Global Corporations, Corporate Governance and Social Responsibility

Lorenzo Morrocchi

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

* V.P. Case New Holland Brand Communication (lorenzo.morrocchi@cnh.com)
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.
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such as to require an organic, structured vision of the many sensitive issues that
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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.