Spring 5-1-2010

Corporate personhood, cash's corruption, and the role of public relations leadership

Joonas Niiholm

Abstract

The role of the corporation in today's society is complex and significant. This paper examines the evolution of the corporation from a narrowly constructed entity to that which resembles a human being in behavior, as a result of social construction. By examining the actions of a corporation through the lens of a human, it hopes to shed light on the profound impact corporations have on our society and the devastation they cause when operating in pursuit of profit above all else. Drawing on current research of Corporate Social Responsibility, a new way to do business that resembles the way an ethical human would act in a business setting is suggested. The role of public relations leadership is also considered as a way of realizing this new business environment.

Table of Contents

Acknowledgments

I want to thank Michael Meath for serving as this paper's Thesis Project Adviser. I would not have been able to develop this paper without him questioning the early iterations of my ideas. His patience and persistent prodding were absolutely essential to my success. My Honor's Reader Susan Wadley helped develop my integration of outside evidence and pushed me to add more of my own interpretation to the research I conducted.

I am thankful for the counsel and understanding of the Honors office, particularly Eric Holzwarth and Hanna Richardson. Allison Bice was the spark of insight that led me down the path of corporate personhood. The breadth of my studies, the passion of my professors, and the genuine relationships at Syracuse made exploring this topic both possible and enjoyable. I love libraries everywhere for their help; I'm indebted to cafes, IHOP, and late night bars when I needed a place to write.

Introduction

The role of the corporation in our modern society has shifted significantly from where it once originated. Corporations now are legally people and to a high degree treated like people by our society. Considering this, the way business is done must shift to align with this new paradigm.

The influence of the modern corporation in today's world is undeniably pervasive in every aspect of our lives. From the clothes we wear to the places we work, we interact with these entities constantly. This demands a reinterpretation of the ethical standards to which we hold corporations. The way people interact with and treat corporations is already shifting dramatically and will continue to do so.

Profit as the single motivating factor of corporation is no longer a sustainable option either financially or ethically. Corporations must have a balance to the way they do business, a balance that reflects proper human conduct. The ethical framework I believe best addresses this notion has an unwavering emphasis on trust and the golden rule as cornerstones for legitimate success in today's world.

Public relations leaders are often in the best position to be aware of this new business environment and operate within it, using the best course of action. Their training in being aware of the complete spectrum of stakeholders and wisdom regarding the value of trust allows them to move the corporation in a wholly ethical way. The profit-driven CEOs of corporations may not have the sufficient breadth of awareness necessary to accomplish this effectively.

This paper hopes to establish the notion of the corporation as both a legal person and a socially constructed person whose personhood is the sum of total actions the corporation takes. It then establishes an operating business principle that draws from the triple bottom line model found in Corporate Social Responsibility and makes an argument against pure-profit capitalism. Finally, it explores the opportunities public relations leaders have in pursuing this modern social business environment.

Chapter 1: The Corporation as Person

A. The History

The modern corporation is a relatively recent occurrence in the world of business. Corporations were originally conceived as chartered institutions created to be a separate legal entity. Originally, corporations were very limited in their operations. In the early 1800s, corporate charters were "few in number and tightly regulated and controlled, being created only to undertake specified public interest projects (canals, water supplies, banking, insurance) and for periods limited to those projects" (Hendry, 2004, p. 71). This process gave corporations the capital and legal mobility to be effective in completing complex projects.

Until the middle of the nineteenth century, a corporate charter entailed perpetual existence, limited liability, and the right to own property. These formed corporations were able to gain capital easily and could act more effectively than and individual. “Corporations were seen as 'great engines for the promotion of the public convenience, and for the development of public wealth'" (Thoennes, 2004, p 206-207). This was an effective way to pool resources that were necessary for complicated jobs.

Over the next half-century, the function of the corporation slowly changed to provide a way to further limit liability and spread risk among investors. During the middle of the nineteenth century, business leaders and politicians advocated the idea that a person’s liability would be limited to the amount of shares bought of a company, say $100, and would have immunity for anything beyond that. “Supporters of 'limited liability,' as the concept came to be known, defended it as being necessary to attract middle-class investors into the stock market" (Bakan, 2004, p. 11).

In addition to the expansion of limiting liability, the definition of what was considered a public service also shifted. Andrew Carnegie’s steel operation and John D. Rockefeller’s Standard Oil both blurred the line between business venture and public service once they were given corporate charters. In addition to shifting what was considered the public interest, "[c]orporate law became less restrictive as corporate lawyers began exerting considerable influence over politicians, lawyers, courts, and popular culture in the United States. The wealthy corporation owners were determined to limit the sates' ability to control their entities" (Thoennes, 2004, p. 207). The ‘robber barons’ of the 19th century were crucial to opening the floodgates of what would be considered an acceptable corporate charter.

More importantly, "in America, the extension of incorporation and limited liability to all businesses appears to have come about not primarily because that was thought to be a good thing, but because restricted incorporation became discredited" (Hendry, 2004, p. 73). Eventually, incorporation was pursued by businesses in ever more relentless ways. The original limitations on what could be a corporation were whittled away; this led to a shift where anyone could call for incorporation.

The idea of the corporation as a person actually has roots to 1793, with a corporate scholar analyzing the corporation as "a collection of many individuals united into one body, under a special denomination, having perpetual succession under an artificial form" (Bakan, 2004, p. 15).

This idea became a legal reality by the end of the nineteenth century when courts completely transformed the corporation into a person "through a bizarre legal alchemy" (Bakan, 2004, p. 16). This alchemy began with the Supreme Court case of Santa Clara County v. Southern Pacific Railroad Company (1886). In this case, Santa Clara County was trying to tax fences that Southern Pacific Railroad had erected in addition to the tax already assessed on the land. The court decision on the tax issue was mixed, giving one side some allowances and the other side different allowances. The case implied that corporations should be considered as human entities. The case was the unfortunate impetus for this trajectory of legal interpretation of corporate personhood. In the case,

> Chief Justice Morrison Waite made a comment which seemed to indicate that corporations ought to be viewed as legal persons. The court recorder included this comment and listed it as a general heading in the case. Subsequently, Justice Morrison Waite noted that it was not, in fact, his intent to make such a ground breaking claim in this particular ruling, but no changes were made to the court documents. Although Justice Morrison Waite did think that corporations ought to be viewed as legal persons, he simply did not believe that this is what the court had ruled. The ruling was eventually cited as precedent and holds to this day. (Stoll, 2005, p. 262)

From the moment that corporations were considered legal persons in the Santa Clara case, the tide of court decisions continued down this path toward complete personhood. The implication of the Fourteenth Amendment's protection of slaves' citizenship and due process of law applying to corporations was enough to start a chain reaction of similar court cases. Over the next 30 years, and ever since then, cases brought to the Supreme Court made this notion official and granted full legal personhood to corporations (Bakan, 2004).

This court case was the impetus that started the snowball effect. Over the next century, the United States Supreme Court struck down state regulations as violations of corporations' constitutional rights. For example:

> The court also applied the Fifth Amendment to protect corporations against double jeopardy and to require states to pay just compensation for property taken from corporations; the Fourth Amendment to protect corporations from unreasonable searches and seizure; and the First Amendment to protect corporate freedom of speech, including the right to make political contributions, the right to commercial speech, and the right to be protected against compelled speech. (Thoennes, 2004, p. 210-211)

This was the ultimate shift in the relationship between the corporation and society. The expansion of rights and power was important to a corporation's influence, but paled in comparison to the paradigm shift that fundamentally undermined the separation of business and society. This shift made defining the corporation a reflection of a person's characteristics.

B. The Case for Personhood

The rise of the modern corporation not only saw an expansion in powers, but also witnessed a shift in how a corporation was perceived. Today, the law has made clear that it “does not recognize intrinsically different kinds of person. Before the law, corporate persons are just the same as individuals, flesh and blood persons" (Henriques, 2007, p. 34). With this legal distinction, the social perception of a corporation as a human individual began to evolve.

The case for a corporation as an individual is not simply limited to the ability to buy land and sue/be sued. It is imperative to emphasize that corporations hold relationships with people and other corporations, act in our world, and have duties to the law. "in short, they participate in the whole spectrum of activities and relationships we associate with persons. Importantly, they are historical entities with births, lives, and deaths. They flourish and decline, succeed and fail" (French, 1994, p. 93). That corporations have births and deaths is a profound thought. However, without children, what is the reason for doing good? But, that corporations may very well be immortal beings seems to imply that they would naturally concern themselves with the ultimate long-term view of the world.

During the nineteenth century rise of the corporation, their impact on society was immense and the public reaction intense. “In the language of the time, business corporations were described as ‘soulless’-remorseless inhuman machines whose actions impacted on everyone but whose decision makers were remote from the communities in which they operated out of human contact and with no sense of public duty" (Hendry, 2004, p. 79).

This sentiment has ebbed and flowed, yet persisted throughout corporate history. There seems to be an intense backlash and a strong connection made between the corporation and personhood. This was seen in the Exxon/Valdez oil spill, where the public "assigned moral culpability to Exxon and not merely legal liability" (Donaldson, 1994, p. 7). That Exxon was considered having 'evil' or 'dishonest' traits shows the shifting public perception of what a corporation means and the degree of responsibility it owes to society.

As corporations began to swell in America, it was the 'robber barons' that led the charge. Throughout much of corporate history, corporations "have had legal power and the ability to influence (or bribe) state legislatures, but they did not have great social legitimacy. For one thing, the cavalier way in which many of them treated their employees did not endear them to the population at large" (Hendry, 2004, p. 78).

While blatantly being driven by the profit motive, concern over a lack of worker rights, disrespect for the environment, and financial corruption seemed to begin running rampant. This lack of concern for externalities is what nurtured the idea of the corporation as a soulless money-making machine. In general, corporations "generate pollution, drive globalization, employ low-paid labor in poor countries, and contribute to climate change, to name only a few. Their actions in these areas are controversial" (Heal, 2008, p. 1).

Distrust and negative perceptions of corporations is not a new thing; neither is the corporation's desire to humanize itself and mitigate these concerns. A 1908 advertising campaign by AT&T shows one of the very first attempts to add human value to the perception of the corporation. Rooted in "an effort to overcome people's suspicions of [AT&T] as a soulless and inhuman entity," it tried to, as one AT&T official believed, "make the people understand and love the company. Not merely to be consciously dependent upon it-not merely regard it as a necessity-not merely to take it for granted-but to love it-to hold real affection for it" (Bakan, 2004, p. 17).

This advertising strategy ruled the company from 1908 to 1930. It positioned AT&T as a caring neighbor. The advertisements often featured actual employees of the company presenting favorable messages. Although legally a person, corporations until then were still seen as autonomous machines of industry. This first step by AT&T may have single-handedly changed that notion radically. By attaching human characteristics, AT&T began a new era of corporate positioning of humanizing the social corporation to move in conjunction with the shifting legal framework. The desire to keep stakeholders in good standing with the company was also a primary motivating factor. This decision to view the company as an integral part of society was probably a way to shift their position in the world toward one where the bottom line is a reflection of and responsive to the degree of social acceptance they have.

The idea of free speech is one that is deeply entrenched in the liberal western ideal of politics and is an inalienable right for individuals. A fundamental aspect of humanity, especially in the western world, is the right of free expression. What allows our society to evolve is the marketplace of ideas where people can freely offer up experiences and perspectives to be critiqued by the masses (Mill, 1859). That every person is included in this discussion is crucial for an effective society. Bringing corporations into this discussion is one way to recognize their personhood above the merely legal obligation of their structure. Court cases have only served to extend this fundamental right to corporations as well.

This social philosophy was reinforced through various court decisions since the Santa Clara County case. These "rulings expanded corporate protections under the first amendment. First National Bank of Boston v. Bellotti in 1978 granted companies the right to political speech. In Buckley v. Valeo, a 1976 ruling, the court had ruled that spending money is often necessary to communicate to a large audience" (Stoll, 2005, p. 262). The Bellotti case established a corporation's right to spend money in order to engage in political speech.

The Citizens United v. Federal Election Commission (2010) Supreme Court case explored this notion of corporate political speech. If any type of speech is considered especially sacred in this marketplace of ideas, it would be political speech. For denying a person the right to the political process is to silence their voice in our governing society.

In this landmark case, Citizens United wanted to air a critical film about Hillary Clinton's ability as a potential president. Under the Bipartisan Campaign Reform Act of 2002, this practice was considered "electioneering communication." No corporations could mention a candidate in any communication 60 days before an election and 30 days before a primary. At the Supreme Court, Citizens United claimed First Amendment rights to be able to telegraph their message.

Chief Justice Kennedy wrote in the majority opinion of the 5-4 decision that "[i]f the First Amendment has any force, it prohibits Congress from fining or jailing citizens, or associations of citizens, for simply engaging in political speech" (Liptak, 2010, para. 7). The case decided that political speech is necessary for a democracy, which doesn't change when the speech comes from a corporation. Invoking the central tenet of the Bill of Rights gives a unique human touch to the perception of the corporation. It is not that the corporation is a legal business entity. It is now that the corporation is an equal member of human society demanding the same rights to speech and the political process that human actors have.

The idea of corporate personhood is well developed in history, which has produced three theories regarding the inherent difference between the personhood of the corporation and that of the human agent. The first is fiction theory, which simply holds that corporations do not really exist even though they can take real action that improves or devastates people's lives (Henriques, 2007, p. 34). Even if this theory is assumed true, it does not detract from the problems of corporate personhood. It is the actions and consequences of corporate decisions that directly affect the world over. And these actions, defined by law to be human, are on par with personhood, but on a larger scale. To deny the corporate actor the idea of existence does nothing to deny the existence of their potentially devastating actions.

The second theory is aggregate theory, which boils companies down to the actions of ordinary people, especially company directors. This means that corporate actions are still the result of a single person's decision, so there is no corporate body to cast blame on. One important thing to keep in mind about this theory is that "just as individuals are not only the collection of their individual cells, and we can't escape our moral responsibility by asking the cells responsible to step forward, so companies must also be more than the collection of humans who operate within them" (Henriques, 2007, p. 42). The recent failures of banks and less recent failures of businesses such as WorldCom and Enron show that a company can act as one entity, regardless of individual directors. It is the entire corporate culture of deception and perverted bottom-line motivation that influenced decisions and actions at every level of the corporation. Even if only a few orchestrated the elaborate deception, it was the entire company that moved in kind as one entity, which can spread from directors to employees to customers to community stakeholders.

The second theory does hold much more weight in small corporations with a clear leader that directs the corporation in one direction or another. It becomes a situation where "the mind of the founder becomes so linked to the company that it is difficult to tell the two apart" (Henriques, 2007, p.45).

The final theory is reality theory, which states that there is an underlying reality to companies, but they are created by society and defined by law (Henriques, 2007, p. 34). If this is true, then the distinction between corporate and human individual is disappearing quickly. Furthermore, the society we've created treats corporations as individuals. The original AT&T ad campaign has spawned a bevy of similar campaigns by countless other organizations. Over time, this has shifted our perception of corporations toward treating them more like individuals. The moral culpability we hold them to for their actions and the political speech we allow them are merely results for the current state of affairs.

Over the past few decades, there has been an explosion in companies exalting their human values. Sustainability reports are guided by mission statements that stress how a corporation is a caring part of the community.

C. Implications of Corporate Personhood

As corporations continue becoming more and more like people, the implications of this disappearing distinction are profound. From having real relationships with corporations, holding them morally culpable for their actions, to respecting their voice and influence in the political realm, the rights of people have become the rights of corporations.

There are still fundamental aspects of corporations that differentiate them from human persons and there are human traits that are highly exaggerated in corporations.

One feature of the corporation is that the shareholders enjoy limited liability – they are not liable for the debts of the company after their investment. This is wholly unlike life for an individual, where individual responsibility is a cornerstone of our functioning society.

Another consideration is the immense power and influence corporations have, at a level not experienced by most individuals. In the 1990's, the British supermarket company (what corporations are called in Britain) Tesco sourced its peas in Zimbabwe. To the Zimbabwean worker, Tesco "was presented as a god-a 'higher being', as one of them said, struggling to describe it. When the Tesco buyers visited they were entertained by the children from the village school, supported by the company, singing songs in its praise: 'Tesco is our king!'" (Hendry, 2004, p. 92).

This example shows the great power a corporation can potentially have over a people. The socio-economic disparity that exists on a global scale exalts the dollar to near godlike stature for those that have nearly none. For corporations with resources that are ever-expanding and political influence that is acutely powerful, the necessity for responsible power is paramount.

One of the more significant consequences in the shift of how corporations are perceived is the complementary shift in moral culpability that society holds corporations to. If corporations have personhood, then what would an operational moral framework look like? Before exploring the idea, the limits of the current legal structure should be examined. This is the area where there are limits to the extent of their personhood. An individual is often driven by many motives. These include self-perseverance, finances, fun, addictions, etc. For a corporation, however, their scope of motivations is legally limited. A corporation is bound by the profit motive above all else.

This tenet of corporate behavior was outlined in the 1919 Dodge v. Ford Motor Company Michigan Supreme Court case, which established the "legal principle that managers and directors have a legal duty to put shareholders' interest above all others and no legal authority to serve any other interests—which has come to be known as 'the best interests of the corporation' principle" (Bakan, 2004, p. 36). Because they are legally bound to keep shareholder interest above all else, directing corporations toward a more conscious path necessitates redefining what 'best interests' means. This will be expanded upon in the exploration of money in business.

Although legally restricted to only pursue profit, corporations still demand uniquely human rights without fully adopting human characteristics. "While it may seem absurd to imagine that companies should have the right not to be tortured or to take part in cultural life, a court will have to allow a corporation to claim human rights against the state. This has indeed been done successfully" (Henriques, 2007, p. 51).

The legal framework that has evolved to create the current corporation complements the trending shift in perception society has of corporations. I hold that as the law continues to define corporations to act as human actors, they will fulfill this arbitrary legal construction and actually act as people. If this is the case, then corporations can be analyzed on the sum of actions they take. These actions can be then interpreted for the behavior they exhibit. Corporations will develop 'personalities' based on the sum of their actions. This is the continuing convergence between the legal framework and perception of corporations as human actors. This is seen in the today's attribution of human values to corporations through mission statements, corporate social responsibility initiatives, etc.

Corporations are demanding and seeking an environment where people love the corporation. That is, corporations have been fighting to be seen with personalities that are caring so that the population will develop real feelings toward the corporation. Just as AT&T originally sought the same goal in the 1930's advertising campaign, corporations craft brands to encompass the entirety of a company's operations. The goal, again, is to create in society a love for the corporation, an extreme emotion by any account. But, as love and hate are two sides of the same coin, demanding such a serious emotional response from their stakeholders creates the danger that the emotion will be either extremely negative or extremely positive. Corporations must accept the severity of the gamut of human emotion held against them, and not only in relation to selling a good or service.

Lucy Kellaway of the *Financial Times* wrote in her column that the hatred for BP during this crisis seems significantly different than past situations. Hating corporations has become a raw, intense, and powerful pastime. One of the reasons she cites for this hatred spurting up comes from the personification or corporations. "In the past decade or so, companies have put a great deal of effort into creating an image for themselves supported by a whole load of values. The more successful they are in creating such a personality, the more there is to love – and hate." (Kellaway, 2009, para. 10)

The current social media trend is shifting how corporations are perceived and treated by the public. Kellaway also attributes some of the BP hate to "the internet, with its power to turn personal emotion into a global epidemic overnight. Hating companies is now fun, easy and varied. There are so many different ways of doing it. You can hate BP on Twitter, Facebook and, most rewardingly of all, on YouTube" (Kellaway, 2009, para. 11). Now, fringe movements have the capability to talk to a supportive audience spread across the globe. The legitimate ones that appeal to the masses can spread easily and cause devastation.

The world has been globalizing for some time; it is only recently that technology has enabled individuals to interact in today's flat world. It used to only be companies that could overcome oceans and national boundaries. The Internet has empowered individuals with the same global presence and wealth of information that corporations used to have a monopoly over. Now people can collaborate over distance and culture against a behemoth such as Nike or BP.

"As inefficient and irascibly noisy as it seems at times, this habit of questioning authority ensures freedom far more effectively than any of the older social systems that were based on reverence or trust" (Brin, 1998, p. 12). Putting the actions and words of the corporation in the marketplace of ideas allows for complete transparency and accountability. Civil society is having an ever more important role with the Internet, and especially social media, giving individuals an opportunity to act as watchdogs and a check against the actions of corporations. This is especially important when the regulatory system seems to be as dysfunctional as it is (BP's gulf oil spill, Toyota pedal case, etc.).

Corporations will continue to embody characteristics of a person's personality and society will treat them in kind. This inevitable trend necessitates a reevaluation of the position corporations hold in our society. In light of this, we can ask what the benefits and drawbacks would be of a corporation being considered a person. The idea of treating the organization as an entity of ethical significance is being explored, from the Arthur Page Principles to a myriad of corporate social responsibility research. This present interpretation will be used to draw a more drastic picture of the current landscape.

With corporations and people seen in an equal light, certain pillars of humanity can also be applied to corporations, the foremost of these being trust. Of the seven Page Principles, the first is "*Tell the truth*. Let the public know what's happening and provide an accurate picture of the company's character, ideals and practices" (The Page Principles, 2010). It is this foundation that everything draws from. Without a foundation of honesty, public trust is lost. The costs of this are devastating. Of the things that lead to dishonesty, the pursuit of cash over everything else often acts as a catalyst for lies quicker than anything else.

Chapter 2: The Root of All Evil?

A. The Role of Money in Business

A corporation's desire for wealth is no different than a person's desire for wealth. It is the possibility of monetary fortune that drives many of our actions. It is why we strive for higher education, seek meaningful business relationships, and feel glee when we see a dollar on the street. Money helps us establish security and enjoy our lives. It is a significant driving force behind capitalism.

Capitalism is an economic system that not only can be applied to society, but also the individual actor. As the famous Adam Smith quote explains, "It is not from the benevolence of the butcher, the brewer, or the baker, that we expect our dinner, but from their regard to their own self interest" (Smith, 1776, p. 84). Considering the corporation as an individual, the same principle can be applied to the actions of said corporation. The corporate person acting through the capitalist system begins to mirror the actions of an individual, albeit in a degree of higher magnitude and significantly perverted.

Applying the same tenets of capitalism that motivates an individual to a corporate person allows us to draw similar conclusions of what is right action and why corruption can seemingly run rampant.

The legal restriction to only be driven by the profit motive, for the benefit of the shareholder, is a unique characteristic that corporate persons have and human persons don't. Taking the corporation as a many-bodied individual, the group of shareholders is but one segment of the corporate person, and a relatively small one at that.

Just as we can analyze a corporation from the perspective of human characteristics, we can also do the reverse. That is, apply current operating principles of the corporate person to a human actor and imagine what the results may be. When people are considered, what does one usually imagine when they think of a person entirely driven by the pursuit of money? Not simply a desire to be rich, something that most people share, but an inherently vicious hunger for cash that trumps every other motivation by miles. For me, it conjures up images of unabashed greed, selfishness, and a lack of empathy.

It is somewhat difficult to imagine a person being driven by only money. Even the most selfish and greedy people still seek status and other meaning. That is, the desire for cash is inextricably linked to status. The corporation is different in that it makes cash for the sake of making cash, to be funneled to a few shareholders. The extreme cases of drug addiction, however, do fit this framework of a single-minded individual. The classic sense of a heroin junkie, whose insatiable addiction to their source of pleasure drives them to disregard social norms, relationships, even their own lives, is an extreme but applicable example.

During the Great Depression, Franklin Delano Roosevelt observed in his second inaugural address that "[w]e have always known that heedless self-interest was bad morals; we know now that it is bad economics. Out of the collapse of a prosperity whose builders boasted their practicality has come the conviction that in the long run economic morality pays" (Roosevelt, 1937, para. 11). Heedless self-interest by someone in business is then both bad morals and bad business.

What I think FDR could not see is the similarity by which both the corporation and individual act. When considering the corporation as a person, the idea that "heedless self-interest" is not a good way to live becomes excruciatingly obvious. This applies not only to individual employees, but also the corporation as a whole.

For a corporation the pursuit of profit has historically been the primary driving force. The 1919 Dodge v. Ford Motor Company case established the legal mandate to pursue profit above all other motives a long time ago. As a result

> The law forbids any other motivation for their actions, whether to assist workers, improve the environment, or help consumers save money. They can do these things with their own money, as private citizens. As corporate officials, however, stewards of other people's money, they have no legal, authority to pursue such goals as ends in themselves—only as means to serve the corporation's own interests, which generally means to maximize the wealth of its shareholders. (Bakan, 2004, p. 37)

This legal mandate may be seen as a framework to maintain the capitalist foundations of the market, but is actually a simplified perversion of the market's complex nature. In reality there is a need for more than just profit; there is a necessity for real wealth.

The idea of pure-profit capitalism is especially what drives most shareholders. For them, it is without a doubt an issue of profitability. In Adam Smith's mind, however, it is only the shareholders that could effectively manage their own money. He said that professional managers "cannot be well expected that they should watch over it with the same anxious vigilance with which the partners in a private copartnery frequently watch over their own" (Smith, 1776, p. 112). This would naturally cause negligence in the company and movement toward less profitable decisions.

In Smith's mind, the possibility that the profit motive might not be the most pertinent thing on a manager's mind was dangerous. Focusing on anything but the bottom line would ruin the principle behind capitalism and the system would fail.

Corporate executives are employees of the owners of business in today's free-enterprise, private-property system. Milton Friedman, world-renowned economist in the vein of Adam Smith, wrote in 1970 that this corporate executive's "responsibility is to conduct the business in accordance with [the shareholders'] desires, which generally will be to make as much money as possible while conforming to their basic rules of the society, both those embodied in law and those embodied in ethical custom" (Friedman, 1970, para 4).

This selfishness is only sustainable when what is considered the basic rules of the society is wholly understood. The balance between legal, ethical and financial objectives is not an easy one to sustain, but is vitally important.

The massive size of corporations is leading to an environment where the demands for rights by corporations are on par, if not exceeding, the demands of the human individual. These demands, however, subsume the traditional model of the corporation as an entity that externalizes problems most effectively to improve the bottom line. This pursuit of pure profit forces others to deal with these externalized costs.

The externalization of costs is what allows corporations to accept things like environmental degradation, human rights violations, and questionable accounting in order to pass off the responsibility of addressing these issues to some third party. For a corporation, it is possible to have mind-boggling influence. According to a UN report, "The world's 3,000 largest companies are causing £1.4 trillion worth of environmental damage every year… These unaccounted environmental costs equate to an average of one third of their profits" (Young, 2010, para 1). Humans also externalize many of their costs (littering, speeding, etc), but not nearly to the degree that corporations are able to act. Also, people are generally held accountable for their actions by the law.

The collective impact of capitalism's perversion is devastating, but much can be learned from considering the individual as well. If one industry seems to personify the corruption of cash more than any other, it would be the financial industry. Built on creating dollars for the sake of profit, corruption seems especially problematic here. I don't mean to paint all financial activity with the same brush, but the current headlines reflect the serious perversion that has seeped into the financial sector.

I had the fortunate opportunity to interview with Deutsche Bank the winter of 2008, my junior year at Syracuse University. I visited shortly after the financial meltdown, which acted like a rude awakening on the industry.

I spent the day at the beating pulse of the global financial system. I visited the trading floor of Deutsche Bank, not with the tickets flying and bells screeching that movies romanticize, but where mostly male, white halfway out of the frat house type-A brilliant men stare at four computer monitors at the same time. It was an environment almost similar to a typical sports bar. Bankers jostled one another, told dirty jokes, and exuded entitlement. One of them walks in on the Friday morning I was there with two coffees and a black eye. Grinning at his trophy of last night's debauchery, he slumps into his desk and chugs. Two hours late, his coworkers jockey him to recount the previous night and relish in his story.

The pull of shareholders is hard to rattle for a CEO driven by the bottom line. But, there is a difference in someone putting money in a company for a short-term profit and someone *investing* in the success and well-being of a corporation. If an investor truly cares about a corporation, which translates to the long-term financial success of that corporation, then they will be easily persuaded by the notion of social/sustainable investment, as opposed to high-volume short-term day trading. This is really the only type of investor a corporation should ever seek out.

Short-term investors would not be as readily sought after if corporations understood the true nature of their potential timelessness. French, a prominent corporate scholar, writes:

> [corporations] endure through many generations, even centuries. The moral relationships to the past and the future can be sustained in and through them. Hence, they can be the conduits for the projection of duties to both the past and the future…Corporatelike entities, on the other hand, bridge generations and so are in the best position to bear consistently the obligations of culture while also providing, as Solomon notes, the enduring standards and role model expectations on which a powerful morality of shame can operate. (Donaldson, 1994, p. 96-97)

Shareholders are no longer synonymous with business owners, except by definition. An owner implies a vested long-term interest. Short-term shareholders will leave as quickly as they joined you once a more attractive opportunity passes by them, and there will always be a more attractive possibility in our ever-changing subjective investment world. In today's financial world, high-frequency traders " target miniscule spreads to build up large gains pennies at a time, often executing massive orders to collect trading rebates offered by alternative exchanges anxious to steal market share from competitors. In the United States, they now account for close to 70% of all trading volumes" (Pett, 2010, para. 11). This trading environment is unconcerned with the quality of a company, but instead strives to squeeze pennies out of the system.

There is a persistent argument that not focusing on the absolute bottom line will destroy a business' competitiveness. This is a relic of an old era of purely economic minimization of direct costs and maximization of profits. It is the ideology that permeated the utility maximizing generation of the cold war.

It was the unchecked greed, the insatiable desire for dollars that led to the catastrophic financial collapse of 2008. This poisonous mentality seeped into every corner of the market. Once this unchecked greed became an obsession, the system acted like an off-kilter centrifuge. As it moved faster and faster, it became unstable while becoming more difficult to stop.

The biblical adage that "For the love of money is the root of all evil" (1 Timothy 6:10 King James Version) seems especially true in our modern society. The more arbitrary value we place on obsessing over it only heightens this.

The corrupting influence is what ruins the lives of so many people. The desire to acquire more dollars, not true wealth, is devastating. In our society, however, those dollars do act as a strong symbol of power and status. The insatiable pursuit of power many exhibit is even more intense once entire corporations operate under this principle.

This has a terrible effect on the corporation's being. From Enron to Bernie Madoff, this tendency toward corruption reappears constantly. That is the corrupting power of money when the love of profit is placed on a pedestal above all other values. This idea is difficult to accept, but vitally important to understand. Describing Smith's perception of capitalism, Yankelovich writes:

> [Adam Smith] was a moral philosopher, attributing to human nature an inborn empathy for others. It was this presupposition that gave credibility to his master concept of "the invisible hand," which made the economic pursuit of self-interest compatible with the interests of the larger society in what Smith called a 'society of perfect liberty.' Capitalism has always aligned itself with this concept of enlightened self-interest. (Yankelovich, 2006, p. 9)

It seems that any new industry or corporation that comes into existence today must already have seriously considered the three aspects of the modern ethical convention. That is, the planet, people, and profits must all be considered as a single governing factor. To try and separate one from the other is like trying to sit on a stool with only one or two legs out of the necessary three.

Unchecked greed as a bad thing is a vitally important concept. It is also an idea that is easily understood when observing a human actor. If there were an individual that acts with unbridled greed in a community (backstabbing loved ones, deceitful actions, etc), then that community would shun him/her to prevent the shady individuals' greed from causing further devastation to that community.

The savvy of profit corporations makes awareness of this difficult. Their extensive nature and complicated business dealings allow them to act with greed easily. Staying unchecked for an extended period of time only means that when everything crumbles, the repercussions are magnified. The repeating history and growing size of corporate disasters only reinforces this truth.

At one end of the spectrum, a complete adoption of the free market may have the following consequence

> If it comes to monopolize our culture, it will inexorably undermine the values of civil society. Concepts such as profit maximization, short-term profitability, reliance on part-time temporary workers, shareholder value, downsizing, the accelerating tempo of competition and the ever-widening gap between well-educated, well-paid elites and the majority of the workforce will prevail. Ultimately, Oscar Wilde's description of the cynic who 'knows the price of everything and the value of nothing' will come to describe our market-driven culture.' (Yankelovich, 2001, p. 213).

Yet on the other end, as mentioned earlier, "Milton Friedman claims that the only responsibility managers have to society as a whole is to follow the law and act within the generally accepted ethical conventions" (Heal, 2008, p. 6). Meeting other social goals would even be considered grave immoralities in the capitalist system. This notion is not going to change. To expect a corporation to act in any way not in their self-interest is understandably ridiculous.

What is shifting quickly is what is considered 'ethical conventions' for a corporation and how self-interest is defined. Society is now demanding real ethical responsibility by corporations. Society is doing much more to ensure that corporations are held accountable for their mistakes. From the Toyota pedal recall to BP's Deepwater Horizon oil spill, demands for remuneration after egregious errors run strong. Unfortunately, the current state of affairs does little to push for the same pressure to prevent mistakes; but with increased mistakes, this also seems to be shifting. Those who deny this accountability are fighting for an old system that is simply no longer a reality. The most effective way to run operations is with a credo that focuses on preventing harm instead of covering it up. The devastation to reputation for carelessness is profound.

B. People and corporations live by the same principles

In actuality, people and corporations should live by the same principles—a simple extension of the reality that corporations are essentially human actors in our modern world. Considering this, applying the same framework that guides ethical human action may be an effective way to create a corporate culture. The debate of what counts as living well, ethically, and as a good human being has raged for centuries. By treating corporations in the same vein as humans, we are simply opening up this debate for corporations too. It becomes as difficult to define what makes a moral corporation as it is to define what makes a moral human being. Although there is significant difficulty in creating this framework, it seems to me that having this framework founded on the tenets of correct human action would still serve to benefit the status quo.

As mentioned earlier, trust is a cornerstone of an effective society. The type of trust that this entails is basic trust. Not the trust that is built up over time in a developing relationship, but the everyday trust that you can walk down a street without someone literally stabbing you in the back. Although this is still a possible reality and will always be, it is not the commonplace practice. What this trust provides is a code of action everyone can live by. This standard can be surmised as the golden rule, which is a universal tenet of good citizenship. This is not an advocacy for a religious position, but simply an application of a socially universal principle onto the business world.

From a business perspective, trust is paramount to profitability. Information is the key to a trusting environment in today's interconnected globalizing world. Secrets are what allow corporations to act in immoral ways, yet are important to competitiveness. However, even investments hinge on trust, which is built upon information of a company. It is information that motivates morally acceptable corporate behavior and functioning corporate vitues (Stoll, 2005). Companies often pay dearly when shady dealings are brought to light, not by fines and litigation, but by investors running from a company they cannot trust.

As Yankelovich observes, mistrust is a corrosive emotion that distorts everything it touches, writing

> 'only capitalists can destroy capitalism.'...[market economies] are too strong and too well ensconced to be destroyed by anticapitalist movements like socialism, communism, or Islamic fundamentalism. But they can be undermined by the actions of those currently in charge—the corporate CEOs, the economic theorists, and the political policy makers who rule capitalist enterprise. The smooth functioning of the market depends on trust. And the surest way to undermine our market economy is by letting mistrust run amok. (Yankelovich, 2006, p. 38)

As investors shift to consider a company's profitability from a CSR perspective, there will be a demand to provide transparent information on all aspects of a company's operations. Knowing the effect of all possible externalities allows for a more comprehensive foundation to make investment decisions from.

As people, corporations already act as judging creatures. This is seen by their business dealings, who they partner with, and even the people they hire. Just as individuals pass judgment every day in daily ethical decisions, so does a corporation but on a gargantuan scale. This idea that corporations can judge things is a strong human characteristic.

> The antipathy towards the idea of corporations as moral persons is probably more about the idea of corporations judging others than as organizations able to take praise or blame….The first is that they often set out statements of their values, by which they propose to judge their own actions or invite others to judge them. The second is that they readily make judgments about the apportioning of blame or praise to other organizations and individuals. Of course the values and behaviour which corporations display may not be the same as those they profess and the judgments they make may be ill-founded. But corporations obviously share these deficiencies with people, and so this cannot count against them. What does count is that they engage in behaviour which is functionally identical with that of individuals in considering others as moral agents. (Henriques, 2007, p. 44)

The idea of a corporation acting as global citizen is already manifesting itself in our modern world. A particularly extreme case occurred in New York, when a hundred CEOs met with NGO counterparts to commit themselves to follow the general principles of the Universal Declaration of Human Rights. "This is just one example…of the new corporate order of conscience.

[Business pundits] applaud big-business leaders who embrace the values of corporate social responsibility and predict failure for those who do not" (Bakan, 2004, 33).

For businesses, adopting the Universal Declaration of Human Rights may be a bit much. Norman Barry had a response:

> Good ethical conduct does not require a change in the moral personality, it simply requires the capacity in business agents to follow those conventions which are to their long run advantage. It requires that they be prepared to forgo opportunities to make immediate gains in the interests of sustaining those rules and conventions that make for long-run success. (Hendry, 2004, p. 155)

The golden rule is the single tenet across religious doctrine that is universally accepted. From eastern to western though, the golden rule is a recurring tenet in nearly every society and religion. In business as in society, invoking this standard forces people and corporations to live by the same standard they expect of others.

In scientific revolutions, changes do not occur when a new discovery occurs. Instead, a paradigm shift occurs once enough evidence that an old system is useless and a new one works. This can take a long time in some cases. Often there will be organizations that desperately cling to the old system for fear of accepting a new order of operations. The Catholic Church's denial of the sun-centered solar system is an impeccable example of this. Even with undeniable evidence pointing the other way, the desire not to change overwhelmed reason. During the Copernican revolution, both the heliocentric and earth centric models of the universe stood side-by-side for a while before the Copernican model of the solar system eventually took substantial footing.

In business, a failure to evolve means death. For too many companies, however, a desire to stick to the way things have always been done is disastrous. Not only should corporations act like people from an ethical standpoint, following the tenets of a mindful human being, they should also act ethically from a financial perspective. One thing a corporation is more aware of than the individual is the long-term view of the world. Too often people in our society are short-sighted. Corporations may exist indefinitely and the simple logic would be for them to try to do just that.

C. Manifestations of this principle

Throughout corporate history, there have been examples of businesses treating themselves as people and their interactions with society on a similar level. This is normally not an explicit business plan, but a natural result of this shifting relationship between corporations and society. This paradigm of a shifting perception of what a corporation's self-interest is and what is best for wealth, instead of just profit, exists now and is gaining serious traction.

In 1934, General Electric president Gerard Swope expressed an idea popular among big-business leaders, saying that "organized industry should take the lead, recognizing its responsibility to its employees, to the public, and to its shareholder--rather than that democratic society should act through its government" (Bakan, 2004, 19). As a human actor, only being responsible for your initial investment is not the level of commitment that a person would have to him/herself. By this I mean that shareholders, the owners of the corporation, do not often demonstrate the same level of commitment to the corporation that individuals would hold to themselves.

The first instance of this dates back to the 1950's. What blossomed was a sentiment of real connection between actors, not just a desire for people to love a corporation. "In 1952 in an immortal and overly assertive phrase, Charles E. Wilson ("Engine Charley"), president of General Motors, asserted that 'what's good for General Motors is good for America.' Mr. Wilson was claiming, more prosaically, that corporate and social interests are fully aligned" (Heal, 2008, p. 7).

This is akin to the idea that a "company's good deeds are 'in [their] direct business interest,' 'not acts of charity but of what could be called enlightened self-interest'" (Bakan, 2004, p. 45). An extreme example of this enlightened self-interest would be the recent growth in socially conscious business/investing. Places such as Grameen bank completely refute the old wisdom of profit as prime principle. For them, there is a different set of rules to play by. It is a look at what business would be like if profits didn't exist at all.

This is the social business model developed by Muhammad Yunus. He revealed these seven principles at the 2009 World Economic Forum in Davos:

- Business objective will be to overcome poverty, or one or more problems (such as education, health, technology access, and environment) which threaten people and society; not profit maximization

- Financial and economic sustainability
- Investors get back their investment amount only. No dividend is given beyond investment money
- When investment amount is paid back, company profit stays with the company for expansion and improvement
- Environmentally conscious
- Workforce gets market wage with better working conditions
- …do it with joy (Yunus, 2009)

That investors do not receive a profit is a severe departure from what is traditionally accepted. Whether or not it is applicable in every case, the point that it should be considered is made. What's more important is the overwhelming success Grameen Bank has had in its investments, having near 100% returns on money invested without using legal contracts to bind borrowers. The importance of this is example is to show that social business is a possibility and not economically impossible as many proponents of traditional business would hold.

This mentality is spreading to traditional corporations with the growth of Corporate Social Responsibility and the birth of the triple bottom line, which is profit, people, and the planet. According to a KPMG study of 350 firms, "More big multinational firms are seeing the benefits of improving their environmental performance….Firms are saving money and boosting share performance by taking a close look at how their operations impact the environment….Companies see that they can make money as well" (Vogel, 2005, p. 21).

Looking at Abraham Maslow's hierarchy of needs, Charles Handy describes individuals as striving for "the highest need, for a purpose beyond ourselves. They want to make a difference—it used to happen in their 60s and 70s, now it is in their 30s and 40s." (Bishop & Green, 2008, p. 39). Not only is this shifting mentality appealing to the business side of business, but it also incites desire to fulfill the need of self-actualization.

D. Corporate Social Responsibility

For corporations, and especially public relations practitioners, the tenets of Corporate Social Responsibility should be held as cornerstone to business. It is a way to translate human values into something applicable to business. This is a simple and effective framework to operate under. More importantly, for the public relations practitioner trying to implement CSR in a corporation unfamiliar with it, the importance of stressing its business appeal is paramount. It is a good starting point for doing business as it tries to converge human and corporate desires toward the same goal.

Corporate Social Responsibility does not mean a departure from conventional business ideology. Instead, "according to the Dow Jones Sustainability Index, an influential ethical fund index, corporate sustainability is 'a business approach that creates long-term shareholder value by embracing opportunities and managing risks deriving from economic, environmental and social developments'" (Vogel, 2005, p. 11). This is a simple expansion of the traditional bottom line to also account for environmental and social issues. It views these externalities as integral to the evaluation of a business' performance.

It would seem that CSR is something every corporation would want to fulfill, as it is a realization of the true meaning of economic influence, with all externalities properly considered. Another perspective of this issue says that

> the main constraint on the market's ability to increase the supply of corporate virtue is the market itself. There *is* a business case for CSR, but it is much less important or influential than many proponents of civil regulation believe. … There *is* a place in the market economy for responsible firms. But there is also a large place for their less responsible competitors. (Vogel, 2005, p. 3)

One of the early adopters of the tenets of CSR was BP, formerly known as British Petroleum, when former CEO John Browne pushed to create a more "green" energy company. In 1998 "Well, this is not a sudden discovery of moral virtue or a sense of guilt about past errors. It is a not a Pauline conversion, nor is it a matter of public relations. It is about long-term self-interest – enlightened, I hope, but self-interest nonetheless" (Browne, 1998). This view interpreted social and environmental values as a way to improve the business, as a way of integrating the three aspects of Corporate Social Responsibility into a corporation's business model. It would seem that this enlightenment was a false one.

But, in a testament to the Arthur Page principle of proving your words with action, BP has accomplished only a slight amount. Once respected for their progressive stance on ethical conduct, the recent Deepwater Horizon accident has entirely tarnished this reputation. The recent spill could be spun as a freak accident, but unfortunately is not backed up by the company's actions. In reality, "according to the Center for Public Integrity, BP accounted for '97 percent of all flagrant violations found in the refining industry by government safety inspectors' — including 760 citations for 'egregious, willful' violations" (Rich, 2010, para. 8).

What this says about BP is indicative of the most pernicious problem facing corporations and the role of public relations. Trust is built over time through a track record of integrity and congruency. This most recent accident has shattered the public trust in BP. It is worse that this comes from a corporation that has so emphatically exalted its own commitment to proper global citizenship. One expects this kind of treatment from a corporation such as Halliburton or Exxon/Valdez, which already seem to have a tainted image.

They decided to change their business model without changing their public image. They wanted their oil and to burn it too. Their shift from 'British Petroleum' to simply 'BP', came with a shift in the corporate culture to one of environmental and social awareness. When their operations shifted back to simple profitability, the bottom line, they did nothing to shift their public image that represented this truth accurately. Their greed demanded dollars and deception of the public in order to stay in good standing.

For BP, they lived for a moment within the framework of the triple bottom line. When CEO John Browne left and was replaced by Tony Hayward, the long-term view was questioned before the benefits of such operations could be evaluated (if something like trust and loyalty can be quantified). The shift back toward short-term financial focus under Hayward pushed them back into a world of excessive risk that bit them in the ass.

What BP unfortunately succumbed to was the use of public relations to create an image that was not congruent with the actions and character of the company itself. The situation is similar to "when a tobacco company gives to the New York Metropolitan Opera.... It is philanthropy and possibly PR, but it is not a response to the social or environmental issues raised by the operation of a tobacco company" (Heal, 2008, p. 226). For BP, the empty promises and PR tactics have created a goliath whose fall has shaken the entire world over.

What is necessary for a company to be congruent with the tenets of Corporate Social Responsibility? Upholding the public trust seems to be the key, which means keeping in mind the golden rule as a way to direct one's focus.

The traditional idea of keeping profitability as the only driving value is something held to by many influential thinkers. For modern voices of the nation, such as Friedman, "social responsibility" for corporate executives is the financial bottom line. Friedman believes corporate executives "must make as much money as possible for their shareholders. This is a moral imperative. Executives who choose social and environmental goals over profits—who try to act morally—are, in fact, immoral" (Bakan, 2004, p. 34). In reality, this view is not so different from modern Corporate Social Responsibility. What the BP disaster shows us is that social and environmental 'goals' are an integral aspect of pursuing profit. Profit, especially in the long term, is inextricably linked to the triple bottom line. In our complex globalized market, the old bottom-line model does not outline a way to stay wholly competitive.

The benefits of social and environmental performance can improve the stock-market valuation of a company for several reasons

> from reducing exposure to risks to improving brand value and employee morale, and the externalization of costs is viewed by the stock market as a liability, and is indeed a liability. Imposing external costs on others is likely to lead to lawsuits, actions by nongovernmental organizations, and ultimately to regulatory intervention and changes in the legal framework. There are many examples of societies taking punitive actions toward corporations that transgress. (Heal, 2008, p. 41)

One of the best examples of a corporation considering their shareholders primarily is Starbucks, which acted decisively on hot-button issues to mitigate public concern and conflict. These issues reflected the three parts of the triple-bottom line. The environment was a concern with questions brought up by the impact of coffee farming. The profit and people aspect was questioned with regard to the low wages of employees in the retail stores as well as the meager earnings of coffee farmers. Their actions improved labor turnover and training costs, but most importantly "contributed to building an image of a company that shares the values and concerns of its target market of young, educated, and relatively affluent professionals." (Heal, 2008, p. 135). This response considered those three tenets of CSR and addressed each one earnestly.

Working in this way is important to managing risks. This can be financial risks associated with lawsuits or declines in share prices. The company's brand "in many cases is one of its principal assets, and which it may have spent many years and billions of dollars building up. There are also of course political risks associated with confrontations with governments or regulators" (Heal, 2008, p. 228). This indicates that operating by the bottom line is still acceptable, but with a slight broadening of what the bottom line means. Instead of the extreme idea of dollars in vs. dollars out, this expansion seeks to consider the externalities that are often forgotten in business operations.

Chapter 3: The Role of Public Relations Leadership

A. The Function of Public Relations

The framework of ethical corporate personhood means that the role of public relations takes on a keenly aware leadership. This is easily understood if public relations is seen the way it strives to be – as the conscience of the corporation and a bridge between the organization and its many stakeholders. As public relations practitioners, the stigma and reputation that public relations sometimes has is not something to personally worry about. Instead, one must act to direct the corporation toward one rooted in worthy values.

From my perspective, worthy values encompass broader, holistic pursuits that do not simply focus on the pursuit of profit at the expense of everything else. Worthy values that are common sense to a wholly mindful human being. This is closely achieved through the scope of Corporate Social Responsibility, with an emphasis on the triple bottom line of profit, people, and planet. For now, consider that it is often the opportunity of the public relations function to establish the tenets of CSR in a corporation. This means helping those that still see through the lens of unrestrained greed for cash the wider implications of the corporation's role in society.

In the business world this can be described as a necessary shift "from a technical, scientifically-inspired regimen, to something broader, more inclusive, and more humanity driven.... [t]hey articulate, in short, a conception of 'business as a humanity'" (Donaldson, 1994, p. 4).

There is no single best means for this transformation, but that is where the excellence of leadership comes into play. The public relations practitioner as leader must see the big picture and much more. For the individual, this means being aware of your influence, those that care about you, those you care about, the quality of your work, etc. For a corporation, these areas of awareness are the same, but magnified thousands of times in cases such as GE or other multinationals. The list of stakeholders is extensive, those invested in the company number many, influence is colossal, and product quality is always relevant.

The CEO traditionally fills the role of this complete view of the organization. Increasingly so, however, the public relations practitioner is behooved to understand these aspects of the corporation. This makes sense, for effective communication demands a complete view of the environment. Moreover, to be taken seriously at the decision table of a corporation, the fundamentals of business must be understood and the corporation must be understood through and through.

For the public relations practitioner, this leadership means being able to see the vision of "business as a humanity" for the corporation he/she represents. Defining what exactly that would look like and then moving stakeholders to strive toward that vision, with particular emphasis being placed on the employees' position.

Traditionally, the study of public relations is a study of skills. Indeed, being that nearly every organization, and person, can use public relations, there is a significant emphasis on the tools necessary to accomplish the needs of clients. This has also been true of business in the past.

Adopting the culture of a corporation is a good thing, but only if done with conscious care. Having a set of personal ethical guidelines allows an individual to effectively mesh a corporate culture with the conscious awareness prescribed here. "Thus, corporate conscience is not in the end a matter of external compliance or competitive advantage; it is a matter of internal assessment and improvement. But even though internal moral compasses are more reliable than external sanctions – legal or economic – compasses are inert without the courage to act" (Goodpaster, 2007, xii-xiv).

The framework proposed here is one aligned with the principles of corporate social responsibility. This is often described by the triple-bottom-line, which is composed of profit, people and planet. The holistic framework is a way to balance both the monetarily focus of business with the wider social needs of a corporation.

Many PR practitioners already know the importance of trust and stakeholder interest. The Page Principles are an example of this concept being applied to corporations (The Page Principles, 2010). Being aware and making others aware are two different things however. I am not an expert in leadership and my prescriptions should be taken with salt.

"The leader is the principal architect of corporate conscience and the one who must manage the stimulus-response paradox. He or she is the person most responsible for giving substance to the moral agenda of the organized group" (Goodpaster, 2007, p. 7). This must be done with the awareness of best action. "The only way to get rid of the bad norms that currently pervade corporate America is to replace them with norms that are sound both practically and ethically.... our culture is less adept at juggling norms than at juggling legal strategies, but if this is what it takes, we are surely resourceful enough to learn how to do it better" (Yankelovich, 2006, p. 78).

The profit aspect of a company is well-known and the traditional foundation of operations. Considering this, a fair amount of emphasis needs to be placed on explaining the people and planet perspective of the triple-bottom-line. It is important to note that social and environmental policies "are not philanthropy, not public relations, and not marketing. All of these have legitimate places in business strategy, but those places are different from the place occupied by social and environmental policies" (Heal, 2008, p. 225). The public relations referred to here is the legitimate perception of the field as a crisis modulator and image creator, similar to a branding expert. While there are aspects of this in public relations, the focus of this field is much wider as a thought leader among corporations.

The emergence of businesses with a purpose to achieve goals based not primarily on profit, such as social and environmental issues, and the face that many of these companies are profitable "suggests that it *is* possible for some firms to achieve both financial and nonfinancial objectives and that the two can reinforce one another. Similarly, some consumers, employees, and investors also have objectives other than financial self-interest" (Vogel, 2005, p. 13). The success of social entrepreneurship suggests that the same principles these companies run by can be applied to traditional corporations.

Another difficulty with CSR is that leaders often don't like bad news, at least bad leaders only prefer good news. The issue with this comes when the tyranny of the hegemonic majority silences the free speech of the beast's subordinates. By not taking into consideration the desires of the individual worker seriously, a serious loss of transparency occurs.

This is becoming slowly more difficult as technology and society continues to evolve in conjunction with the explosion of corporations. This seems especially true with "the knack-which no other culture ever mastered-of making accountability apply to the mighty. True, we still don't manage it perfectly…[but] the underlying moral force can clearly be seen pervading our popular culture, in which nearly every modern film or novel seems to preach the same message—suspicion of authority" (Brin, 1998, p. 11).

One of the most potentially empowering aspects of today's society is the explosion of social media and complete consumer knowledge of a company's operations and actions in real time. In 50 years, if the singularity occurs and technological advancement is constantly cycling through new births, the rise and fall of corporations, governments and all bodies will occur continuously at the rate of unacceptable immoral action.

The current environment is slowly moving toward complete integration and transparency. The new level of surveillance tools and databases have established a world where people's actions are being recorded, and little can legislate these things away. "Light is going to shine into nearly every corner of our lives. The real issue facing citizens of a new century will be how mature adults choose to live—how they can compete, cooperate, and thrive—in such a world. A transparent society." (Brin, 1998, p. 9).

This has reflected itself in corporate action as well through the recent voluntary increase in CSR reports. These are often presented alongside shareholder annual reports, or even as a part of them. The lack of legal obligation to create these only shows the acceptance that many corporations have taken toward real responsibility (Heal, 2008). That corporations are choosing to pursue these reports without being mandated to do so seems to validate the value of creating them.

B. The Opportunity for Leadership

The role of public relations leadership in this framework of corporate personhood is critical. When the corporation is completely accepted as a person, the conscience of that corporate demands great attention and importance. A person without a conscience is a sociopath. A corporation without a conscience is a profitable investment, publicly deplored. The public relations practitioner is the way by which the corporate conscience exists at every level of operations.

The importance of corporate consciousness is nothing new. Companies

> have proclaimed themselves as devoted public servants in times of peace and the nations' saviours in times of war, as caring employers and pillars of the community. They have emphasized their creativity and inventiveness, their conservatism and respect for tradition. They have reminded people constantly of their honesty and integrity, their trustworthiness, and sense of responsibility. They have done so, moreover, in an ever more skilled and calculated way, and while public relations can be used to promote the truth it can also be used to obscure it. The word 'reputation' used to be closely linked to behaviour: one secured a reputation by acting in an appropriate way. But modern business reputations are manufactured as well as earned. (Hendry, 2004, p. 79)

The role of public relations today no doubt has had an influence in the manufacturing of reputations for corporations. It also hopes to act as a leader of corporate consciousness. Given this, "responsiveness starts with a change in corporate attitudes at the leadership level, followed eventually by a significant change in corporate behavior....The challenge to business is, in part, a matter of responding to these heightened expectations." (Yankelovich, 2006, p. 10)

A framework that better suits the real role of public relations is a view of "ethics in business that emphasizes the crucial role of leadership as the real-world bridge between the values of the individual and the shared values of the organized group" (Goodpaster, 2007, xvii). Public relations can help fulfill this role of bridge builder more fully than the traditional leader of an organization, the CEO, who is normally overwhelmed with daily operations and the demands of shareholders.

The kind of leadership that is demanded here is based in conscious awareness of one's actions. More than being able to influence a group of individuals to a certain goal, ethical leadership is highly concerned with the process by which that goal is reached. This step toward a deontological mindset is something that has been absent in too great a degree in the business world.

Considering the bottom line, ethical leadership and culture has an effect on the performance of a company. Cheating and fraud can be mitigated; crises from risk taking reduce significantly; and the corporation's overall effectiveness may see enrichment (Hendry, 2004,). The inherent benefit of pursuing a more ethical, in terms of personhood, mode of operations is significant, but the business case must also be made in order to compete with the narrative of capitalism.

"So it matters whether they face incentives to direct these impacts in a manner consistent with the social good….it happens as the results of the interaction of a range of non-market forces involving the legal system, the regulatory framework, and, increasingly, civil society" (Heal, 2008, p. 1). These factors combined may hopefully provide the environment for corporations to act in an ethical manner out of their own goodwill. At the end of the day, living ethically is done out of one's own onus. No law or mandate can guarantee ethical action; it can only hope to dissuade wrong action with punishment. What the public relations practitioner can assist with especially is the civil society aspect of this. That is, they have the function of being aware of what civil society expects and demands from a corporation and can provide direction for the corporation based on this.

For public relations, the resistance this idea faces may be great. Fortunately, "mature people realize that improvement comes only when we open ourselves to learn from our mistakes, no matter how hard we have to grit our teeth, when others tell us we were wrong…criticism has always been what human beings, especially leaders, most hate to hear." (Brin, 1998, p. 11). Public relations practitioners hear flak from the public perception of the field often. By being in the public eye, it receives the full force of public criticism without censorship. This is truly a wonderful thing for gauging the honest perceptions stakeholders have of a corporation. Although there may be a degree of mistrust association with public relations, this can be ameliorated through right conduct in operations.

Public relations is able to stay aware of honest public sentiment because of its nature. With this comes the difficult responsibility to act with integrity in the face of criticism. For a company just trying to adopt conscious business practices, there is the issue of accomplishing a choice for new action. "It is not only a matter of the capacity to choose; it is a matter of the power to act to attain one's purposes. We shall be concerned with intelligent choosing and, yes, humane choosing, as we shall be with the kinds of conditions necessary for empowering persons to act on what they choose" (Greene, 1998, p. 3-4).

We tend to surround ourselves with those similar to us. That's why community organizations group together and investment banks all work together. Indeed, it seems that if we stuck an investment bank smack in the middle of Harlem, there would be a powerful equalizing force. Corporations are social animals like people. Their relationships are what sustain them more than anything else.

Because it demands a confluence of forces to compel a corporation to shift the paradigm in how they act. Regulations, law, civil society, corporate culture, finances must all work together to effectively shift the way business is done. For the public relations leader, this means working diligently to create a corporate culture that actually fosters integrity and Page Principles within the corporation. This will prepare the corporation for the transition toward an ethically conscious business world and put them ahead of other laggard corporations.

The fact is corporate conduct should not be a "second-worst" philosophy. That is, a philosophy that lets the worst organization take the brunt of public outcry, while this nearly-as-bad corporation can sneak by. By racing to the top instead, one avoids the risk of being caught at the very bottom for a moment and is instead propelled to reach a more desirable destiny.

"In organizations with a more market orientation, in which self-interest rather than duty becomes the accepted starting point for business decisions, this control is much more difficult. In the first place, managers guided by self-interest will inevitably respond differently to opportunities to gain at a firm's expense than will those guided by duty" (Hendry, 2004, p. 216). The framework that these managers are guided by is one that values liberty over justice. Without moral training, however, this liberty takes on a tainted nature. Leaders are those that are capable, then, of moving those around them to act ethically instead of forcing them to through constraints.

Conclusion

Corporate personhood has extended from a simple legal distinction to a societal construct. This is the result of many years of legal decisions and a shift in corporate positioning to embody that legality. Corporations today tout their human values to develop real relationships with the various publics they interact with. As a result of this, corporations can no longer be treated as simple business entities, but must be considered as essentially human actors with moral issues to tackle and consequences to consider.

The capitalist framework of pursuing profit over anything else does not fulfill the new ethical conventions that corporations are held to. No longer is profit alone an acceptable way to do business. Corporate Social Responsibility outlines the triple-bottom line of people, profit, and planet. This is a huge step in viewing corporations on a similar footing to persons. Although it does not make the normative distinction of fully accepting corporations as ethical-minded human actors, it does improve the framework by which they operate.

The consequences for remaining oblivious to the demands of today's ethical environment are simple and devastating. Public relations leadership is the conscious awareness that is crucial to developing this mentality this moment forward. Distinctly trained to be aware of the entire scope of stakeholders for a corporation, they are able to guide the corporation in a way that adequately suits the greatest amount of stakeholders. In addition to this, they understand the importance of trust and truth for an organization and can continue to exalt it as the highest mode of operations for a corporation trying to succeed in an increasingly transparent world.

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Summary

What is the modern corporation and how has it evolved? What is the difference between a corporate person and a human person? How does the corporation interact with society? How should a corporation act in our society? What is the shifting role of business with relation to this new dynamic of corporate personhood? How can a corporation operate effectively given the demands modern society holds them to? What is the role of public relations leadership in manifesting this vision?

The influence of the corporation in today's world is undeniably pervasive in every aspect of our lives. From the clothes we wear to the places we work, we interact with these entities constantly. This demands a reinterpretation of the ethical standards to which we hold corporations. The way people interact with and treat corporations is already shifting dramatically and will continue to do so. Exploring the modern corporation necessitates a multi-faceted view of the status quo.

The significance of this paper lies in the robust interpretation of how a corporation should act. Instead of rejecting corporations as people, this paper looks at what are the implications of doing the opposite. If we were to completely accept corporations as people, how would that change the way we interact with them and how should corporations change to fulfill this altered world view? This paper imagines an ethical corporate actor on par with an ethical human actor.

The methods used to explore this topic include an exploration of relevant literature in the history of the corporations, the legal framework of the corporation, and the current role of Corporate Social Responsibility. An exploration of economic literature is also included. Importantly, the current state of world affairs is analyzed through this lens of corporate personhood. The BP oil spill, resulting from a shift in BP's corporate culture from sustainability to profitability, is a case study of the impact of a corporation presenting themselves with human values, and then abruptly abandoning that concept.

Chapter 1 focuses on the history of the corporation. The original corporation was tightly regulated and limited to perform a specific public work that an individual could not accomplish, such as building a bridge. Corporate charters were granted so that companies could raise capital easily, enjoy limited liability, and own property. These limited corporate operations began to flourish in the early 1800s. During the next couple centuries, corporations began expanding their powers through the legal system. In one pivotal case, Santa Clara County vs. The Railroad, the corporation was likened to a person. This distinction started the domino effect of granting the rights of persons to corporations. This has continued to today, with the most recent Supreme Court case of Citizens United vs the FCC. Today, in the eyes of the law, a corporation is no different than a person.

As the law created the corporate person, corporations themselves began adopting this worldview and began positioning themselves in the same light as human actors interacting with society. One of the earliest cases of this occurring is the 1908 advertising campaign by AT&T to add human values to the corporation so that the public would grow to love the corporation, "to hold real affection for it" (Bakan, 2004, p. 17). Corporations are defined by the law and society, which interacts with them. We now hold them morally culpable for their actions; we hate them and love them.

Chapter 2 explores the role of money in business. Capitalism in an economic system that values privately owned means of production. By limiting centrally planned operations, a great deal of power is kept in the hands of the individual. In the modern manifestation of this idea, profit is sought after with unfettered vigilance. However, when considering the corporation as a fully realized person, being driven by only profit does not make sense.

Applying the same tenets of capitalism that motivates an individual to a corporate person allows us to draw similar conclusions of what is right action and why corruption can seemingly run rampant. One of the most significant legal distinctions between corporations and people is the legal mandate that corporations must pursue profit over every other motivation, as an obligation to their shareholders. This, coupled with a business mentality that supports this legal distinction, creates an environment where profit is pursued through unsustainable and often unethical means.

Instead of being driven purely by profit, people are driven by a multitude of desires and motivations. Depending on who you ask, defining the actual motivations shift from person to person. However, there is always a basket of them being considered, not one motivation like money being obsessed over.

Trust is an obvious, although not obviously applied, cornerstone of an prosperous society. One universal tenet of society that reappears in every civilization and religion is some iteration of the golden rule. This well-known, clichéd, and often passed-over piece of wisdom is an effective way for society to live by, if we all adhere to it. Corporate Social Responsibility is an early method of adding human perspectives to business. The triple bottom line of people, profit, and planet allows corporations to operate on a better balanced multi-faceted framework.

Chapter 3 brings in the role of public relations leadership. The public perception of public relations is generally negative, focusing on the 'spin' that surrounds much of the industry's activities. Instead, focus needs to be paid to the role of public relations as the conscience of a corporation and a bridge between the corporation and its many stakeholders. Public relations leadership is in a unique position to focus on the legitimate position of a corporation in society. They understand, if they've been taught well, the absolute importance of honesty in business.

Public relations practitioners may receive a significant amount of criticism for pursuing the nobler path, but one only needs to look at the bevy of world corporate disasters to appreciate the value of ethical leadership throughout the company. The BP oil spill and Toyota pedal recall are only symptoms of a diseased business system.

Overall, this paper has looked at the idea of corporate personhood from a philosophical, economic, and public perspective. This led to the recognition that corporations can no longer be treated as simple business entities, but must be considered as essentially human actors with moral issues to tackle and consequences to consider. Once corporations are treated as human actors, they will conform to the societal constructs we demand of them. As human actors, corporations will need to function under principles similar to the triple bottom line, which promotes a more aware and balanced way of doing business. To achieve this, public relations leadership can emphasize their role as the conscience of a corporation to assist establishing trust and the golden rule as central pillars of operations.