

Official Text (Condensed)

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Corporations, Social Responsibility and Public Relations

My Fellow Practitioners of Public Relations:

Never before has the world been so inter-connected, every region and every nation so dependent on other regions and other nations. It pleases me that public relations has thrived in this environment. But the lack of understanding and perspective of the roles of the corporation and public relations in this increasingly competitive economic and social environment troubles me. I worry also about a lack of understanding of corporate social responsibility.

Accordingly, I have titled my talk “The Corporation, Social Responsibility and Public Relations.” This speech draws heavily from a speech I made thirty-five years ago when I first used the term “corporate social responsibility.” My purpose is to share my 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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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.”

While it should operate honestly and ethically, the corporation is not moralistic by nature; it's pragmatic. Mostly, it is 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. 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. Management should never forget that the corporation is a social as well as a business entity.

No corporation has a monopoly on virtue; no corporation has a monopoly on sin. Some corporations have the capacity for both responsible and irresponsible acts, and sometimes can and will behave both ways simultaneously -- just like people. I know of companies that set a high environmental standards, but pay little attention 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 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 activities is no longer sufficient for companies aspiring to social responsibility status. Make no mistake: I applaud corporations which support the philharmonic and modern dance and contribute to a new cancer wing at the local hospital. 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.

The buying public no longer looks only to governments and well-financed foundations to solve 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. It also has the largest footprint in all of 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. Doing so makes sense and is a constructive use of corporate assets.

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 -- which many customers use when making a purchasing decision. What's better than a reputation for social responsibility.

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In the early 1920s, Edward L. Bernays, 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 requirements on which the practice of public relations is based. The first is to influence the decision making process in a way that reconciles a client's or employer's objectives with public expectations; the second is to employ communications strategies and tactics to motivate audiences to a specific course of action. In short: first, influence policy and second, effectively communicate to the target audiences.

In the implementation of this process, 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, it's like the radar chief who gives the early warning. And after pondering the yearnings and stirrings the signals are interpreted 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 approve of Greenpeace, but you should never underestimate the power it wields 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, others in management may possess more of these qualities than the person with the chief public relations/communications title. But 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 or principal role.

Listening is as important a part of the job as speaking -- and the chief public relations officer should be equally adept at both. The "why" and "how" of an action or policy is 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 communications program is, it will not succeed unless it truthfully reflects the corporation's behavior. And above all, the corporation must always deliver on its promises.

The fourth role is to serve as corporate monitor. Since the public relations/communications department is the company's voice and has a major a role dealing with public issues, there is a need for constant monitoring to make sure policies and programs reflect both company policy and public expectations. If they fall short, it's the job of the chief public relations officer to agitate for new programs and policies.

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 meets 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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But I would be less than candid if I did not mention that I believe there are potential hazards which we in public relations must overcome. One 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, there is encroachment on territory we claim as ours.

It started about 25 years ago when chief financial officers assumed responsibility for investor relations. They 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.

Usually public relations professionals are not totally by-passed. “PR” is often enlisted after the strategy has been developed by others in the organization perceived to be more knowledgeable about business than we in public relations. Often regarded more as communicators than policy advisers, we increasingly find ourselves serving as “arms and legs” rather than using our brain power.

Despite of my concerns, I feel positive about the future of public relations. I can remember, not so many years ago, meetings such as this were dedicated largely to answering the question, “how can we get management 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 public relations to do for their business. Perhaps the most important obligation for those of us in positions of high responsibility is to replace ourselves with talent at least equal to our own. If we can do that successfully, we will have fulfilled our responsibility and public relations will continue to have a major voice in the management function.

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