‘Publics’ or ‘Stakeholders’?
Performing Social Responsibility through Stakeholder Software

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Abstract

Government and corporate organizations increasingly seek the support of the communities where they operate and represent themselves as good corporate citizens with a sense of Corporate Social Responsibility (CSR). These organizations seek to create and sustain dialogue with their many and varied ‘stakeholders’ and reject traditional ‘PR’ approaches that regard communication as a way to manipulate ‘target publics’. Some of these organizations use a form of ‘stakeholder software’ to guide and support their efforts to embrace CSR in their operations and this article examines two such software packages. It sets their use and the broader drive for CSR in the context of a diminishing trust in traditional institutions and a rise in new, extra-parliamentary forms of activism (new activism); and it examines stakeholder software’s potential contribution to a values-based approach to PR training in universities and colleges.

In the future, reputation will be the competitive differentiator, traditional PR and branding alone will not be sufficient. (PriceWaterhouseCoopers, Protecting and Enhancing your Company’s Reputation)

The successful company of the future will need to demonstrate year on year progress towards greater openness and involvement of key stakeholders. (Chris Fay, CEO Shell, cited in Jordan & Stevenson, 2003, p35).
Introduction

Organizations in contemporary societies operate in a climate of growing mistrust, suspicion and cynicism. Increasing numbers of people are anxious about damage to the environment, unsustainable economies, increasing corporate power and being excluded from decisions that affect them. Parliaments are seen as complicit in these issues, as shown by a decline in voter turnout (Blaug, 2002) and in allegiances to traditional class-based parliamentary political parties (Thomson, 2000); and governments and corporations have suffered a significant loss of trust, as shown in a survey of over 36,000 people from 47 countries (Gallup International, 2003). While some people react to that loss of trust by becoming ‘new activists’, others react by becoming increasingly reliant on themselves for survival – at any cost, as Klein (2000, p268) remarked:

There is no question that many young people have compensated for the fact that they don’t trust politicians or corporations by adopting the social-Darwinist values of the system that engendered their insecurity: they will be greedier, tougher, more focused. They will Just Do It.

At the same time, new forms of extra-parliamentary ‘activism’ (that is, action against a perceived wrong or injustice) are reshaping relationships between the state and civil society – especially its corporate sector. The new activism may take the form of ‘single issue’ campaigns by loose, temporary and often unlikely alliances and allegiances between the heterogeneous groups, organizations and individuals that often are referred to collectively as ‘the third sector’. In an international example, the anti-globalisation ‘movement’ is not as organised and coherent as its title implies but is, instead, a loose, decentralized collection of people operating as a network of individuals and non-governmental organizations (NGOs) who use communications technologies extensively, especially the internet, to organize and execute their activities (Chesters, 2003). A ‘local’ example of the ‘new activism’ happened in 2001 at Stonehaven near Geelong in Victoria, Australia. There, residents, environmentalists and other concerned citizens actively opposed the construction of a 500-megawatt power station by US multi-national corporation AES Power One. A loose and temporary alliance between Batesford and Geelong Action Group (BGAG), Geelong Region’s Air and Environment Lobby (GRAEL) and (later) the Community Picket Line (CPL) sought to alert the public to the proposed power station’s potential effects and risks and to AES Power One’s poor reputation; and promoted alternative, ‘clean’ energy policies (Demetrious 2002, pp148-155).

New social movements have made an impact in areas like gender, sexuality and environment, but they have yet to make a substantial and unified contribution to long term political and social change (Davidson in Vandenberg, 2000, p. 117). Nevertheless the new activism of special interest groups, pressure groups, and other elements of civil society has affected much mainstream Public Relations (PR), which has traditionally regarded activists solely as challenges to organisations’ operations and/or legitimacy. Mainstream PR practitioners have advised their clients to regard their critics as ‘target publics’ and ‘target audiences’ and to give or withhold information to gain people’s support or neutralise their opposition. Prominent PR educator Larissa Grunig (Grunig,1992) states that her interest in activism stems from her wish, ‘to help practitioners deal in more than an ad hoc way with the opposition their organizations face from activist groups’ (p503) This utilitarian and manipulative paradigm of communication is shared with many advertisers and marketers. In this paradigm, ‘they’ (target publics) are susceptible to ‘our’ (professional communicators’)

2
messages, which are crafted carefully to ensure they are received and understood as intended. These traditional tactics don’t always work on the ‘new activists’, who may uncover hidden agendas and dismiss corporate and government communication as ‘spin’ and manipulation. For example, in 1995 Greenpeace mounted a highly successful campaign to force petroleum giant Shell to abandon its plans to dump the Brent Spar (a disused oil installation) in the North Sea. The disposal of Brent Spar became a public controversy in the UK media only because Greenpeace initiated a campaign about it (Hansen, 2000).

Public mistrust of traditional, ‘command and control’ PR – glossy reports, self-promotion, paid publicity and backroom lobbying – echoes in industry commentators’ questioning of how effective traditional PR can be in the face of the ‘new activism’. For example, PR consultant Hilary Sutcliffe (1998, p43) argued that organizations’ poor communication strategies have often compounded activists’ criticism of their operations. Peters (1998, p38) – a team leader at business consultants PriceWaterhouseCoopers – highlights traditional PR’s approach to reputation management:

Building a great reputation is not about words and fancy value statements communicated via glossy brochures which languish on coffee tables in reception lounges and in the department of corporate affairs.

Yve Newbold (no date, 4th ed, p12), who chairs the UK’s Ethical Trading Initiative, suggests that traditional PR cannot deal with the pressures exerted by increasingly sophisticated groups of activists:

Initially some companies sought to counter the effects of these campaigns with charm offensives or public relations initiatives but an increasingly sophisticated and well-linked body of global protesters has seen off much of the corporate spin.

US PR giant Burson Marsteller also reflect these attitudes and expresses a changed approach to activists and their views:

Nongovernmental organizations (NGOs) have become one of the most important drivers of corporate responsibility since the mid-nineties. NGOs and citizens activists have gained attention and impact through the Internet, the global media and the socially responsibility investment (SRI) community. Their scrutiny and criticism of corporate conduct has succeeded in defining and driving policy agendas for entire sectors of the global economy. (Burson Marsteller, NGO Perspectives on Corporate Reputation and Responsibility).

Is CSR the new PR?

Approaches to the communication of company CSR strategies and impacts are being refined, and moving firmly away from a simple PR and marketing exercise. (Hojensgard, 2003, p41).

Bliss (2002, p252) argues that the rise of ‘new activism’ (for example Greenpeace, Amnesty International and ‘citizen organizations’), combined with the spread of digital communications technology around the internet and increasing public cynicism about ‘spin’, has profound implications for organizations. It has led (or forced) many business and political organizations to review their internal and external communication in order to present
themselves as good corporate citizens who reject traditional PR in favour of Corporate Social Responsibility (CSR). CSR can be defined in various ways and, at worst, it can be a ragbag of piety, policy and practice. For example, Clow and Baack (2002, p49) suggest that social responsibility is an organization’s ‘obligation to be ethical, accountable and reactive to the needs of society’. They don’t identify the origins of that obligation, but celebrate its effects: ‘business experts agree that socially responsible firms are more likely to thrive and survive in the long term’ (ibid). More substantively, the European Commission (2001) has described CSR as a means whereby ‘companies integrate social and environmental concerns in their business operations and in their interaction with their stakeholders on a voluntary basis.’ (p 4); and subsequently stated its ambition to integrate CSR in all European Union policies (European Commission, 2002).

A leading exponent of CSR in Europe is an organization called, aptly enough, Corporate Social Responsibility Europe (CSR Europe). It describes itself as a ‘business-to-business network for corporate social responsibility in Europe … (that aims) … to help companies achieve profitability by placing Corporate Social Responsibility in the mainstream of business practice’ (CSR Europe, 2002) Its sixty members include BP, Coca-Cola, General Motors, Hewlett Packard, IBM, Motorola, PriceWaterhouseCoopers, Unilever and Shell. CSR Europe is a network of national organizations such as the UK’s Business in the Community (BITC) – itself a network of over 650 UK-based companies (including 75 of the 100 largest publiclyquoted companies). Each BITC affiliate undertakes to continually report and improve the impact of its activities on the environment, marketplace, workplace and community and to engage in ‘partnerships to tackle disadvantage and create enterprising communities’ (BITC, 2002). In the USA, the organization Business for Social Responsibility (BSR) claims to help firms to become more successful in ways that demonstrate respect for ethical values, people, communities and the environment (see www.bsr.org).

Deborah Leipziger (2003) identifies communication as a critical component of CSR and examines various codes of conduct (for example, AccountAbility 1000 Framework, AA1000 Assurance Standard) associated with corporate responsibility. Earlier, Freeman (1984) had defined a stakeholder as, ‘any group or individual who can affect or is affected by the achievement of the firm’s objectives’ (p25) and had argued that an organization’s success depends on creating real dialogue with its diverse stakeholders, rather than trying to manipulate them. More recently, Bliss (2002, p252) urged organizations to engage in policy dialogues with their stakeholders as an alternative to the historical, adversarial relationships between business and activist groups expressed in boycotts, pickets, demonstrations and anti-corporate websites. Covey and Brown (2001) regard such dialogic relationships based on mutual benefit and legitimation as a new form of social relationship1 that they call ‘critical co-operation’:

Critical co-operation offers opportunities for social actors to recruit the capacities and resources of business in the services of social problem-solving, and for business actors to mobilize the commitment and grassroots reach of civil society actors in the mobilization and protection of their business goals (p13).

Deegan (2001) also suggested that dialogue involves collaborating to achieve mutually beneficial solutions but, unlike Covey and Brown, Deegan argued that dialogue could pre-empt confrontation because when activists can see that an organization is trying to be open and to improve its performance, they are more likely to trust its explanations if things go wrong (for example, an industrial accident). Consequently, Deegan regards dialogue as an
ambiguous idea. Dialogue can enable ‘new activists’ to secure commitments to change faster and using less resources than a traditional adversarial public campaign; but dialogue can also enable an organization to maintain control over the ‘new activism’\textsuperscript{11}.

While corporations are representing themselves as responsible corporate citizens, many activist groups are changing their focus from preventing to solutions and trying to substitute dialogue for confrontation. For example, Jordan and Stevenson (2003) describe Greenpeace’s change of focus away from prevention campaigns (for example, publicly criticizing a corporation that dumps toxic waste) and towards solutions campaigns (for example, collaborating with a corporation to solve its waste problem). Two leading figures in Greenpeace describe this shift in focus, highlighting the intersection of solutions campaigning and dialogic relationships:

The time has never been so right for non violent direct action against the ‘business as usual’ corporate polluter. … Equally, the time has never been so right for innovative, strategic alliance-building around environmental solutions. (Dr Jeremy Leggett, cited in Jordan & Stevenson, 2003, p37)

Of course, by its very nature, solutions campaigning leads us into more detailed co-operation and alliances with specific sectors of business. (Lord Melchett, then Chair of Greenpeace, cited in Jordan & Stevenson, 2003, p37)

CSR is not all ethical integrity and professional conduct, however. Deborah Leipziger (2003) suggests that many PR and marketing practitioners are subordinating CSR to their traditional ends: ‘Much of what is written about CR tools is public relations and marketing – an attempt to gain more members and attain critical mass’ (p15). Organizations can use CSR as a new, sophisticated means of manipulating their stakeholders. For example, a firm can ‘greenwash’ its activities to make them appear ecologically sustainable and accountable. Similarly, a firm can support social causes through its transactions with its customers (for example, donating a percentage of income or profits to the cause) and enjoy the free publicity this generates. Examples of such ‘cause-related marketing’ include the campaign by American Express in the 1980s that raised $1.7m to restore the Statue of Liberty and raised sales by 28%; and the donation by US telecommunication Sprint of fifty digital phones to New York’s Cabwatch scheme (in which drivers watch for and report crimes), which received extensive media coverage and increased sales (Clow & Baak, 2002. p54)\textsuperscript{ii}. Consequently, any organization’s espousal of CSR may well combine (in various proportions) a genuine commitment to ethical practice, a pragmatic recognition that ‘doing the right thing’ will leave its operations unhindered by critics and protesters, and a cynical calculation of the economic benefits of such unhindered operations. According to Bjorn Stigson, Chair, World Business Council for Sustainable Development\textsuperscript{v}: ‘The ability of companies to manage and contribute to multi-stakeholder partnerships is a new business asset’.

With those cautions in mind, we can identify some characteristics common to the various approaches to CSR. An organization espousing CSR regards people as ‘stakeholders’ who actively make sense of their circumstances and whose interest in its operations expresses their citizenship, not an ideology. Such an organization seeks to create and sustain meaningful, strategic partnerships with its various stakeholders and to enable and encourage them to take decisions, monitor their implementation and respond to shortfalls. At each level (for example,
local, national, global), the organization seeks to attain social goals as well as economic ones; and its internal and external communications emphasize genuine public consultation, not traditional PR.

In general, it is harder for large organizations to reinvent themselves around CSR. While small organizations perform a relatively narrow range of activities, affect a narrow range of stakeholders and have few points of contact with their stakeholders, large organizations tend to perform a greater diversity of activities, affecting a greater number and diversity of stakeholders. They have more possible points of contact with stakeholders and this, together with their internal differentiation into departments, can make it harder to communicate consistently with stakeholders. Large organizations’ attempts to address those difficulties have spawned a new genre of ‘stakeholder software’ packages, of which we examine two contrasting examples: Reputation Qest’s Stakeholder Database and Activit Pty Ltd’s Activit Community Engagement (ACE) software.

Implementing CSR through stakeholder software

Reputation Qest’s Stakeholder Database and Activit Pty Ltd’s Activit Community Engagement (ACE) software embody different communication strategies. Broadly, Reputation Qest’s Stakeholder Database enables an organization to identify and target its diverse stakeholders according to their attitudes to the organization. It doesn’t create a detailed communication strategy, but concentrates on generating reminders to maintain contacts with and collect information from stakeholders. In contrast, ACE software tracks and collates an organization’s engagement with its stakeholders without necessarily categorizing them.

Reputation Qest’s Stakeholder Database

Reputation Qest is a division of the Qest Consulting Group – Australian risk and safety consultants who work with clients in several industries, including mining, oil, gas and petrochemicals, construction, financial services and governments. Reputation Qest offers skills and services in reputation building, risk communication and crisis management to help clients build, maintain and protect their reputation; and it introduces its Stakeholder Database software package through a two-day workshop designed to offer participants (generally, the client organization’s managers and policy-makers) new perspectives on their organization’s stakeholders. Reputation Qest’s software assumes that the client organization doesn’t understand fully its social and political environment and that the consultant’s role is not to provide a ready-made perspective, other than the snappy formula ‘Risk = Hazard + Outrage’. Instead, the consultant uses the software package to assist an organization to develop its own perspective on its environment, drawing on its knowledge and experience. The package centres on a set of 220 questions that encourage workshop participants to use their judgment and experience to (a) identify and categorise the various stakeholders in their organization’s operations and (b) measure the degree of ‘outrage’ that these operations generate in stakeholders.

Answering the 220 questions identifies and categorises an organization’s stakeholders in several interconnecting dimensions, including the nature of a stakeholder’s relationship with the organization (for example, ally, neutral or opponent), their motivation in engaging with the organization (for example, ego-enhancement, revenge, ideology, greed) and their defining quality (for example, passion, power). Thus identified, stakeholders’ details are logged-in to the package as the foundation for future communication with them. The package can then be
used to track each stakeholder’s communications with the organization, identify the person within the organization who is responsible for responding to each stakeholder and, if desired, issue e-mail reminders of the due dates of any response and follow-up to that person. This last facility prevents consultations being undermined by failure to undertake any promised actions.

Answering the Stakeholder Database’s 220 questions also enables participants to measure the degree of ‘outrage’ that the organization’s operations generate in stakeholders. Reputation Qest’s 2003 pamphlet, *What is outrage?*, explains how this process works. The pamphlet opens with this formula: ‘Risk = Hazard + Outrage’ (Dr Peter M. Sandman) and continues, ‘The proper response to a serious hazard is to mitigate the hazard. The proper response to a serious outrage … isn’t to mitigate the hazard … (but) … to mitigate the outrage. Better yet, predict and prevent the outrage’ (p3). The pamphlet suggests that risk has two components: hazard, which is the magnitude and probability of undesirable outcomes (for example, an explosion, dead fish in the river, declining property values); and outrage, which is the negative or threatening nature of the situation itself, as distinct from its outcomes (that is, its hazards). Reputation Qest lists twelve components of outrage such as the situation’s degree of familiarity, the degree of dread associated with it, the extent to which someone chooses or is coerced into experiencing it and the extent to which it is controlled by others; and it suggests that detailed assessment of those twelve factors ‘will help you figure out how to reduce stakeholder’s (sic) outrage … (or) … predict how much stakeholder outrage you are likely to face’ (p3).

Reputation Qest’s strategy raises some interesting, inter-related questions about engaging with stakeholders:

• Is relying on the judgment and experience of an organization’s managers and policy-makers the best way to identify and categorise an organization’s stakeholders? How does it compare with, for example, interviewing stakeholders, asking them to complete a survey, observing their behaviour in meetings, and so on?
• Is there a danger that the Stakeholder Database will simply reinforce a client organization’s existing understandings and attitudes towards its stakeholders?
• How can a consultant and/or client-organization avoid creating self-fulfilling prophecies with the Stakeholder Database? For example, in answering the 220 questions, a client organization’s managers might judge that their stakeholders are motivated by greed and respond by minimizing stakeholders’ benefits. However, their response leads stakeholders to conclude that the organization is withholding benefits to which they’re entitled, so they demand more, which serves to reinforce the managers’ judgement that the stakeholders are greedy.
• Is it possible to measure/quantify ‘outrage’, as Reputation Qest claims? How can the intensity of an individual’s feelings be measured against a common, objective standard?

Some of those questions could be addressed if the managers of an organization with several and diverse groups of stakeholders used the Stakeholder Database to clarify and organise their judgments and impressions of the organization’s stakeholders in a ‘debriefing’ after meeting them, rather than instead of meeting them.
Activ Pty Ltd’s Active Community Engagement (ACE)

Activ Pty Ltd is a Victorian based company that has developed a strategic approach to community consultation that is based on CSR and is delivered through a series of distinctive software tools. Their principal product ACE embeds a culture of CSR in the organization that uses it and facilitates a consistent, CSR-based approach to community consultation. Activv claims that ACE is, ‘the only complete, community-centric software solution specifically designed to meet the challenging and ever changing needs of Community Engagement professionals’. The ACE package supports an organisation as it plans, tracks and manages its consultations with the individuals, groups and organisations with a stake in its operations. This activity can be highly problematic for an organisation, which may find it easier to proclaim that it has embraced CSR than to follow CSR principles consistently in all its operations. Such organisations can rely on ad hoc consultation processes while creating false expectations of authentic community consultation. Their subsequent failure to deliver on their promises of meaningful consultation inevitably results in public disaffection and accusations of hypocrisy.

The ACE software package enables and encourages a client-organization to involve its stakeholders actively in its decisions, thereby increasing its understanding of them, improving its decision-making, increasing its long-term viability and enhancing its benefits to stakeholders. The package takes the user through a five-step process of public consultation: planning, identifying stakeholders, selecting the most appropriate consultation technique, recording stakeholders’ views, and evaluating the process prior to a report. The package consists of a series of logical templates in which to enter information about a project, such as its background and objectives, the team members, decision-making processes and any public concerns it raises. The templates are coherent and present the information in a number of ways with synopses in a side window.

At a general level, then, ACE resembles a traditional PR ‘plan’: identify and analyse the problems/opportunities, set measurable objectives, identify ‘target publics’, devise strategy, tactics and evaluation, and decide a budget. However, ACE also has additional functions, such as the ability to cross reference information under various headings and to accommodate additional categories (for example, a company’s operational plan), ensuring that policy is reflected in practices that can be measured and the results used to improve accountability. The package is easily accessible and takes the inexperienced user through the consultation process in a sequence of clear steps. Thus, it could be useful in various departments of an organization, including public relations, community relations, management and planning. ACE can also facilitate consultation across organisations far more effectively than in the past; and it can retain ‘corporate memory’ around consultation that would otherwise be lost as key staff move elsewhere.

The ACE program uses ‘stakeholder’ as a concept and descriptor throughout. Implicit is the assumption that there is understanding of the distinctions between ‘stakeholder’ and ‘target public’ or ‘audience’. Organisations that adopt the software however may find that the value and success of the community consultation process depends on the depth of knowledge and experience of its user.
Conclusion: using stakeholder software to support a values-based PR

CSR can easily evolve into ‘spin with ethics’ and corporate citizenship can easily become corporate camouflage. There’s little to separate Stigson’s positive view that ‘(t)he ability of companies to manage and contribute to multi-stakeholder partnerships is a new business asset’, from Leipziger’s critical view that many PR and marketing practitioners regard CSR as just another way to gain public support for their clients. In these circumstances, organizations have three broad options: continue to view the new activism from a confrontational, ‘us/them’ perspective; adopt elements of CSR that soften that perspective but leave it essentially unchanged; review their communication strategies to accommodate new demands for public accountability and participation. In practice, any particular organisation is likely to respond through some combination of these options and so professional communicators need to understand the attitudes, values and practices associated with CSR, together with the social and political changes in contemporary societies that gave rise to them. However, much of the research and commentary about CSR (Leipziger, 2003; Andriof and Waddock, 2002; Hojensgard, 2003; Thomas & Eyres, 1998; Peters, 1998; and Sutcliffe, 1998) makes it clear that traditional PR practitioners are uneasy in this new corporate culture. Further, traditional PR education and training is hard-pressed to equip potential practitioners with the sorts of sophisticated understandings of contemporary societies and social movements they need to operate in organisations espousing some form of CSR. In particular, traditional PR’s ‘command and control’ model of communication, which implies a passive public susceptible to manipulation, is incompatible with CSR’s emphasis on collaboration and coalitions and can’t explain the diverse forms of ‘new activism’ such as consumer boycotts and sieges of corporate websites.

If potential professional communicators are to operate successfully in an environment where CSR is espoused and put into action they need a different model of communication and they need to learn more about the values and attitudes underpinning contemporary social movements. Stakeholder software could assist tertiary institutions to create such a ‘values-based’ approach to PR education and training. Software templates and databases effectively automate much of the process of planning and executing communication strategies, removing the need for practitioners to create each strategy afresh. Instead of students laboriously memorizing and repeating the steps and stages of one or more ways to plan, implement and evaluate campaigns, they can familiarise themselves with a stakeholder software package that embodies all that information. This would release time in a training syllabus, which students then could apply to campaign and strategy analysis and formulation that incorporates the sorts of values-based issues we have raised.

Increasingly, professional practice is being redefined around software packages that routinise particular aspects of a professional’s work; and educators associated with the professions now use these software packages in their teaching. For example areas like accounting have adopted Quicken financial record keeping software as a routine part of the evolving professional practice and education. Introducing stakeholder software to PR education is the equivalent of introducing computer aided design to an architecture course or calculators to a mathematics course. The routine ‘mechanics’ of the occupation – planning, implementing and evaluating campaigns in PR, designing buildings in architecture – are hidden away in a black box. This enables the student (and the practitioner) to exercise the creativity required by the non-routine aspects of their task and to pay more attention to the values and attitudes implicit in their occupation. However, it can also create the ‘instant expert’ who believes that ‘Anyone can do that!’ For this reason, we suggest that the introduction of the sorts of
software packages that we’ve reviewed in this article needs to be accompanied by education and training in CSR principles and practices. Without appropriate instruction, users could – wittingly or unwittingly – simply create new, more sophisticated forms of ‘spin’ and manipulation, creating false impressions of authentic community consultation and/or indulging in such unethical practices as misuse of stakeholders’ personal information. Software writers and PR educators face a clear and present risk that inappropriate use of stakeholder software packages will alienate stakeholders still further – their challenge is to develop new relationships with each other through which to embed corporate social responsibility in a values-based approach to PR.

References


Bliss T, 2002 ‘Citizen Advocacy Groups Corporate friend or foe?’ (in Andriof et al, 2002, cited above)


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i Such dialogue isn’t necessarily new, although some of the current forms may be. See, for example, Bosso, 1988.

ii Just as significantly, Deegan’s book was published by the UK’s Institute of Public Relations.

iii The UK’s Cause Related Marketing site (www.crm.org.uk) lists firms receiving awards and benefits; and the National Charities Information Bureau (www.give.org) promotes informed giving by corporations.

iv The Council includes Du Pont, Dow, BP, Shell, Rio Tinto.