Global Corporations, Corporate Governance and Social Responsibility

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Abstract

Several intentional long-term research projects that reflect the gradual lost of trust in the ethical behaviour of businesses and institutions; the results show moments of particular disenchantment that coincide with specific events, such as Vietnam war, oil crisis, the Enron affair, the Cirio and Alitalia scandals.

The great variety of the stakeholders with which a modern company interacts is such as to require an organic, structured vision of the many sensitive issues that must be addressed, resolved and then communicated, first and foremost within the company itself.

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1. Corporate Communication and Sustainable Development

The behaviour of companies and their top executives has never commanded consensus among the public, and there are numerous reasons for this lack of confidence; basically the general public has always felt that when they balance corporate profit and public interest, companies generally come out in favour of profit, even when this is detrimental to the interests of society. There are several long-term research projects (for example the thirty-year Yankelovic report in the U.S.A.) that reflect the gradual lost of trust in the ethical behaviour of businesses and institutions; the result show moments of particular disenchantment that coincide with specific events, such as Vietnam war, oil crisis, the Enron affair, the Cirio and Alitalia scandals, to name just a few cases that affect us more directly, right down to the present crisis of the financial community all over the world. The huge development in communications, the Internet and the global market, and the dizzy increase in the number of mergers and acquisitions in every sector of activity, have only given greater credit to this lack of confidence in large corporations, in

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view of their consequences, particularly in social terms. Research undertaken by the Wall Street Journal in 2000 reveals and measures the widespread conviction of over 70% of the U.S. population: large companies have an excessive capacity for influence that is dangerous for the good of the community and of the individual.

Business has always tried to react to these negative sentiments in many ways, the majority of which have been of an impromptu, defensive nature, with the result that it has not succeeded in 'convincing' the public, in spite of having often dedicated huge resources of these image campaigns (take, for example, the case of Starbucks and its campaign to protect its primary coffee suppliers in South America and Africa).

It is now widely accepted that we need a systematic approach to this issue, one that does not, as often happens, leave it up to the Marketing and Corporate Communications function to create empathy and consensus around the company. The great variety of the stakeholders with which a modern company interacts is such as to require an organic, structured vision of the many sensitive issues that must be addressed, resolved and then communicated, first and foremost within the company itself.

This approach to the issue assumes that these problems are tackled by company management: it is their task to define the context of the problems and their significance for the company; this discussion and its outcome will make it possible to establish the behavioural model to be adopted, how and when to appear and intervene, under which conditions and with which type and level of liability.

Having thus identified the desired corporate behaviour, it is important to ensure that the evaluation expressed filters down to the entire internal structure, seeing that it is elaborated and accepted, not imposed, with workshops, specific seminars and targeted analysis of internal customer satisfaction, to obtain a positive, involved reply that substantially accepts and supports the result of the behavioural decisions of top management. It is not a question of imposing fictitious approval and consensus, but rather of identifying the aspiration of correctness, equity and social consciousness in the expectations of the workforce, and making positive use of them, in the best possible way, linking them closely to the company environment. The result will be the rapid, and in many cases, spontaneous, emergence of working groups and *advisory boards* with a limited sphere of action, with the goal of bringing to life and promoting those values inside the company, removing any obstacles and/or incongruence. It is not a very rapid process but it is certain to succeed; if it is seen not as something imposed by Top Management, but as an autonomous choice by employees, they will feel that they are a constituent and integral part of the company; they, the whole workforce, will become the often determined and implacable executors of the new values.

This result, of shared values (which for convenience are summarised in the words vision and mission, where 'vision' identifies the environment and space in which one works, while the 'mission' is the role that one fills in the space) is an *asset* of inestimable value for the company; on this sound basis, which is accepted at all levels, it is possible to take decisive steps, transferring this *background*, the true *humus* of the corporate culture, to the company's activities, imbuing them with an ethical aspiration that will permeate its marketing activities, also investing its

brands and products with a significance that will have more influence on consumers and *stakeholders* in general.

This last step is extremely delicate; it requires great professional and management skills to avoid appearing forced, false, 'artificial' in some way and not inherent in the company, its workforce and its products. Negative and positive examples of this are all around us: from Nike to Mercedes, Apple, Andersen and thousand others.

However, this logic, which is described roughly here, must be sustained by absolute consistency in the company; it is extremely dangerous to boast correct ethical and corporate behaviour if this approach is not pursued within the company with the utmost perseverance and determination; it could be trigger a terrible flywheel effect whose negative impact would not be limited only to a few corporate figures, but would inevitably end up by touching the sensitivity of the general public and the clientele, with significant negative repercussions in terms of the company's performance.