officers took over investor relations. Investor relations specialists first directed their attention to financial analysts and portfolio managers; soon after in many public companies they were writing quarterly earnings releases and dealing directly with the media. Internal communications in many companies now reports to the senior human resources officer. Large management consultancies are deep into customer satisfaction programs. The global audit firms offer counsel on sustainability and corporate social responsibility. Legal departments and law firms are increasingly into crisis management.

But it's not a case of totally by-passing public relations professionals. With increasing frequency, "PR" is brought in after the strategy has been

developed, after the “heavy lifting” has been done by others in the organizational structure perceived to be more knowledgeable about business than we in “PR.” Often regarded more as communicators than policy advisers, we increasingly find ourselves serving as “arms and legs” rather than using our brain power.

That’s one reason I have continued to challenge using “communications” as a descriptor for what we public relations professionals do. This is an issue about which I have had numerous spirited discussions with fellow public relations practitioners. Those of my generation, both active and retired, usually support my point of view. Youngsters presently holding lofty officer titles which include the word “communications” are usually dismissive of my argument.

One reason underlying this state of affairs is that so many in public relations have no real notion of the evolution of public relations as a management function. They have little knowledge of either its history or of the opinion formation process which is at the heart of public relations methodology.

This, I believe, is a factor of deficiencies in both the educational system that trains public relations students and the training and continuing education programs offered by employers, both agency and corporate. I believe also there is a mindset among some public relations professionals that, after a certain amount of experience, there is little that’s new for them to learn.

I believe it’s time to rethink the educational process that prepares young women and young men for careers in public relations. This is not a new idea. Several of my friends in academia have already raised the subject with me, realizing that the new environment in which business does business requires broader, deeper and more focused educational preparation.

My starting point would be to recognize public relations as an applied social science with a vast body of behavioral, cultural and motivational knowledge on which to draw. The curriculum should include basic courses in behavioral psychology, cultural anthropology, sociology, history, economics, history and politics. There should be greater emphasis on writing than is now the case. Graduates should have a sense of the role of public relations in society and some historical underpinning on the evolution of public relations as a management function.

In addition to adding courses in social sciences, I would devote a full year to one of four or five areas of employment specialization. In fact, one large American university has done just that for ten years or more. Students choose among business, technology, health care and government (public affairs) as part of their public relations curriculum, devoting a full school year to that one area of specialization.

Increasingly, I find that employers (including our own company) are seeking from job applicants a knowledge base that is in addition to public relations experience. Increasingly, corporate employers want its public relations people to know what business is all about. Information technology employers and agencies want its public relations people to know what's in the black box. Health care companies seek employees with hospital experience or who know how pharmaceuticals are marketed or what the regulatory agencies which oversee their business are all about.

Despite of my concerns, I assure you that I feel positive about the future of public relations. I can remember, not so many years ago, programs of meetings such as this were dedicated largely to answering the question, "how can we get our managements to appreciate us more?" I don't hear that question nowadays. In fact, I believe today's challenge is living up to management's high expectations of what they expect and want public relations to do for their business. Our job -- especially those of us in positions of high responsibility -- have an obligation to future clients and employers to replace ourselves with talent at least equal to our own. If we can do that successfully, we will have fulfilled our responsibility.

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