

## **Corporations will save the world, won't they?**

Bob Burton

If you want to save the world forget going to protests and give up on the press releases, it's time to work with corporations – or so an increasing number of former activists turned corporate consultants would like you to believe.

The former chair of Friends of the Earth (UK), Des Wilson, is one activist turned consultant who is an enthusiastic convert to the corporate cause. When the former head of Greenpeace UK, Lord Melchett, joined Burson Marsteller - the world's biggest PR firm - in January 2002 to help advise corporate clients on sustainability, Wilson leapt to his defence.

“Melchett and others ... have decided they have a better chance of promoting change by working with business and industry instead of engaging in the kind of invariably useless confrontational activity enjoyed by the punk end of the movement”, he wrote.

Not only is consulting more financially rewarding than working for non-government organisations (NGO's), it is defended as a superior form of activism. Consultants such as Melchett, Wilson argues, “know that business alone holds the key to real and rapid change ... they are the environmentalists that will get results”.<sup>1</sup>

The often crude corporate efforts of the 1980's and 1990's aimed at defeating activist campaigns are now being superseded by softer strategies of enticing non-government organisations to do less on the streets and more in “partnerships” in corporate boardrooms designing ‘win-win’ solutions. And there are none better at enticing often-wary activists groups to the table than activists turned consultants.

The companies that have most to gain from this approach are not relatively powerless small businesses but major companies – often global – that have been mired in controversy or are seeking a green marketing advantage over their competitors.

Peter Sandman, a US-based PR consultant who bills his time out at up to \$US1250 per hour, is revered by many in the PR industry as one of the shrewdest advocates of corporate ‘engagement’ with activist groups.<sup>2</sup>

Through humility and concessions, Sandman argues, companies can “open communications channels” forcing stubborn activists to moderate their position or be marginalised. Sandman advocates “outsourcing trust” - rebuilding tarnished corporate credibility by involving activist groups in corporate decision making. “If you have control, share it--with community advisory panels, third party audits and through negotiation with activists”, he advises.

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<sup>1</sup> Des Wilson, The Guardian, 16 January 2002.

<sup>2</sup> For the sake of this article, I have taken engagement to mean where there is some formal – usually financial – relationship between a company and a non-government organisation (NGO) and am mainly thinking about major corporations that are often involved in controversial activities. It is worth noting there are an increasing number of NGO groups adopting increasingly sophisticated lobbying campaigns aimed at corporations and their backers that could fall under a broader definition of ‘engagement’ but these do not involve any formal or financial relationship with the company or industry.

Increasingly Australian environmental, human rights and overseas aid organisations are being drawn into various formalised forms of ‘engagement’, some with disastrous consequences for NGO’s.

### **Why get engaged?**

When companies talk amongst themselves about ‘engagement’ it is usually from a fear of effective public advocacy that is independent of a process they can control. Newspaper headlines and TV exposes, they confide to each other, all too often drive a legislative agenda that damages their interests.

‘Engagement’ as corporate executives commonly use the term, is about shifting the forum of debate away from open public spaces to smaller more private venues where social pressure can be subtly mobilised to moderate more critical views. One common approach is through involving NGOs in Community Advisory Panels (CAPs).

According to Sandman “the experience of breaking bread with company representatives, chatting with them before and after meetings . . . encourages many community advisory panel (CAP) members to feel that harsh criticism would be somehow rude. CAP members . . . are likely to feel some social pressure from their fellow members to conform or quit.”

Indeed, such advisory panels can be too successful in the eyes of the corporate sponsors, requiring turnover of membership to be encouraged. “The usual problem with these committees isn’t orchestrating the chaos. It is sustaining interest and attendance. Erstwhile troublemakers let onto the panel start learning about the industry’s problems and limitations, acquire a sense of responsibility to give good advice, and pretty soon they are sounding a lot like industry apologists”, Sandman says.

‘Engagement’ as major companies use the term, is about converting optimistic activism to the passive fatalism of ‘oh, if we can’t prevent it going ahead, we can at least mitigate the impact’. Those ‘engaged’ often become so fatalistic – often rather arrogantly packaged as ‘political realism’ by its proponents – that they refuse to support the advocacy efforts of other groups. “It’s a lost cause”, they’ll counsel, without recognising that many of the greatest environmental wins were from campaigns considered as unwinnable.

Some NGO’s fatalistically bemoan the decline of the state in regulating corporate activity and embrace participation in helping design voluntary codes of conduct for companies and industry groups as being the most effective path ahead. Unquestioningly accepting this argument requires a level of political amnesia in assuming the weakening role of the state just mysteriously happened rather than being the outcome of strategic corporate activism.

While NGOs generally see ‘engagement’ as a supplement to regulation, industry sees it as a substitute. If NGOs help define acceptable corporate behaviour with voluntary codes of conduct, ‘who needs stronger regulation?’ they ask. For companies the ability to choose and enforce standards they design themselves is far more desirable

than more democratically determined ones. The role of NGOs is to lend the codes sufficient legitimacy to overcome what the public would otherwise view with scepticism.

Other NGO's have a more commercial motivation in seeking to work with corporations – seeing relatively fat corporate budgets as a potentially lucrative source of funding for programs that may otherwise go unfunded. Some – usually smaller groups – who struggle to access appropriate fundraising skills, are attracted to idea of sponsorships or consultancy projects as high value low risk fundraising.

The sobering reality is that smaller groups are generally less attractive to major corporations while for larger groups sponsorships are measured against strict return on investment criteria. Some discover that what has been touted to both members and staff as an environmental management program, is really no more than a corporate marketing program.

Others echo the view that working with corporations is a new more sophisticated form of campaigning and over time come to identify more with corporate interests than those of their fellow NGO colleagues. In one instance a consultant to World Wide Fund for Nature, Frank Almond, helpfully advised a forum on policies for the mining industry *“there is a need to shift the public's perception of industry, including mining, as a cause of environmental degradation.”* Almond disdainfully distanced WWF from the views of other NGO's. *“NGOs are well regarded but many of them have not come to terms with the need to reconcile environmental protection with economic activity”*, Almond was recorded as stating.<sup>i</sup>

'Engagement' is about subtly shifting debates away from conflict between fundamental values to discussing the 'common ground'. It pursues a lowest common denominator approach that seeks to shift debate away from 'should we mine uranium against Aboriginal wishes in a National Park' to 'how would you like the uranium mine to operate'. "Win-win" solutions, in reality, require engaged NGO's to lower their sights and define mitigation as a win.

The growing level of engagement is also crystallising debate about the values of NGO's. While most NGOs have argued for more open and accountable processes for government and business, many of those 'engaging' with corporations willingly embrace secrecy.

Some enter into sponsorship contracts the details of which are kept secret from their members and supporters. Some contracts even contain confidentiality clauses. Some refuse to disclose in their annual reports how much individual sponsorship is worth. "Commercially confidential", the refrain goes.

Some participate in advisory committees that operate on the basis of the "Chatham House rule" preventing participants from discussing who was present or the specifics of what was said by the corporate selected participants. While these are touted as an accountability mechanism, the agendas, minutes and background papers are not accessible unless you are an insider.

The participation of corporate selected NGO's in secretive committee processes raises other troubling questions about accountability. If NGOs are invited to participate to represent a constituency, how can they do this if they can't or won't consult with other NGOs or the communities most affected?

Often, the tension between NGO's rhetoric of accountability and transparency and the reality of passively engaging in corporate processes leads to divisive internal conflicts resulting in the costly loss of staff and volunteers. Where once, independent campaigning would create conflicts within corporations, engagement transfers the conflict into and between NGO's.

Participants in such committees often defend their activities to irritated NGO colleagues on the grounds that they are simply part of a 'good cop, bad cop' strategy. It is, however, a false analogy. When police adopt the 'good cop, bad cop' strategy it is part of a co-ordinated plan designed to gain sufficient information which is shared between both officers - to enable a successful prosecution and conviction for a breach of the law. Unlike corporate sponsorship of NGOs - which is perfectly legal - police have strict rules against accepting donations from those that they are questioning.

Others dismiss the notion of NGO's guarding their financial independence as a product of quaint but now-dated 1960's thinking. They discount the view that public support for watchdog groups is based on the belief that their role is as fearless and independent advocates for the public interest, yet it is this independence that 'engagement' erodes.

When corporate executives are asked whether they think NGO's advocacy is compromised by sponsorship deals, they usually knowingly smile before insisting any comments are strictly off the record. One senior executive could barely conceal his disdain for an NGO his company generously funded.

While there is scant literature on the topic of the impacts of engagement, one survey of mining industry executives revealed that the advocacy groups they most respected were the ones they had no financial ties to.

Whether for financial reasons or growing personal relationships with likeable corporate executives, those enmeshed in 'engagement' become more inclined to believe the best of a company. Often NGOs don't notice, or turn a blind eye, to the corporate game of speaking nicely to NGOs while lobbying behind the scenes to weaken existing regulations or undermine other campaigns.

Once engaged, few NGOs have clear benchmarks to judge the merit of continued involvement in the process or sponsorship. Withdrawal would be to admit a mistake or risk being marginalised. Others develop a financial dependency on maintaining an ongoing relationship, irrespective of outcomes.

While surveys of public opinion reveal deep distrust of corporations and wariness of their power in shaping public policy, NGO's that embrace 'engagement' find this an unpalatable topic. If an increasing number of NGO's won't raise questions about whether corporations have too much power in society or even how community groups achieve, maintain and extend change, who will?

If watchdog groups bark less and settle for low profile technical discussions, isn't it inevitable that public pressure for change will decrease? If the independent external pressure necessary to drive change fades, where is the incentive for companies to grant even the incremental concessions sought by the financially-rewarded 'good cops'. Isn't greater engagement by more groups likely to change the character of NGOs from feisty agenda-setters to corporate consultants?

For consultants, such as Peter Sandman, a source of frustration is finding groups willing to accept the concessions that companies are prepared to offer. "There is sometimes a risk" he says, that a company "is willing to give up half a loaf but can't find anybody to take half a loaf. All it can find is people to accuse it of hypocrisy because it's half a loaf ... It is useful that there is someone saying 'no it is only half a loaf, you asshole', but there has got to be someone saying 'Wow, half a loaf'".

Settling for half a loaf might keep the company happy, but Sandman acknowledges that it causes problems for NGOs. Those NGOs that accept half a loaf are sometimes hard to find because they "risk loss of the integrity of [the] group, risk loss of membership, risk loss of media credibility, maybe risk loss of self esteem", he says.

And maybe you'd still starve if you settled for half a loaf.

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<sup>i</sup> Bob Burton, "UNEP seconds Rio Tinto adviser for mining review", *Mining Monitor*, Volume 5 Number 2, July 2000, [www.mpi.org.au](http://www.mpi.org.au), page 1.