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Títol Constructing The Social Personality in Organizations: Essentials of Managing the Social Commitment According to the Parameters Reached by the Study "Excellence in Public Relations and Communication Management"

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TABLE OF CONTENT

PART I: INTRODUCTION AND METHODOLOGY

1. INTRODUCTION

In the present work, the author's goal is to discover and to describe new links, perspectives and approaches to the topic of organizational personality and its relationship to public relations and its emerging role in building a common and identifiable feeling or value in organizations when dealing with their general and specific publics.

The peculiarity of this dissertation is that it offers a step-by-step analysis of different chronological periods throughout the time in which the topic was matured and developed. These analyses have already been published as academic articles in different editions of the *American Behavioral Scientist* and *Public Relations Review*. During these periods, the author explores definitions and concepts related to building the social personality of corporations, both buttressing and challenging such meanings with key arguments and concepts from selected publications to illustrate the evolving practice of organizational culture and how this approach has gained favor without neglecting its constraints.

In terms of structure, the first part of this dissertation includes the description of the main topic of analysis, the goals of the research, the methodology used and the hypothesis. It covers the initial step in outlining the theoretical framework of the specific topic – social personality in the field of public relations, while the second part includes the four publications selected and the general conclusions of the research. This is in accordance with the structure as set out by the academic rules of the Universitat Ramon Llull for the writing of a dissertation by publications.

1.1 MAIN TOPICS OF THE ANALYSIS

Entitled *Constructing The Social Personality Building in Global Organizations: Essentials of Managing the Involvement According the Parameters reached by the Study "Excellence in Public Relations and Communication Management" directed by James Grunig, Larissa Grunig and David Dozier*, the research explores what drives the philosophy of an organization when it carries out its daily collective work and what is behind the general behavior of resolving situations that effect the whole company or institution. In this sense, the present research seeks to find links between the corporate philosophy and its social commitment when dealing with key publics and how these links affect the social support and legitimacy of the organization.

This topic includes a **central point of analysis**: the alignment between corporate and social values, and how this alignment improves the tight and symbiotic relationship on both sides: the organization and the community. This society-company symbiosis is often driven by the CEO, managers, employees and other publics of the organization, who attempt to guide the entity forward, using the principles of excellence. Arguably, when values are aligned, it is suggestive of the fact that the organization has adopted excellent Public Relations parameters. The key then becomes identifying what is excellent and what is not, and what are the principals that build a consistent Social Personality. Most academics and practitioners think the broad concept of public relations practice is a good way to approach these principals and help in better managing them, especially when using the parameters and indicators pointed out in the previously mentioned "Excellence in Public Relations and Communication Management", hereafter abbreviated to "Excellence Study" (Grunig (ed.), 1992).

The goal then becomes the formulation of a hypothesis, which includes the insight into the need of public relations managers to build a collective personality as part of their principle functions.

1.2 RESEARCH GOALS

The primary research goals are:

1. To **discover/reveal the main components that set/configure the culture of organizations**: namely the management factors, as well as the social, political, economical and environmental factors.

2. To **define organizational culture, organizational personality, their commonalities and differences.** Also, to define how both organizational culture and organizational personality relate to social personality.

3. To explain **how organizational personality must be a social personality in order to be useful in the successful practice of Public Relations.**

It is obviously difficult to reveal a firm idea on the concept of organizational personality and be aware of all that conditions that rule, including the feelings and attitudes of the groups within an organization. We must be conscious of our limits here, especially if we attempt to demonstrate it through published articles and case studies. Nevertheless, the Grunigs' "Excellence Study" will give us a meaningful starting point, as well as the freedom to begin the research from a higher position in terms of academic analysis, due to its international recognition in the field.

So then, the specific aims of the research are:

1. To identify the parameters for building the **collective identity and values** in organizations as the essence of the **organizational culture**.
2. To explain fundamentals of the **organizational culture** for the construction of the **Social Personality** in organizations.
3. To discover how **Public Relations** methods can help in building up both the **identity and common values** in organizations.
4. To analyze what principals and indicators of the **"Excellence Study"** can be used as methods to help organizations build the desired **social personality.**

5. To explain the reasons why the **social personality of organizations** needs to be based on the principals of **social involvement and commitment** to achieve **management excellence in Public Relations.**
6. To justify the role of **Public Relations** practice as the way the organization gains social support and obtains **legitimacy to act and represent ideas and values to its publics.**

Either way, this study is not intended as an ultimate conclusion: further issues may appear that warrant consideration. We are open to getting the readers' feedback to expand on this in future research.

1.3 SINGULARITY OF THE STUDY AND CONTEXT

The singularity of this study lies in the conversion of the components of organizational culture, already profiled by a number of academic and business consultants, into specific elements of analysis that constitute a model of efficient management of public relations. This model is inspired by the principles of "Excellence in Public Relations and Communications Management" (Grunig, Grunig and Dozier, 2000). These principles were grounded in the foundation of the International Association of Business Communicators, being discussed and studied by most researchers and educational institutions that provide a high university profile of Public Relations around the world.

Although there is a consensus that public relations is critical in creating dialogue-based relationships on the global level (L.Grunig, J. Grunig & Dozier, 2002) a clear model of how public relations excellence should be practiced internationally is still lacking and under debate. Scholars have theorized that organizations either use a localized design or a globalized (centralized) design.

The "Excellence Study" was the first to face this lack of research in the field and has yet to be developed in several countries - like Latin American countries for example. An overview of its composition is as follows: the data were collected from a set of three questionnaires given to the senior public relations persons, CEOs and employees from 326 organizations in the United States, Canada and the United Kingdom.

These researchers tended to find a global theory proposing the excellence characteristics as indicators invariably under consideration in individual countries (Versic et al., 1996). These generic principles of excellence will be the major theoretical concepts framing the present study, complemented and rewritten –adapted to the new professional world, if Grunigs permit me– inspired in different personal experiences, interviews and new literature. Included is a chapter to discussing them in detail in the theoretical framework section, however, it is necessary to add that these principals consider the following variables: 1) societal culture, 2) the political system, 3) the occidental economic system, 4) the extent and nature of social activism, 5) the level of development, and 6) the current media system. James Grunig states in several articles that studying these variables is an aspect of the strategic management of public relations in which practitioners must understand the social environment in which an organization works.

Therefore, the analysis model proposed arises from relevant international and academic schools and research groups, which adapted the terminologies and concepts of the "Excellence Study"; nevertheless, this preeminence does not leave the model without critics. Nowadays, those calling themselves "critics" of the "Grunigs' model", are known as opponents of the "sociological model". See Heath's interview in annexes. These 'critics', as they will henceforth be called, will be considered in this research through the comments of one of their leaders, Robert Heath from Houston University (USA), who has also been interviewed. Jackie L'Etang, from Sterling University (Scotland-UK) and Dr. David McKie from University of Waikato (New Zealand) have been also interviewed, though in less depth. This movement tends to put limits on the excellence principals and to use concepts and methodologies from business and management, rhetoric and some from marketing, while Excellence knowledge roots and perspectives are based in sociology. Some academics in seminars and conferences in the public relations world call them "the Sociologist School of Public Relations"

The context or frame of reference for this research is tied to the research flows and lines of thought intertwined with the sociology basis and specifically inspired by the theories raised in the social sciences. This is a view commonly held not only by the author of this dissertation but also by its research director, Josep Rom (2012).

This perspective understands that Public Relations needs to socialize the organization as well as understand publics and society to guide the organization toward achieving a mutual understanding (Guning, 2006) that would lead both towards mutual benefit. In so doing, they underline the belief in the alignment of interests and values.

The inertia of the market environment also affects the interest shown by the researcher, mainly because in the past ten years, companies have more communications and public relations departments than ever before, to make specific a range of applications and functions within the PR practice. This study makes a brief approach in the direction of what the most recent studies indicate, with the intention of making this inertia visible, together with the communicative activities in this newly emerging field (see http://trust.edelman.com/).

All in all, this study, seeks to "bring order" to the multitude of articles and researches. We hope to better organize the informative and analytical standard of these activities, from international research in this academics area. In turn, at times these standards do not adequately adjust for on-going changes in the professional world of PR. Therefore, this dissertation aims to contribute to the PR corpus of knowledge by bringing a new, holistic methodology and models of analysis, which will be better explained in point 1.5 of this dissertation.

1.4 HYPOTHESIS

This research is based on the consideration that the character and philosophy of organizations depend on many elements and conditions related to public relations practices.

Therefore, the general hypothesis is in fact that organizational character and personality are concepts highly dependent on the excellence practices of

Public Relations. The professional practice of Public Relations constructs and offers cohesion to the organizational culture and consequently to the organizational and collective personality. This has become a transcendent factor for business management, in order to reach the excellence level of performing management and improving effectiveness in achieving a social and stakeholder's normative symbiosis.

Following this main goal, we can state the following **hypothesis that will be demonstrated by the cases presented as publications in the discussion part**:

1. **Public Relations** methods, especially the ones expressed in the **"Excellence Study",** can help in building up the **identity and common values** in organizations, thus its organizational culture and **social personality.**
2. The **social personality of organizations** needs to be based on the principles of **social involvement and commitment, which will, in turn, help** achieve **excellence in public relations management.**
3. To achieve a **social personality,** organizations need public relations to **manage the issues and expectations** of the organization towards its publics and gain social support in order to **legitimize its messages, facts and figures**.

1.5. METHODOLOGY

This dissertation presents a new methodological proposal in indicators, references and analysis of the sociological perspective of public relations. In this sense we want to add new parameters that can fit into the "Excellence study" ones and that can further their understanding in the new world of Public Relations.

Furthermore, this dissertation is based on qualitative analysis by using worldwide references and studies done from different perspectives –human resources, management, media analysis, among others– and countries that applied the study of Excellence in advance. We should not forget that in spite of using primarily a qualitative analysis methodology (Rodrigo, 1989), we have experience applying the Excellence principals in a quantitative research in several studies we made together with Assumpció Huertas (2012) -Rovira I Virgili University, (Tarragona-Catalonia) –, Natalia Del Pino (2012)–Pompeu Fabra University (Barcelona-Catalonia), and Josep Rom (2012)– Ramon Llull University (Barcelona-Catalonia) in order to become familiar with the excellence practice of the Public Relations Profession in Spain. This studies were financed by the Chair –Cátedra Repsol per l'Excel·lència de la Comunicació at the Rovira I Virgili University (Tarragona-Catalonia) in the case of Spain and the UNESCO Chair of Ramon Llull University in the case od Chile and count on the supervision of James and Larissa Grunig when dealing with questionnaires and interviews, as well as when settling the indicators and parameters of analysis (Rodirgo, 1989).

The Excellence Study, as it will be called throughout this dissertation inspired me and a group of colleagues who were all captivated by it in many ways. So I might say this dissertation is a result of a group research activity that shows only the final result of long-term research in the Excellence parameters at the academic level as well as the professional one. The articles selected are considered the most significant for understanding my research evolution but are not by any means the complete research. They are, in effect, only a sample of what my research evolution has been. So as to follow the rules of the Universtat Ramon Llull for the presentation of dissertations composed of published materials, the conceptual unity of this dissertation will be justified by a theoretical framework at first, and then through the presentation and the discussion of the dissertation with a minimum of 3 articles (we have selected 4, so as to better explain the research perspective), followed by general conclusions and my own publications.

Given the primary focus of the analysis and the important considerations of the methodology, the inductive character of this dissertation should be clear. Evidently, the principals driving the research are justified concurrent with their publication. Nevertheless, these publications also have a deductive component in and of their own. They all start from the principals inspired by the "Excellence Study", as is demonstrated throughout the discussion, though the theoretical framework of this dissertation was written after the publications, which have been based primarily on case studies. As such, it is possible to consider that the constructs or general evaluations are based on propositions derived from specific examples.

As well as using the inductive methodology we also employ the case study technique for research, which drives us to several singularities, depending on the case. We understand the case study as research methodology for "empirical investigation of a contemporary phenomenon, taking its context, especially when the boundaries between phenomenon and context are not evident" (Yin, 1994: 13). Although sometimes some researchers understand the case study as a technique suitable only for the exploratory phase of research, there are several authors (Yin, 1994; Flyvbjerg, 2004) claiming the value of the case study as the most effective strategy for testing research hypotheses or advance in the construction of theories, as published by our colleagues S. Simó, E. De San Eugenio & X. Ginesta (2012).

All in all we have to say that we have faced a peculiar methodology of analysis. The theoretical framework has been done based on content analysis and benchmarked by the existing literature following the bottom indicators. And the discussion part is based on the content analysis (Durkheim, 1988) depending on the article, like the one we analyze in the effects of the political activities of President Aznar or president Obama. We must say that this research started in 2005 and is not yet reaching its conclusions, as we are still exploring new fields for legitimacy in new research coming soon, based on the Catholic Church public relations actions in a specific area like Barcelona –The sacralization of the "Sagrada Familia" by Benedictus XVI or the Public Affairs movement along with the Public diplomacy movements for and against the internationalizations of the Catalan Case (Ordeix; Ginesta, 2013)claiming for a different political status than the current one. These two areas of research have been accepted for publication in *Estudios sobre el mensaje periodístico* (Ordeix; Lalueza, 2013) and in the special issue on the last

American Political Campaign published by *American Behavioral Scientist* the last semester of 2013.

A very last note is that the indicators are explained further in this chapter but we must point out that not all indicators can be easily seen in the cases exhibited by the selected publications. We hope the jury will understand that each depends on the specific case, but, nevertheless, will realize the lack of certain indicators in some of the exposed case studies do not affect the final conclusions and demonstration of the hypothesis.

Besides the review of the specialized literature, the research makes recourse to in-depth interviews as well: James Grunig, Larissa Grunig, Robert Heath, Elizabeth Toth, and Bonita Neff, as well as other colleagues on the professional side such as: the head of intraparliamentary relations in the European Parliament, Josep De Ribot; and the head communications manager for internal and external convergence at Enel group and coauthor of one of the publications, Joao Duarte; a European Parliamentar member, Ramon Tramosa; an independent Public Relations Consultant, Mateu Llinars; and the founder of the principle Public Relations theories in Latin America and President of the European Public Relations University Foundations, Antoni Noguero. The result of using a wide variety of participants is that we have the inclusion of the perspective of the public and the private sector (Monzón, 1996) as well as the internal and external professional practice. Following this and as a second part of this research, you will find the quantitative questionnaire that has been used to enlarge the research and test the presented parameters and indicators in different countries such as Spain and Chile. This is, nevertheless, a quantitative study that has been carried out over many years and that will continue for the foreseeable future. This research, as said, only includes the qualitative part of it.

I hope we will be able to publish the quantitative part later during my research career. It is worth keeping in mind that some published articles already include the partial results of the quantitative part, yet to be finished: Huertas, S.; Ordeix, E. and Lozano, N., (2012) "The excellent communication practice in Spanish organizations. Implementation of Excellence study of J. Grunig in Spain". In Ordeix,

E. and Rom, J., *Trípodos [EXTRA],* 95-114., and in Huertas, S.; Lozano, N. and Ordeix, E., "Análisis y verificación de la Teoría e Índice de Excelencia de James Grunig. ¿Sigue vigente hoy su teoría?" In *AEIC 2012*, February, 18, 2013. http://www.aeic2012tarragona.org/comunicacions_cd/ok/41.pdf.

1.5.1. THE PUBLICATIONS (SAMPLE): THEMATIC JUSTIFICATION

As mentioned, the sample of the dissertation is published research as the result of an evident concern for the public representation of organizations. Since 1994, when I began my career as a university lecturer, and even before, in my university education in the field of public relations, journalism and political science, I had the urge to know how and who dominated the media stage and how the opinion leaders established different areas and social groups in the country.

In this regard, in my dissertation I've dealt with the creation processes of organizational personality and the steps that public and private entities take to capture the attention of their social environment of reference.

From 2005 onwards, I have published, together with other colleagues, a series of texts that suggest some indicators from a sociological perspective inspired by Emile Durkheim (1982), on issues of collective consciousness, and by Max Weber (1984) on issues related to the impact of culture and ethical values in the development of economic systems.

A theoretical current that captivates my research concerns appears under this sociological perspective; a theoretical current, as many communication researchers agree, represented by the University of Maryland. The school of journalism, now the communications department of College Park, University of Maryland (USA), has starred in around 80% of the theses in the field of Public Relations in the United States and has been a benchmark for all universities offering this discipline. Under the leadership of teachers such as Ray Hiebert, K. Sriramesh, Jon White, David Dozier, James Grunig, Larissa Grunig and Elizabeth Toth as supervisor, the University of Maryland has always been a touchstone for the construction of theory for an initially very confusing and slightly enclosed activity within disciplines of communication.

The theoretical current that emerges from Maryland has led to a widely established school of that, we can assert with no great risk, has marked a before and an after in the academic world. Public relations are constructed conceptually from a theoretical point of view, thanks to the study "Excellence in Public Relations and Communication Management" (1992) led by James Grunig, Larissa Grunig and David Dozier.

This is the inspiration for my research activities; to define the threshold of excellence in the management of social relations of organizations. The items you have in your hands seek to be an example of this. The sample of articles selected in this dissertation are (we will go through the content of each later on in this text):

-Ordeix, E. “Aznar’s Political Failure or Punishment for Supporting the Iraq War? Hypotheses About the Causes of the 2004 Spanish Election Results”. In: *American Behavioral Scientist,* 49 (4), 2005, p. 610-615.

This first publication is an approach to the **construction of identity and discourse of organizations from collective facts**: identity is the sum of what we (organization) are and what is around us, especially in the political field. Thus, the article defends the thesis that the party of the then Spanish Prime Minister Jose Maria Aznar lost the elections in 2004 for many reasons, but mainly because it **lacked the promise or expectation generated through his speech based in the idea of security**. The organizational personality is generated, therefore, from the ability of organizations to not fail the expectations of it stakeholders, especially the ones of people who are affiliated with the stakeholders of the organization like employees or members.

-Ordeix, E., Duarte, J. "From Public Diplomacy to Corporate Diplomacy: Corporations Legitimacy and Influence", *American Behavioral Scientist*, 53, 2009, p. 549-564.

The second article is the result of a more extensive analysis. Published in a special issue of American Behavioral Scientist "Trends in Global Public Relations and Grassroots Diplomacy" is built on in-depth interviews and bibliographic research to frame the concepts associated with public affairs and diplomacy. This research goes through interviews of academics from 10 different countries asking about the result of their research in the field of the "Excellence Study", described above.

This goal of this article is to extend the theoretical framework referring to the definition of personality, identity and discourse from more precise indicators. This establishes the following indicators: **legitimacy and social synergy, innovation and opinion leadership, symmetry and dialogue, and public agenda.** As said, all of them are abstracted and reinterpreted based on the "Excellence Study" of James Grunig. The main conclusion of this research is the requirement of many interviewed academics to better align corporate discourse with its actions. Sometimes organizations have lacked the ability to combine the expressed values with the enacted values, which would improve the perceived values. Public Relations, as a discipline, plays an important role in this, especially in the area of social responsibility. New concepts on the roles of public relations practice appeared just after this research was finalized, roles, such as **opinion maker, facilitator of interests confluence and consensus, and of the value of change**s within the organization into new social claims and demands.

- Ordeix, E., Ginesta, X. "Beyond the votes: An European Perspective on the use of Public Relations to legitimize authority in Obama's campaign." In *American Behavioral Scientist*, 55 (6), 2011, p. 683–695.

This third article tackles another keyword in the creation of organizational and corporate discourse and principals (values): **legitimacy**. While previous research was used to analyze the theoretical principles that frame the public, political and media agenda as the basis to define the main social values and identity principals that guide organizations, this research wanted to **show how legitimacy indicators, innovation, symmetry and public agenda** converge together in one place when public relations acts excellently. The election campaign for the presidency of Barack Obama was, in this sense, a good way to test these indicators in practice.

The study agreed that the **legitimacy to act and to represent ideas and collectives generates credibility and reputation in organizations** and concluded that the symmetric communication facilitated by technology causes a greater affiliation with the public, and aids in the ability to adapt the organizational rhetoric to the demands of the different groups.

Thus, the research maintains that **the personality of the organization can be induced**, mainly because it is the consequence of social synergy. This opens up a difficult debate about **opportunity and conviction**. Organizations act according to their convictions on their public role, or, however, their personality is, by definition, diluted and dependent on what is said by the social environment and public opinion.

In this aspect, the role of public relations is aligned with **social intermediation, innovation and leadership**, and **attitudes keepers**. Finally, in this research we, of over 200 websites and over 30 printed documents on the Public Relations actions of the Obama's first term, stated that **collective attitudes have higher influence than organizational attitudes**. This brings us again to the principle of the **predominance of the collective consciousness** of Emile Durkheim.

-Xifra, J.; Ordeix, E. "Managing reputational risk in an economic downturn: The case of Banco Santander." *Public Relations Review*, 35, 2009, p. 353-360.

This last chosen article looks at the pragmatism of the ideas mentioned above, in a turbulent financial world. **The thesis of the article refers to the fact that companies that build better corporate attitudes are less affected by the current crisis**. Moreover, it states that the construction of personality in global business is linked to two elements: one is the link with the territory through social responsibility, and, two is risk prevention in social matters that could affect the company's reputation and its stock monetary value.

As a result, then, Banco Santander is our case study as a global company to prove certain hypotheses and the above-mentioned indicators. Just as an overview, the results become questions to answer. First; "Do companies work to construct a real personality with a certain corporate **identity, values and attitudes** to shape the social environment and stakeholders? Or, otherwise, does the environment shape the organization?" Later studies in grassroots communication like to show the high influence of social movements in organizations' personalities. In this sense, as published, we see how the construction and creation of the personality is determined by demand, following the principle of social synergy previously mentioned.

All in all, and generally speaking, these articles of research have quite a lot in common, as will be explained in the following pages. It can be asserted, however, that the construction of social corporate personality is based on certain indicators; however, these depend primarily on the evolution and cohesion of organizational culture. As a result, a specific methodology is required and some missing indicators have yet to be found. While we would ideally be able to fill in the gap at the present time, the impossibility of this means that it will and should be done to a greater extent after this research is finished. Nevertheless, some missing aspects and indicators that could be added are those related to personal leadership **s**kills and individual and group attitudes within an organization, knowledge management and the empowerment of individuals and groups, especially when dealing with the evaluation of internal stakeholders' attitudes. This will be the focus of further research upon completion of the present project.

We can certainly state that the indicators used have been selected according to the "Excellence Study's" principals, which have been covered extensively in my work. I consider it inspirational and the basis of a new and modern understanding of the Public Relations profession. Last but not least, to complete this chapter I strongly recommend reading through the quoted articles placed in the discussion part of the dissertation. I believe, by going to the source, you will better understand the essence of my work.

1.5.2. ANALYISIS INDICATORS

As previously stated, we realize that our discussion in all of the presented publications consider the following key concepts as explained through what we understand as "The Gold Triangle Model of PR". I would like to explain in greater detail prior to going through all the indicators.

This model has three steps to explain the Public Relations process:

1. **Settling the Identity as the core message**.

A PR process should always start by organizing the **identity and attitude of an organization**, which should become the core message of any of its actions. This would obviously work only when the organizational structure permits **permeability** with key publics. This would be when the organization, company or institution would achieve the desired influence. As a sum of this stage of the process, we can state that the corporate/organizational discourse/**core message needs to be aligned with the organizational values** of the entity.

2. **Engaging Opinion Leaders.**

This has a lot do with symmetry and dialogue as well as **leadership** management. Individual, people and groups are able to influence other individuals, people and groups as influencers on the key publics/Stakeholders of the company/organization. In fact, the **mutual understanding** concept relies on this principal; **opened system organizations** need to be permeable with the social environment therefore **symmetry and dialogue** with key leaders is necessary when belonging to key groups and key publics. A dialogue and symmetry with them is obviously extensively required.

3. Seeking the Social dimension of the organization

This drives us to the third main part of the PR process: The willingness of organizations to influence **public opinion**. Organizations seek to keep the social status quo, prevent potential social crises and gain recognition or reputation, among others. This is aligned with what we understand as **social synergy**; get the social pulse and facilitate the organizational change in order to adapt better to the public/stakeholders demands. This is the reason why we usually talk about the necessity for companies to influence the **public agenda** in order to gain social **legitimacy** and recognition. Again, this constructs and influences a new social personality that obviously affects the corporate/organizational values and parameters. This is just one reason to redo and remake the corporate core message/discourse in permanent change.

In sum we realized that several of the indicators that have been the basis of our analysis since the beginning of our research were already visible: **Identity, Organizational attitudes and values, Symmetry and dialogue, Opinion Leadership, Social Synergy, Public agenda and opinion making and Legitimacy**. These key concepts are mostly included in the "Excellence Study" as key factors in the current analysis. Nevertheless, these topics and indicators will be further engaged by going deeper within the selected articles and in the following theoretical framework of this dissertation.

As said, those concepts are inspired in the **principals of the "Excellence Study"** (Grunig, 2005). Just before I explain them, I would like to summarize the excellence factor as:

"Excellent public relations determine that its management is deliberate, structured and strategic, that is developed at a management level or depending on the most **influential group** of the organization (dominant coalition) and that it integrates multidisciplinary functions and activities, separate from other functions of the different communication disciplines. This involves a management knowledge that includes strategic and technical expertise that enables **dialogue and understanding between the parties**. Excellent Public relations also require **communication** symmetry with the internal public as a sign of quality in the process of public relations. They must also be **committed to the ethical and** social responsibility, which are extrapolated to the diverse components of their **social and organizational environment**."

Crosschecking this information and adapting it to the "Excellence Study" framework. We should determine the twelve main indicators you will find in the discussion part of the research (Ordeix et al., 2009). We think these principals can set out the ideal organization in terms of culture and commitment management, accordingly (Ordeix, 2009):

1. **People engagement:** excellent organizations strengthen people's influence, by giving employees more decision-making responsibilities. At the same time, they strengthen their growth by widening their work quality due to two factors: interdependency among colleagues and improvement in process management. Therefore, individual work and teamwork are valued equally. The proper development of an institution or company depends more on the employees' capability of integration and engagement of publics, rather than the individual task segmentation.
2. **Organic structure:** organizations become more efficient if they can eliminate bureaucratic, hierarchical and unidirectional processes, by turning them into holistic, dynamic, and bidirectional practices. This type of permeable structures for the surroundings allow for a better understanding of the project, better commitment, and strengthens abilities and collaboration, leading to the rising of natural and spontaneous leadership figures that help create a more cohesive and positive work culture (Mintzberg, 1992).

3. **Entrepreneurial spirit:** innovation is a basic characteristic of excellent organizations. An innovative spirit and a constant improvement of processes will widen the complicity level among co-workers, as well as individual development. An organizational spirit respectful of new ideas that break with conformity leads to a culture with solid organizational principles, ranging from the attitudinal standpoint to the management of daily problem-solving skills.
4. **Symmetry:** symmetry leads to better dialogue and to the rising of common interest topics. Obviously, a mutual understanding among organizations and publics involves empathy towards -and with- the opinion leaders of each public. Simply by establishing a fluid communication channel you can achieve a solid functional/professional knot, shared with and led by both participating parts. This tendentious symmetry or bidirectionality in dialogue transmits an emotional proximity and higher commitment.

In order of importance, this indicator of analysis would be expanded according to the following contents:

- Communication channels
- The web of interrelations
- The communication flux and structure (vertical and horizontal)
- The communication climate
- The comprehension and intentionality of messages
- The language

Depending on the results, it would also be valuable to analyze content through its topics, and the way they are being held, taking into account the positive and negative quotations and the spaces that take place in the given communication supports.

5. **Leadership:** real leadership is the one that takes into account the surroundings. The legitimacy of representing someone or something only exists by reducing the formal power and strengthening the power of third persons. Opinion leadership implies engagement and innovation because it combines emotional and rational communication. More and more organizations are using empowerment and opinion leadership to set subjects in the public and media agenda.

6. **Participation:** the members or employees, or other kinds of engaged/committed publics, have to share the objectives of their organization. This alignment of individual to collective objectives is a must if we want a participative culture. It is obvious that the level of participation will depend on the tools of knowledge management available. This drives the way towards obtaining shared interests and values and social commitment with internal and external publics.

7. **Strategic planning:** the development of each organization starts with establishing medium and long-term objectives. The internal Public Relations practice is not excluded from this process. We need to know how the organizations' commitment is structured and will be structured while it is in force.
8. **Responsibility, compromise and social permeability:** the imperative social values have to be the dominant values of an organization. If this is a premise we cannot ignore, it is logical to establish a correlation between expressed values and perceived values, either with the values or with the external publics of the community.
9. **Representation and diversity to gain legitimacy:** the entities have to represent the different groups that form society. The organizations must take into consideration their own cultures: presumptions, values and cultural artifacts. In this way, the concept of diversity has to be applied at the very core of the human relations configuration of the company. It appears to be fundamental that the company would exhibit sensitivity to social demands and equanimity with the kinds of relationships that it has with its publics.
10. **Quality:** communication demands quality at work. Words are often the expression of identity and personality, but must be followed by facts. Institutions and companies can reach a quality level –can be excellent– if they have strong delimitations and definitions of their commitments, not only in products or service management, but also in managing its own people. Often the commitments are included within a code of ethics or in the corporate values manual, among others.
11. **Effectiveness**. Daily management practice requires working with a tactical and procedural plan, which must transmit more information than is available from a brief glimpse, in the immediate reality. As we have said, strategic planning wants to break this dynamic. Overall, we mustn't omit the fact that communication, and PR as an extension of it, is looking to solve the relationship problems between the organization and the different

social groups. Only if we respect this rule, can we consider that the communication process we develop is effective and efficient and with a high level of commitment.

12. **Social Synergies:** The organizations have to involve themselves in helping the societies they are part of, as we could call them "Corporate or Organizational Citizens". The fact that the societies are now more participative, innovative and demanding can be a huge potential for the capacities of an organization. A mutual understanding and commitment confine can trigger greater and greater collaboration between organizations and their publics. This issue can be entitled "mutual responsibility" or, as some authors call it "co-responsibility" between the organization and its publics as social environment.

All in all, excellence in communication can trigger a path to the superlative management of each organization, generating a positive synergy in relationships that will re-create a collective advantage. In this sense, we consider commitment as a step beyond confidence, being nowadays the basis of communication.
Considering the above indicators that will guide the discussion of our research, we should not ignore that any of the set parameters depend, not only on the 10 principals Elizabeth Toth stated above, but on **conditions of the organization we cannot ignore** and that drive us out of the Excellence parameters.

Those conditions are:

- The decision-making process of the organization.
- Leadership and member roles in an organization.
- Taxonomy of technical and communication mediums being used.
- Human resources and material resources to face the daily work in Public Relations and Communication Management.
- Functions and responsibilities for the Public Relations, communication or marketing manager.
- Behavior and values, both individual and collective.

- The geographical and physical distribution of its components.
- The activism, or the behavior of opinion groups that are leading the social surroundings of the organization
- The history of the organization and its ability to analyze and change from previous experiences.

All these conditions need to be previously reviewed beforehand dealing with the above indicators.

PART II: BACKGROUND AND FRAMEWORK

OVERVIEW OF PART II

This section will offer the theoretical framework and fundamentals of this research project, which takes as its title: *Constructing The Social Personality in Organizations: Essentials of Managing the Social Commitment According the Parameters Reached by the Study "Excellence in Public Relations and Communication Management"*. The theoretical framework is divided into three major subjects: The "Excellence Study" basis and principles; the "Social Commitment" of the organizations and, lastly, the construction of the "Social Personality". In these three major topics we see how the above-mentioned indicators are present and justified in order to be properly used in the discussion part (Part III).

2. PRINCIPALS OF THE "EXCELLENCE STUDY"

OVERVIEW OF THE CHAPTER:

The current chapter offers the reader a more in-depth look at the basis of the "Excellence Study" (as a unique study worldwide in research in Public Relations), the principals of which make our specific research in the area of social personality fundamental. Based on this perspective, we will end this chapter with a list of recommendations to follow and main social and professional functions that Public Relations professionals should consider in order to be excellent while helping in the creation of a solid and effective social personality of their organizations.

2.1 THE BASIS

According to James Grunig (1992), excellence in general management -and in communication management- should make most organizations more effective. He has also argued that "excellent management contributes to organizational effectiveness, although other factors also will contribute to effectiveness". This dissertation wants to find those factors, especially those that influence the efficiency in building personality in organizations. Grunig understands efficiency as "how organizations build good relationships with their constituencies".

In short, the essence of the excellence basis of Public Relations from the "Excellence Study", and for those who do not have time to read the book, it can be summed up by saying that: excellent Public Relations are determined by management that is deliberate, structured and strategic; that is developed at a management level or depending on the most **influential group** of the organization (dominant coalition) and that integrates multidisciplinary functions and activities, separate from other functions of the different communication disciplines. This involves a management knowledge that includes strategic and technical expertise that enables **dialogue and understanding between the parties**. Excellent Public Relations also require **communication** symmetry with the internal public as a sign of quality in the process of Public Relations. They must also be **committed to the ethical and** social responsibility, which are extrapolated to the diverse components of their **social and organizational environment** (Grunig, 2006).

Using the words of the study, "Excellence in management has been the subject of many studies of successful organizations in recent years, studies that have defined successful organizations as profitable, innovative, or growing" (Grunig, 1992). Excellent organizations, these studies have found, have characteristics in common that managers can recognize and attempt to install in their organizations to make them more effective. So, as stated, the main characteristic of excellent Public Relations departments are defined as those that are managed strategically in order to maximize the contribution of communication programs to organizational effectiveness. Therefore, we need to know the indicators that help in the effectiveness aspects of Public Relations.

In this sense, Grunig (1992) set 12 characteristics of excellent organizations, some of which suggest characteristics of excellent Public Relations departments and some of which suggest how communication contributes to excellence in overall management. The characteristics are the following:

-*Human Resources*. Excellent organizations empower people by giving employees autonomy and allowing them to make strategic decisions. They also pay attention to the personal growth and quality of work life? of employees. They emphasize interdependence rather than independence of employees. They also emphasize integration rather than segmentation and strike a balance between teamwork and individual effort.

-*Organic structure*. People cannot be empowered by *fiat*. Organizations give people power by eliminating bureaucratic, hierarchical organizational structures. They develop what organizational theorists call an *organic structure*. They decentralize decisions, managing without managers as much as possible. They also avoid stratification of employees, humiliating who do not enjoy such symbols of status as executive dining rooms, corner offices, or reserved parking spaces. At the same time, they use leadership, collaboration, and culture to integrate the organization rather than structure.

-*Intrapreneurship*. Excellent organizations have an innovative, entrepreneurial spirit- frequently called *intrapreneurship*. Intrapreneurship, too, is related to the other characteristics of excellent organizations: A spirit of internal entrepreneurship occurs in organizations that develop organic structures and cultivate human resources.

-*Symmetrical Communication Systems*. Although studies of organizational excellence do not use the term symmetrical communication, they all describe it with both internal and external publics. Excellent organizations “stay close” to their customers, employees, and other *strategic constituencies*.

-*Leadership*. Excellent organizations have leaders who rely on networking and “management-by-walking-around” rather than authoritarian systems. Excellent leaders give people power but minimize power politics. At the same time, excellent leaders provide a vision and direction for their organizations, creating order and empowerment for their people.

-*Strong, Participative Cultures*. Employees of excellent organizations share a sense of vocation. They are integrated by a strong culture that values human resources, organic structures, innovation, and symmetrical communication.

-*Strategic Planning*. Excellent organizations strive to maximize the bottom line by identifying the most important opportunities and constraints in their environment.

-*Social Responsibility*. Excellent organizations manage with an eye on the effects of their decisions on society as well as on the organization.

-*Support for Women and Minorities*. Excellent organizations recognize the value of diversity by employing female and minority workers and taking steps to foster their careers.

-*Quality is a Priority*. Total quality is a priority not only in words or the company's philosophy statement, but a priority when actions are taken, decisions are made, or resources are allocated.

-*Effective Operational Systems*. Excellent organizations build systems for the day-to-day management of the organizations that implement the previous characteristics.

-*A Collaborative Societal Culture*. Organizations will be excellent more often in societies whose cultures emphasize collaboration, participation, trust, and mutual responsibility.

Some relevant studies on the excellence parameters propose the creation of a different list, depending on the evolution of these principal. Elizabeth Toth (2009), for her part, summarizes the excellence basic principles into the following 10 :

1. The involvement of Public Relations in strategic management.
2. The empowerment of the dominant coalition in Public Relations or direct relationship with the CEO.
3. The integration of the Public Relations function in the organization.
4. The management function of Public Relations is separated from other Public Relations functions.
5. Public Relations unit is headed by a manager rather than a Technician

6. The use of two-way symmetric model of Public Relations.
7. Knowledge potential for managerial and symmetrical Public Relations
8. Using a symmetrical system of internal communication
9. Diversity embodied in all roles.
10. The concern for ethics and social responsibility.

She explained them and the *Excellence spirit* as follows: "Although there were many significant theoretical advances revealed by the Excellence Study results [...] perhaps the most important outcome was the bridge constructed between theory and practice. The purpose of the Excellence Study was to find out what effective Public Relations looked liked, and to explain to practitioners how they could carry out effective Public Relations. It exemplified the best in scientific research by modeling how the gathering of information can have both theoretical and practical contributions." (Toth, 2007). The following pages will address these concerns in greater detail.

2.2. THE "CHOSEN" PRINCIPALS FROM THE EXCELLENCE STUDY

The essence of the excellence principals (Grunig, 1992, p. 16-17) can be explained, in my own words, by summarizing the above mentioned parameters in four main blocks of concepts to analyze, according to (Huertas, S.; Ordeix, E.; Lozano, N., 2012) (Huertas, S.; Lozano, N.; Ordeix E., 2013) (Ordeix; Huertas, 2012): **symmetric communication system, organizational structure, situational theory of publics and strategic planning**. Note that this perspective has been used in much of the research undertaken for the preparation of "The Excellence in the Public Relations Practice in Spain and Chile", explained at the 2013 Annual Conference International Public Relations Association in Zaragoza by Enric Ordeix and Josep Rom.

As Stated by Huertas and Ordeix (2012) the most relevant parameters as well as the sum of the excellence parameters would be the following:

a) Symmetric communication system

Symmetry communication has been one of the most important concepts of the research carried out in Maryland, although it turned out to be a controversial aspect discussed in academic forums worldwide. Symmetry, according to Grunig, is a concept closely related to the dialogue between the parties in the pursuit of common interests, also called mutual understanding. Mutual understanding entails an intense dialogue that, in the end, leads to a shared control of the situation by both those who direct and lead the company and the different publics of the Public Relations process (Grunig, 2006). This is when the bidirectional and symmetric process totters, since in situations of unequal power it is difficult to establish communication processes of equality. Symmetry communication can only occur where intentions are equitable and parity flows between public and organizations.

An interesting perspective is Murphy's (1991) that mixed-motive equilibrium does not necessarily exhibit rigid symmetry in the sense of a pure common interest game. This balance is often an uneasy and precarious one, arrived at by a kind of bargaining dialogue between an organization and its constituent publics. "The speed and skill with which the balance is achieved generally marks the difference between what outsiders perceive as good and bad PR: the quicker the resolution, the less damage the organization's image sustains. Most Public Relations situations are located somewhere along the continuum of mixed-motive games, with some falling toward the zero-sum/conflict extreme and others, towards the symmetry/cooperation extreme", he states. However, Robert Heath, in a personal interview in Houston (2006) considered symmetry as an "entelechy," hard to reach and assume by most of the organizations, due to the weakness of one of the parties that take part in the dialogue. Despite this, he considers the "mutuality of control" organization-publics something desirable despite its being unattainable. He links this subject with 'ideal transperancy' and stated that "Transparency upwards means that a superior or principal can observe the behavior of his or her subordinates or agents. Conversely, transparency downwards implies that subordinates- or those being ruled- can observe the behavior of their rulers" (Heath 2009).

Researchers have identified many characteristics that define the quality of a relationship. However, Hung (1997, 2001), J. Grunig and Hunt (2000), and Hon and J. Grunig (1999) isolated four of these characteristics that we believe are especially important for measuring the quality of organization-public relationships. Of the four, our research suggests that the indicators at the top of the following list are the most important and that the relevance of the characteristics declines as we move down the list:

-Mutuality of control- the degree to which parties agree on who has rightful power to influence one another. Although some degree of power imbalance is natural in organization-public relationships, the most stable, positive relationships exist when organizations and publics have some degree of control over the other.

-Trust- one party's level of confidence in and willingness to open itself to the other party. Trust is a complicated concept which has several underlying dimensions. One of these is integrity, the belief that an organization is fair and just. A second is dependability, the belief that an organization will do what it says it will do. A third is competence, the belief that an organization has the ability to do what it says it will do.

-Commitment- the extent to which one party believes that the relationship is worth spending energy on to maintain and promote.

-Satisfaction- the extent to which one party feels favorably toward the other because positive expectations about the relationship are reinforced. A satisfying relationship is one in which the benefits outweigh the costs. Satisfaction can also occur when one party believes the other party is engaging in positive steps to maintain the relationship.

Research on Public Relations as quality of relationship management represents one of the most important new areas of research in the discipline. In sum, the quality of communication in an organization involves processes with an important component of excellence in management. Therefore, it is not surprising that the quality of services or products offered on the market is measured, in a quite recurrent way, through the media and Public Relations activity. Public Relations practice has its very first test when it develops internally. This is why one of the parameters of excellence is the ability to achieve symmetry in the internal flows of communication between the organization and employees. In the studies where excellence is used as a theoretical framework we see that this component appears as elementary in research work related to the analysis of internal relations.

b) Organizational structure

The organizational structure is another very detailed feature in the Excellence Study. Although one of the main topics of excellence is the management function of Public Relations, we see that excellent Public Relations are, and should be, embedded in the organization as organizations that are open and receptive to the environment emanate relationships and links (Grunig and Hunt, 1984) with the public that constitutes its sphere of influence. Significant Public Relations management in an organization is based on the ability of its members to establish links with key public and opinion leaders.

However, if the Public Relations department centralizes its activity and becomes the sole entity responsible for establishing these links, we cannot consider our work as excellent, as we are sending a barely consistent and barely consensual message into the social environment. The same happens when Public Relations underlie other departments and take a technical role instead of a strategic and directive one.

The management function of Public Relations framed in the study of excellence is complex because it involves applying the philosophy of Public Relations in every department that comprises the organization, including the management team. This is why the study of excellence establishes that the role of Public Relations should be carried out by the dominant coalition and influential core of the organization. We think that inside this study we will not detect a high presence of the management role in Public Relations.

This is what Kathryn Theus (1991) states in one of the Public Relations

Research Annuals when she defends one of the above mentioned principals and may be one of the defenders of this postulates in what we will call “The Maryland Public Relations School”. In fact she considers that, in Public Relations, organizational form has long been considered an important influence on organizational outputs. Much of the thinking that has emerged from the contingency model (Lawrence & Lorsch, 1967) has dealt directly with this issue. The basic notion is that there are multiple organizational forms that are more likely to be successful, depending on the situation the organization is confronting. One of the major tasks of top management is to determine what the most appropriate organizational form is for various situations. It is not uncommon to find business firms in rapidly changing technological fields, for example, that have no formal tables of organization and organizational charts because the organization is in a constant change mode (Mintzberg, 1995).

Is not much when we add that organizations should be permeable to environment and holistic in competences, functions and department’s responsibilities. We must say that boundaries of organizations are less and less important. This is what Robbins wrote in *Essentials of Organizational Behavior* (1984). By removing vertical boundaries, management flattens the hierarchy. Status and rank are minimized. And the organization looks more like a silo than a pyramid. Cross-hierarchical teams (which include top executives, middle managers, supervisors, and operative employees), participative decision-making practices, and the use of 360-degree performance appraisals (peers and others above and below the employee evaluate his or her performance) are examples of what companies are doing to break down vertical boundaries.

Functional departments create horizontal boundaries. The way to reduce these barriers is to replace functional departments with cross-functional teams and to organize activities around processes. This approach turns specialists into generalists. When fully operational, the organization without boundaries also breaks down barriers to external constituencies and barriers created by geography. Globalization, strategic alliances, customer-organization linkages, and telecommuting are all examples of practices that reduce external boundaries.

c) The situational theory of publics

Recent studies of the sector show that the situational theory of publics is very present in this professional activity. In fact, the research carried out by the University of Maryland, determines this theory as fundamental for understanding the functions of the profession, its role and its basic components. From his first papers and especially in "Managing Public Relations" (1984), Professor James Grunig introduced the situational theory of publics as fundamental in order to explain the policy of dialogue and understanding that every organization should have with its environment.

The situational theory of publics was conceived from the idea of mutual understanding through dialogue with the social environment, but also created to satisfy organizations' need of balancing their social relationships with their business and management needs. It establishes the collaboration and linkages with the institutional, political, social and journalistic. This, at the same time, leads to greater acceptance of the organization and its products or services, especially in troubled situations that may hinder the excellent design of the organization and its activities. The sometimes called "Maryland PR School of Thought" conceives of the social environment of organizations as a large number of publics with shared interests with the organization. The symbiosis organization-publics, and as a result of social and public affairs activity by companies and institutions, might improve the commercial and market activity, but not the other way around.

In this respect, most companies must play a primarily social role as organizations committed to people and to its interests. It is therefore logical that the study of excellence includes diversity and ethics, as well as elements related to social responsibility. As a result it is possible to grasp how we are facing a discipline with multiple of roots and sources of knowledge. Most theoretical PR teachers (EUPRERA, Barcelona, 2013) call it the "Multidisciplinary Discipline". That is why the "Excellence Study" states that Public Relations has to be defined independently from other management disciplines such as marketing and advertising, but always within the parameters of social sciences.

d) Strategic planning

When we talk about strategic planning we are referring to the development of a long-term activity that allows for the care and maintenance of the organizational personality. The arguments framed within the parameters of the “Excellence Study” show vicissitudes between technical and strategic and also the need to show how the philosophy of excellent Public Relations is opposed to the purely technical application of this profession. It is obvious that the apparent contradiction between practical and professional, dominated by the executive and technical roles, in contrast to what is researched and analyzed in the academic field, has meant that sometimes colleges have had to reinforce the importance of the strategic role.

The philosophy of a receptive organization to their social environment and to the most important and influential publics means that it fights for the fulfillment of expectations of the groups that surround it. This could hardly be conducted away from the dominant coalition of organizations and the management team. According to Grunig’s theory, it is essential that the Public Relations director work from the overall strategy of the company or organization to later adapt his or her activity to the communication processes, both technical and implemented.

Therefore, the principles of excellence establish that an organization that cares about its social involvement and works to be considered as a company or organization with a collective personality with a strong organizational culture, will hardly be able to work outside of the excellence parameters initially described by Grunig (2006) and extended by Larissa Grunig, Elizabeth Toth and Ray Hiebert, among others.

In the following section the principals related above will be analyzed through a case study and as a sum of the main topics considered for the discussion and placed within the selected publications.

2.3 SOCIAL FUNCTIONS AND VALUES OF THE PUBLIC RELATIONS PRACTICE

We have read many manuals of Public Relations with diverse approaches, which requires us to define the point of view of the author before beginning the research. It is necessary to describe the basics of Public Relations and the multiple linkages it has to many disciplines in the field of Social Sciences. Public Relations can and should link organizations socially. This is, in fact, our only goal. Linking socially is something that certainly can and should include a large transversality and multidisciplinarity of sources in themes and techniques application. As said, the multiple linkages are always set on the Social Sciences basis, and involve the use of the tools and methods of the disciplines that complement and assist the smooth running of the action of Public Relations in organizations.

Mainstream also involves Public Relations with other areas of the communication field proximate to journalism, and in some respects, advertising. This fact has led to many discussions among professionals and academics that support more or less blurred lines between one and the other.

It is well known that Public Relations exist to accomplish 4 social functions as a basic profession (Grunig, 1984):

- Linking publics with organizations
- To ensure that organizations are sensitive to their social environment.
- Prevent and solve social conflicts.
- To help organizations working for the public interest.

Having these basic purposes, we can say that this discipline is crossed with other areas of knowledge that help define a solid academic corpus. Later we will discuss what discipline makes the most defining impression and we won't be mistaken if we anticipate that the real track is the one left by the formation and orientation of each professional, without neglecting, of course, the sector of the organization from where the profession is exercised.

However, the roles that predominate in all types of activities related to Public Relations are:

- **Mediator**. Acting as an intermediary of social conflicts and interests.

- **Prescriptor**. Taking part in the opinion leadership from showing and creating knowledge in the topics covered by the organization.
- **Analystand researcher**. Should always have the urge to know the level of understanding and satisfaction of the actions undertaken by the organization when aimed at different groups of incidence.
- **Critical**. The improvement is to know the position and perception of social groups and whom the organization is in contact with. Being critical in this discipline means the ability to both empathize with publics and improve.
- **Advanced / visionary.** Research social trends that could lead to communication guidelines and social responsibilities of the organization.
- **Supervisor of corporate arguments and guide of the strategic communication plan.** Communication and actions must be aligned and consistent. Public Relations aim to avoid claiming and committing to issues for their organizations that they will be unable to carry out or demonstrate at a later date.

These roles do not shun the idea of eclectic and extensive Public Relations activity that clarifies and emphasizes to a greater or lesser extent depending on the sector of the entity that implement Public Relations excellence practice.

3.MANAGING COMMITMENT

3.1. INTRODUCTION AND OVERVIEW

In their model of the Public Relations process Long and Hazelton (1987) were already placing particular stress on the cognitive function of Public Relations in obtaining determined behaviors. This discursive function, which establishes attitudes within a group, is the one we now incorporate within the concept of constructing organizational culture.

We cannot conceive of a solid organizational culture without consolidated and coherent spaces for commitment. Commitment often gives security to publics the organization is in contact with. Companies and institutions generally become committed with the areas which best generate complicities and confidence; mainly those which are conceived on the basis of psychology as areas of comfort. **Areas of comfort generate security, whilst at the same time establishing commitment from the party who until now had been perceived as the receiver**. As we have mentioned before, this party is now something more than a receiver, given that the communicative process searches them out in order to produce messages and basic concepts, which defend and justify the organization before the competition.

We believe it is worthy of mention that various business owner forums (XVI *Congrés en Entorns de Progés*. Valor-líder: Barcelona, October 2004) consider that there can be no progress without commitment (Cortina, 1996), and that the principal element of progress is in the company's capacity to develop a framework for social responsibility. We can therefore say that real progress is only established when the company is respectful of its basic social environment and balances its business activity with a certain amount of social commitment, beginning with its own employees.

If we consider that the informing and educating function of Public Relations is strongly linked to the capacity to generate complicities among the organization's target publics through rational communication, this could lead us to believe that the emotional element plays only a minor part. This is contrary to that which happens in other related disciplines in the field of communication such as marketing or advertising (Sorribas and Ordeix, 2006), where the affective element becomes significant and achieved complicity is weakened through argumentation. **Internal Public Relations work along the lines of arguments to convince members of the organization, either directly, or through the opinion leaders in each functional area or department**. And although emotion plays an important role in the field of human relationships, there are publics, such as the internal one, with whom it is better to use a descriptive and argumentative style, and not one which appeals to sentiment.

In this respect, we could say that there are two **tendencies in internal Public Relations**:

- Symmetrical bi-directional communication is imposing itself, despite the fact that relationships between persons on different levels (Heath, 2000) of power will never be able to establish themselves with the same conditions and abilities of those involved. As we have seen, the new supports provided by interactive environments are fundamental in this tendency.
- Knowledge management theories are becoming the methodological basis from which to select information so that it might be best adapted to the receiver, regardless of their department or area of work, creating new online internal computer applications (Shah; Cho; Eveland; Kwak, 2005).
- Therefore we can argue that there is no communication without commitment (Negus and Pickering, 2004). We are either addressing a subject of mutual interest to both parties or there is no real communication and we are facing very technical communication, with a low effectiveness index. Social responsibility for businesses has the momentum it has in part because of this tendency to establish areas of commitment associated to general interest. This naturally has internal effects within organizations, with regard to both the fulfillment of expectations and joint responsibility in the management of the content, which appears in the communication process.

3.2. INTERNAL RELATIONS AND KNOWLEDGE

Nowadays, knowing the interests of the internal publics's companies gives potential to a positive organizational synergy, partly because it merges company's interests with social interests. Besides, when managers have got a better knowledge of the organization's member's objectives the company comes up with a better internal development by using interactive tools adapted to personal requirements and needs. This leads us to state that knowledge management principals help to settle a strong corporate culture and, as well, help to legitimate the corporate values among internal publics. Knowledge management seems much more interesting for a company to achieve a suitable way to organize the large amount of information available. Moreover, it also helps to create communities or groups between the employees that mixes up and connects them. Innovating knowledge helps to establish the values of the company and the attitude to transfer them to all its publics.

This chapter intends to define how to build these common values through competitiveness, training, and management procedures. People's personal development depends on such elements as information, knowledge and training, which together enlarge their skills. Competence management helps improve abilities, knowledge, attitudes and values, although it has to be implemented through a broader scope of internal communication and knowledge management. As a result, the implementation of corporate values along with strong commitments strengthens the organization's personality and employee's development.

We constantly come across concepts such as responsibility or social balance; however, it seems that they are mainly perceived as basic elements of external relations, making their presence in internal relations procedures less noticeable. That is, many companies focus their efforts on achieving a great external image over establishing a good internal environment.

Individuals constitute the most important added value for an organization in a competitive and experienced market; a fact that calls for internal relations management to encourage their development. Indeed, relationship management is more notorious if we observe the way multinational corporations constantly look forward to reaffirming their internal policy while facing a decentralizing tendency, as well as building trust with their qualified personnel (Spicer, 1997). Success and motivation rely on the satisfactory relations between the organization and its members. These relations are the result of a communication process in which both management staff and employees should play a relevant role in creating a close internal environment and a solid corporate culture. Consequently, a proper internal communication policy should consider an information and a relationship management plan (Wilcox; Cameron and Xifra, 2006).

In order to succeed, the need to implement new communication techniques, encouraging dialogue and achieving a better understanding between both individual and collective objectives exists. This way, the organization makes all the organization's components responsible for its health and progress, since they feel they are an important part of it. This idea responds to the concept of "communication as a process led by its own actors' responsibility (Ordeix&Botey, 2005).

An internally responsible attitude implies a better understanding and a better management of personal competences; which leads the nature of professional competences into the context of the organizational culture. Besides, both a growing intercultural context and today's unavoidable globalization call for the need for organizations (mainly companies) to adjust to the market's demands: they need to be more global while building their trust, making a difference in order to face their competitors' pressure.

This chapter seeks to convey the idea that the implementation of a change in human resources policies for those organizations that are culturally changing while getting global. This chapter suggests new management models for organizations.

3.3. ATTITUDE AND VALUES IN ORGANIZATIONS

Companies that get involved with strong social activities normally have very defined corporate values. Values can be defined as the collective attitudes of the components of an organization towards a specific social environment, which could be environmental, social, and cultural, etc. (Cortina, 1996). Many companies have made the implementation of these particular values their differential sign (See Volvo and its safety focus).

Companies that are coherent with their social commitments are more likely to make a difference among competitors. Although the market rewards a wider commitment, it seems obvious that companies prefer to continue to be focused on commitments that are related to their business. The organization's social commitment should be developed from (and along) its professional philosophy, which will be shaped according to the values of the company's organizational culture.

As a brief introduction to organizational culture; We define it as a set of assumptions shared by the members of an organization, represented through behaviors and cultural artifacts (such as symbols, rituals or language), that guide the behavior and judgment of the members of an organization (Kotter and Heskett, 1992). According to Schein (1992), culture is the set of values, collective behaviors, and ways of thinking and acting that belong to the majority of the members of an organization. It is the non-written law that determines the elements that shape the sense of belonging to a group. Grunig and Hunt (2000) defined culture as all those values, symbols, meanings, beliefs, and **shared expectations that organize and integrate a group of workmates**. An appropriate values management and a better definition of the collective attitudes lead to a better internal communication and to cultural cohesion. On the other hand, we cannot forget that managing professional competences (abilities, capabilities or knowledge) can also help in achieving this goal since they play a relevant role in the construction of the organizational culture.

Training policies for employees are focused on the improvement of their professional competences from an individual standpoint. However, individual and competent employees should develop their activity in organizational contexts where that individuality, considered a very important value for the team, should also be oriented toward the team and the organization. Therefore, the team's competence, also known as collective competence (Le Boterf, 1999), is not just an addition of the individual ones but a detailed combination of both, which generates a team spirit and an added value to a section, department, or organization.

We can describe ***individual competence*** as the "combination of knowledge, abilities, and attitudes according to some other personal attributes such as capabilities, aims or character. These derive from experiences both at the professional and the personal level reflected through behaviors at the workplace." (Navío, 2005).

To achieve this individual competence we need:

- **Individual resources** (knowledge, capabilities, attitudes, aptitudes, motivations and interests) that make a person competent
- **Resources provided** at the workplace such as relational networks, job assignments, tools to perform the working task, etc.
- **A dynamic combination of both** resources. Le Boerf (1999) identified the need to combine them according to the demands of each context. This will lead us later on to the concept of knowledge management.
- **Social recognition** of the individual professional activity and the organizational development.

Management is necessary in organizational contexts since individual competences are integrated with each other. Pereda and Berrocal (2004) observed the following:

- A shift from considering individual competences to describing the competences that the organization needs in order to accomplish its goals.
- A previous analysis of the organization's competences has become a basic part of the strategic planning process.
- Human resources and communications professionals should work together since they are crucial for the organizational strategic process.
- Human resources management is now focused on improving employees' potential, possibilities and responsibilities while working strategically on behalf of the organization. Now every member participates in a collective project, instead of an individual one.
- Therefore, programs of competence development are a key factor in the development of the organization.
- Managing competences implies transparency in information, contributing to a stronger commitment and trust.

Lévy-Leboyer (1997) states that the learning tools should be considered in order to know whether those (*difficult* and *unknown*) experiences are favorable for development or not. This fact also reflects the need for employees to be trained on how to work with each other. This need is even more conspicuous considering the growing multicultural working environments in the world, as a result of globalization and the expansion of companies into multinational corporations.

In order to apply this competence development program it is relevant to study the relation between individual and organizational expectations in order to avoid the usual mistake of imposing social requirements over individuals' responsibilities. Mertens (1998) observed two other conditional factors to align these requirements of the competence development cycle: the **employees'**

awareness of their level of responsibility (they should feel free to make decisions when needed), and the practice of a constant thinking process at work.

During this process, management should strive for employees not to fail to comprehend the common focus, values and goals of the organization. In addition, while learning how to work within new multicultural environments, employees should.

- **Be constantly informed** by the organization (through intranet devices, published information). Interaction appears as a basic element for the Public Relations project of an organization. Immediacy, adaptability of the organization to the publics of interest, and availability of content favor a better knowledge of the organization among its members, especially concerning its values and social compromises (Holtz, 1999).
- **Be rewarded for developing their individual competences** and contributing to a better internal communication within the organization. Offering gift certificates, mission statement contests or cross-training programs -in which employees can train and participate in duties performed by other members of the company- are useful strategies that can encourage employees to learn all aspects of the company they work for.

In this way, competence development is the result of a close collaboration between an individual, who provides input to the working process, and the organization, which provides the tools for the development of his competences. Times for discussion and thinking, or the possibility of handling an agreed upon level of responsibility are other examples of this process.

3.4. ORGANIZATIONAL CULTURE A PREVIOUS STEP TO SET COLLECTIVE PERSONALITIES

In this chapter we are talking about the organizational culture concept as well as the way of building organizational culture by knowledge management and the key factors for strengthening organizational culture.

3.4.1 THE ORGANIZATIONAL CULTURE CONCEPT

The link between identity and values and the personality of the organization can be understood from a definition of the concept of culture. Basing our definition on that set out by various authors, we understand organizational culture to be the set of values shared by members of an organization, manifested in their own cultural behavior and expressions, symbols, ceremonies, rituals, language, style of communication, etc., guiding the attitude of its members and determining the organization's relationships on both the inside and outside whilst logically also exerting an influence on motivation and the level of involvement and commitment employees have with the company.

Edgar Schein (1992) understands organizational culture[1] to be a set of assumptions shared by members of an organization, manifested in the behavior and cultural artifacts of the organization itself (language, style, rituals...) and guiding all members of the organization in their actions and in making coherent and stable judgments of their own behavior and that of others.

According to Kotter (1985), culture is a set of values, group behaviors, and ways of thinking and acting by most of the members of an organization, and it is transferable to future members. That which is not written determines the elements that constitute the feeling of belonging to a group.

In summary, we can say that organizational culture is the sum of shared values, meanings, beliefs, conceptions and expectations, which organize and

[1] Many authors make no distinction between organizational culture and corporate culture. The concept of organizational culture refers to all types of organizations including those that do not have a business objective, whereas the concept corporate culture refers only to the latter.

integrate a group of people who work together. We must take into consideration the fact that values, assumptions, attitudes, behaviors, beliefs and feelings are implicit elements of the organization which are only observable through the symbols, rituals, myths, language, communicative style and organizational dynamic.

If we understand corporate values to be the attitude preached by the company and upon which its principles of coexistence are based, companies thatseek to generate a strong social activity and establish significant internal cohesion tend to have their social values and complicities very well defined. In fact, a company is no longer understood to be socially committed if it has not adequately developed its reference values.

Therefore, as we have stated, a company generates an identity to differentiate it from the competition when it demonstrates coherence with the attitudes it expresses (Grunig, 1992).

Jordi Busquet (2006) states that interactive media allow new methods of private cultural consumption, new scenarios that produce a closer distance between the creations and usage of media. This is just what happens when companies use the employee portal not only to inform but also to share. A positive organizational culture starts from this point, when there is a real accessibility to media and internal publics can be proactive in delivering and producing messages.

3.3.2. BUILDING ORGANIZATIONAL CULTURE BY KNOWLEDGE MANAGEMENT

It is essential to focus both globally and in an integrated way, considering relations and the context where they take place (Negus and Pickering, 2004): the traits of organizational culture and the objectives that set the human relations policy of the company or organization.

We can emphasize three basic tendencies in internal relations management:

- *Dialogue*. The importance of two-way communication is growing (Dozier and others, 1995) although it is known that communication between persons of different power status should not take place with the same conditions for both parts. This is what Grunig (2000) would call "mutual comprehension".

- *Knowledge*. It is the tool that selects the information and adapts it appropriately to the receiver, according to his department or working area, and personal interests. This way, the blending of collective and personal objectives happens to be in the same track with the needs, requirements and interests of both employees and the organization. Knowledge makes behavior. (Long, 1997)
- *Commitment*. There is no communication without commitment. Real communication doesn't exist if there is not a real mutual interest. In a situation with a lack of it, communication would be technical rather than strategic, being effective in the short term, but not in the long term (Kreps, 1990). A transparent attitude, open to dialogue, has internal effects in the cohesion of organizational culture due to the effectiveness in the individual and collective contexts, as well as for the capacity to satisfy the expectations generated by these compromises and explicit attitudes (Noguero, 2000).
- *Leadership.* By effectively communicating the need for universalizing the values of the organization throughout management and employees the company will successfully achieve an internal environment of understanding. This can be accomplished while having positive and focused personnel with the ability for open communication, discussion and conversation throughout the organization.

These tendencies are essential in the practice of adapting the messages of the organization to its cultural reality, its values, and its persons. Grunig and Hunt (2000) illustrate the correlation between communication, knowledge and organizational culture. They state that communication makes available many benefits, since participative cultures enjoys an organization’s greater projection in terms of social image because its members are highly knowledgeable of the objectives, character and procedures of the organization.

Knowing the interests of the internal publics leads to a greater organizational synergy, which contributes to making employees more motivated, and blends their interests with those of the organization. Besides, a better knowledge of the organizations' members' objectives (both individually and collectively) allows the company to come up with the formative and informational needs of the organization.

When talking about settling an internal positive atmosphere through knowledge Antoni Navío (2007) states that:

- A person's development doesn't depend only on his own attitude but on the communicational behavior of the organization.
- The professional competence of individuals derives from cognitive and emotional factors that exist both in an individual and in an organizational level. (Long. 1997)
- The combination of these factors determines the potential of relation between the organization and its members, without forgetting that there are other factors that condition the members of the organization, such as cultural differences, the workplace environment, the leadership skills, the area of the organization, or the recent history.

However, there is no doubt that the possibilities for personal development are the key for cultural definition and cohesion. There are formative and communicative systems that prove it. We know that competence management develops abilities and knowledge, as well as attitudes and values that are likely of a participative and dynamic communications model. This is the human resources perspective associated to the philosophy of "knowledge management". On the other hand, the capacity of the organization to apply interactive systems *on line,* influences these factors to grow more or less.

We will now turn to the discussion to the relationship between knowledge management and internal relations as the way of building a strong corporate culture. In fact the perspective of dealing with these relationships determines the effectiveness and results in terms of profitability and development.

3.4.3. KEY ELEMENTS FOR STRENGTHENING ORGANIZATIONAL CULTURE

Communication processes towards employees require a large amount of knowledge of the principles, characteristics, composition of the organization to create a solid organizational culture (Redding, 1972) (Daft, 1998). In the article "Furnishing the Edifice: Ongoing Research on Public Relations As a Strategic Management Function" (Grunig, 2006) Grunig illustrates, as he did in his previous publications, the correlation between communication, knowledge and organizational culture. Grunig states that communication offers a great many benefits, since participative cultures enjoy a greater organization's projection in terms of social image because its members are highly knowledgeable of the objectives, character and procedures of the organization. This can be termed *opinion leaders' transfer of knowledge*.

The net is full of so many virtual communities, millions of users who establish different type of relations with other users around the world, who have their same interests, opinions, values, etc. (Le Boterf, 1999). There are many companies, which need to create virtual communities. Knowledge management and Public Relations in virtual communities are essential to achieve the engagement between the corporation and its publics (Harris, 2001). This is possible through the relations they establish with the opinion leaders, considering them as the ones who are able to transfer knowledge, opinions and corporate values to a large number of people.

In virtual communities, lots of companies count on opinion leaders to enlarge the awareness of the corporate values in the virtual space. Those opinion leaders that keep the corporate information up-dated on the net are the ones who lead cultural changes and adapt the company to the social claims. We are going to talk about how grass-roots communication process enables social involvement, engagement and commitment. This only occurs when the organization is an opened system and has a horizontal communication structure (Mintzberg, 1992). It is worth keeping in mind that one of the most important functions in Public Relations is to avoid incomprehension between the companies and the publics, as well as, to make the information available to everybody. When a company tries to dialogue with publics, it is in fact looking for internal and social support to legitimate and reinforce corporate principals and values. This can happen either way, internally or externally.

3.5. EMPLOYEE'S KNOWLEDGE: THE INTERNAL LEGITIMACY TO ORGANIZATIONAL MANAGEMENT

As previously articulated, we legitimate an organization when listening to the ideas and opinions of the users. At the same time, Public Relations work to establish different ways of communication between the corporation and all its publics. The hardest and most important job for Public Relations is to achieve engagement and two-way symmetric messages between all its publics (Grunig, 1992). These messages are always based on the social values of their publics. These values are the ones that the company establishes as theirs; otherwise it is very difficult to achieve the corporation's business management aims (Duarte, 2007).

Legitimacy and power are two main central variables for every public[2] and they help explain the influence of a specific stakeholder within the system (Mitchell, Agle, and Wood, 1997). In fact, as we said, this is the main purpose of many companies that try to align their corporate culture with society, internal and external stakeholders. This gives a lot of potential to companies. In fact, power can exist in any of these forms in relationships: coercive, utilitarian, or symbolic. Coercive power is that related with the use of physical resources of force, violence, or restraint. Utilitarian power is that based on the exchange of material or financial

[2] While both the terms 'publics' and 'stakeholders' can be used here, usually 'publics' is the preferred term.

resources. Symbolic power is that based on symbolic resources – normative symbols, like prestige and esteem, and social symbols, like love and acceptance (Kotter, 1985). Legitimacy is defined as "a generalized perception or assumption that the actions of an entity are desirable, proper, or appropriate within some socially constructed system of norms, values, beliefs, and definitions" (Mitchell, Agle, and Wood, 1997; cf. Suchman, 1995). Legitimacy and power can exist independently or can be combined to create authority. Working for the general interest is normally recognized as a valid way to develop moral authority. And this is why some corporations decide to work under the claim that they are satisfying a general social demand, complementing the public administration tasks, and not only a market demand. When doing this, it is fundamental that corporate values emerge as coherent with this social demand and they should be aligned with social values. The symbiosis between society's values and corporate values is achieved when the balance of interest and expectations is successful. Big corporations use this as a way to distinguish themselves from others. Therefore there is no sense in dealing with values and corporate commitment separately from social demands and expectations (Ordeix and Duarte, 2007). Again this occurs for both types of publics, internal and external.

3.6. VIRTUAL COMMUNITIES A BRIDGE FROM INTERNAL TO THE EXTERNAL MANAGEMENT OF THE COMMITMENT

From what we stated we can consider knowledge management as the process used to organize and maintain the information in a corporation in order to offer it to a community of users. So, then we have to be aware of two types of knowledge. Explicit knowledge is the information kept in documents, which establishes the rules and methods at work in a corporation (Saiz, 1999), meanwhile, tacit knowledge can be considered that which belongs to the employees and it is composed of the private values, opinions, experiences, etc. and not settled in any type of document (Bustelo and Amarilla, 2001). The employee portals, when they are developing virtual communities, normally include both kinds of knowledge.

Helena Aranda (0glesby and Adams, 2009) considers that, in fact, virtual communities are spaces on the Internet where users exchange knowledge and opinions that satisfy different types of user needs. At the 21th Annual Conference of the International Academy of Business Disciplines in April 2-4, 2009. St. Louis, Missouri, she stated that first are the communities with a lot of transactions: they contain a large amount of information about different products and services, normally the users of this type of community are people who sell or buy these products and want to know different opinions of them. Another kind of need is linked to community interest, in which we can find users who talk about specific themes. The users talk between themselves but they hardly ever meet one another. The third type are fantasy communities in which the users can create a fantasy persona in a different universe. In this type of community, users generally don't use their real names (see the Happiness Institute of Coca-Cola). It is in this last type of virtual community that users establish personal and private conversations with other users in order to engage with specific contacts. When the employee portal and knowledge management principals are excellent, the company's potential is much greater in terms of training, financial growth, product sales and positioning, empowerment of staff and organizational efficiency.

Aranda states that the main reasons why corporations create virtual communities are in order to promote dialogue with a two-way symmetric relationship between their publics (internal and external). The relationship of an organization with the internal is a way to relate it with the community. A new challenge appears when the companies are no longer based on a specific site or headquarters and are spread out all over the world. To keep the company's culture tight, the objective is to achieve a mutual understanding, in order to learn and innovate and at the same time, teach and help its publics to feel attached to the corporation.

This is only going to be possible if they all (corporation and publics) share the same values. These values are going to be the ones that the corporations are going to establish as theirs in order to encourage engagement. This is also possible because of opinion leaders' attitudes, which helps to create partnerships between all of them. In fact, as argued in previous chapters, there is no communication without commitment. Furthermore, there has to be a mutual and real interest between both parts in order to have a good and appropriate communication. A suitable attitude for a transparent dialogue also helps to establish the corporate values and, at the same time, it attracts the publics to the corporation or institution (Payne, 2009).

And the final, but not for this less important, consideration would be that there is no way to garner more and more social support, internal and external, if we do not count on the possibilities that knowledge management principals open to companies and organizations. When knowledge management and the employee portal are both excellent, then the company's legitimacy will continue to consistently increase. Spreading out the net and tightening personal relationships amplify the margins for the organization to react when dealing with crisis management specific situations.

In sum, real understanding appears when organizations apply one to one communication that allows a better alignment between key publics (especially internal) and the company. The public-organization mutual interest, so often discussed by scholars, is basically built when communication tools allow it and when the organizational system has achieved fair and bidirectional communication.

3.7. RESETTLLING NEW PROFESSIONAL ROLES

Consequently, the new professional roles of the person in charge of internal relations in this new organizational framework are (Grunig, 1992): to mediate conflict; to act as a prescriber for everything relating to information about the industry and the organization; to investigate aspects which could potentially become an opportunity or a conflict; to develop a critical spirit; to research tendencies that could influence the organization's working dynamic; and finally to supervise and guide strategic communication policies in order to make them coherent with the social expectations of employees.

As internal relationships dictate, Public Relations must take responsibility for the construction of a solid corporate culture, a fact that requires constant monitoring, and often the reconfiguration of communications management in accordance with the values of the organization (Ordeix, 2005). Organizations' investment in internal relations is meaningful because it brings with it increased returns and prestige for the organization, and represents medium and long-term benefits according to the level of commitment and expectation generated.

Before moving on to the next chapter, it is worth noting that we will continue to be talking about roles throughout the duration of the present research. Remember that the strategic role played by Public Relations is fundamental to set the level of social commitment, perceived as the added value of the organization by so many publics. I believe these ideas are no that different form Heath when he says we are playing a more strategic role that involves the research that "public relations theory and research become more sophisticated, this kind of complex longitudinal research will emerge, eventually leading to reliable guidelines for strategic practice, even in situations like those faced by regulated high-tech industries." (Heath, 2009)

4. THE MANAGEMENT OF THE SOCIAL INVOLVEMENT

4.1. INTRODUCTION

For some time now we have been debating the concepts that determine Public Relations processes. The recurring objective of many studies is to provide a basic description of these processes and their effects, as we often think that by explaining how the activity is structured we are describing our discipline. We are forgetting, however, to study the organization as a prior stage to the implementation of actions and campaigns. In both the professional and academic spheres we tend to highlight the explanation of techniques and specialties, whilst neglecting the study of the organization and its characteristics (Jammernegg, 2007).

It is essential that we once more introduce a focus on analysis of the identity and personality of organizations, and its adaptation to the social characteristics of the environment. In Public Relations, although a command of support techniques is necessary in for the organization's message to be better understood, we must not allow ourselves to neglect the characteristics of the organization, as to do so would be to run the risk of transmitting an incoherent message with regard to the organization's characteristics and operations.

Public relations contribute to improving corporate values and the credibility of the institution. Yet, despite the important role played by the management of values and the commitments deriving from them, studies and methodology in this field are poor; here we hope to make a minimal contribution to their enrichment.

We would like to highlight a subject that is related to new ways of generating internal involvement in companies and other organizations facing a revolution in the form of the application of new organizational systems, which affect human resource and brand management. We believe this to be at least partly a consequence of democratization of the information we are exposed to by new technologies. Within this framework organizations, and in particular companies, have become increasingly concerned with defining and constructing the personality of the organization and its areas of interest and social commitment. We believe that the first step in a lengthy Public Relations process resides principally in the formation of a group identity within the different environments in which the organization operates (Wilcox, Cameron; Xifra, 2006). In this respect, management of the organizational culture becomes essential for development of the elements, which will construct the message addressed to the *publics.* Identification with the organization's values and message increases the level of participation within entities and constructs an area of understanding, the backbone of Public Relations activity. This area of understanding does not exist between people if there is not commitment from both sides. However, commitments are expressed through values (Schein, 1992) and generate expectations that have to be satisfied to win credibility.

When faced with this subject we must address two subsidiary questions. The first is to establish the fundamental principles governing the processes of internal participation in organizations (Grunig, 1992) and to determine the basic functions and professional roles deriving from this. And the second is to open a debate on internal relationships in a new globalized market and establish the role that Public Relations must play in this sphere (Van Ruler; Vercic, 2004).[3]

In summary, in this discussion we must ask ourselves about the new role the profession must adopt in order to keep corporative/organizational culture cohesive and latent with regard to new challenges and emerging tendencies in extremely demanding dynamic social environments and in markets with new sensibilities. We must not forget that, among other factors, both internationalization and new technologies have provoked a succession of social changes which have affected the management of organizations and which have also at the same time generated new approaches in the field of communications and Public Relations. We have taken into consideration three fundamental aspects when initiating the debate: the construction of identity and values as a backbone

[3]. *7th* European Research PR Association (EUPRERA) International Congress. *New Challenges for Public Relations.* November, 10-13, 2005. Lisbon (Portugal). Van Ruler, B. & Vercic, D. (Editors) *Public Relations and Communication Management in Europe.* Berlin: Mouton De Gruyter, 2004.

for organizational culture, the internal effects of social responsibility when constructing reference values with and between employees, and finally processes and methods for internal relationships as a form of expressing commitment and achieving consensus within and between the different sectors of the audience which comprises the entity.

4.2. MANAGING THE ORGANIZATION IN A SOCIAL ENVIRONMENT

We start from the consideration that changes in organizational systems (Mintzberg, 1992) favor the cultural cohesion of organizations and that the effective cohesion of this culture is dependent on a good internal communication process. This is provided, to a great extent, by the environment, the history, the sector, the leaders and obviously, the people comprising the teams.

In an international context we see that in recent years the biggest European companies have replaced their general communications and Public Relations departments with specific departments, which highlight the diversity of tasks and functions within the field of communications and Public Relations, among which appear specific areas exclusively dedicated to the analysis and management of organizational culture (Otero, 2006). The need to create a solid corporate culture in a changing and globalized market has led to, among other things, the development of activities aimed at the social construction of the brand, the definition of values and the improvement of internal participation and communication.

Finally, it is not possible to understand current organizational management if we do not take into account the evolution of new techniques that favors interaction. These new tools help to align individual objectives with the organization's group objectives. Comprehension, dialogue and participation are concepts, which are already integrated into current human resource policy management. Therefore, transparency of information is established as a basic necessary change for all organizations in an ever more interconnected and globalized world (Adams; Alhafaji, 2006). This was stated at the Annual Conference of the International Academy of Business Disciplines in San Diego in 2006.

These social and economic changes have not favored the development of Public Relations as a professional field, however. The following could be seen as elements which have obstructed its evolution: communication has often been viewed as an additional task of little short-term benefit rather than a priority for adapting to the environment and a means of ensuring the future of the organization; internal communications, and as a consequence internal relations, often assume tasks which are considered appropriate but which correspond to activities in which all the other departments or functional areas must be involved; and finally, commitment management is closely linked to satisfying expectations and its establishment therefore generates reticence due to fear of failure (Oglesby; Adams, 2008).

The construction of organizational culture may be understood to be a basic element in preserving an organization’s being positively accepted by society, with the effects on the market that this entails in the case of companies.

The company strengthens its attitude when it commits itself to aspects, which interest or comprise the social activity of the city or country in which it operates. This identity and these values are often expressed through public activities, or through declarations of corporate principles, such as deontological codes (Botey and Ordeix, 2005) or plans and reports pertaining to sustainability and social responsibility.

4.3. PUBLIC VERSUS SOCIAL RESPONSIBILITY

A company’s commitment is linked to its level of responsibility. The first level of commitment is linked to basic company management, while the second is linked to citizens.

Expressed from James Grunig’s (1995) point of view, public responsibility is understood to be the commitment that derives from the basic management of the organization; social responsibility, on the other hand, comprises that which derives from the ability of the organization to develop roles and therefore influence the society around it. Despite the fact that, on a basic level, the organization has to follow established norms and comply with the labor and economic commitments which derive from its own management, on a second level, responsibility is developed by influencing a broader social environment and becoming involved in areas of general interest which transcend the organization's reason for being[4].

We do not understand an organization to have established social commitments without it beforehand having the attitude to fulfill internal commitments with its employees. It would be improbable to think a company expresses an attitude differently outside to inside. What is more, it would be counterproductive to think that an organization uses a language or acts or reacts differently towards its main body of opinion (its employees), those who generate messages to the outside and who, at the same time, enjoy great credibility.

The role of internal relationships is therefore fundamental in bearing testimony to an organization's public responsibility and as a step towards solid and coherent social responsibility. In this respect, if we do not align individual and group interests, those that affect the closer environment and the broader, it is difficult to group concerns and satisfy expectations as an organization (Otero, 2007). As stated at the *International Association Business Communicators. General Conference*. Washington, June 1999, it is clear that internal relationships, present themselves as a weapon to combat discrepancies and promote consensus between groups within an organization (Oglesby; Adams, 2008).

Professional management of internal relationships[5] is a field of undoubted value for organizations wanting to bring cohesion to their organizational culture so

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[4] Grunig describes a succession of elements which we can consider basic for a company to cross the threshold of public responsibility and become socially committed: the economic effects of the social activity on the receiving group; the quality of the activity on terms of management and the capacity to fulfil the expectations which are generated; the social effects of actions and the correlation and coherence of this activity with the attitudes the company wishes to promote; and the financial load it represents for the social investor. Percentage of the social balance compared to the accountable balance linked strictly to the company's business.

[5] *Internal relations vs. internal communication*. Although we understand internal communication as the information which is transmitted and maintained between the different areas, departments or people comprising a company or organization, internal relations are awarded a broader meaning, including as they do interrelations which are

as to better develop its attributes or differences. The growing importance of this field within the organization is mainly due to its ability to adapt messages to cultural reality, its values and people. It is for this reason that communication processes aimed at employees require significant amounts of knowledge of the principles, characteristics, and composition and processes for creating a solid organizational culture (Kotter, 1985), often supported on the pillars of social responsibility.

Grunig and Hunt (1984) state the correlation, which exists between communication and organizational culture: bi-directional communication is a typical element of participative culture, whereas unidirectional communication is for companies with an authoritarian culture. In this respect, these authors state that communication provides considerable benefits, as participative cultures enjoy a better return than authoritarian cultures with regard to social image, and social responsibility is a form of expressing this.

The new models of participation permitted by new information technologies necessitate greater transparency and commitment, promote greater symbiosis between organizations and their environment, and establish a *two-way* effect to bring consensus. When this happens, the target audience is also the transmitter and improved two-way information is established. In fact, we know that successful internal relationship processes are those that allow communicative symmetry, because they manage to achieve areas of common interest. Many definitions of Public Relations have now integrated these concepts.

We can therefore now make a list of an organization's new needs for internal communication and relationships in the new organizational context we have described:

- To give coherence and confidence to actions and general processes for change whilst correcting arbitrariness. To therefore improve financial and time savings in the analysis and application of strategy.

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not based on any informative act. These two terms have often been used synonymously, both working basically on internal flows of communication which are established between the people and the organization itself, and at the same time on the communication processes, channels and tools which are used to generate a climate of confidence between the integral members of an organization.

- To create a solid corporate culture: to establish an individual style and align individual and group objectives.
- In particular, to make all employees aware of the importance and need to control communicative processes, so that they add value to the organization and its brand, and demonstrate their effectiveness and valid contribution to the attainment of "business" or service objectives.

This leads us to think of the strategic role internal communication plays in managing the commitments, which explain the personality of the organization in its various areas of interest.

Involvement in subjects of general interest to the social environment often entails a type of communication, which is inspired in personal relationship dynamics unrelated to the mass media. One danger for the organization is to be left outside the debate if it does not establish dynamics of participation and limits itself to being a mere spectator. Having once been the main transmitter, it is now relegated to accepting the role of a channel. Or, put another way, the previously passive receiver of the message now becomes the active and dominant party in the communicative process.

An organization's commitment to subjects of interest to internal *audiences* means that this command of the communicative process is not displaced to the old receiver but remains within the organization as a thematic and conceptual reference. Furthermore, despite the fact that a tendency towards Grunig and Hunt's fourth model (1984) (Xifra, 2005), the *two-way symmetrical* model, is preferable, we find that many organizations will fight to remain within the *two-way asymmetrical* model, due to the fact that directors erroneously believe this will give them better command of the situation and the activity of communication (Grunig; Grunig and Doziers, 2002).

The contribution of communication as a form of expressing areas of commitment is therefore of paramount importance. Expressed values must coincide with actual actions, as Schein stated, in order for there to be a coherent perception of them (Harvard Business Review, 1999). As stated before, major crises stem from incoherence between that which is expressed and actual actions and how this generates incoherence and unsatisfied expectations. Communication serves to generate the correct attitude to provide a value, which will conceptualize and determine the identity of the organization. Cultural cohesion and consensus are achieved in that internal communication and, by extension; internal relationships contribute to the balance and symbiosis of interest among the organization's members and external publics.

4.4. OPINION MAKING, AGENDA AND LEGITIMACY

A basic definition of legitimation is: an act of faith based on the sharing of the same values and objectives of both sides. However, this concept has been applied in many different situations, not only in conflict mediation –where the essential aspect is to find a common ground for each party in the conflict– but also in PR theories that highlight legitimation as a basic consequence of the development of PR techniques. The aim of this paper is to summarize the PR practices that form the bases for the building of organization legitimation in a context where civil society is the core actor of the public sphere. Today, legitimation is fundamental to understanding how different conflicts (i.e. corporate, political, identity) have to be solved. For example, while Ordeix and Duarte (2009) write about the legitimation process of corporate actions, San Eugenio (2013) has developed one of the most interesting theoretical compilations in country-branding, taking the Joseph Nye soft power theory as a basis of his work.

Organizations are usually seeking for legitimacy to act and represent; this is part of the leadership principals, being the first stage for successfully shaping the effect of public diplomacy. In fact, we need to pursue a number of standards to engage citizens into building a society based on commitment and mutual understanding. We can state these standards as follows.

***We are using given* legitimacy to reinforce core values of most representative organizations of the community**. Many experts say that globalization means localization. One thing goes with the other. Opened organizations are more and more synergetic with local opinion leaders, especially those who are part of the close community.

Groups and organizations strengthen their attitude when they commit themselves to aspects which interest or comprise the social activity of the city or country in which they operate. This identity and these values are often expressed through public activities, or through declarations of organized group principles, such as deontological codes or plans and reports pertaining to sustainability and social responsibility. The greater the number of Public Relations actions organized by a given company, the greater will be their legitimacy in the social arena. There is a certain fight to keep the opinion leaders' support in order to achieve more and more social legitimacy.

Legitimacy and power can exist independently or can be combined to create authority. Working for the general interest is normally recognized as a valid way to develop moral authority. And this is why some organizations decide to work under the claim that they are satisfying a general social demand, complementing public administration tasks. When doing this, it is fundamental that organizational values emerge as coherent with this social demand, and both should be aligned. The real symbiosis appears when society's values and organized groups/organizations values are successfully balanced of interest and expectations, a key element of modern legitimacy (Ordeix, 2010).

Emerging new opinion leaders is one of the most important worries for Public Relations managers is to keep opinion leaders 'under control'. In the contemporary world of the online social networks this is becoming increasingly difficult: the reason has been explained by professor of Maryland University, James Grunig (2006), who defined the activists as those who employ the net as their own means of communication. Those groups have a wide variety of sources of information to build up their arguments to become part of the agenda.

Having a list of key people with names of individuals and groups of influence and setting strategies to approach them is nowadays required in any PR practice (Ginesta, 2013; San Eugenio, 2013). Nevertheless, these groups can work against each other when they are competing for the same core values in terms of sustainability, equity and ethics, among others. When dealing with several publics/stakeholders we need to identify the opinion leaders who are acting against or for the general interest. Institutions, companies or other kinds of social organizations (for instance, Non Government Organizations) like to have their own ambassadors spread all over the world to defend and fight for their causes. For example, the synergies established by the Catalonian soccer club, FC Barcelona, and the government of Qatar can be analyzed using this perspective. San Eugenio and Ginesta (2013) identify a country-branding strategy for Qatar when the Arabic country is using FC Barcelona as a social ambassador in Europe.

Opinion Making and public arena. We cannot conceive that an organization could establish social commitments without having beforehand the right approach to fulfill certain social commitments with its stakeholders. It would be improbable to think of a company that expresses its attitude differently depending on the public, on the group or on the opinion leader. What is more, it would be counterproductive to think that an organization uses a language or acts or reacts differently towards its main body of opinion, who are in the same time generating messages towards groups of interests and who, simultaneously, enjoy great credibility.

The role of personal relationships is therefore fundamental in bearing testimony to an organization's public responsibility and as a step towards solid and coherent social responsibility. In this respect, if we do not align individual and group interests, the ones affecting the closer environment and the broader, it is difficult to group concerns and satisfy expectations as an organization. It is clear that personal relationships present themselves as a weapon to combat discrepancies and promote consensus between groups within the society (Ordeix, 2010).

As internal relationships are of undoubted value for bringing cohesion to the organizational culture, in order to better develop its attributes or differences, the same happens when the organization needs to adapt its messages to cultural reality, values and people. It is for this reason that Public Relations and communication processes aimed at all types of publics require significant amounts of knowledge of the principles, characteristics, composition and processes of both the organization and the society, especially when dealing with social responsibility area.

Public agenda is based on social engagement. It is significant to say that social responsibility is somehow linked to the construction of the public agenda, which means a symbiosis of the media and the political agenda. As previously quoted, Ordeix and Duarte (2009) mention that when speaking about corporate diplomacy we are also speaking about an agenda-setting process; corporations practicing corporate diplomacy generally have the ability to perform because they mobilize “third-party endorsements” with foundations or think-tanks. The latter are expressing the intention to become opinion leaders in a specific subject: in this way, the “soul” and essence of the organization and company’s personality are better defined.

Corporate diplomacy should go beyond “public support,” which means that it is not compatible with a simple agenda-setting process (McCombs & Shaw, 1972). In other words, corporations no longer need to rely on influencing the public agenda by influencing the media agenda (and thus the published opinion) through formally organized opinion groups. More likely, corporations will operate under the premises of “agenda building” (Cobb & Elder, 1971), meaning that they will be able to mobilize the formal agenda (the set of issues that decision makers have accepted for formal appreciation) and place public policy issues directly in the decisional agenda even without needing to go through the media agenda.

In this sense, either corporations or other kinds of organizations behave more and more as gatekeepers at an upper level conditioning the political agenda. According to this, perhaps we should not find it so strange when we see an increasing (however suspicious) harmony between government and companies’ opinions.

Therefore, taking into account a normative perspective, we could state **7 main variables to consider** how organizations should legitimate their actions towards civil society.

-Internal consensus: There needs to be a highly focused new work environment of consensus among managers of these organizations, creating a total management program based on an understanding of what the organization's values are.

-Internal communication becomes external communication: Managers should be able to open an upward internal communication process to promote the goals and objectives of the organization to the external publics, especially to the institutions.

-Organizations' diplomats: Organizations are acting as real diplomats abroad and represent values and people wherever they are acting. This can be used as a tool by governments when the company is strong and valued. The same can be applied to the organization aiming at gaining political benefits.

-Use it as a proof of quality: Knowing the interests of the publics leads to a greater organizational synergy to work as a diplomat in the public arena and is a proof of quality in all senses. This is always a mid-term revenue in terms of reputation as it effects the economic and social value of the company.

-Knowledge makes behavior: Use knowledge management principals to create a better knowledge of the organization's members' objectives (both in an individually and collectively) thereby allowing the company to come up with the formative and informational needs of the organization. Experiences and accessibility of the information prove to be a strong potential of the organization.

-Internal and external publics as opinion leaders: Legitimacy comes from the foundation. Internal publics are the first 'public opinion' to take into consideration. When having enough social support to represent and to act upon people and values then the company, or any other kind of organization, grows consistently. However, external publics act as prescriptors of the organization and legitimize the values of it in front of other possible stakeholders.

-Social network: To engage stakeholders in Public Relations is more than required. To manage the community, in order to get a social synergy, it's necessary to potentiate external publics' enrolment in organizations, mainly when working on general interest activities.

In sum, without a doubt, civic engagement is a primary concern for enhancing legitimacy for a public. However, this cannot be achieved without strengthening organizational culture and values, looking always to have a higher social representation. When this happens we can state that they act as corporate/public diplomats or, what is the same, as opinion leaders of whatever values the organization defends. This can happen at a corporate level, for non-profit organizations, as well as local governments or countries. So we can state that civic and social engagement increases organizational legitimacy in to a large degree, so further research in this topic, based on quantitative data, is required.

PART III: DISCUSSION (PUBLICATIONS)

OVERVIEW TO PART III (PUBLICATIONS)

This part deals with the previous published articles as a main discussion, following this order:

- Ordeix, E., Duarte, J. "From Public Diplomacy to Corporate Diplomacy: Corporations Legitimacy and Influence", *American Behavioral Scientist*, 53, 2009, p. 549-564.

- Ordeix, E., Ginesta, X. "Beyond the votes: An European Perspective on the use of Public Relations to legitimize authority in Obama's campaign." In *American Behavioral Scientist*, 55 (6), 2011, p. 683–695.

- Ordeix, E. "Aznar's Political Failure or Punishment for Supporting the Iraq War? Hypotheses About the Causes of the 2004 Spanish Election Results". In: *American Behavioral Scientist,* 49 (4), 2005, p. 610-615.

- Xifra, J.; Ordeix, E. "Managing reputational risk in an economic downturn: The case of Banco Santander." *Public Relations Review*, 35, 2009, p. 353-360.

Together with my dissertation's director we decided not to follow the chronological order by publication when we included it in the final document for my defense. The reason why we decided to set a new order is quite reasonable and simple. My very first article has been les theoretical structure framework than the last ones. I must say that, even than The Aznar's publication has a deep analysis on the current Spanish government public Sphere and how it was influenced by the prime minister personality, the is missing a discussion part that would better frame the flow of the research. Nevertheless, in consequence with my focus of analysis I research more and more on the principals besides personality, commitment, representation and legitimacy of organizations and its leaders, in order to know more about the behavior of groups in society and how come are related to their roots and believes.

The first article in the discussion part of the current dissertation is ""From Public Diplomacy to Corporate Diplomacy: Corporations Legitimacy and Influence" (Ordeix; Duarte, 2009), manly because the above mentioned reason. It explains deeply the common indicators of my research line and gives the reader deeper theoretical framework than the Aznar's study case.

Once set the basis of my analysis then the two following publications came easier and with certain fluency. The proof is that there is less margin from Duarte's, published in 2009 one till the very last one in 2011. In addition I got three more articles publishes, in 2012 and in 2013, as evolve of the todays presented research.

Just as last comment on the incoming articles we want to add that "Beyond the votes: An European Perspective on the use of Public Relations to legitimize authority in Obama's campaign", done together with my colleague Xavier Ginesta, wants to prove the research principals established in the previous research. So the Obama's case goes so much aligned to Duarte's due to the fact that one is the basis of the other. In addition is tend to be the logical evolution in research after an eclectic starting by the Aznar's case, which put me in the picture and awarded me of this such interesting topics for my study.

Last but not least we have the Santander's case, done together with my colleague Jordi Xifra under the name "Managing reputational risk in an economic downturn: The case of Banco Santander." This paper is the last chapter of the discussion part because just after the analysis of the Obama campaign I wanted to use the above mentioned parameters as framework of analysis of a privet organization and with high economical risk. I guess we proved there that this principals are to take in account in any organization. Later on in my research projects I applied them in the Church and the effect of the Pope personality (Ordeix; Lalueza, 2013) in city events (more specifically in Barcelona city) as well as in a grass roots case like the Catalan secessionist movement (Ordeix; Ginesta, 2013).

5. THE POLITICAL AND SOCIAL SIDE OF COMMITMENT

ARTICLE:

- Ordeix, E., Duarte, J. "From Public Diplomacy to Corporate Diplomacy: Corporations Legitimacy and Influence", *American Behavioral Scientist*, 53, 2009, p. 549-564.

5.1 INTRODUCTION: THE SOCIAL SIDE OF COMPANIES: THE BASIS OF CORPORATE DIPLOMACY

It is essential to formulate a sincere adaptation of the corporate values to the societal values if a corporation wishes to have a symbiotic relationship with key stakeholders. In the author's view this is also related to a certain commitment towards society, and mainly by means of a commitment with its public institutions. "Corporate Diplomacy" thus becomes a complex process whose main added value to the corporation is a greater degree of legitimacy or "license-to-operate" which in turn improves the corporation's power within a given social system. This implies a new role that more and more modern corporations are assuming and which might be shaping the way we see corporations as institutions within society.

Public diplomacy has become a buzzword in foreign affairs offices worldwide, especially after the United States realized its reputation problems in many countries and decided to support programs to "inform or influence public opinion in other countries" (Wolf & Rosen, 2004). However, the term is said to have been coined by Edmund Gullion in 1965 when he opened a Center for Public Diplomacy. It stated that "public diplomacy deals with the influence of public attitudes on the formation and execution of foreign policies."[6]

In its contemporary use, public diplomacy applies to government-sponsored programs, mainly targeting foreign audiences with the aim of shaping the communication environment in which a country's foreign policies are

[6] USC Center for Public Diplomacy [online]. http://uscpublicdiplomacy.com/index.php/ about/what_is_pd [Consulting Date: January 10th, 2009].

explained in overseas countries. As it is understood, public diplomacy aims to protect a country's national interests abroad with homeland security being currently one of the most important national interests at stake.

The actors of traditional public diplomacy are typically state-actors aiming to work mainly with other state-actors, namely, politicians. However, some public diplomacy think-tanks have consistently argued for a more inclusive approach to who should be involved in these processes. The British think-tank on foreign affairs, called The Foreign Policy Centre, has argued for a new type of public diplomacy based on the role of the embassies:

> We argue for a new type of multilateral public diplomacy–retooling embassies to become lobbying and policy-exchange organizations; creating an infrastructure to link up political parties and NGOs across borders to create a common policy space; and planning proactive communication campaigns. (Leonard, Stead, & Smewing, 2002, p. 7)

This notion of a common policy space created by means of linking organizations across borders is a very interesting one. This is in fact what happens in the European region where important policies are no longer decided inside countries but in Brussels or Strasbourg, which are at the center of the European "common policy space." In those cases, the subject of analysis would no longer be the foreign policies of a country but of a region—as it happens when we talk about the public diplomacy efforts of the European Union in Africa, for example.

Another interesting definition is given by the Center on Public Diplomacy[7] from the University of South Carolina (USC) that relates it with "soft power" in an attempt to enlarge the definition beyond government-sponsored programs. This Center operates on the premise that private activities (in whatever field they might be, trade, tourism, culture, economy, etc) also have a relevant impact on foreign policies and on national security. They also understand that the actors of public diplomacy are not limited to governmental agencies but include other actors. Of course, corporations are a major part of these activities but, as we will later try to argue, 'corporate diplomacy' is not merely about the contribution of corporations to public diplomacy programs.

7 See it in http://uscpublicdiplomacy.com

5.2. THE BACKGROUND: INTERNATIONAL RELATIONS AS A PRIORITY TO GOVERNMENTS

As a fundamental mechanism related with governments' need to be understood abroad, public diplomacy's roots are linked with the moment in time when international relations have become a priority. Coming after WWI, the need to have a more balanced equilibrium of forces and the creation of mass structures to inform the public laid two important steps for the appearance of public diplomacy. But why is it necessary for governments to worry about how audiences from foreign countries accept their foreign policies? One possible answer would be that foreign policies create consequences for foreign publics, as for example the U.S. boycott to Cuba creates consequences for Cubans and to Cuban corporations, and those consequences need to be explained. In fact, the most powerful countries whose politics have an impact much beyond their own borders are indeed the biggest promoters of public diplomacy and some of its main users. Thus, we might add that public diplomacy might also be seen as having to do with managing the consequences of a nation's policies in foreign publics. And this helps understand that international relations are the underlying government priority, which justifies the development of public diplomacy programs.

But a fundamental question we should present from the outset of this discussion is whether public diplomacy is only about communicating foreign policies or if its true value lies not in the contribution that it can give to the formulation of those policies? As the USC Center on Public Diplomacy recognizes:[8]

To be effective, public diplomacy must be seen as a two-way street. It involves not only shaping the message(s) that a country wishes to present abroad, but also analyzing and understanding the ways that the message is interpreted by diverse societies and developing the tools of listening and conversation as well as the tools of persuasion.

We agree with this notion that public diplomacy is not only on persuasion about the value of policies but (fundamentally) about listening, understanding, and dialoguing in the process of building those policies. But if we take a look at what

8 See it in http://uscpublicdiplomacy.com.

public diplomacy programs normally aim to do, we might face a different reality. As we can easily recognize from Table 1 (Leonard et al., 2002), the orientation is still a classic “communication to” approach less than a “communication with” approach. The indicators column mainly lists changes in knowledge, attitudes, and behaviors, especially related to the acceptance of policies. This might underline a tendency to consider public diplomacy merely as an expressive tool and not as a valid path to understand and bring the foreign audiences into decision-making processes. We are interpreting that the engagement impact variable is merely seen as a natural consequence of the acceptance (in turn a result of the information about the policy).

Table 1. Public Diplomacy Variables, Indicators, and Goals

Impact variable	Indicators (changes produced in the subjects)	Goal
Familiarity with the country	Think about the country Update images about the country Turn around unfavorable opinions	
Appreciation of the country	Create positive perceptions Develop a shared perception of important global issues	
Engagment with the country	Strengthen ties in diverse domains such as education reform or scientific cooperation Develop attractiveness of the country as a destination for tourism, work or learning Make people buy the country’s products Get people to understand and subscribe the country’s values	Getting foreign companies to invest in one’s country Getting foreign publics to back one’s positions Getting foreign politicians to turn to one’s country as a favored partner

Source: Adapted from Leonard, Stead, and Smewing (2002, p. 9).

In our view, the true engagement would have to be achieved with participation in the process of policy formulation.

Traditionally, to accomplish these aims, the most common tools have been printed publications, motion pictures, and radio and television programs. Besides what could be considered traditional communication outlets, these types of public diplomacy programs may also include cultural exchanges, but new public relations

(PR) tools are needed to better involve (in some ways engage) publics. This is the case of some participatory decision-making processes and relative consultation mechanisms prior to the formulation of the policies whose acceptance is pursued by traditional public diplomacy programs.

5.3. COMMUNICATION CHALLENGES TO PUBLIC DIPLOMACY

In fact, the impact variables mentioned in the above table refer to an underlying premise about the value of mass information as an instrument through which familiarity with a country can be generated and appreciation of that same country built. In other words, publicizing the policies of a certain country to the general public abroad and trying to frame them in a favorable light. Moreover, it also seems possible to hold the belief that these variables (familiarity and appreciation) lead to engagement with the country.

As much as we know that this reasoning might be true in many cases – as for instance in tourism – we shouldn't, however, forget that today there are many examples of how increased familiarity leads to the desire of non-engagement with the country. This means that public diplomacy should no longer operate under the premise that one can control the appreciation of the country by trying to control the type of mass information shared to generate the familiarity (unidirectional perspective). In fact, individuals are often the most important vehicle of information between countries and thus immigrant communities are being more and more researched, understood and targeted as relevant interlocutors for dialogue (bidirectional perspective) (Grunig, 1991) when countries are trying to explain their foreign policies abroad.

Furthermore, there is the problem of saying one thing and doing another. In this regard, we believe that public diplomacy should be aimed at reducing the differences between reality and expression – this is the key to acceptance and implies a truthful action. As Murrow recognized in a 1963 speech before a Congressional Committee:

> American traditions and the American ethic require us to be truthful, but the most important reason is that truth is the best propaganda and lies are

> the worst. To be persuasive we must be believable; to be believable we must be credible; to be credible we must be truthful. It is as simple as that.9

We can therefore conclude that public diplomacy has been too often associated with achieving "public support" for a country's foreign policies instead of aiming to generate true "support from the publics" (which is the kind of effect that we might associate with grassroots public diplomacy). Eiró-Gomes and Duarte (2006) have defined the difference between these two notions explaining that while "public support" is "clearly more worried about the public opinion (in the sense of published opinion) favoring the view that public perceptions should be guided (…), 'the support of the publics' view comes when we start to understand that organizations cannot achieve legitimacy from simple acclamation of published opinions".

After trying to explain briefly the meaning of public diplomacy and some of its problems, we will attempt to clarify some of the common misconceptions affecting it. And one of the first clarifications is that public diplomacy shouldn't be understood merely as the management of traditional diplomacy in public. In classical diplomacy, the actors are government leaders at the highest level as we said, but nowadays it is not only about making these diplomats become public communicators but to submit traditional diplomacy to public scrutiny. The new actors of public diplomacy are official and private individuals and institutions and NGO's, so then, it is also about making diplomats understand that they should work with other publics rather than the political ones.

Yet another clarification is needed to explain that public diplomacy is not the same as Public Affairs. As a corporate function, Public Affairs is the specialized part of Public Relations dealing with central government and local authorities with the aim of monitoring, influencing, communicating or implementing public policies (Botan and Hazleton, 2006). Therefore, one of the fundamental differences lies not

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9 USC Center for Public Diplomacy [online]. http://uscpublicdiplomacy.com/index.php/about/what_is_pd [Consulting Date: January 20th, 2009]

in the different tactics used or the resources involved, but in the fact that while public affairs is mostly aimed at internal affairs (economy, justice, competitiveness, law), public diplomacy seems to have an outside orientation. On another level, the aims of public affairs are somewhat different from those of public diplomacy. Public Affairs are about influencing public administration while public diplomacy aims (mainly) to influence individual citizens of foreign countries. As we explained, this includes increasing those citizens' familiarity with the country, their appreciation of that country or their willingness to engage somehow with the country.[10]

On another different level, we should also bring to this discussion the **notion of grassroots public diplomacy, as fundamentally different in the sense that it is promoted by genuine grassroots movements and not by the government.** J. Gregory Payne started the first grassroots public diplomacy effort in the post 9/11 US by creating the Saudi American Exchange. He wrote that their mission was to "foster understanding through communication" and that could well be one of the best mission statements that a grassroots public diplomacy effort can have. Grassroots public diplomacy is based on one-on-one efforts, not aimed at changing the published opinion but at changing the individual opinions of citizens and groups of citizens. These are initiatives carried out by individual citizens in the course of their own life and thus escape from a strategic attempt to generate acceptance of foreign policies. Because it focuses on the acceptance of people, grassroots offers great potential for becoming important in security issues because it reaches understandings about cultures and differences. By focusing mainly on direct contacts with reality, these are also programs that might be valid tools for overcoming extremisms.

10 In some ways we should differentiate public diplomacy from propaganda. Propaganda is about the ideological side of information and facts, appeal to the unconscious motivations of the self and is based on a fundamental belief of others as mouldable subjects. Propaganda has an expressive nature, founded on the belief that what is said and how it is said is more important than what it really is. If, as we've started to explain, we believe in a notion of public diplomacy as a process of listening to others and communicating with them based on understanding and then incorporating the results of that process in decision-making, the difference from propaganda becomes clear. (L'Etang , J. and Pieczka, M. (eds), 2006).

5.4. FROM PUBLIC DIPLOMACY TO CORPORATE DIPLOMACY

In order to understand our perspective on 'corporate diplomacy' we should begin by approaching the fundamental characteristics of the modern corporation. As part of an evolutionary process, corporations have moved from having the narrow mission of producing a certain product or service with the fundamental aim of satisfying clients' needs to incorporating broader missions such as that of managing a range of business for profit. This resembles what Mintzberg (1992) calls the change from closed organizational systems to open organizational systems.

In this context, a corporation's ability to obtain a "license-to-operate" by matching the expectations of numerous stakeholders has become one of the most important assets for corporations, especially in a world post Enron and other corporate scandals that promised to ruin the public trust in corporations. As Post, Sachs and Preston (2002) put it, "…the legitimacy of the contemporary corporation as an institution within society— its social charter, or 'license to operate'— depends on its ability to meet the expectations of an increasingly numerous and diverse array of constituents".

This represents the broader move from a shareholder model of the firm to a stakeholder view of the firm which is also highlighted by Post, Sachs and Preston (2002) when they express their view of the modern corporation:

> "The modern corporation is the centre of a network of interdependent interests and constituents, each contributing (voluntarily or involuntarily) to its performance, and each anticipating benefits (or at least no uncompensated harms) as a result of the corporation's activities." (Posts, Sachs and Presto, 2002, p.8)

After what we have said, the first thing to note is that corporate diplomacy is more than just the participation of corporations in public diplomacy (understood as government supported) programs. Of course governments can use corporations to support their views and help them convey the key-messages that they want to convey, making those corporations part of the 'nation's legitimacy strategy abroad'. This is especially true in the case of state-owned corporations that can be made instrumental to governments' aims in a much easier way. The same happens with celebrities. In fact, we can argue that in some cases celebrities are much more effective in public diplomacy than corporations. Some regional examples from Portugal include José Mourinho or Cristiano Ronaldo who have been a great aid in increasing the acceptance of Portuguese products and services in foreign countries. We could see a similar case, but from the perspective of sporting organizations when speaking about Football Club Barcelona (the most popular Catalan soccer team) whose formal recognition as a UNICEF ambassador, and one of the most powerful ambassadors of Catalonia as a country when the club plays abroad, is very important.

On the contrary, we argue that corporate diplomacy is the capability that some major trans-national corporations develop to draft and implement their own programs, independent from the government's initiative, to pursue similar diplomatic aims. In this case, it is the corporation who has the initiative and puts up the resources needed. By engaging in corporate diplomacy, the trans-national corporation acquires a status that goes beyond a license-to-operate, and the source of its legitimacy to do so derives from a wide range of factors, which we will try to explain throughout this chapter.

5.5. THE BACKGROUND: NEW ROLES FOR THE CORPORATION

If we look at the traditional aims (explained above) and try to contrast them with what could be similar aims from the point of view of corporations, we might argue that corporate diplomacy aims to make the corporation represent the country, or some associated values, while obtaining the endorsement of its policies, products, services or operations.

Following this, in Table 2, we see a simple suggestion of different levels of corporate diplomacy impacts and their equivalent indicators drawn from the initial table of public diplomacy.

Table 2. Corporate Diplomacy Variables, Indicators, and Goals

Impact variable	Indicators (changes produced in the subjects)	Goal
Familiarity with corporation as a way toward familiarity with the country	The company and its operations as the symbol of the country and its values	Obtain a license to operate Reduce the risk of misunderstandings Obtain an endorsement of the corporation by governments and citizens
Acceptance of the corporation	Recognize a fundamental similarity between one's society values and the corporate values Accept the corporation as a valid interlocutor on local (national) affairs	
Engagement with the corporation	Develop attractiveness of the corporation as a place to work, a business partner, and a conscious community member	

As we said before, we believe that corporate diplomacy cannot be a simple adaptation of public diplomacy to the corporate environment. The fact is that transnational corporations have long since used strategies that made them widely accepted abroad. It might be useful to remember, as way of example, that following World War II, the Marshall plan led to the spread of American multinationals in most European countries and that these multinational companies still exist today and are accepted as national corporations, even when they keep the same brand as in the county of origin. More recently, corporations going abroad or buying other companies overseas seem to prefer keeping the local brand for a certain period before rebranding the bought company with the transnational brand (Moss, 2002). This shows that the **challenges of acceptance abroad have changed and that corporations have successfully adapted to new requirements**. So if corporate diplomacy's programs are not aimed (or primarily aimed) at generating acceptance, what are they aimed at?

We can say that when **investing in corporate diplomacy, corporations are looking to take new roles in society**. They are revealing an understanding that their presence in society is sustainable if and only if they are able to satisfy expectations from multiple stakeholders. They understand that they create consequences for many third parties, beyond those most directly involved with the value chain of the corporation, and try to regulate those consequences. They try to allocate resources with a certain amount of accountability in order to be able to show their citizenship and their responsibility towards society. Sometimes, they also try to achieve other benefits, though generally they are not concerned with short-term outcomes but with long-term gains. To this regard, corporations are taking on some of the roles that have been generally associated with governments because the scope of their dimension means that their political surroundings (the sphere of all those affected by the corporation's decisions) are comparable in dimension and economical or social power.

Corporate diplomacy clearly becomes a valid way for organizations to extend their social power and influence and thus achieve their status as institutions within society. As Parsons (1951) explained, society is composed of institutions and an institution is a complex of articulated and integrated roles - which are composed of a set of expectations for an actor's behaviors. On the other hand, as Post, Sachs and Preston (2002) explain, modern corporations' acceptance as institutions within society depends on their capability to satisfy multiple stakeholders and not only customers or shareholders. And this is where corporate diplomacy adds a new institutionalization opportunity. For example, by trying to be recognized as a symbol of one country or of a certain number of values abroad, corporations also become holders of a greater symbolic power. On the other hand, by taking over some of the traditional state functions (by means of their foundations or of social responsibility initiatives) they are also acquiring the status of an interlocutor in a non-governmental environment.

Thus, modern corporations seek to develop their active participation in society, adding new dimensions to their traditionally perceived role as generators of wealth, employment and quality products or services. To materialize these new roles, corporations extend their range of financial stakes in other companies, create foundations and other organizations, give their support to

NGO's or sponsor the creation of special support funds, among many other tactics. Furthermore, we should emphasize that the public relations tools for corporate diplomacy must go beyond unilateral communication and include participatory decision making processes and other bi-directional ways of engaging publics. The overall objective should also be, as stated before, to achieve a true and lasting "support of the publics" and not a mere and occasional "public support".

Thus, we can summarize that **while public diplomacy is aimed at increasing the acceptance of foreign policies, corporate diplomacy is aimed at positioning a company or a group of companies as institutions.** Corporations programs to engage with non-governmental stakeholders further emphasize the perception of the value of grassroots (Payne, 2007) public diplomacy efforts. At the end of the day, corporate diplomacy is a way to strengthen the network of stakeholder relationships for a company and thus a valid stakeholder management strategy. From the point of view of public relations, this might even mean an interesting field for future developments.

5.6. CORPORATE DIPLOMACY AS A SOURCE OF POWER AND LEGITIMACY

After explaining our interpretation of the set of aims and desired outcomes which might be called "corporate diplomacy" when they are framed within a certain view of the role of modern corporations, it is now appropriate to develop what corporations can gain through this process. **We recognize that corporate diplomacy is a process towards a desired future state of engagement with publics and that this state might include positive or negative, ethical or unethical, fair or unfair dimensions.** However, we clearly anticipate that corporate diplomacy might be used as a way to increase the power and legitimacy of a corporation.

As we said, **legitimacy and power are two main central variables for every stakeholder system and they help explain the influence of a specific stakeholder within the system.** (Mitchell, Agle and Wood, 1997). Power can exist in any of these forms in relationships: coercive, utilitarian, or symbolic. Coercive power is that related with the use of physical resources of force, violence, or restraint.

Utilitarian power is that based on the exchange of material or financial resources. Symbolic power is that based on symbolic resources—normative symbols, like prestige and esteem, and social symbols, like love and acceptance (Kotter, 1985).

Legitimacy is defined as "a generalized perception or assumption that the actions of an entity are desirable, proper, or appropriate within some socially constructed system of norms, values, beliefs, and definitions" (Mitchell, Agle, and Wood, 1997; cf. Suchman, 1995). Legitimacy and power can exist independently or can be combined to create authority. Working for the general interest is normally recognized as a valid way to develop moral authority. And this is why some corporations decide to work under the claim that they are satisfying a general social demand, by complementing public administration tasks, and not only a market demand. When doing this, it is fundamental that corporate values emerge as coherent with this social demand and they should be aligned with social values. The symbiosis between society's values and corporate values is achieved when the balance of interest and expectations is successful. Big corporations use this as a way to distinguish themselves from others. Therefore there is no sense in dealing with values and corporate commitment as separate from social demands and expectations.

We understand commitment as loyalty, dedication, self obligation, faithfulness to something and someone. By following some principles and social values, and by expressing this towards its essential publics, companies increase their credibility considerably. Commitment means being liable and responsible to some statements the company has made public. For instance Inditex, a European retail company, through its world-wide brand Zara has decided to stop working with suppliers who do not follow human rights principles. In fact, sustainability towards the environment is another big area in which corporations develop strong commitments. This is why some major corporations like IKEA and Leroy Merlin have decided to publicly commit themselves to the fulfillment of some of the aims of the Kyoto Protocol. The recent creation of the EU Corporate Leaders on Climate Change, a group of transnational companies working to include specific environmental issues on the agenda of the UN Climate Change Conference in Copenhagen, is another example of corporate commitment.

Companies' commitments often give security (Daft, 1998) **to the people with whom the organization is in contact.** This generates a feeling of security whilst at the same time establishing commitment from the party who until now had been perceived as the receiver. As we have mentioned before, this party is now no longer simply a receiver, given that the communicative process searches them out in order to produce the messages and basic concepts that defend and justify the organization in face of the competitors.

We believe it is worthy of mention that various business owner forums consider that **there can be no progress without commitment, and that the principal element of progress is in the company's capacity to develop a framework for social responsibility**. Another example comes from the United Nations Global Compact, a voluntary initiative comprising 4,000 of the world's most important leaders in business, government, non-governmental organizations, labor, foundations, academia and international corporate social responsibility. It has been described as history's largest and most significant event on the topic of leadership and corporate citizenship and it "seeks to advance universal principles on human rights, labor, environment and anti-corruption through the active engagement of the corporate community, in cooperation with civil society and representatives of organized labor" (see it in www.globalcompact.org). Recently at one of the Global Compact meetings, the Chairman of The Coca Cola Company put very simply: "we will change the world because we can and we must!" When corporations are engaged in these initiatives, they are clearly acting in what could be called a 'corporate diplomacy' end curtain. Their aim is no longer simply to be accepted or seen as legitimate to pursue their business or that their values are shared in trans-national operations (Jablin & Putnam, 2001). They are seeking to become global interlocutors to address the global issues of today's world. By their impressive financial resources, human capability, political power or even diplomatic strength, they are clearly above the rest of their competitors who don't engage in the same strategies.

In this sense, **corporate diplomacy is different from social responsibility. Corporate diplomacy is a process whose consequences might**

include recognition of the corporation as responsible mainly by the foreign publics. On the other hand, while social responsibility is a practice towards all stakeholders, corporate diplomacy tries to change the role of the corporation as an institution in society and thus implies mainly dealing with public institutions when taking on some of its roles.

We can therefore say that real progress is only established when the company is respectful of its basic social environment and balances its business activity with a certain amount of social commitment (Ordeix-Rigo, 2005). **The contribution of sincere communication as a form of commitment is therefore of paramount importance**. Expressed values must coincide with actual actions in order for there to be a coherent perception of them. We know that major crises stem from incoherence between that which is expressed and actual actions and how this generates incoherence and unsatisfied expectations.

Communication serves to generate the correct attitude to provide the value which will better explain and justify determine the identity and position of the organization. Being aware of the alignment between social identity and a company's identity is quite basic (Schein, 1992). That is the reason why companies should be well aware of how they satisfy the expectations they create; as satisfying expectations is necessary in order to avoid crisis. Working with public administration seems to be a good way to come to recognize society's expectations.

5.7. EXPECTATIONS MONITORING AND THE PUBLIC INTEREST

Issues management tends to be one of the most important techniques at work in the previously mentioned corporate and social values symbiosis and to map the relevant stakeholders' expectations. In the words of Robert L. Heath, (Heath, 1997) "issues communicators discuss values to establish the standards of acceptable corporate responsibility, the foundations of corporate policy and operations". This reinforces the idea that companies consider working on diplomacy as a preventive tool as a reaction to a loss of social reputation and credibility. Normally this is when major firms enlarge their budget for issues management and corporate diplomacy, developed too often by the same department that assumes other Public Relations management areas (Stalk, Evans & Shulman, 1999).

A second major idea of Robert Heath leads us to the following subject for discussion: interest. Heath (1997) says that **identifying mutual interests is the basis for achieving a common ground with key publics.** But the question is, in fact: What is the limit of this interest? Or who settles this interest? Or even, what is the public interest and what is the company's interest?

We see clients and consumers claiming a general and broader social commitment from both private and public organizations. Many advanced companies are aware of it and they want to show social sensitivity by acting ethically. However, in many companies, rather than true social responsibility, the company considers only its direct publics (Heath, 1991) or, in other words, its social environment. The general interest towards which companies claim to work is too often just a specific public's interests emulating the general interests of society.

Once again, we should ask how to define the "public interest"? According to Rousseau a possible answer could be that it is defined by a "general will". However, a "general will" shouldn't be confused with the "will of a majority" (for example as expressed by polls) since it is beyond that – and even beyond the wisdom of a single person or a collective (cf. Renaut et al., 1999). Working for public interest[11] requires finding effective ways to empower publics and promote their autonomy. And this is certainly one of the most effective strategies for public relaters to develop organizational social capital, which may well be one of the most important competitive advantages that organizations of the XXI century can rely on.

The wiser a public is, the better it can represent its interests in the decisional (political) system, and thus improve the quality of the decisions (and consequences) that it will produce. The quality of public decisions can be improved if the company works for the public interest, and, thus, reduces the arbitrary action by those in the decisional system. This is precisely where new

[11] The full paper is available at http://www.prconversations.com/wp-content/uploads/2007/09/paper_final_eupr05.pdf -

media offers a great advantage, in that they allow a greater autonomy for publics to voice their own will and effectively make it available for the decisional powers. This can happen both internally and externally, especially in a global communication policy, but this implies and conveys new roles to play given the new scenario (Toth and Heath, 1992).

5.8. THE CONSTRUCTION OF THE PUBLIC AGENDA

Following Cobb and Elder, we differentiate between a "general set of political controversies that will be viewed as falling within the range of legitimate concerns meriting the attention of the polity" and "a set of concrete items scheduled for active and serious consideration by a particular institutional decision making body" (Cobb and Elder, 1976, p.906). While the first notion refers to an agenda of possible political controversies, the second refers to the actual institutional agenda of topics upon which decisions will be made.

When speaking about **corporate diplomacy we are also speaking about an "agenda building"** process and corporations practicing corporate diplomacy generally have the ability to do this because they mobilize "third party endorsements" with foundations or think tanks with the intention of becoming opinion leaders in a specific subject which better defines the soul and essence of the personality of the company and can give it a competitive advantage when trying to influence the decision making process.

As we said, **corporate diplomacy should go beyond "public support" which means that it is not compatible with a simple agenda setting process** (Mc Combs and Shaw, 1972). In other words, corporations no longer need to rely on influencing the public agenda by influencing the media agenda (and thus the published opinion) through formally organized opinion groups. More likely, corporations will operate under the premises of "agenda building" (Cobb and Elder, 1976) meaning that they will be able to mobilize the formal agenda (the set of issues which decision-makers have accepted for formal appreciation) and place public policy issues *directly* in the decisional agenda without needing to go through the media agenda.

In this sense, **corporations behave more and more as gatekeepers at an upper level, conditioning the political agenda.** According to this, perhaps we shouldn't find it so strange to see an increasing (however suspicious) harmony between government and companies' opinions. The fact is that the relationship between corporations and public powers is the subject of a wide societal preoccupation and is already the target of many studies across universities worldwide (Xifra, 2007).

But what are the effects of this **rise in the power of corporations** determined by their capability to develop 'corporate diplomacy' programs? Most of all, what kind of impact is this provoking on democracy? Could this credibility rise have to do with an increased effectiveness in the PR strategies that corporations are using? Could corporate diplomacy be a valid PR process to conquer new roles for the corporation within society? While we cannot yet give a straightforward answer to any of those questions we can at least be inspired to question why it is that recent studies such as the Edelman Trust Barometer have pointed out that people are now placing more trust in corporations than in governments.

5.9. CONCLUSIONS

Throughout the article we have identified some topics that might merit additional attention and research. To our knowledge, studies linking public relations or stakeholder management and corporate diplomacy by means of public diplomacy are still to be initiated in our field and this might be an interesting avenue for the future.

However, we should conclude that our view of corporate diplomacy is that of a process to develop corporation's power and legitimacy within society. This is related to a broader social status for the corporation that is not only seen as a profit-making entity but as member of a stakeholder network toward which it has recognized and symbiotic commitment. In turn, the increased social status allows the corporation to influence the decision-making processes no longer indirectly (i.e., by means of one-way communication practices aiming to influence the perception that the media multiply to massive audiences) but directly (i.e., by the corporation's increased agenda-building capability). Public relations thus plays a pivotal role in helping dialogue with those affected by the decisions made and helping corporations interact with society to better understand and adapt to the social values and principles.

Corporate diplomacy as a process can also contribute to corporations' acknowledgment as representatives of the society, and therefore their capability to mobilize issues into the institutional agenda of topics that are chosen as subject of serious consideration by decision makers is improved.

At the end, by having a wider participation in the decision-making process and by means of a wide range of strategies (e.g., the creation of foundations or through public-private partnerships) to take over some of the traditional functions of the state, corporations engaged in corporate diplomacy actively add new roles to the traditional role of the corporations. As Post et al. (2002) recognized, the legitimacy of the corporations as institutions within society is changing, and corporate diplomacy is one way to analyze that change. We are still to understand what the consequences of that change might be, but as always, we should be aware, and perhaps future research in this area might help to cast some light into this.

6. SOCIAL COMMITMENT GARNERS LEGITIMACY: THE OBAMA CASE

ARTICLE:

Ordeix, E.; Ginesta, X. (2011): "Beyond the Votes: A European Perspective on the Use of Public Relations to Legitimize Authority in Obama's Campaign". *American Behavioral Scientist,* 2011. 55: 683 originally published online 19 April 2011 DOI: 10.1177/0002764211398087

6.1 INTRODUCTION

In political campaigns in Western society there are several examples of public relations being behind opinion leaders in attempts to engage lower social levels committed to the candidate. Obama's campaign is not far from this: grassroots communication has been a major Public Relations activity which has harnessed local community involvement (NGO's, social and cultural communities, companies and individuals) in the United States as well as in Europe. Since the 2008 US presidential campaign, third party engagement is now considered a valid way to legitimize the authority of politicians all over the world. In this research, we point out that public opinion support, even outside of the US, can constitute a future investment to gain greater authority and higher acceptance of the US government policies.

6.2 DISCUSSION: MANAGING CHANGE

The 2008 US presidential campaign is becoming a benchmark; a standard or point of reference against which other Western political campaigns can be compared or assessed. This means that the analysis of the campaign shows three main aspects where researchers and PR practitioners must focus their attention in the future: new values, more open organizational structures and different communication processes such as grassroots campaigns through virtual communities. In this sense we see some other social and political framework changes that should be underlined.

6.2.1 CHANGE ON THE TRADITIONAL CLEAVAGES: ETHNIC, SOCIAL CLASS AND RELIGION

In relation to this aspect, when Colin Powell and Condoleezza Rice became Secretaries of State during the George W. Bush government (2001-2005 and 2005-2009) many US citizens thought this was the triumph of "assimilation" (Dahl, 1999: 171). However, the victory of Barack H. Obama (the 44th president of the US and the first African-American tenant of the White House) in the 2008 presidential elections confirms definitively that the traditional ethnic cleavage (Lipset and Rokkan, 1967; Bosch, 2004) of the American society had passed away. And consequently, the social class cleavage changed dramatically. As congressman John Lewis highlighted: "President Obama sends a strong message to Black America and especially to our children –that they must never give out, never give in, never give up".[12]

Hence, doubts Robert Dahl (1999: 173) had about the challenges of the American multicultural society in the 21st Century –whether it is going to contribute to the stability of the US democracy or not– are clarifying and the victory of Obama opened a new era in US politics. However, Obama is not the only person responsible for this new American way of living politics, but also many opinion leaders, lobbies and groups of interest contributed to breaking the *status quo*. The huge amount of monographic editions of Anglo-Saxon magazines that focused their attention on the new "First Family"[13] (*Essence, Time, Newsweek, Ebony* or *Today's Black Women*) are perfect examples for understanding what Barack H. Obama represents for American and worldwide history. As Jon Meacham points out, "the rise of Barack Obama to become the 44th president of the United States opens a new chapter in this saga of the changing American mind to which Jefferson first gave expression" (Meacham, 2008: 27).

In this campaign, different interest groups pushed companies and other institutions to put multiculturalism as an item on the political agenda and converted it into a new way of understanding a global multiethnic world.

[12] Essence (2009). "Realizing the dream". *Essence.* January 2009. 70.
[13] Essence (2009). "Realizing the dream". *Essence.* January 2009. 69.

Therefore, a previously negative conception of ethnicity was converted into a positive one and reinforced Obama as a candidate.

6.2.2 CHANGING THE STRUCTURES OF ORGANIZATIONS

The break in the social class cleavage is not only important for the change of American values, but also for the change of the American interest groups who took part in the rise of the new president. Traditional economic sectors that give their support to the Republicans, did not have enough influence to avoid a new social hegemony created by the grassroots, using a people-to-people movement (Payne, 2009: 23), which was essential for the victory of the African-American candidate.

Actually, a movement against the "allies" in the support of the Iraqi war (either Republican or Democrat) was a determinant in the electoral results, either the Presidential Democrat Primaries or the White House Presidential Campaign. The political defeats in the international arena affected, as well, the internal policies and leadership of the government. Further, this is considered a change and a downward turn in the legitimacy and moral authority of the "establishment" that has run the US in recent decades.

Another change involves the traditional structure of organizations. Even those parties in North America that are deeply involved with community activities, where local representatives help to build local and national policies, the change of the traditional companies' structure had an important impact on parties' organization because they are more permeable and more socially committed (Grunig, Grunig and Dozier, 2002). In fact, we can query whether the political agenda was influenced by the business agenda or other kinds of interest groups. Nevertheless, there is no doubt that parties have to be more permeable and need to include a wider array ofvalues in order to become catch-all parties.

6.2.3 CHANGES IN COMMUNICATION STYLE

But changes are not only sociological and organizational. President-elect Obama was also the first presidential candidate who trusted in the mobilization of grassroots through information and communication technologies (ICT) –such as the official website and different virtual communities– as the main actors to create complicities with indecisive voters and other stakeholders. In this 2008 presidential campaign, ICT (above all, virtual communities) became definitively an essential tool in political marketing, which must be taken into account for PR managers and communication directors for future campaigns.

Actually, different communities developed their own public relations techniques, such as online media, person-to-person communication, meetings, among others to get the engagement of lower social levels and convert them to new opinion leaders in order to accelerate the natural contagion of Obama's values (Rosen, 2009: 159-165). In Europe, there has been a lot of movements such as "Friends for Obama" fighting for values considered as general interest values.

6.3 LEGITIMACY: A THEORETICAL APPROACH

The concept of legitimacy is at the core of our article. Legitimacy helps to explain the support of a specific stakeholder within policies and actions of a government or party. We can define legitimacy as "a generalized perception or assumption that the actions of an entity are desirable, proper, or appropriate within some socially constructed system of norms, values, beliefs, and definitions" (Mitchell, Agle, and Wood, 1997; cf. Suchman, 1995). As stated, legitimacy and power can exist independently or can be combined to create authority and work for the general interest that is normally recognized as a valid way to develop moral authority. Moreover, Stillman (1974) has asserted that legitimacy is useful for the "operationalization building", which can be understood as the capacity to represent and to be approved by certain social actors. In fact this is just the way to slow down any critics and negative activism.

In politics, it is fundamental that party values emerge as coherent with this social demand and they should be aligned accordingly with social values. The symbiosis between society's values and a party's values is achieved when the balance of interests and expectations is successful. Therefore there is no sense in dealing with values and party commitment separately from social demands and expectations. Dealing with community representatives is a good way to engage social activists to work for your project. In that way, the party earns the license-to-operate and, as well, the license-to-represent the supporting groups.

Furthermore, Obama's election not only broke the traditional sociological thinking of the country but also clarified the importance of ICT as central tools for PR managers in organizing the campaign. The internet is a good way to gain public legitimacy and commitment or, what is the same, is a good place to reach everyone's interest.

Actually, the effective results of the use of ICT for American democrats' grassroots communication during the 2008 presidential campaign should lessen the importance of some pessimistic theories about the influences of ICT (above all, the Internet) in Western societies (Wolton, 2000). For this reason, in this work, we are able to consider more optimistic theoretical positions, such as the constitution of social worlds on the web (Haythornthwaite & Hagar, 2005) or virtual communities (Rheingold, 1996; Castells, 2003 and Sillence & Baber, 2003). For example, Sillence & Baber define a digital community "as a group of people engaging with a community that exists within the confines of a technological domain, e.g. the web" (Sillence & Baber, 2003: 93).

Manuel Castells et. al. (2004: 197) highlight that "the wide availability of individually controlled wireless communications effectively bypasses the mass media system as a source of information, and creates a new form of public space". Currently, the virtual world is the only space where different sensibilities and interests meet together both during a campaign and after. For this reason, flash mobilizations "have made a considerable impact on formal politics and government decisions" (Castells, et. al., 2004: 197). The research of these authors is based on the impact of wireless communications, above all cell phones, in political decisions –"Power People II" in Philippines (2001), "People who love Roh" in Korea (2002) or the Popular Party's defeat in Spain (2004)– and this perspective must be taken into account in any new social media research. However, the cases presented were not studied through a PR perspective nor through the use of virtual communities as tools to get public interest and to legitimize authority. This presents itself as an important opportunity as well as a challenge for researchers.

6.4 KEY ELEMENTS TO HAVING AN AUTHORITY RECOGNIZED

Obama's PR Managers were worried about the candidate's legitimacy around the World –see the Berlin speech during the campaign. In this article, to analyze how he was legitimated, we need to analyze the following aspects: **opinion leaders as third party endorsement, items and values,** and finally, **political opportunities** as a result of the failure of the rival. This research is based on a qualitative methodology that used the content analysis of the official candidate's websites, supporting groups' websites and the mainstream European press while running the US presidential campaign. We have to consider the above aspects as indicators for the analysis as set out by the main parts of the article that follows. Furthermore, the materials collected by researchers of the Contemporary Political Documentation Centre of the Autonomous University of Barcelona (CEDOC-UAB) that followed the campaign in the US have been also important in the writing of theoretical framework.[14]

6.4.1 OPINION LEADERS

Previous to engaging in the discussion it is necessary to clarify that the research considered an opinion leader as a personality who is relevant for the public opinion, as important critical references for making decisions for themselves. We can divide them into celebrities, media and politicians and local community leaders.

Focused on the American campaign, it is well known that celebrities, actors, singers and moviemakers took part in both candidates' activities. But, there is a larger list of these celebrities as supporters of the Democrat's candidate than the

[14] Nowadays, this centre –that was created in the mid seventies by Professor Eugeni Giral– has a collection of 10,000 Spanish political books, 5,000 political brochures, 8,900 titles of Spanish political magazines and 12,000 international political posters. At this moment, it is the most important documentation centre for political posters in Spain.

Republican's one. Obama even used a song from the Spanish singer Noelia Zanón as the campaign anthem for the Latin community.[15] Furthermore, many of the celebrities who supported the Democrats were the same as those who were opposed to the Iraqi war (Scarlett Johansson, Whoopi Goldberg, Jennifer Aniston, George Clooney, Paul Newman, Jessica Alba, Bruce Springsteen, Woody Allen, Steven Spielberg, George Lucas, Penelope Cruz, Antonio Banderas…). In fact, this support was essential to the creation of the most important and global slogan and videoclip of the campaign: "Yes, We Can".

Moreover, Obama got the nod from 194 newspapers compared with 82 for McCain, taking into account the data written by Greg Mitchell in *The Huffington Post*,[16] *The New York Times, The Times, The Washington Post, The Chicago Tribune, The Miami Herald* and *Lexington (KY.) Herald-Leader*, etc. can be examples. Moreover several black radio stations broadcast songs supporting him three or four times per day. Obama received the support of relevant political leaders who used these media to express their opinions in favor of him, for instance, Colin Powell or the Kennedy family. Furthermore, European leaders also gave him support, such us, the French president Sarkozy: "Obama represents change, optimism, and he believes in progress and the future; and we need him to build another world, more stable and secure".[17] After the campaign, other European leaders, such us the Spanish Prime Minister José Luís Rodríguez Zapatero, expressed their alignment with Obama's ideals.[18]

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15 Europa Press. (2008). "Obama ficha la cantante valenciana Noelia Zanón para captar el voto latino en EEUU" in *20Minutos,* September, 9th. http://www.20minutos.es/noticia/414872/0/obama/zanon/elecicones/ [Consulting Date: May 29th, 2009].

16 Mitchell, G. (2008) [online]. "Landslide' for Obama -- He Now Leads in Newspaper Support 194-82". *The Huffington Post*, October, 26th. http://www.huffingtonpost.com/greg-mitchell/alaskas-largest-paper-end_b_137896.html [Consulting date: May 3rd, 2009].

17 Jeudy, B. (2008) [online]. "Sarkozy: Obama? C'est mon compain!". *Le Figaro*, July, 7th. http://www.lefigaro.fr/international/2008/07/25/01003-20080725ARTFIG00006-sarkozy-obama-c-est-mon-copain-.php [Consulting Date. May 3rd, 2009].

18 González, M. (2009) [online]. "Obama a Zapatero: 'Estoy contento de poder llamarle amigo'" in *El País,* April, 5th.

Finally, apart from the great success of http://my.barackobama.com, pushed by Obama's PR officers, as we stated in the introduction of this paper every social group (women, African-Amercan, Latinos…) had their own organization with their leaders in order to promote Obama's values abroad. This is the example of "Friends for Obama" (http://friendsforobama.org), "Latinos for Obama" (www.latinosforobama.com), "Women for Barack Obama" (www.womenforbarackobama.org), "Amigos de Obama" (www.amigosdeobama.com), organizations that contributed to consolidate more than 10 million subscribers to the official website and more than 3 million in small donations.[19]

From the European perspective, the campaign led by the mentioned opinion leaders was also very effective. Examples include: More than 200,000 people listened to the speech of the Democrat candidate in Berlin on July 23rd, 2008; Obama received more than 1 million dollars in donations from Americans who live in Europe –McCain only received 150,000 dollars– out of the astonishing 639 millions received by the end of the campaign[20]; a poll published by *The Daily Telegraph* done in the UK, France, Germany, Italy and Russia highlighted that 52% of the Europeans would actively vote for Obama against the 15% who would vote for McCain[21].

We can thus analyze the headlines of some of the European mainstream press to understand the hope that Obama's victory generated in European society: *DeMorgen* (Belgium) stated "Change", translated into 24 languages in the front page; *The Daily Telegraph* (England) wrote "The dream comes true"; *The Gazeta*

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http://www.elpais.com/articulo/espana/Obama/Zapatero/Estoy/contento/poder/llamarle/amigo/elpepuesp/20090405elpepunac_3/Tes [Consulting Date: May 29th, 2009].

19 Casajoana, E. (2008) [online]. "Obama revoluciona las campañas electorales". *La Vanguardia*, November, 11th. http://www.lavanguardia.es/lv24h/20081119/imp_53581842281.html [Consulting date: May 3rd, 2009].

20 Katz, G. (2008) [online]. "Obama Beats McCain in the European Donation", ABC News, July, 28th. http://abcnews.go.com/International/wireStory?id=5446867 [Consulting Date: May 3rd, 2009].

21 Blair, D. (2008) [online]. "Barack Obama beats John McCain in European vote: US election 2008", *The Daily Telegraph*, December, 19th. http://www.telegraph.co.uk/news/newstopics/uselection2008/2049446/Barack-Obama-beats-John-McCain-in-European-vote-US-election-2008.html [Consultin Date: May 3rd, 2009].

Wyborcza (Poland) chose the word "Obemeryka!" as the main headline, a word in Polish to sum up the new American landscape; in Austria, *Die Presse* composed a front page with the words "Obamas Amerika" surrounded with ten pictures of American minorities expressing emotion; and *Público*, from Spain, stated "Arranca el cambio" [change is coming], a headline that reflected the change Obama said he would bring as President (The Poynter Institue, 2008).

6.4.2 THE THIRD PARTY ENDORSEMENT

We are not contributing a revolutionary idea when we say that getting activists involved in your project is more than desirable. This is, in fact, what we understand as having the third party endorsement. A large number of marketing people have already worked on having active costumers to convince potential costumers by performing an outstanding attitude of support for a general cause. In general, working for the general interest results in people undertaking the campaign for you. This is somehow similar to what happens in politics. "The social power is the soft power that can make you win the elections" (Nye, 2005); active community leaders or strong organizations with a strong network in which all the members work at once for a cause. When there is a common cause between the party and the organization (very common with NGOs), then there is a real involvement, because an emotional association with the candidate exists. This is the case of Obama in Europe. The emotional association with him became an official endorsement through non-profit organizations that gave him support. This was, in fact, the "real vote" he got from Europe. And, of course, this implied a lot of extra donations and as well a higher legitimacy to become a worldwide leader. We cannot neglect a discussion of Max Weber's (1984) typologies of legitimacy when thinking of Obama's European influence. Max Weber (1984) argues for three types of legitimacies: 1) the traditional or historical legitimacy which Obama broke by being the first black president (we already talked about this in relation to ethnic cleavage), 2) the legal-rational legitimacy by giving reasons for the change, and 3) the charismatic legitimacy, by showing outstanding qualities in communication and involving publics. Engagement has quite a lot to do with convincing by giving reasons and by transmitting emotions, which lead us to the Aristotelians principals for leadership: Ethos, Pathos and Logos. In all cases, it implies the trust, the faith, the charisma, the emotions and, to sum up, what people believe to be truth. This is what drives us toward the credibility of the candidate. As more people believed in him, the more credibility he amassed (and currently maintains). Jürgen Habermas (1984 and 1987) also reinforced this idea by stating that any legitimacy needs the basis of truth.

6.4.3. ITEMS AND VALUES

Credibility is always related to values and beliefs. Politicians recognize that they need to foment a symbiosis between their own values and society's values in order to command public opinion's legitimacy. From the European perspective we understand Obama could very much detect the general claims from most of Western European citizens, especially after the defeat of Bush's defensive strategy against terrorism. So then, if we make a list of Obama's most commonly perceived attitudes, after a content analysis from the above mentioned newspapers, we find he is represented as having: empathy, honesty, diligence, emotion (perfect husband and father), humility with dignity, humanism (because of his belief in empowering people, dynamism (he believes in people who transmit energy) but with pragmatism and natural behavior, (nothing seems scripted in advance). From the quantitative perspective, we have a Gallup opinion poll examining past presidents' job where 64% approved him after the first 100 days. Only Ronald Reagan got a slightly higher rating (67 percent). Bill Clinton and the first President Bush were both below 60[22].

In fact, the rhetorical items on him were highly important for gaining European confidence and alliances: economy, immigration, diplomacy in solving the Iraq war, Universal Public health and education. Those items, which were also presented in his book *The audacity of hope* (2008), were willing to fit into the

[22] Schneider, B. (2009). [online]. "Is Obama the superpresident?" a *CNN.com.* April, 24th. http://edition.cnn.com/2009/POLITICS/04/24/schneider.polls/index.html#cnnSTCText [Consulting Date: May 29th, 2009].

general social claims and values. Besides, they worked against those of McCain: economy, energy, justification of the Iraq war, conservative in public health and educational system.

Obama affirmed his commitment to close Guantanamo and this was a very well accepted move in Europe. In fact, repudiating water-boarding and other forms of torture was a crucial commitment in garnering European support. Yet nowadays, Obama understands that his national security policies must be legitimate, and that there is more to legitimacy than an assertion of presidential prerogative. He needs to justify himself at every step, because of the high expectation he generated in his speeches and actions while campaigning[23].

As we mentioned, the added value of this campaign was not the content and issues pushed by the candidate and his Public Relations managers, but, rather, the items attributed to him by social groups, either in the States or in Europe. There have been any number of viral campaigns at the grassroots level, coming from independent groups of individuals and, pushed by the PR officers. In Europe, as there was not an official campaign, this was a means of keeping Obama in the conventional and non-conventional media. For instance, the amount of videos uploaded to YouTube during the campaign, and even after, permitted some journalists to qualify the Obama's presidency as a "YouTube Presidency".[24]

The final item of this chapter is a quick comment on the key words of Obama's message in comparison with McCain's. "Hope" and "Change" are intrinsically linked to pathos and logos, as regarding Aristotlian rhetorical principals. They greatly differ from McCain's, whose campaign was perceived in Europe as an experienced man able to fight for his country ("country first"), as he did in the past, but not so much for world-wide interests as Obama seemed to be able to do. It is not a new reflection that so many of videos of McCain showed him in the army. Nevertheless his activity on the net was far less extensive and not

[23] *Financial Times*. (2009). "Without fear and without favour" in *Financial Times*, Saturday May 23rd, p. 6.

[24] Rodríguez, P. (2009) [online]. "La 'presidencia YouTube' de Obama" in ABC, February, 2nd. http://www.abc.es/20090202/internacional-estados-unidos/presidencia-youtube-obama-20090202.html [Consulting Date: May 29th, 2009].

nearly as spontaneous. We can say that McCain, at least, gained advantages from his daughter's work, on her blog http://www.mccainblogette.com/; a limited social media activity, however, when compared with Obama's.

6.5 PARTIAL CONCLUSIONS: POLITICAL OPPORTUNITIES OF THE CANDIDATE

Finally, we need to consider the political opportunities of the candidate as a result of the big failure of the rival in terms of garnering public opinion and support. In order to do so, we have considered four main elements: public blunders, positive discrimination, and identification with the candidate linked with leadership and the promises that created high expectations.

Firstly, in our analysis there have been many more public blunders committed by McCain than by Obama. It is possible to highlight some of those that European media have shown consistently: Sarah Palin being accused of spending too much on clothes; the confusion of Al-Qaeda with Iranians by McCain, watched worldwide on YouTube (http://www.youtube.com/watch?v=GEtZlR3zp4c) and the fictional character created by the Republicans called Joe the Plumber. However, Obama also had some political failures in his campaign, such us the minimization of the power of Iran, also broadcast worldwide through YouTube: (http://www.youtube.com/watch?v=ew5qP2oPdtQ&eurl=http://www.victoriataft.com/2008/05/obama-urges-dont-worry-about-iran.html).

Secondly, in terms of positive discrimination and identification with the candidate, the image indicators of Bush point toward a negative perception that was transferred to McCain. Public Relations managers could not manage the detrimental transfer: McCain was always associated with Bush, and this turned out to be to the advantage of Obama. So then, ethnic and social cleavages positively affected the Democrat candidate. Linked to this, the CNN State Department producer Lynette Chiang on an analysis for the CNN pointed out: "For the first time skin color is a real advantage, in the same way that being blessed with good looks can make you a movie star, or good calves can make you an athlete, good brains can make you a Nobel Laureate. Being different may shut some doors, but can open bigger doors that lead to better places[25]." Contrary to this is what some called the "Bradley Effect": "The Bradley Effect, a term named after Tom Bradley, the first and only black mayor of Los Angeles, is used by political observers to describe campaigns where one candidate holds a lead in the polls but ultimately loses on Election Day, due to racism or social desirability bias. Bradley lost the 1982 California gubernatorial race to state Attorney General George Deukmejian, who was white, despite holding a lead in the pre-election polls"[26].

Another positive element ofwhich Obama took advantage was what we could call "the Spiral of Silence effect" (Noelle-Neumann, 1995) by the usage of ICT. Obama offered his electorate the means of expressing their support for him, mainly thought ICT. In this way, quite quickly, their opinion became the major opinion, being loudly expressed. This decreased the effect of McCain's campaign. McCain's people were not so eager to express themselves, knowing that the majority would not accept them and that they would be criticized. In this way we can comment on the spiral effect in favor of Obama.

And last, but not least, in referring to identification with Obama, we want to underline that, as we said in the title of our article, European and other influential countries outside of the United States were very important for the final decision of the American electorate. It was visible on CNN some days previous to the elections: "Countries around the world will compete for Obama's attention. Africa, elated over the election of America's first black president, may expect increased attention and aid from the United States. Additionally, Muslims familiar with Obama's Kenyan father and middle name, Hussein, may think he will be more

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[25] Chiang, L. (2008) [online]. "Barack Obama and the Power of Positive Discrimination" in *Fastcompany.com*. November, 5th .http://www.fastcompany.com/blog/lynette-chiang/247-customer-evangelist/barack-obama-and-power-positive-discrimination [Consulting Date: May 29th, 2009].

[26] Sisak, M. R. (2008) [online]. "Ohio and Pennsylvania could decide the presidential election" in *Citizen's Voice,* November, 3rd. http://www.citizensvoice.com/articles/2008/11/03/news/wb_voice.20081103.t.pg5.cv03cdpaohio_s1.2058710_top5.txt [Consulting Date: May 29th, 2009].

understanding of their concerns"[27]. Obama needed this support to recover the lost leadership during the final term of the Bush era. In this case, the French and German position was determinant to demonstrate his potential authority to face the most important global issues. Meanwhile, Obama's heightened activity abroad was criticized by American media. CNN stated that "once the gloss of this historic election wears off, the world will find Obama cannot be president to the world**.** He can only be president of the United States and Americans will expect him to protect their interests first and foremost."[28]. And added to this is: "In fact, we do not discuss elections in some countries somewhere on the map, we do not care about elections that don't take place in our homeland. Nevertheless, we all talk, without exception, about the US presidential elections. And the only reason for that is the fact that US actions affect the whole wide world."

It is too soon to tell whether Barack Obama will turn out to be like Jimmy Carter, due to his idealism, or whether his discourses are hiding a sense of pragmatism that is currently difficult to perceive.[29] "But as high as those hopes are, so too are the sky-high expectations. The world has been seduced by Obama's vision of change. But will the *Obamamania* survive the realities of governing?"[30], added the CNN. We all want to see if he is able to keep social legitimacy and this high social media support in the future.

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[27] Labott, E. (2008). [online]. "High hopes and high expectations abroad for Obama" in *CNN.com,* November 6th. http://edition.cnn.com/2008/POLITICS/11/05/labott.foreign.policy/index.html [Consulting Date: May 29th, 2009].

[28] Labott, E. (2008). [online]. "High hopes and high expectations abroad for Obama" in *CNN.com,* November 6th. http://edition.cnn.com/2008/POLITICS/11/05/labott.foreign.policy/index.html [Consulting Date: May 29th, 2009].

[29] Mititelu, C. (2009). [online]. "Obama-admirat, dar greu de descifrat" in *Zilei Evenimentul,* April, 21st. http://www.evz.ro/articole/detalii-articol/847997/CHRISTIAN-MITITELU-Obama---admirat-dar-greu-de-descifrat/ [Consulting Date: May 29th, 2009].

[30] Labott, E. (2008). [online]. "High hopes and high expectations abroad for Obama" in *CNN.com,* November 6th. http://edition.cnn.com/2008/POLITICS/11/05/labott.foreign.policy/index.html [Consulting Date: May 29th, 2009].

In fact, we realize how the social, institutional and celebrities' support gave legitimacy to Barack H. Obama and enlarged the consensus around his moral authority. Legitimacy is an act of faith, based on the sharing of similar values and objectives on both sides: the electorate and the candidate. Opinion leaders definitively play an important role in when they are endorsed, with the guarantee of both sides' responsibility in political issues.

As Martin Lipset (1983) has suggested, "legitimacy is the capacity of a system to create and maintain the belief that the existing political institutions are the best ones for the society". This article reinforces this idea: institutions and politicians must obtain grassroots' support to influence the public opinion, within the country or abroad, to be well considered.

However, candidates' traditional forms of reaching the electorate have been altered by the applications of ICT in the political communication and PR techniques. Obama's campaign demonstrated that, right now, the Internet is the agora where the political agenda is settled and the candidate can more easily reach the lower spheres of the social order. Just as Obama did in Europe.

7. SEARCHING FOR SOCIAL SUPPORT: THE AZNAR CASE

ARTICLE:

- Ordeix, E. "Aznar's Political Failure or Punishment for Supporting the Iraq War? Hypotheses About the Causes of the 2004 Spanish Election Results". In: *American Behavioral Scientist,* 49 (4), 2005, p. 610-615.

7.1 INTRODUCTION

In this part of the research we turn to consider the latest Spanish government's evolution in values support, *el Partido Popular* (Popular Party, in English), and how its values[31] are expressed through messages and actions, which surprisingly changed with the different situations or facts during the two political periods while it was in power. The writer's wish is to induce the reader to think about the Spanish election results by taking into account the concepts of the basis of the core values and public image.

7.2 DISCUSSION

7.2.1 FIRST AND PRINCIPLE HYPOTHESIS

The Partido Popular (PP)'s reputation depended on its record of eight years in power and on its ability to build up the corporate values[32] for the party while it was in control of the government. Those values were challenged and experienced significant change when the following events occurred:

First factor. The emergence and growth of El Partido Popular´s main governmental values. For four years el Partido Popular (PP) worked to

[31] Schein, E. H. (1992). *The corporate culture survival guide*. San Francisco: Jossey-Bass.
32 Some authors would use Corporate Values instead. Kotter, P. J. Y Heskett, J. L.(1992). *Corporate Culture and Performance*: London, The Free Press, a Division of Simon & Schuster.

demonstrate that its economic policy was the best, making use of rigueur and sometimes severity and austerity when taking decisions. Over the years, the party's corporate values became identifiable. These values were solid enough that it was possible to identify them easily during political campaigns and communication procedures[33], especially when compared to what the socialist party (PSOE) had been doing in the past. In the very beginning of the PP reign, the Popular Party needed an alliance to effectively govern, and the best choice was the nationalist parties -Catalans (CIU) and Basques (PNB). This coalition, during the PP first term in office, easily agreed upon an austere and comprehensive policy against political corruption cases which had occurred during the socialist period.

This coalition reflected the emergence of a new political situation. During its first four years in power, the PP grew stronger and more popular among the Spanish public. The Popular Party won the general elections for the second time by an absolute majority and no alliances with other parties were needed[34]. Given this majority, the PP's authentic values became more evident and more easily detected in government rhetoric. Some analysts consider that the terrorist attack without personal consequences that Aznar suffered helped him to win, and we do believe this attack is an important factor for understanding Aznar's behavior after 9/11.

Second factor. The celebrity/spectacle of the marriage of the President´s daughter[35]. When José Maria Aznar's daughter was married glamorously in one of the most expensive venues in Madrid – a place traditionally reserved for the marriage of Spanish Kings – many within Spain perceived a double standard. The principle of austerity and economic restrictions preached by the President to the Spanish public seemed not to apply to his own family. A credibility gap began to appear as a result of what the President preached and

[33] Nager, N. & Allen. T. H. (1984). *Public Relations. Management by objectives*. London: University Press of America.
[34] Spicer, C. (1997). *Organizational Public Relations. A political perspective.* Mahwah, NJ: Lawrence Erlbaum Associates.
[35] http://wwwd.lavanguardia.es

what he personally practiced. The PP's core values would have to adjust to this skepticism.[36]

Third factor. "The Prestige ecological catastrophe"[37]. When the oil tanker sank in the deep ocean off the coast of Spain, the government was criticized in being slow to react to the crisis, and when it did, further criticized for inept policies designed to address the economical and social demands. Although this disaster could easily have meant their defeat in the local elections, surprisingly they won in most towns, especially in seaside cities and villages where the coast was most damaged.

Although the ecological factor was never identified as a main value within the party[38], the catastrophe hurt the PP´s reputation with the public[39]. It was further damaged by the inability of the PP to face and manage the crisis and its consequences. Evaluation of the PP as strong and rigorous prior to the event experienced a decline in public opinion afterward. One attempt to address the situation was the PP's work to increase fishermen's wages in the affected region, a policy that resulted in more support of the party in this area, but one viewed skeptically by the voters at large.

7.2.3 SECOND HYPOTHESIS

The global events: September 11th to March 11th[40]. In spite of the prior-mentioned events that had a detrimental impact, no one in Spain could ever imagine that the PP would lose the national elections in 2004. However, political assessors/pollsters[41] worked to find a way to check the bad results in the opinion

36 Kreps, G. L. (1990). *Organizational Communication.* New York: Longman.
37 http://www.elpais.es
38 Robbins, S. (1997) *Essentials of Organizational Behaviour.* Upper Saddle River, NJ: Prentice Hall.
39 Fombrum, CH. J. (1996) *Reputation.* Boston, MA: Harvard Business School Press.
40 http://www.tripodos.com
41 Schein, E. (1992). *Organizational Culture and Leadership.* Homewood, ILL.: Richard D. Irwin.

polls for the PP. A new reference value would soon be added to the PP's rhetorical appeals and to its main message for the following general elections that would take place in Spain. The PP's major appeal was its claim that it epitomized "safety against terrorism".

Terrorism in Spain has deep and disturbing roots that have existed mainly since the country moved towards democracy. The major terrorist organization is the Basque separatist terrorist group, ETA. The challenge for the PP was to present itself as a party able to control and eradicate terrorism. If it succeeded, its success would guarantee the Party a long tenure. The September 11th terrorist act in the U.S. presented the PP with an opportunity to take a strong stand against terrorism. In addition, the Party could improve its international relationships and stature, especially with the USA and UK.

First factor. Spain sides with the coalition against Iraq[42]. When the former Spanish president, Mr. José Maria Aznar, decided to join the international coalition to invade Iraq, his desire to promote the safety political value was clear to everyone. His objective was to get the USA and the UK's help to confront ETA's nationalist terrorism in the Basque region of Spain. This strategy would be the basic one for the Spanish electoral campaign in order to give the perception of control and social improvement among the voting public.

In fact, during the second term of the PP's government, there were fewer ETA attacks than ever before. Yet, at the same time, other political events occurred which reinforced and strengthened the relevancy of safety and security for the public. Spanish anti-war advocates organized one of the largest demonstrations worldwide in Barcelona. Opinion polls revealed that 95%[43] of the Spanish population opposed the Iraq war. This presented a paradox and deep division because despite this strong anti-war group, the PP's supporters still trusted in Aznar as a leader[44] and accepted his reasons for Spain being involved in the war.

[42] http://www.elmundo.es
[43] http://www.elmundo.es
[44] Newsom, D.; Vanslyke, J.; Kruckeberg, D. (2000). *This is PR. The realities of Public Relations*. Madrid: Wadsworth Publishing Company. and Wilcox, D. L. - Ault, H. P.-

Second factor. A member of the Catalan Government has a secret interview with ETA[45]. Before the 2004 general elections, the recently elected Catalan prime minister, a member of the left wing's coalition and an advocate for independence, admitted to having a recent interview with ETA's board of management. The revelation that a government member had met with a terrorist organization damaged the left wing coalition and the socialist party, major opposition groups to the PP. The Catalan prime minister resigned in an attempt to resolve the crisis.

Most parties took advantage of the diplomatic crisis during the Spanish general elections. The Partido Popular, of course, joined in condemning this serious diplomatic mistake to highlight its primary claim to be strong in preventing potential terrorist attacks. Specifically, the PP utilized emotional safety as an inherent value in its rhetorical appeals. All of the PP messages referred to this value. The key word was safety in all its potential uses: safety to keep the Spanish nation united against the independent advocates and the Basque terrorist; safety with regard to economic development; and safety to maintain the social balance[46].

Agee, W. K. (2000). *Relaciones Públicas. Estrategias y Tácticas.* 6a Ed. Madrid: Addisonwesley Longman Inc.

[45] http://www.abc.es

46 Grunig, J. E. - Hunt, T. (2000) *Dirección de Relaciones Públicas*. Barcelona: Ediciones Gestión 2000. and Grunig, J. E. (Ed.). (1992). *Excellence in Public Relations and Communications Management.* Hillsdale, NJ: Lawrence Erlbaum Associates.

Third factor. March 11th,, Madrid suffers the worst European terrorist attack ever. [47] As previously mentioned, the over-arching value of security for the PP implied and included efficiency and rigueur[48]. But the main argument expressed by the former Spanish government during their involvement in the war in Iraq was that a crusade against terrorism makes the world safer, especially in the local areas in Spain and specifically in the Basque region. Thus, according to the PP, the fight against ETA was enough to justify the Spanish involvement in the war in Iraq[49].

When bomb explosions rocked Madrid on March 11th Aznar's government stated and implied several times that ETA could be responsible. Yet, from the beginning, there was no compelling evidence to justify this claim made by the PP. Admitting that Al-Qaeda could be responsible would be prejudicial to the PP's interests - because the bombing could be an act of revenge for Spanish involvement in the war. Until the Madrid bombing, most Spaniards viewed the war in Iraq as a far away conflict. However, after the terrorist attack in Madrid, the Spanish society realized that the Iraqi conflict affected them personally. The day before the elections on March 14th the PP's claim that ETA was responsible for the bombs in Madrid was so lacking in credible evidence that the French newspaper "Le Monde"[50] qualified the electoral results as the consequence of the "mensonge d'état"[51]. The night before the election-day, the anger over the bombings and the perception that the PP was attempting to manipulate the facts to support its policies gave way to several demonstrations in front of the PP's head offices all over Spain. The PP reacted to these demonstrations as an illegal propagandist tool in order to sway public opinion in favor of the socialist alternative.

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[47] http://www.elmundo.es
[48] Cutlip, S.M. - Center, A. H. - Broom, G. M. (1994). *Effective Public Relations.* 7th edition. Upper Saddle River, NJ; Prentice-Hall Inc. and [48] Duncan, W. J. (1978). *Essentials of Management*. 2nd Ed. Hinsdate, Ill.: The Dryden Press.
[49] http://www.elpais.es
[50] http://www.lemonde.fr
[51] "State lie", in French.

7.3 CONCLUSIONS: MARCH 11: A BOMB TO AZNAR AND PP MAIN IDENTITY VALUE[52]

Considering the post-election results that revealed that the Popular Party retained its previous core number of voters (about ten million) and that the PSOE (Partido Socialista Obrero Español/Spanish Socialist Worker's Party) gained more than three million over its showing in the last general elections, one can conclude that the PP government's positioning of the over-arching value[53] of safety proved to be too severe and risky in the post March 11th environment.

One should not conclude that Spanish involvement in the war was the only reason why the Spanish socialists and left wing party voters went massively to the polls, although it was a major factor. Another major factor was the repudiation of the PP's inept actions, as perceived by a significant portion of the public, as an attempt to manipulate the tragedy on March 11th to fit its own political rationale and agenda, without the actual facts.

In addition, the candidates selected to follow Mr. Aznar within the PP could have negatively impacted the party's chances in the Spanish national elections. On one hand, the candidate to be the Spanish president for the PP, Mr. Mariano Rajoy, had been the party's spokesperson for the "prestige ecological catastrophe". In addition, the current vice-president of the party, Mr. Angel Acebes, had been the past Minister of the Interior and spokesperson during the March 11th terrorist attack. For many people these individuals conveyed the wrong image for effective governmental management.

There is evidence to support the claim that the March 11th terrorist attack horrified and affected all Spaniards. It dramatically challenged the PP's core value and key message within the public - safety and security.[54] The result was voter

[52] Conrad, Ch. (Texas A&M University). (1994). *Strategic Organizational Communication. Toward the twenty-first century*. 3rd Ed.. Orlando, FL: Hadcourt Brace College Publishers.
[53] Heath, R. L. (University of Houston). (1994). *Management of corporate communication. From interpersonal contacts to external affairs*. Hillsdale, NJ and Hove, UK: Lawrence Erlbaum Associates.
[54] Miller, K. (Arizona State University). (1995). *Organizational communication. Approaches and Processes.* New York: Wadsworth Publishing Company.

repudiation of the PP for its inability to deliver on the safety value, as well as its conceived attempt to weave an explanation of the bombings consistent with its world view. The bottom line is that the PP suffered a credibility crisis and a loss of the Spanish election due to its inability to deliver on its core value.

8. CONSTRUCTING THE SOCIAL PERSONALITY AS A PREVENTATIVE TOOL

ARTICLE:

- Xifra, J.; Ordeix, E. “Managing reputational risk in an economic downturn: The case of Banco Santander.” *Public Relations Review*, 35, 2009, p. 353-360.

8.1 INTRODUCTION

One of the fields most affected by the crisis is the financial sector. Nevertheless, Spain’s banks have so far held up relatively well, and this article examines one of the leaders, Banco Santander. The authors argue that the Bank’s current position, as one of the strongest banks in the economic downturn is not just attributable to Spanish regulations for conservative lending practices, and to the fact that Spanish banks did not invest in U.S. subprime mortgage products. In addition, we contend that there is a third factor to be considered – Spanish banks, especially Banco Santander, have well-established Reputational Risk Management programs (mainly as part of corporate social responsibility policy). The article illustrates how Banco Santander kept, and increased, its reputation in these times of turbulence and proposes the bank as a paradigmatic case for the importance of dialogue and reputation. In making these claims, the authors accept that they may be seen as uncritical. However, we do not seek to present Banco Santander as always perfect but instead to analyze how the Bank offers a paradigm shift in action that is seen to be successful and to offer a model for enactment in addressing both the current and some future crises. In discussing CSR in this article, we also aim to position it as part of the wider business and management literature, rather than just the public relations literature, which is, accordingly, not covered in detail. The article concludes by suggesting how Banco Santander opens up a key role for public relations in managing reputational risk both during and after the crisis.

Financial firms, and in particular banks, play an active role in the economic and social development of countries. This is because they have the capacity to select investment and consumption projects, manage risks, decide who has access to the capital, and which activities are to be financed. They also carry social responsibility in the struggle against poverty and social inequalities, and in the fight for sustainable development. The financial industry is beginning to be aware of this responsibility, and of the economic repercussions that may arise from evading it. Moreover, this responsibility has been seen as a way of preventing possible crises, and has been used to take preventative measures against the risks deriving from a bad reputation (Cuesta, 2006).

Spanish banks have been among the most robust and profitable in the world since the beginning of the financial crisis. Firstly, unlike their crisis-hit peers in the United States, the United Kingdom, Germany and much of the rest of Europe, they have not so far received injections of state capital. Instead, they were protected by the regulatory disapproval of off-balance sheet investments, and by reserves of "counter-cyclical" bad debt provisions set aside in the boom years (Mallet, 2009). Banco Santander and Banco Bilbao Vizcaya, the country's two largest banks, unveiled higher net profits for 2008, earning €8.88bn and €5.41bn, respectively. In the crisis, as the Chairman of Santander Group states: "efficient banks that are customer-focused, well diversified and with a strong balance sheet, like Banco Santander, have a clear competitive advantage" (Grupo Santander, 2009, p. 7).

As *The Wall Street Journal* reported, however, in addition to Spain's banks holding "up relatively well in the global financial crisis because of conservative lending practices and because they didn't invest in US products" (House, 2009, p. 23), "dialogue with stakeholders and their involvement in the decisions of the institution, commitment to the development of their environment and social action, as part of the culture of Spanish banks, have contributed to this survival" (p. 23).

The *Journal's* view is supported by *Euromoney* magazine, which named Banco Santander the "Best Bank in the World 2008" for its ability to grow in difficult markets, its strategic focus on retail banking, and its capacity for execution. Reporting this in the Bank's newsletter, *Caracter,* the General Director stated: "creating value as a group is not merely optional: it is mandatory. The market will demand that any bank which does not create value as a group, but only as a collection of business, should be split up" (March 2009, p. 59).

In effect, the General Director's statement positions Banco Santander as socially legitimized through CSR in line with Suchman's (1995) view that: "Legitimacy is a generalized perception or assumption that the actions of an entity are desirable, proper, or appropriate within some socially constructed system of norms, values, beliefs, and definitions" (p. 574). This definition is useful in CSR research because it positions legitimacy as being socially constructed, and thereby addresses the relationships between stakeholders, organizations and communities, and will assist our focus on CSR in financial firms as the management of reputational risk (Atkins, Drennan, & Bates, 2006).

8.2 DISCUSSION

8.2.1 CSR AT BANCO SANTANDER

According to Banco Santander's 2008 Annual Report, "The results of 2008 clearly show the Bank's capacity to solidly weather this difficult environment" (Grupo Santander, 2009, p. 7) and underscores the success of the Bank's traditional banking business model as "transparent, profitable, prudent and innovative" (p. 7). The bank has: 1) 170,000 employees and 90 million customers; 2) one of the strongest balance sheets among international banks, with a high core capital ratio, more than €6,000 million of generic provisions, a low risk asset structure, a focus on customer business, and a large base of stable deposits; 3) a non-performing loan ratio of 2.04% lower than the average of the banks in the three geographical zones where the bank is present (the main corporate manuals state risk management as a "hallmark" of Banco Santander, since everyone in the company is involved in risk management [Grupo Santander, 2009, p. 8]); and 4) geographical diversification.

In addition, as testimony to the bank's policy on CSR and reputational risk management, the bank invested €126 million in CSR in 2008 to continue "to be in the vanguard in CSR, through . . . creating wealth and jobs, and fostering the development of society and the environment. . . . and promoting sustainable growth" (Grupo Santander, 2009, p. 8). In the CSR literature, CSR concerns a firm's obligation to protect and improve social welfare now as well as in the future, by generating sustainable benefits for stakeholders (Lin, Yang, & Liou, 2009). Moskowitz (1972). A major theme of the literature also concerns its relationship to delivering tangible outcomes. Parket and Eilbirt (1975), and Sturdivant and Ginter (1977), for example, both found CSR to be positively related to an organization's stock market performance. Possible explanations offered by these authors for their findings include improved relationships with key stakeholders. Those better relationships can increase shareholders' investments in these firms (Moskowitz, 1972), elevate employee morale, increase customer goodwill (Solomon & Hanson, 1985), and improve relationships with government agencies, which may in turn reduce regulatory costs (McGuire et al., 1988).

From a strategic business perspective, the firm's economic benefits from CSR have been documented in their link to consumers' positive product and brand evaluations, choice, and brand recommendations (Drumwright, 1994; Osterhus, 1997; Handelman & Arnold, 1999). Through a variety of theoretical lenses, these studies have demonstrated that CSR plays a role in consumer behavior and has a spillover, or ''halo effect,'' on consumer judgments, such as the evaluation of new products (Lin et al., 2009).

In the financial arena, this article proposes that Banco Santander illustrates how the growth of such socially responsible organizations does not stop in periods of global economic downturn because: "through its activity and Social Responsibility policy, [Banco Santander] is creating wealth and jobs and contributing to the economic and social progress of the countries where it is present" (Banco Santander, 2008, p. 5). Nor is this simply a question of investing financial resources; the CSR practiced by Banco Santander is based on dialogue. This is clearly spelled out in the contents of its report on sustainability and CSR (Banco Santander, 2008) dedicated to the main stakeholders, in featuring the following phrases as chapter titles: "We dialogue with our customers" (p. 17); "We dialogue in order to improve our products" (p. 25); "We dialogue with our shareholders" (p. 35); "We dialogue with our employees" (p. 43); "We dialogue with our suppliers" (p. 67); "We dialogue with universities" (p. 71); and "We dialogue with the third sector" (p. 77).

From this perspective, the bank's policy on sustainability and CSR is a clear example of relationships management. According to the 2007 sustainability report (Banco Santander, 2008), the main process of its CSR policy is "Identification and dialogue with the relevant stakeholder groups" (p. 91). Part of this involves going "beyond the purely commercial" (Banco Santander, 2008, p. 91) and ascertaining the needs of the stakeholder groups through open and effective channels of dialogue along the following lines:

1. *Customers*: the corporate customer model gives the Group a powerful tool for better ascertaining the needs of customers and improving relationships with them. This model includes customer satisfaction surveys and studies, increasingly advanced systems for receiving and tracking complaints, customer attention telephone lines, the bank's website and the availability of the independent Customer Ombudsman.
2. *Shareholders*: the main channels of dialogue are the Shareholder Attention Office, a website providing specific information and an annual Investors' Day.
3. *Employees*: Corporate Intranet, mail boxes for suggestions, in-house magazines, surveys on the working environment, and information on social benefits and other systems are among the mechanisms the Group provides to foster open and participative dialogue.
4. *Suppliers*: the Global Purchasing Model, which includes forums for dialogue and fosters communication and cooperation.

5. *Society*: Santander Universities is a department of the Group that promotes active communication with society, also achieved, among other means, via the Group's website, CSR and Annual Reports, conventions, conferences and presentations.

In 2007 Banco Santander extended its CSR by launching various initiatives to improve customer satisfaction, to strengthen the confidence of its shareholders, to foster the professional development of employees, and to increase the number of people benefiting from its CSR programs. For example, Banco Santander believes that investing in higher education and research is the best way to develop society, and the best guarantee for the well-being of future generations (Sustainability Report, 2007).

For this reason, of the €119 million that Santander invested in CSR issues in 2007, €89 million went to universities in the countries where it is present. In this period, the organization increased the budget of Santander Universities by over 20% and widened its sphere of activity to include new higher education institutions and new countries, such as the United Kingdom, Russia, and the United States. Banco Santander has cooperation agreements with 623 universities and, in 2007, granted more than 12,400 scholarships for study and training.

Another strategic project is Universia, a unique network of information and cooperation with 1,056 universities in Spain, Portugal, Latin America, the United Kingdom, and Russia. Among its priorities are: to support universities in training and in generating knowledge and help students find their first work experience. Banco Santander's commitment also includes initiatives, in many of which its employees are involved, supporting projects for the benefit of society. The bank is also sensitive to environmental problems with strict controls on the environmental impact of its activities. As a bank it finances renewable energy projects and develops financial products to support sustainable development.

Banco Santander's concern to maintain fluid communication with shareholders and investors is both constant and fundamental in guaranteeing their confidence. Indeed, in 2007, the Large Shareholders Unit was created and forums for dialogue and information such as Investors' Day were put into effect, key elements in involving the bank's investors and shareholders. In addition, the bank's shares remained stable throughout 2007 in the main socially responsible indices (DJSI and FTSE4Good).

In order to create value for society, shareholders, and customers, Banco Santander has 131,819 employees. One of its priorities is to attract, retain and motivate employees by providing them with the best working environment (Banco Santander, 2008, p. 43). Half of its employees are women, who are increasingly holding more important positions in the organization. Santander has launched programs in all countries to reconcile work and family life, an area it will continue to develop.

Many studies have analyzed the relationship between CSR and financial performance (e.g., Ellen, Mohr, & Web, 2000; McGuire et al., 1988; Pava & Krause, 1996; Stanwick & Stanwick, 1998; Margolis & Walsh, 2001; Roberts & Dowling, 2002; Sen & Bhattacharya, 2001). As Lin et al. (2009) pointed out, "in addition to the direct link between CSR and increased profitability, it is clear that companies also recognize the market's demand for them to address product-liability risks; environmental impacts of their facilities; and the health, safety, and well-being of their employees" (p. 57). Peloza (2006) also notes the reputation insurance function of CSR (Peloza, 2006) and Fombrun, Gardberg, and Barnett (2000) have concluded that CSR initiatives facilitate the execution of corporate strategies and enrich opportunities, while buffering firms from loss of reputational capital, all of which enhances performance.

When defining reputational capital, Fombrun and Shanley (1990) described corporate reputation as a cognitive representation of a company's actions and results that crystallize the firm's ability to deliver valued outcomes to its stakeholders. When these expected outcomes are not delivered, the damage to the company's reputation manifests itself in impoverished revenues, decreased ability to attract financial capital, and reduced appeal to current and potential employees. These negative outcomes translate into reduced economic returns and shareholder value, so that the "fluctuating value of the company's reputation has been termed *reputational capital* and calculated as the market value of the company in excess of its liquidation value and its intellectual capital" (Fombrun et al., 2000, p. 87).

Such reputational capital is therefore the value of the company that is "at risk" in everyday interaction with stakeholders and can be "created when managers convince employees to work hard, customers to buy the company's products or services, and investors to purchase its stock" (Fombrun et al., 2000, p. 88) and can fluctuate in the equity markets as stakeholders convey or withdraw support from the company so that it "grows when managers induce analysts and reporters to praise the company and recommend its shares" (p. 88) and can be "destroyed when stakeholders withdraw their support because they lose confidence in the company's managers, its products, prospects, or jobs" (p. 88).

Research (March & Aspira, 1997) suggests that managers view risk principally in terms of the potential for loss. Focusing solely on potential losses, however, ignores the potential for gains, so that reputational risk can be defined as the range of possible gains and losses in reputational capital for a given firm (Fombrun et al., 2000).

8.2.3 CSR AND REPUTATIONAL RISK MANAGEMENT

The term "reputational risk" as a widely-used category is, in practice, relatively recent and an important source is the Basel 2 operational risk debate. The Basel 2 banking regulations excluded reputational risk from the formal definition of operational risk, but in doing so helped to institutionalize the category and its increasingly prominent articulation in formal risk maps within organizations of all kinds (Power et al., 2009). Practitioner texts and papers have only recently appealed explicitly to the concept of reputational risk (e.g., Eccles, Newquist, & Schatz, 2007), as a risk category in much the same way as other specific risks (market, credit risk, etc.): "reputation is a major risk for all organizations and needs to be considered alongside all the other major risks such as operational, strategic and financial risks" (CIMA, 2007, p. 1). A recent survey of financial services executives by PricewaterhouseCoopers (PwC) in conjunction with the Economist Intelligence Unit (EIU, 2005) reports that 54 percent ranked reputation risk as a serious threat to earnings (PwC, 2007).

In recent years the role of various types of financial intermediaries has evolved dramatically, as capital market deregulation and innovation has resulted in intensified competition, with intermediaries in each cohort competing vigorously with their traditional rivals as well as with players in other cohorts. Consequently, market developments have periodically overtaken regulatory capabilities intended to promote financial stability and fairness as well as efficiency and innovation. It is unsurprising that these conditions would give rise to significant reputational risk exposure for banks and other financial firms involved.

As Walter (2008) explains, reputational risk in banking and financial services is associated with the possibility of loss in the going-concern value of the financial intermediary – the risk-adjusted value of expected future earnings**.** A good example from history might be JP Morgan & Co's (JPM) close involvement in the early 1990s with Banco Español de Crédito. Calibrating the costs, an "event study" conducted at the time found that a few days before the announcement, JPM's return began to decline. Afterward, an essentially steady decline occurred, with a cumulative loss of 10% of shareholder equity value 50 days after the announcement. The 10% loss in shareholder value translated into a loss in JPM's market capitalization of approximately $1.5 billion versus a direct loss of perhaps $10 million from the Banesto failure. On the basis of this analysis, Walter (2008) suggests that the loss of an institution's franchise value can far outweigh an accounting loss when its reputation is called into question.

Event studies have also yielded a growing body of evidence regarding share price sensitivity to reputational risk – Smith and Walter (2006), for example, found negative mean cumulative abnormal returns (CARs) of up to 7% and $3.5 billion.

In a rare study identifying purely reputational losses, Karpoff, Lee, and Martin (2006) attempt to distinguish them from book losses in the context of U.S. Securities and Exchange Commission enforcement actions related to earnings restatements (i.e., "cooking the books"). The authors found that reputational losses (66%) are far larger than the cost of fines (3%), class action settlements (6%), and accounting write-offs (25%) resulting from the events in question.

In other empirical research, Godfrey, Merrill, & Hansen's (2009) findings indicate that CSR and reputational risk management represent a potential method of creating value for shareholders in the face of certain types of negative events. The results indicate that managers of firms who engage in CSR activity can create value at times for their shareholders through the creation of insurance-like protection (i.e., they appear to be acting as wise fiduciaries and agents of their corporate owners). The case of Banco Santander, as well as being an example of good reputational risk management, also illustrates links with reputational gains

8.3 BANCO SANTANDER'S REPUTATIONAL RISK MANAGEMENT DURING THE FINANCIAL CRISIS

Despite these findings, and others that reputation risk management may also have an impact on financial strength ratings (Zboron, 2006), the industry remains underprepared. According to Regan (2008), just 33 percent of banks reported that they were prepared to manage reputation risk, while over 64 percent of firms in insurance or investment banking were "risk ready" for reputation risk. PwC (2007) similarly reported that just 50 percent of respondents in the financial services industry believe their firm is effective at managing reputation risk.

There are several possible reasons for the lack of attention to reputation risk management. Firstly, firms have been focused on managing their financial and operational risks, and especially on compliance with regulations (e.g., Sarbanes-Oxley in the U.S.), and many still do not have integrated processes in place for these exposures (PwC, 2007). Secondly, reputation risk is arguably more difficult to manage than hazard or financial risk, as there is still no single accepted definition of reputation, or of reputation risk (Barnett, Jermier, & Lafferty, 2006). Without a definite objective, reputation risk management efforts may be unfocused and ineffective. Thirdly, executives are not sure how to classify or measure reputation or risk. Finally, in most firms there is no formal ownership of reputation risk management (EIU, 2005). Other barriers may include the belief by some executives that the industry is poorly perceived overall and any efforts to improve an individual firm's reputation may be an ineffective use of resources.

Banco Santander has been one of the financial institutions to best understand the importance of reputational risk management and is recognized as having one of the most solid reputational risk management policies in the banking sector (Ruiz, 2009), as can be seen in its organization structure. The General Secretariat Division is responsible for managing reputational risks and compliance at Banco Santander. Compliance risk is understood as "the possibility of failing to comply with legal regulations, rules, and standards of conduct adopted by the institution or codes of conduct applicable to its activities which could give rise to sanctions (regulatory risk)" (Grupo Santander, 2009, p. 163).

On the other hand, "reputational risk emanates from the perception that stakeholders, both internal and external, have of the Bank in the development of its activity" (Grupo Santander, 2009, p. 163). Since this includes legal, economic financial, ethical, social and environmental aspects, both risks may produce an adverse material impact on results, the capital, or on the expectations of development of the bank's businesses.

Banco Santander's management of reputational risk is an essential part of its CSR policy (Banco Santander, 2008, p. 60). In its activities and businesses, Banco Santander assumes credit, operational, reputational, social and environmental risks. The Risks Committee, as the maximum body responsible for global management of risk and all types of banking operations, assesses, with the support of the Division of the General-Secretariat, reputational risk. The Audit and Compliance Committee supervises the Group's reputational risk and, among other functions, monitors compliance with the Group's Code of Conduct in the Securities Market, the manuals and procedures to prevent money laundering and, in general, the bank's rules of governance and compliance. It also makes the necessary proposals for their improvement.

The main tools employed in Banco Santander's approach to reputational risk management confirm these results. Of particular relevance are those related to the marketing of products and services, such as the *Manual of procedures for the sale of financial products*, however some detail on two specific tools can illustrate both the Bank's practical and ethical preparation, and its enactment of ethics when difficulties arise:

A. Global Committee of New Products (GCNP)

All new products or services that any institution of Santander Group seeks to market must first be submitted to this committee for approval. The committee held 15 meetings in 2008, at which 190 products or families of products were analyzed. A Local Committee of New Products is established in each country where there is a Santander Group institution. Once a new product or service is ready, this Committee must request permission from the Global Committee for it to be marketed. In Spain, the Local Committee is the Global Committee.

The departments that participate in the Global Committee of New Products, chaired by the Secretary General, are: Tax Advice, Legal Advice, Customer Service, Internal Auditing, Retail Banking, Global Corporate Banking, Integral Control of Risks, Compliance, Financial Control and Management Control, Financial Operations and Markets, Operations and Services, Global Wholesale Banking Risks, Corporate Risks and IFIs, Credit Risks, Market Risks, Risks-Methodology, Solvency Risk, Technology and Operational Risk, Santander Private Banking, Technology, Global Treasury, Universities and, lastly, the unit proposing the new product or a representative of the Local Committee of New Products.

Before a new product or service is launched, these areas, as well as, where applicable, other independent experts considered necessary to correctly evaluate the risks incurred (for example, Prevention of Money-laundering), carry out an exhaustive analysis on the aspects that could affect the process, stating their opinion on each product or service.

The Global New Products Committee, in light of the documentation received, and after checking that all the requirements for approving the new product or service have been met, while bearing in mind the risk guidelines set by the board's risks committee, approves, rejects or sets conditions for the new product or service. In appraising the suitability of the new product or service, the Global Committee awards particular consideration to the context in which it is to be marketed. Particular importance is attached to ensure that:

- Each product or service is sold by those who know how to sell it.
- The customer knows what he or she is investing in and the risk of each product or service; also, that this can be accredited with documents.
- Each product or service is sold in a place where it can be sold, not only for legal or tax reasons (i.e. it fits into the legal and tax regime of each country), but also on the basis of the financial culture.
- When a product or service is approved, a maximum limit is set for the amount that can be sold in each country.

B. Lehman Brothers, Madoff, and the management of Santander's reputational risk

The collapse of Lehman was made public on September 15, 2008. Some clients of the Group were affected by this as they had invested in securities issued by Lehman and in other products with these assets as the underlying asset.

-On November 12, 2008, the Group announced a solution (strictly commercial, exceptional and not entailing any recognition of defective marketing) for the holders of one of the marketed products, Seguro Banif Estructurado, issued by the insurer Axa Aurora Vida, which had as its underlying asset a bond issued and guaranteed by Lehman. This solution meant replacing the Lehman issuer risk with the issuer risk of the subsidiaries of Grupo Santander. The exchange, which ended on December 23, 2008, cost €33 million net.

-In December 2008 the US Securities and Exchange Commission (SEC) intervened in Bernard L. Madoff Investment Securities LLC (Madoff Securities) because of alleged fraud. The exposure of the Group's clients to Madoff via the sub fund Optimal Strategic US Equity (Optimal Strategic) was €2,300 million, €2,010 million from institutional investors and international private banking clients, and €320 million from the portfolios of the Group's private banking clients in Spain (qualifying investors).

-On January 27, 2009, the Group published its decision to offer a solution to private banking clients, who had invested in Optimal Strategic and were affected by the alleged fraud. This solution applied to the capital invested net of repayments (€1,380 million) and consisted of an asset replacement. Clients could exchange their investments in Optimal Strategic US for preferred shares to be issued by the Group for the same amount, with a 2% annual coupon and call that can be exercised by the issuer in the 10th year. The cost for the Group, before tax, of €500 million was recorded in the 2008 P&L account.

Banco Santander acted at all times with due diligence in managing the investments of its clients in Optimal Strategic. These products were sold transparently and in line with prevailing regulations and procedures. The solution was offered because of the exceptional circumstances of this case, and for exclusively commercial reasons, due to the Group's interest in maintaining its business relationship with these clients.

-On March 18, 2009 the Group issued preferred shares to replace the assets offered to private banking clients affected by the intervention of Madoff and those affected by the collapse of Lehman but who were not able to adhere to the aforementioned exchange on December 23, 2008. The preferred shares have been traded on the London Stock Exchange since March 23, 2009. The exchange was accepted by more than 93% of those affected. The cost of this solution was €450 million net and it was charged to the ordinary profit of the fourth quarter of 2008.

8.4. IMPLICATIONS FOR PUBLIC RELATIONS (OVER AND ABOVE FINANCIAL CRISES)

The structure of Banco Santander's 2007 Sustainability Report (Banco Santander, 2008) engages with the question of how the sustainability and CSR policies of large corporations, including financial entities, are significant to public relations. The process of preparing Banco Santander's sustainability report included the use of international standards prepared by the Global Reporting Initiative (GRI-G3) and the taking into account of AA1000 series rules defined by accountability. These rules, guidelines and recommendations by benchmarked international organizations are based on the idea of maintaining a relationship and dialogue with stakeholders, which makes sustainability and CSR policy a function of public relations. The differences between CSR and public relations are increasingly more blurred.

Public relations and reputational risk management seek to enhance the quality of the relationship of an organization with key stakeholder groups. Both disciplines recognize this as making good business sense. We can therefore state that public relations and reputational risk management have a set of similarities that provide clues to their integration and increased joint effectiveness.

On the other hand, reputational risk management, including CSR (Thomas & Simerly, 1994; Kim & Reber, 2008), is the development of processes to evaluate stakeholder and environmental demands and the implementation of programs to manage social issues. Reputational risk management gives public relations a substantial opportunity – often emphasized as its ultimate goal – to build, through dialogue, a mutually beneficial relationship with publics. Indeed, since reputational capital depends on stakeholder support, each stakeholder group is a source of reputational risk to be managed (Fombrun et al., 2000). A key task for executives is to manage the risks that come from the company's dependency on those stakeholder groups (Pfeffer & Salancik, 1978). Therefore, reputational risk management has become a major reason for an organization to have a public relations function, as a relationships management function between organizations and its stakeholders.

Banco Santander is a good example in how its entire sustainability and CSR report is associated with the concept of dialogue. From another standpoint, public relations in reputational risk management becomes, as part of risk communication, "a tool for communicating values and identities as much as being about the awareness, attitudes and behaviors related to the risk itself" (Palenchard & Heath, 2007, p. 127).

In contrast with the other research, the case of Banco Santander suggests that reputational risk managers played key roles in the institutionalization of ethics as distinct from Fitzpatrick's (1996) "findings that ethics officers view 'complying with the law' as the most important aspect of social responsibility and consider the counsel of and training in law… as most important to ethics work indicates that many companies may be taking a legalistic, compliance-oriented approach to institutionalizing ethics" (p. 256). Compliance function and anti-money laundering are two excellent examples of the institutionalization of ethics by Banco Santander. In fact, one of the bank's six values is professional ethics: "Over and above strict compliance with the laws, the Codes of Conduct and internal rules, all Santander's professionals work with the maximum honesty and transparency, always putting the interests and principles of customers and of the Group before their own" (Banco Santander, 2008, p. 6).

8.5 PARTIAL CONCLUSIONS, LIMITATIONS AND FUTURE DIRECTIONS

Links between public relations, CSR, corporate governance, risk management, and reputation have been elusive for some time. However, wake-up calls have been numerous with the present financial crisis coming on top of other individual financial scandals, creating an unending chain of reminders of the complexity of the modern economy. Nobody can now ignore the fact that long-term development rests on a rational balance of risks, threats, and opportunities, for their own merits and as a whole. This is necessary to enhance the use of resources not only for this, but also for future generations. While we are open to charges that we are uncritical in representing the bank's position, we believe that Banco Santander can be seen in its professed ideology, and its ideology in action, to offer a new paradigm for banking. That is not to claim that it is always perfect but it does offer a paradigm shift in action that is seen to be successful and offer a model for enactment in addressing both the current and some future crises.

The case of Banco Santander suggests how financial organizations, particularly in the banking sector, with a solid policy regarding reputational risk management, are more resistant to the effects of global financial crises. The examples of its behavior in the cases of Lehman Brothers and Madoff not only demonstrate this but also allow us to draw tentative recommendations. The first is that a reputational risk management function should be based on dialogue with the primary publics. Secondly, although we have cited studies which suggest that a bad reputation affects share value, there is no research to suggest the contrary (i.e., there is no empirical data to prove that good reputation increases share value). Not even Banco Santander provides an example of this, as its share value has fallen due to the effects of the financial crisis on the stock markets. It has, however, retained its profit levels despite being affected by situations such as that of Lehman Brothers and Madoff.

Although reputational risk is a field which still requires exploration, and has witnessed little research in the discipline of management, we recommend that public relations play a large part because reputational risk management cannot exist without dialogue. The practice of public relations can, therefore, not only be a factor in conflict prevention, but rather in a context of financial crisis such as that which began in 2007 with subprime mortgage products, it becomes an essential management function for companies to be able to protect themselves, from the effects of this type of global crisis.

From an academic viewpoint, there is still much work to be done in the field of reputational risk, and no consensus on how to do it (Eccles et al., 2007). On the other hand, as we have seen, the practice of reputational risk management is focused more on customers and products than on other stakeholders, and is particularly applicable to companies in sectors liable to governmental regulation and with high media exposure (Smith, 2003).

Despite these limitations, we recommend that future research focus on defining the exact place public relations occupies in reputational risk management, analyzing its strategic process, and comparing it with other similar processes (e.g., as issues management strategy). Furthermore, researchers in the sociology of public relations may find in this intersection between risk communication and public relations a good example of the role of public relations in late modernity (Giddens, 1991) and what Bauman (2007) calls 'liquid times'.

In sum, global companies like Banco Santander face a new reality that changes the nature of risk and risk management. The real roots of the 2007-2008 economic downturn include networked operations and global values chains, empowered stakeholders, and the dynamic tension among sectors (Acharya & Richardson, 2009). The emergence of new forms of social risk cannot be mitigated through traditional means: "Risk management by global companies should be adapted to include CSR programs" (Kytle & Ruggie, 2005). The link of CSR to core business processes can improve a company's overall approach to risk management and reputational risk, and allow a company not only to design better risk management for current issues but also help anticipate those coming down the pike. Is this not one of the key functions of public relations? Yes, it is; and it is also one of the Public Relations' challenges in times of economic downturn.

PART IV: CONCLUSIONS AND REFERENCES

9. CONCLUSIONS

9.1. GENERAL CONCLUSIONS

One of the principle conclusions reached is that Public Relations seek both the social support and the legitimacy of the organizational or corporate speech. The theoretical principles that help social values and the identity of many organizations to be part of the public, political and media agenda still need to be accurately identified. In fact, this is the same as researching how legitimacy, innovation, symmetric and public agenda converge when the Public Relations performance is excellent.

As we set in the **first hypothesis**, we believe that the principles of the "Excellence Study" can demonstrate that Public Relations are vital in order to achieve the legitimacy to act and to represent ideas and groups. We also think that it would be advisable to check whether the communication symmetry established by new technologies causes a greater volume of affiliation and therefore aids in the ability to adapt the organizational discourse to the demands of different groups.

It therefore becomes necessary to ascertain whether the organizational personality is induced or established by social synergy, or if it is the result of the organization's internal conviction. This is what we certainly set in the **second hypothesis**, The question is whether organizations need to adapt to the environment to the point that their personalities are diluted and turn out to be dependent on what the environment dictates or if they should lead society in terms of values, attitudes, messages and political policies.

In this regard, the role of excellent public relations has to do with social intermediation and dialogue, innovation and leadership, through discussion and the generation of organizational attitudes. It is likely that the organization then becomes dependent upon the collective attitudes. This is what we kept on being saying during our discussion all over and what we set in the **third hypothesis:** organizations need to gain social support in order to legitimize its messages, facts and figures. Of note, however, is that this brings us back to the importance of the effects of the principle of collective consciousness described by Emile Durkheim

(1982). Besides, unfortunately we have no enough information to deal with the link of this idea with the concept of "social expectations" we pointed in the hypothesis. We hope to be able to deal with it in a further research.

9.2. EXTENDED CONCLUSIONS: REVIEWING THE THEORETICAL FRAMEWORK

As an extension of this tree main findings, the main issues and further conclusions of this work can be summarized as follows:

- The measure of a company's commitment is linked to its level of responsibility. The first level of commitment is linked to basic company management, while the second level is linked to citizens.

- We do not understand an organization to have established social commitments without it beforehand having adopted an attitude that privileges the fulfillment of its internal commitments to its employees.

- The role of internal relationships is therefore fundamental in bearing testimony to an organization's public responsibility and a step towards solid and coherent social responsibility.[55]

- Professional management of internal relationships is a field of unquestionable value for organizations striving to bring cohesion to their organizational culture so as to better develop its attributes and differences.

- An in-depth knowledge of the principles, characteristics and processes of companies to create a solid organizational culture, often supported by the pillars of social responsibility.

- The models of participation offered by new information technologies require greater transparency and commitment, promote greater symbiosis between organizations and their environment, and establish a *two-way* effect for reaching consensus.

[55] *International Association Business Communicators.* General Conference. Washington, June 1999.

- Cultural cohesion and consensus contribute to the balance and symbiosis of interest within the organization and its stakeholders.

- Globalization means localization: the involvement of local opinion leaders is always a good way to achieve global legitimacy. And in fact, the better we combine the local language and values with general global messages and broad corporate values, the greater the excellence achieved in the practice of this profession.

- Most companies should be seen not only as profit making entities but also as members of the community and the stakeholder network. It should be conceived as a symbiotic commitment.

- Public Relations thus play a pivotal role in helping dialogue with those affected by the decisions made and helping corporations interact with society to better understand and adapt to the social values and principles.

- *Corporate citizenship. A* new role for companies which implies a wider participation in the decision making process and by means of a wide range of strategies (for example, the creation of foundations or through public-private partnerships) to take over some of the traditional functions of the state. Corporations engaged in "Corporate Diplomacy" actively add new roles to the more traditional ones of the corporations.

- During recent years, the sociological sphere of influence of organizations has grown considerably with the institutionalization of relationships with opinion leaders or key people (from the cultural, financial, or political sphere) who spread the message to third parties, thus reaching public opinion and creating a favorable attitude. This phenomenon is known as *Third-Party Endorsement*.

In sum, according to the above findings, and going back to the present main dissertation research objective, the social functions of public relations, or, in other words, the sociological role of public relations in an organization is to make the entities more permeable and more sensitive to their social surroundings in order for both parties to benefit, in terms of investment, public awareness and legitimacy. Social involvement and personality is always a consequence of a strong and secure organizational culture, which results in the construction of an organizational personality.

9.3. RESEARCH LIMITATIONS AND REQUIRED IMPROVEMENTS IN A FURTHER RESEARCH

In future research we will go onto further detail on some central points of the thesis by expanding to include more authors and sources. This would involve defining each key element by further explaining and developing the focus of interest.

Several other cases and publications, which have been published in between the selected ones, could also have been included, however, as the Ramon Llull University rules state, only those which have been published in ISI Journals are here included. See the following references.

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És ben clar que un es deu als altres. Com deia en la tesina, he tingut la sort de tenir padrins que m'han adoptat en el sentit intel·lectual del terme. És en aquest sentit, he de mencionar el James i la Larissa Grunig, font de la meva inspiració i raó del per què de tot plegat! Com a successora dels Grunig, vull agrair l'aportació de l'Elizabet Toth a l'Excel·lència amb el seu darrer llibre d'articles, i com a pensador crític al Robert Heath i a la Jaquie L'Etang, amb qui he tingut el luxe de compartir temps i espai. Les llargues converses amb Robert Brown i John King, han estat cabdals per donar més esperit crític al text. No vull oblidar al company de màster, l'Eduard Triay, als col·legues de l'Associació d'Investigadors de Relacions Públiques, els companys de l'International Academy of Business Disciplines, ni als del Global Communication Institute, en especial al Dr. Volker Stoltz i a l'Averill Gordon, que donen sentit a la meva activitat docent en l'àmbit internacional. Tinc ben present el silencis clau del Monestir del Miracle a qui dec l'impuls final d'aquest escrit i part d'un retrobament personal difícil d'explicar.

Estic molt satisfet que la vida m'hagi portat a treballar amb el Degà fundador de la Facultat, el catedràtic Miquel Tresserras, qui em va donar l'oportunitat d'iniciar-me en el món de la docència i de comprendre millor la vida. També estic satisfet que la vida m'hagi derivat cap a l'incondicional, activista i amic de la "Public Diplomacy", el professor de l'Emerson College, Gregory Payne.

I per últim un agraïment especial, al Degà de la Facultat, Josep Maria Carbonell per haver confiat en mi, haver-me ajudat "a posar data" i fet possible la presentació d'aquesta tesi. També als companys de Facultat en general (professor, pas i serveis), pel seu suport incondicional. Ells m'han vist créixer, i és a partir d'ells que tenen sentit aquestes paraules.

Vull fer una menció especial als estudiants que han mostrat complicitat amb els temes a qui els dec part del coneixement i el repte de seguir avançant.

A tots vosaltres, i a tants d'altres que oblido involuntàriament: moltes gràcies!

PART V: ANNEXES (ORIGINAL PUBLISHED PAPERS)

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From Public Diplomacy to Corporate Diplomacy: Increasing Corporation's Legitimacy and Influence

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From Public Diplomacy to Corporate Diplomacy: Increasing Corporation's Legitimacy and Influence

Enric Ordeix-Rigo[1] and João Duarte[2]

Abstract

Public diplomacy is an increasing popular preoccupation of governments worldwide, especially aimed at achieving acceptance of their foreign policies abroad, in which corporations have traditionally played a secondary role. However, as it happens with governments, corporations have understood long ago the challenges of being accepted abroad. In this paper the authors suggest that 'corporate diplomacy' is also a process by which corporations intend to be recognized as representatives of something that might be a concept or a country or its related values. In this case, it is essential to create a sincere adaptation of the corporate values to the societal values if a corporation wishes to have a symbiotic relationship with key stakeholders. 'Corporate diplomacy' thus becomes a complex process of commitment towards society, and in particular with its public institutions, whose main added value to the corporation is a greater degree of legitimacy or "license-to-operate," which in turn improves its power within a given social system. By proposing a certain notion of 'corporate diplomacy' the authors intend to evocate an important role that modern corporations are increasingly playing through their public relations practice and which might be shaping the definition of corporations as institutions within society.

Keywords

public diplomacy, corporate diplomacy, public relations, legitimacy, social responsibility, public agenda, public interest

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Introduction

Public diplomacy has become a buzzword in foreign affairs offices worldwide, especially after the United States realized its reputation problems in many countries and decided to support programs to "inform or influence public opinion in other countries" (Wolf & Rosen, 2004). However, the term is said to have been coined by Edmund Gullion in 1965 when he opened a Center for Public Diplomacy. It stated that "Public diplomacy deals with the influence of public attitudes on the formation and execution of foreign policies."[1]

In its contemporary use, public diplomacy applies to government-sponsored programs, mainly targeting foreign audiences with the aim of shaping the communication environment in which a country's foreign policies are explained in overseas countries. As it is understood, public diplomacy aims to protect a country's national interests abroad with the homeland security being currently one of the most important national interests at stake.

The actors of traditional public diplomacy are typically state-actors aiming to work mainly with other state-actors, namely, politicians. However, some public diplomacy think-tanks have consistently argued for a more inclusive approach to who should be involved in these processes. The British think-tank on foreign affairs, called *The Foreign Policy Centre*, has argued for a new type of public diplomacy based on the role of the embassies:

> We argue for a new type of multilateral public diplomacy–retooling embassies to become lobbying and policy-exchange organisations; creating an infrastructure to link up political parties and NGOs across borders to create a common policy space; and planning proactive communication campaigns. (Leonard, Stead, & Smewing, 2002, p. 7)

This notion of a common policy space created by means of linking organizations across borders is a very interesting one. This is in fact what happens in the European region where important policies are no longer decided inside countries but in Brussels or Strasbourg, which are at the center of the European "common policy space." In those cases, the subject of analysis would no longer be the foreign policies of a country but of a region—as it happens when we talk about the public diplomacy efforts of the European Union in Africa, for example.

Another interesting definition is given by the Center on Public Diplomacy[2] from the University of Southern California that relates it with *soft power* in an attempt to enlarge the definition beyond government-sponsored programs. This Center operates on the premises that private activities (whatever they might be in the field of trade, tourism, culture, economy, etc.) also have a relevant impact on foreign policies and on national security. They also understand that the actors of public diplomacy are not limited to governmental instances but include other actors. Of course, corporations are a major part of these activities, but as we will later try to argue, "corporate diplomacy" is not merely about the contribution of corporations to public diplomacy programs.

The Background: International Relations as a Priority to Governments

As a fundamental mechanism related with government's need to be understood abroad, public diplomacy's roots are linked with the moment in time when international relations have become a priority. Coming after WWI, the need to have a more balanced equilibrium of forces and the creation of mass structures to inform the public laid two important steps for the appearance of public diplomacy. But why is it necessary for governments to worry about how audiences from foreign countries accept their foreign policies? One possible answer would be that foreign policies create consequences for foreign publics, as for example the U.S. boycott to Cuba creates consequences for Cubans and to Cuban corporations, and those consequences need to be explained. In fact, the most powerful countries whose politics have impact much beyond their own borders are indeed the biggest promoters of public diplomacy and some of its main users. Thus, we might add that public diplomacy might also be seen as having to do with managing the consequences of a nation's policies in foreign publics. And this helps understand that international relations are the underlying government priority, which justifies the development of public diplomacy programs.

But a fundamental question we should present from the outset of this discussion is whether public diplomacy is only about communicating foreign policies or if its true value lies not in the contribution that it can give to the formulation of those policies? As the USC Center on Public Diplomacy recognizes:[3]

> To be effective, public diplomacy must be seen as a two-way street. It involves not only shaping the message(s) that a country wishes to present abroad, but also analyzing and understanding the ways that the message is interpreted by diverse societies and developing the tools of listening and conversation as well as the tools of persuasion.

We agree with this notion that public diplomacy is not only about persuasion about the value of policies but (fundamentally) about listening, understanding, and dialoguing in the process of building those policies. But if we take a look at what public diplomacy programs normally aim to do, we might face a different reality. As we can easily recognize from Table 1 (Leonard et al., 2002), the orientation is still a classic "communication to" approach less than a "communication with" approach. The indicators column mainly lists changes in knowledge, attitudes, and behaviors, especially related to the acceptance of policies. This might underline a tendency to consider public diplomacy merely as an expressive tool and not as a valid path to understand and bring the foreign audiences into decision-making processes. We are interpreting that the engagement impact variable is merely seen as a natural consequence of the acceptance (in turn a result of the information about the policy).

Table 1. Public Diplomacy Variables, Indicators, and Goals

Impact variable	Indicators (changes produced in the subjects)	Goal
Familiarity with the country	Think about the country Update images about the country Turn around unfavorable opinions	
Appreciation of the country	Create positive perceptions Develop a shared perception of important global issues	
Engagment with the country	Strengthen ties in diverse domains such as education reform or scientific cooperation Develop attractiveness of the country as a destination for tourism, work or learning Make people buy the country's products Get people to understand and subscribe the country's values	Getting foreign companies to invest in one's country Getting foreign publics to back one's positions Getting foreign politicians to turn to one's country as a favored partner

Source: Adapted from Leonard, Stead, and Smewing (2002, p. 9).

In our view, the true engagement would have to be achieved with participation in the process of policy formulation.

Traditionally, to accomplish these aims, the most common tools have been printed publications, motion pictures, and radio and television programs. Besides what could be considered traditional communication outlets, these types of public diplomacy programs may also include cultural exchanges, but new public relations (PR) tools are needed to better involve (in some ways engage) publics. This is the case of some participatory decision-making processes and relative consultation mechanisms prior to the formulation of the policies whose acceptance is pursued by traditional public diplomacy programs.

Communication Challenges to Public Diplomacy

In fact, the impact variables mentioned in Table 1 refer to an underlying premise about the value of mass information as an instrument through which familiarity with a country can be generated and appreciation of that same country built; in other words, publicizing the policies of a certain country to the general public abroad and trying to frame them in a favorable light. Moreover, it seems also possible to interpret that the belief is that these variables (familiarity and appreciation) lead to engagement with the country.

As much as we know that this reasoning might be true in many cases—as for instance in tourism—we shouldn't however forget that today there are many examples of how increased familiarity leads to the desire of nonengagement with the country. This means that public diplomacy should no longer operate under the premise that one can control the appreciation of the country by trying to control the type of mass information shared to generate the familiarity (unidirectional perspective). In fact, individuals are often the most important vehicle of information between countries and thus immigrant communities are being more and more researched, understood, and targeted as relevant interlocutors for dialogue (bidirectional perspective; Grunig, 1992) when countries are trying to explain their foreign policies abroad.

On the other hand, there is the problem of saying one thing and doing another. To this regard, we believe that public diplomacy should be aimed at reducing the difference between reality and expression—this is the key to acceptance and implies a truthful action. As Murrow recognized in a 1963 speech before a Congressional Committee:

> American traditions and the American ethic require us to be truthful, but the most important reason is that truth is the best propaganda and lies are the worst. To be persuasive we must be believable; to be believable we must be credible; to be credible we must be truthful. It is as simple as that.[4]

We can therefore conclude that public diplomacy has been too often associated with achieving "public support" for a country's foreign policies instead of aiming to generate a true "support from the publics" (which is the type of effect that we might associate with grassroots public diplomacy). Eiró-Gomes and Duarte (2007) defined the difference between those two notions, explaining that while "public support" is

> clearly more worried about the public opinion (in the sense of published opinion) favouring the view that public perceptions should be guided . . . "the support of the publics" view comes when we start to understand that organisations cannot achieve legitimacy from simple acclamation of published opinions.

After trying to explain traditional views about public diplomacy and some of its problems, we should try to clarify some common misconceptions affecting it. And one of the first clarifications is that public diplomacy shouldn't be understood merely as the conduction of traditional diplomacy in public. In classical diplomacy, the actors are government leaders at the highest level, as we said, but nowadays it is not only about making these diplomats become public communicators and submit traditional diplomacy to a public scrutiny. The new actors of public diplomacy are official and private individuals and institutions and nongovernmental organizations, so then, it is also about making diplomats understand that they should work with other publics rather than the political ones.

Yet another clarification is needed to explain that public diplomacy is not the same as public affairs. As a corporate function, public affairs is the specialized part of public relations dealing with central government and local authorities with the aim of monitoring, influencing, communicating, or implementing public policies (Botan & Hazleton, 2006). So, one of the fundamental differences lies not in the different tactics used or the resources involved, but in the fact that while public affairs is mostly aimed at internal affairs (economy, justice, competitiveness, law), public diplomacy seems to have an outside orientation. On another level, the aims of public affairs are somewhat different from those of public diplomacy. Public affairs is about influencing the public administration while public diplomacy aims (mainly) to influence individual citizens of foreign countries. As we explained, this includes increasing those citizens' familiarity with the country, their appreciation of that country, or their willingness to engage somehow with the country.[5]

In another different level, we should also bring to this discussion the notion of grassroots public diplomacy as fundamentally different in the sense that it is promoted by genuine grassroots movements and not by the government. Dr. J. Gregory Payne, with his former student, Prince Faisal F. Al Saud, and Mohamed Khalil started the first grassroots public diplomacy effort in the post–9/11 United States by creating the Saudi American Exchange. He wrote that their mission was to "foster understanding through communication" and that could well be one of the best mission statements that a grassroots public diplomacy effort can have (Payne, 2007). Grassroots public diplomacy is based on one-with-one efforts, not aimed at changing the published opinion but at changing the individual opinions of citizens and groups of citizens. These are initiatives carried by individual citizens in the course of their own life and thus escape from a strategic attempt to generate acceptance of foreign policies. Because it focuses on the acceptance of people, grass roots has a great potential to become important in security issues because it reaches understanding about cultures and differences. By focusing mainly on direct contacts with reality, these are also programs that might be a valid tool to overcome extremisms.

From Public Diplomacy to Corporate Diplomacy

To understand our perspective of corporate diplomacy, we should begin by approaching the fundamental characteristics of the modern corporation. As part of an evolutionary process, corporations have moved from having a narrow mission of producing a certain product or service with the fundamental aim of satisfying clients' needs to incorporating broader missions such as that of managing a range of business in order to get profit. This resembles what Mintzberg (1992) called the change from closed organizational systems to open organizational systems.

In this context, a corporation's ability to obtain a "license to operate" by matching the expectations of numerous stakeholders has become one of the most important assets for corporations, especially in a world post Enron and other corporate scandals that promised to ruin the trust in corporations. As Post, Sachs, and Preston (2002) put it, "the legitimacy of the contemporary corporation as an institution within society—its social charter, or 'license to operate'—depends on its ability to meet the expectations of an increasingly numerous and diverse array of constituents" (p. 9).

This represents the broader move from a shareholder model of the firm to a stakeholder view of the firm, which was also highlighted by Post et al. (2002) when they expressed their view of the modern corporation: "The modern corporation is the centre of a network of interdependent interests and constituents, each contributing (voluntarily or involuntarily) to its performance, and each anticipating benefits (or at least no uncompensated harms) as a result of the corporation's activities" (p. 8)

After what we have said, the first thing to note is that corporate diplomacy is more than just the participation of corporations in public diplomacy (understood as government-supported) programs. Of course governments can use corporations to support their views and help them convey the key messages that they want to convey, making those corporations part of the "nation's legitimacy strategy abroad." This is especially true in the case of state-owned corporations that can be made instrumental to government's aims in a much easier way. The same happens with celebrities. In fact, we can argue that in some cases celebrities are much more effective in public diplomacy than corporations. Some regional examples from Portugal include José Mourinho or Cristiano Ronaldo, who have been a great aid to increase the acceptance of Portuguese products and services in foreign countries. We could see a similar case from a sporting organizations perspective when we speak about Football Club Barcelona (the most popular Catalan soccer team) whose formal recognition as UNICEF ambassador and one of the most powerful ambassadors of Catalonia as a country when the club plays abroad is very important.

On the contrary, we argue that corporate diplomacy is the capability that some major transnational corporations develop to draft and implement their own programs, independent from the government's initiative, to pursue similar diplomatic aims. In this case, it is the corporation who has the initiative and puts up the resources needed. By engaging in corporate diplomacy, the transnational corporation acquires a status that goes beyond a license to operate and the source of its legitimacy to do so derives from a wide range of factors that we will try to explain throughout this article.

The Background: New Roles for the Corporation

If we look at the traditional aims of public diplomacy (explained previously) and try to contrast them with what could be the similar aims from the point of view of corporations, we might argue that corporate diplomacy aims to make the corporation represent the country, or some associated values, while obtaining the endorsement of its policies, products, services, or operations.

In Table 2 we see a simple suggestion of different levels of corporate diplomacy impacts and their equivalent indicators drawn from the initial table of public diplomacy.

As we said before, we believe that corporate diplomacy cannot be a simple adaptation of public diplomacy to the corporate environment. The fact is that transnational corporations have long since used strategies that made them widely accepted abroad. It might be useful to remember, as way of example, that following World War II, the

Table 2. Corporate Diplomacy Variables, Indicators, and Goals

Impact variable	Indicators (changes produced in the subjects)	Goal
Familiarity with corporation as a way toward familiarity with the country	The company and its operations as the symbol of the country and its values	Obtain a license to operate Reduce the risk of misunderstandings Obtain an endorsement of the corporation by governments and citizens
Acceptance of the corporation	Recognize a fundamental similarity between one's society values and the corporate values Accept the corporation as a valid interlocutor on local (national) affairs	
Engagement with the corporation	Develop attractiveness of the corporation as a place to work, a business partner, and a conscious community member	

Marshall plan led to the spread of American multinationals in most European countries and that these multinational companies still exist today and are accepted as national corporations, even when they keep the same brand as in the county of origin. More recently, corporations going abroad or buying other companies overseas seem to prefer keeping the local brand for a certain period before rebranding the bought company with the transnational brand (Moss, 2002). This shows that the challenges of acceptance abroad have changed and that corporations have successfully adapted to new requirements. So if corporate diplomacy's programs are not aimed (or primarily aimed) at generating acceptance, what are they aimed at?

We can say that when investing in corporate diplomacy, corporations are looking to take new roles in society. They are revealing an understanding that their presence in society is only sustainable if and only if they are able to satisfy expectations from multiple stakeholders. They understand that they create consequences on many third parties beyond those more directly involved with the value chain of the corporation and try to regulate those consequences. They try to allocate resources with a certain amount of accountability to be able to show their citizenship and their responsibility toward society. Sometimes they are also trying to achieve other benefits, but generally they are not concerned with short-term outcomes but with long-term gains. To this regard, corporations are taking some of the roles that have been generally associated with governments because the scope of their dimension means that their political surroundings (the sphere of all those affected by the corporation's decisions) are comparable in dimension and economical or social power.

Corporate diplomacy clearly becomes a valid way for organizations to extend their social power and influence and thus achieve their status of institutions within society. As Parsons (1951) explained, society is composed by institutions and an institution is a complex of articulated and integrated roles—which are composed by a set of expectations about an actor's behaviors. On the other hand, as Post et al. (2002) explained, modern corporations' acceptance as institutions within society depends on their capability to satisfy multiple stakeholders and not only customers or shareholders. And this is where corporate diplomacy adds a new institutionalization opportunity. For example, by trying to be recognized as a symbol of one country or of a certain number of values abroad, corporations also become holders of a greater symbolic power. On the other hand, by taking over some of the traditional state functions (by means of their foundations or of social responsibility initiatives) they are also acquiring the status of an interlocutor in a nongovernmental environment.

Thus, modern corporations seek to develop their active participation in society, adding new dimensions to their traditional perceived role of generating wealth, employment, and quality products or services. To materialize these new roles, corporations extend their range of financial stakes in other companies, create foundations and other organizations, give their support to nongovernmental organizations, or sponsor the creation of special support funds, among many other tactics. Furthermore, we should emphasize that the public relations tools for corporate diplomacy must go beyond unilateral communication and include participatory decision-making processes and other bidirectional processes to engage publics (Dossier, Grunig, & Grunig, 1995). The overall objective should also be, as stated before, to achieve a true and lasting "support of the publics" and not a mere and occasional "public support" (Heath and Douglas, p. 180).

Thus, we can summarize that while public diplomacy is aimed at increasing acceptance of foreign policies, corporate diplomacy is aimed at positioning the company or the group of companies as institutions. Corporations' programs to engage with nongovernmental stakeholders further emphasize the perception of the value of grassroots public diplomacy efforts. At the end of the day, corporate diplomacy is a way to strengthen the network of stakeholder relationships for a company and thus a valid stakeholder management strategy. From the point of view of public relations, this might even mean an interesting field for future developments.

Corporate Diplomacy as a Source of Power and Legitimacy

After explaining our interpretation of a set of aims and desired outcomes that might be called *corporate diplomacy* when they are framed within a certain view of the role of modern corporations, it is now appropriate to develop what corporations can gain with all this process. We recognize that corporate diplomacy is a process toward a desired future state of engagement with publics and that this state might include positive or negative, ethical or unethical, fair or unfair dimensions. However, we clearly anticipate corporate diplomacy might be used as a way to increase the power and legitimacy of a corporation.

Legitimacy and power are two main central variables for every stakeholder system and they help explain the influence of a specific stakeholder within the system (Mitchell, Agle, & Wood, 1997). Power can exist in any of these forms in relationships: coercive, utilitarian, or symbolic. Coercive power is that related with the use of physical resources of force, violence, or restraint. Utilitarian power is that based on the exchange of material or financial resources. Symbolic power is that based on symbolic resources—normative symbols, like prestige and esteem, and social symbols, like love and acceptance (Kotter, 1985).

Legitimacy is defined as "a generalized perception or assumption that the actions of an entity are desirable, proper, or appropriate within some socially constructed system of norms, values, beliefs, and definitions" (cf. Schuman [1995] quoted by Mitchell et al, 1997, p. 866). Legitimacy and power can exist independently or can be combined to create authority. Working for the general interest is normally recognized as a valid way to develop moral authority. And this is why some corporations decide to work under the claim that they are satisfying a general social demand, complementing the public administration tasks and not only a market demand. When doing this, it is fundamental that corporate values emerge as coherent with this social demand, and they should be aligned with social values. The symbiosis between society's values and corporate values is achieved when the balance of interest and expectations is successful. Big corporations use this as a way to distinguish themselves from others. Therefore, there is no sense in dealing with values and corporate commitment separately from social demands and expectations.[6]

We understand commitment as loyalty, dedication, self-obligation, faithfulness to something and someone. By following some principles and social values, and by expressing this toward its essential publics, companies increase their credibility considerably. Commitment means to be liable and responsible to some statements the company has made public. For instance, Inditex, a European retail company, through its worldwide brand Zara has decided to stop working with suppliers who do not follow the human rights principles. In fact, sustainability toward the environment is another big area in which corporations develop strong commitments. This is why some major corporations like IKEA and Leroy Merlin have decided to publicly commit themselves to the fulfilment of some of Kyoto Protocol aims. The recent creation of a EU Corporate Leaders on Climate Change, a group of transnational companies working to include specific environmental issues on the agenda of the UN Climate Change Conference in Copenhagen, is another example of corporate commitment.

Yet another example comes from the United Nations Global Compact, a voluntary initiative comprising 4,000 of the worlds' most important leaders in business, government, nongovernmental organizations, labor, foundations, academe, and international corporate social responsibility. It has been described as history's largest and most significant event on the topic of leadership and corporate citizenship and it "seeks to advance universal principles on human rights, labour, environment and anti-corruption through the active engagement of the corporate community, in cooperation with civil society and representatives of organized labour" (see it in www.globalcompact.org). At one of the Global Compact meetings, the chairman of the Coca-Cola Company put it very simply: "We will change the world because we can and we must!" When corporations are engaged in these initiatives, they are clearly acting in what could be called a corporate diplomacy end curtain. Their aim is no longer simply to be accepted or seen as legitimate to pursue their business or that their values are shared in transnational operations (Jablin & Putnam, 2001). They are seeking to become global interlocutors to address the global issues of today's world. By their impressive financial resources, human capability, political power, or even diplomatic strength, they are clearly above the rest of their competitors who don't engage in the same strategies.

In this sense, corporate diplomacy is deeply related with social responsibility, though it's not exactly the same thing. Corporate diplomacy is a process whose consequences might include recognition of the corporation as responsible mainly by the foreign publics. On the other hand, while social responsibility is a practice toward all stakeholders, corporate diplomacy tries to change the role of the corporation as an institution in society and thus implies mainly dealing with public institutions when taking over some of its roles. Finally, corporate diplomacy uses social responsibility practices as one of its tactics to grow the legitimacy and influence of the company, thus depending on corporate social responsibility to pursue its own objectives.

We can therefore say that real progress is only established when the company is respectful of its basic social environment and balances its business activity with a certain amount of social commitment (Ordeix-Rigo, 2005). The contribution of sincere communication as a form of commitment is therefore of paramount importance. Expressed values must coincide with actual actions so that there is a coherent perception of them. We know that major crises stem from incoherence between that which is expressed and actual actions and how this generates incoherence and unsatisfied expectations. Communication serves to generate the correct attitude to provide the value from which will conceptualize and build the key message and, so then, we determine the identity of the organization. Being aware of the alignment between social identity and companies' identity is so basic (Schein, 1992). That is the reason why companies should be well aware of how they satisfy the expectations they create. Satisfying the expectations is a good way to avoid crisis. Working with public administration seems to be a good way to know society's expectations.

Expectations Monitoring and the Public Interest

Issues management tends to be one of the most important techniques to work for the mentioned corporate and social values symbiosis and to map the relevant stakeholders' expectations. In words of Heath (1997), "issues communicators discuss values to establish the standards of acceptable corporate responsibility, the foundations of corporate policy and operations" (p. 217). This reinforces the idea that companies consider to work on diplomacy as a preventive tool as a reaction to a loss of social reputation and credibility. Normally this is when major firms enlarge their budget in issues management and corporate diplomacy, developed too often by the same department that assumes some other public relations management areas (Stalk, Evans, & Shulman, 1992).

A second big idea of Robert Heath (1997) leads us to the following subject to discuss: the interest. Heath said that identifying mutual interests is the basis to achieve a common ground with key publics. But the question is in fact: What is the limit of this interest? Or who settles this interest? Or even, what is the public interest and what is the company's interest?

We see clients and consumers claiming for a general and broader social commitment by both private and public organizations. Many advanced companies are aware of it and they want to show the social sensitiveness by acting ethically. But in many companies, instead of being really socially responsible, what happens is that the company considers only its direct publics (Heath, 1991) or, in other words, the companies' social environment. The general interest toward which companies claim to work is too often just a specific public's interests emulating the general society interests.

But, once again, we should ask how to define the "public interest." According to Rousseau a possible answer could be that a "general will" defines the public interest. However, a "general will" shouldn't be confused with the "will of a majority" (e.g., as expressed by polls) because it is beyond that—and even beyond the wisdom of a person or collection of persons (Renaut, Savidan, & Tavoillot, 1999). Working for public interest[7] requires finding effective ways to empower publics and promote their own autonomy. And this is certainly one of the most effective strategies for public relations managers to develop organizational social capital, which may well be one of the most important competitive advantages that organizations of the 21st century can rely on.

The wiser a public is, the better it can represent its interests in the decisional (political) system, and thus improve the quality of the decisions (and consequences) that it will produce. The quality of public decisions can be improved if the company works for the public interest and thus reduces the arbitrary action by those in the decisional system. This is precisely where new media can bring a great advantage because they allow a greater autonomy for publics to form their own will and effectively make it available for the decisional powers. This can happen either internally and externally, especially in a global communication policy, but this implies and conveys new roles to play due to the new scenario (Toth & Heath, 1992).

The Construction of the Public Agenda

Following Cobb and Elder (1971), we differentiate between a "general set of political controversies that will be viewed as falling within the range of legitimate concerns meriting the attention of the polity" and "a set of concrete items scheduled for active and serious consideration by a particular institutional decision making body" (Cobb & Elder, 1971, p. 906). Whereas the first notion refers to an agenda of possible political controversies, the second notion refers to the actual institutional agenda of topics about which decisions will be made.

When speaking about corporate diplomacy we are also speaking about an "agenda-building" process, and corporations practicing corporate diplomacy generally have the ability to do this because they mobilize "third-party endorsements" with foundations or think-tanks with the intention to become opinion leaders in a specific subject that better defines the soul and essence of the personality of the company and can give it a competitive advantage when trying to influence the decision-making process.

As we said, corporate diplomacy should go beyond "public support," which means that it is not compatible with a simple agenda-setting process (Mc Combs & Shaw, 1972). In other words, corporations no longer need to rely on influencing the public agenda by influencing the media agenda (and thus the published opinion) through formally organized opinion groups. More likely, corporations will operate under the premises of "agenda building" (Cobb & Elder, 1971), meaning that they will be able to mobilize the formal agenda (the set of issues that decision makers have accepted for formal appreciation) and place public policy issues *directly* in the decisional agenda even without needing to go through the media agenda.

In this sense, corporations behave more and more as gatekeepers at an upper level conditioning the political agenda. According to this, perhaps we shouldn't find it so strange to see an increasing (however suspicious) harmony between government and companies' opinions (Wasieleski, 2001, p. 120). The fact is that the relationship between corporations and public powers is the subject of a wide societal preoccupation and is already the target of many studies across universities worldwide (Xifra, 2007).

But what are the effects of this rise in power of corporations determined by their capability to develop corporate diplomacy programs? Most of all, what kind of impact is this effort provoking in democracy? Could this credibility rise have to do with an increased effectiveness in the PR strategies that corporations are using? (Toth & Heath, 1992). Could corporate diplomacy be a valid PR process to conquer new roles for the corporation within society? Although we cannot yet give a straightforward answer to any of those questions, we can at least be inspired to question why it is that recent studies such as the Edelman Trust Barometer have pointed that people are now placing more trust in corporations than in governments.

Conclusions

Throughout the article we have identified some topics that might merit additional attention and research. To our knowledge, studies linking public relations or stakeholder management and corporate diplomacy by means of public diplomacy are still to be initiated in our field and this might be an interesting avenue for the future.

However, we should conclude that our view of corporate diplomacy is that of a process to develop corporation's power and legitimacy within society. This is related to a broader social status for the corporation that is not only seen as a profit-making entity but as member of a stakeholder network toward which it has recognized and symbiotic commitment. In turn, the increased social status allows the corporation to influence the decision-making processes no longer *indirectly* (i.e., by means of one-way communication practices aiming to influence the perception that the media multiply to massive audiences) but *directly* (i.e., by the corporation's increased agenda-building capability). Public relations thus plays a pivotal role in helping dialogue with those affected by the decisions made and helping corporations interact with society to better understand and adapt to the social values and principles.

Corporate diplomacy as a process can also contribute to corporations' acknowledgment as representatives of the society, and therefore their capability to mobilize issues into the institutional agenda of topics that are chosen as subject of serious consideration by decision makers is improved.

At the end, by having a wider participation in the decision-making process and by means of a wide range of strategies (e.g., the creation of foundations or through public-private partnerships) to take over some of the traditional functions of the state, corporations engaged in corporate diplomacy actively add new roles to the traditional role of the corporations. As Post et al. (2002) recognized, the legitimacy of the corporations as institutions within society is changing, and corporate diplomacy is one way to analyze that change. We are still to understand what the consequences of that change might be, but as always, we should be aware, and perhaps future research in this area might help to cast some light into this.

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Notes

1. USC Center for Public Diplomacy [online]. http://uscpublicdiplomacy.com/index.php/about/what_is_pd [Consulting Date: January 10th, 2009].
2. See it in http://uscpublicdiplomacy.com.
3. See it in http://uscpublicdiplomacy.com.
4. USC Center for Public Diplomacy [online]. http://uscpublicdiplomacy.com/index.php/about/what_is_pd [Consulting Date: January 20th, 2009].
5. In some ways we should differentiate public diplomacy from propaganda. Propaganda is about the ideological side of information and facts, appeal to the unconscious motivations of the self, and is based on a fundamental belief of the others as moldable subjects. Propaganda has an expressive nature, funded on the belief that what is said and how it's said is more important than what it really is. If, as we've started to explain, we believe in a notion of public diplomacy as a process of listening to others and communicating with them based on understanding and then incorporating the result of that process in decision making, the difference to propaganda becomes clear (L'Etang & Pieczka, 2006).

6. We could add so many theories from leadership management to enlarge this idea, but this will make us leave the central point of our argumentation.
7. You can read the full paper at http://www.prconversations.com/wp-content/uploads/2007/09/paper_final_eupr05.pdf.

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Beyond the Votes: A European Perspective on the Use of Public Relations to Legitimize Authority in Obama's Campaign

Enric Ordeix[1] and Xavier Ginesta[2]

Abstract

In political campaigns in Western society, there are many examples of public relations being behind opinion leaders in getting grassroots committed to a candidate; Obama's campaign was one example. Grassroots communication has been a major public relations activity that has harnessed local community involvement (from nongovernmental organizations, social and cultural communities, companies, and individuals) in the United States as well as in Europe. Since the 2008 U.S. presidential campaign, third-party engagement is now considered a valid way to legitimize the authority of politicians all over the world. In this research, the authors point out that public opinion support, even outside the United States, can result in greater authority and greater acceptance of U.S. government policies.

Keywords

Barack Obama, legitimacy, authority, public relations, grassroots communication, political communication and cleavages

The 2008 U.S. presidential campaign is becoming a benchmark—a standard or point of reference against which other Western political campaigns can be compared or assessed. This leads to saying that the analysis of the campaign shows three main aspects where researchers and public relations (PR) practitioners must focus their attention in the future: new values, more-open organizational structures, and different communication processes, such as grassroots campaigns through virtual communities.

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In this sense, we see some other social and political framework changes that should be underlined.

Change in the Traditional Cleavages: Ethnicity, Social Class, and Religion

In relation to this aspect, when Colin Powell and Condoleezza Rice became secretaries of state during the George W. Bush government (2001 to 2005 and 2005 to 2009, respectively), many U.S. citizens thought this was a triumph of "assimilation" (Dahl, 1999, p. 171). However, the victory of Barack H. Obama (the 44th president of the United States and the first African American tenant of the White House) in the 2008 presidential elections confirms definitively that the traditional ethnic cleavage (Bosch, 2004; Lipset & Rokkan, 1967) of American society passed away. And consequently, the social class cleavage has changed so much as well. As congressman John Lewis highlighted, "President Obama sends a strong message to Black America and especially to our children—that they must never give out, never give in, never give up."[1]

Hence, doubts Robert Dahl (1999, p. 173) had about the challenges of American multicultural society in the 21st century—whether it is going to contribute to the stability of U.S. democracy or not—are dispelling, and the victory of Obama opened a new era in U.S. politics. However, not only Obama is responsible for this new American way of living politics; also many opinion leaders, lobbies, and groups of interest contributed to break the status quo. The huge number of monographic editions of Anglo-Saxon magazines that focused their attention on the new "First Family" (e.g., *Essence*, *Time*, *Newsweek*, *Ebony*, *Today's Black Women*) is a perfect example to understand what Barack H. Obama represents for American history and worldwide.[2] As Jon Meacham points out, "the rise of Barack Obama to become the 44th president of the United States opens a new chapter in this saga of the changing American mind to which Jefferson first gave expressions" (Meacham, 2009, p. 27).

In this campaign, different groups of interest pushed companies and other institutions to put multiculturalism on their political agenda and converted it into a new way of understanding a global, multiethnic world. Therefore, a negative conception of ethnic minorities was converted into a positive one and reinforced Obama as a candidate.

Changes in the Structures of Organizations

The break in the social class cleavage is important not only for the change of American values but also for the change of the American groups of interest that took part in the rise of the new president. Traditional economic sectors that give their support to Republicans did not have enough influence to avoid a new social hegemony created by the grass roots, using a people-to-people movement (Payne, 2009, p. 23), which was essential for the victory of the African American candidate.

Actually, a movement against the "allies" who supported the Iraq War (either Republican or Democrat) was determinant for the electoral results of both the presidential

Democratic primaries and the White House presidential campaign. The political defeats in the international arena affected, as well, the internal policies and leadership of the government. This movement is considered, as well, a change and a rejection of the legitimacy and moral authority of the "establishment" that ran the United States in the past decades.

Another change is the traditional structure of organizations. Even though parties in North America are so involved with community activities, whereby local representatives help to build local and national policies, the change of traditional companies' structure significantly affected parties' organization because parties are more permeable and more socially committed (Grunig, Grunig, & Dozier, 2002). In fact, we can query whether the political agenda was influenced by the business agenda or other kinds of interest groups. Nevertheless, there is no doubt that parties have to be more permeable and have to include the most far-reaching values in order to attract a wide range of the public, that is to say, to become catch-all parties.

Changes in Communication Style

But changes are not only sociological and organizational. President-Elect Obama was also the first presidential candidate who trusted in the mobilization of grass roots through information and communication technologies (ICT)—such us the official website and different virtual communities—as the main actors to create complicities with indecisive voters and other stakeholders. In this 2008 presidential campaign, ICT (above all, virtual communities) became definitively an essential tool in political marketing, which must be taken into account for PR managers' and communication directors' future campaigns.

Actually, different communities developed their own PR techniques, such as online media, person-to-person communication, and meetings, among others, to get the engagement of the grassroots and convert them to new opinion leaders to accelerate the natural dissemination of Obama's values (Rosen, 2009, pp. 159-165). In Europe, there have been many movements, such as Friends for Obama, fighting for the values considered general-interest values.

Legitimacy: A Theoretical Framework

The concept of legitimacy is the core of our article. Legitimacy helps to explain the support of a specific stakeholder within policies and actions of a government or party. We can define legitimacy as "a generalized perception or assumption that the actions of an entity are desirable, proper, or appropriate within some socially constructed system of norms, values, beliefs, and definitions" (Mitchell, Agle, & Wood, 1997; cf. Suchman, 1995). As it is said, legitimacy and power can exist independently or can be combined to create authority and work for the general interest, which is normally recognized as a valid way to develop moral authority. Moreover, Stillman (1974) added that legitimacy is useful for "operationalization building," which can be understood as the capability to represent and to be approved by certain social actors. In fact, this is a way to thwart critics and negative activism.

In politics, it is fundamental that party values emerge as coherent with this social demand, and they should be aligned with social values. The symbiosis between society's values and a party's values is achieved when the balance of interest and expectations is successful. Therefore, there is no sense in dealing with values and party commitment separately from social demands and expectations. Dealing with community representatives is a good way to engage social activists to work for one's project. In that way, the party gets a license to operate and, as well, a license to represent the supporting groups.

Furthermore, Obama's election not only broke the traditional sociological thinking of the country but also clarified the importance of ICT as main tools for PR managers in organizing the campaign. The Internet is a good way to gain public legitimacy and commitment or, similarly, a good place to reach everyone's interest.

Actually, the effective results of the use of ICT for American Democrats' grassroots communication during the 2008 presidential campaign should lessen the importance of some pessimistic theories about the influences of ICT (above all, the Internet) in Western societies (Wolton, 2000). For this reason, in this work, we are able to consider more optimistic theoretical positions, such as the constitution of social worlds on the web (Haythornthwaite & Hagar, 2005) or virtual communities (Castells, 2003; Rheingold, 1996; Sillence & Baber, 2004). For example, Sillence and Baber (2004) define a digital community "as a group of people engaging with a community that exists within the confines of a technological domain, e.g. the web" (p. 93).

Castells, Fernandez-Ardevol, Qiu, and Sey (2004) highlight that "the wide availability of individually controlled wireless communications effectively bypasses the mass media system as a source of information, and creates a new form of public space" (p. 197). Actually, the virtual world is the only space where different sensibilities and interests meet together during and after a campaign. For this reason, flash mobilizations "have made a considerable impact on formal politics and government decisions" (Castells et al., 2004, p. 197). The research of these authors is based on the impact of wireless communications, above all, cell phones, in political decisions—as demonstrated by the Power People II movement in the Philippines (2001), "People Who Love Roh" in Korea (2002), or the Popular's Party defeat in Spain (2004)—and this perspective must be taken into account in any social new media research. However, the cases presented were not studied through a PR perspective or through the use of virtual communities as tools to raise public interest and to legitimize authority. This is a good opportunity and a challenge for researchers.

Method

Obama's PR managers were worried about the candidate's legitimacy around the world (see the Berlin speech during the campaign[3]). In this article, to analyze how he was legitimated, we need to analyze the following aspects: opinion leaders as the third-party endorsement, items and values, and finally, political opportunities as a result of the failure of the rival. This research is based on a qualitative methodology of using content analysis of the official candidates' websites, supporting group's websites, and the mainstream European press during the U.S. presidential campaign. We have to consider the above aspects as indicators for the analysis; thus they set the main parts of the article that follow. Furthermore, the materials collected by researchers of the Contemporary Political Documentation Centre of the Autonomous University of Barcelona (CEDOC-UAB) who followed the campaign in the United States have been also important to writing the theoretical framework.[4]

Discussion

Opinion Leaders

We consider an opinion leader a personality who is relevant to people's opinion as an important critical reference in making a decision for themselves. We can divide opinion leaders into celebrities, media, and politicians and local community leaders.

In the American campaign, it is well known that celebrities, actors, singers, and moviemakers took part in both candidates' activities. But there is a longer list of these celebrities who were supporters of the Democratic candidate versus the Republican. Obama even used a song from Spanish singer Noelia Zanón as the campaign anthem for the Latin community.[5] Furthermore, many of the celebrities who supported Democrats also opposed the Iraq War (e.g., Scarlett Johansson, Whoopi Goldberg, Jennifer Aniston, George Clooney, Paul Newman, Jessica Alba, Bruce Springsteen, Woody Allen, Steven Spielberg, George Lucas, Penelope Cruz, Antonio Banderas). In fact, this support was essential to create the most important and global slogan and video clip of the campaign: "Yes, We Can."

Moreover, Obama got the nod from 194 newspapers, compared with 82 for McCain, according to data compiled by Greg Mitchell for the Huffington Post.[6] *The New York Times*, *The Times*, *The Washington Post*, *Chicago Tribune*, *The Miami Herald*, and *Lexington Herald-Leader* are examples of newspapers that endorsed Obama. Moreover, many Black radio stations broadcast songs supporting him three or four times per day. Obama got the support of relevant political leaders who used these media to express their opinions in favor of him, for instance, Colin Powell or the Kennedy family. Furthermore, the European leaders also gave him support, such as the French President Sarkozy: "Obama represents the change, the optimism, and he believes in progress and future; and we need him to build another world more stable and sure."[7] After the campaign, other European leaders, such us Spanish prime minister José Luís Rodríguez Zapatero, expressed his alignment with Obama's ideals.[8]

Finally, apart from the big success of http://my.barackobama.com, pushed by Obama's PR officers, as we stated in the introduction of this article, every social group (women, African Americans, Latinos/Latinas) had its own organization with its leaders to promote Obama's values abroad. Examples include Friends for Obama (http://friendsforobama.org), Latinos for Obama (www.latinosforobama.com), Women for Barack Obama (www.womenforbarackobama.org), and Amigos de Obama (www.amigosdeobama.com), organizations that contributed to finding more than 10 million subscribers to the official website and more than 3 million small donations.[9]

From the European perspective, the campaign led by the mentioned opinion leaders was also very effective. More than 200,000 people listened the speech of the Democrat candidate in Berlin on July 23rd, 2008; Obama received more than $1 million in donations from Americans who live in Europe—McCain received only $150,000—out of the outstanding quantity of $639 millions received at the end of the campaign;[10] and a poll, published by *The Daily Telegraph*, conducted in the United Kingdom, France, Germany, Italy, and Russia highlighted that 52% of Europeans would actively vote for Obama against the 15% who would vote for McCain.[11]

So then, we can analyze the headlines of some of the European mainstream press to understand the hope that Obama's victory generated to the European society: *DeMorgen* (Belgium) stated "Change," translated into 24 languages in the front page; the *Daily Telegraph* (England) wrote "The dream comes true"; *Gazeta Wyborcza* (Poland) chose "*Obameryka!*" as the main headline, a word in Polish to sum up the new American landscape; in Austria, *Die Presse* composed a front page with the words "*Obamas Amerika*" surrounded by 10 pictures of American minorities expressing emotion; and *Público*, from Spain, stated, "*Arranca el cambio*" (Change is coming), a headline that reflected the change Obama said he would bring as president (Poynter Institute, 2008).

The Third-Party Endorsement

We are not adding something new when we say that getting activists involved in a project is more than desirable. This is, in fact, what we understand as having the third-party endorsement. Many marketing people already work to have active customers convince potential customers by showing and promoting an attitude of support for a general cause. In general words, working for the general interest makes people work for your campaign. This is a bit like what happens in politics. "The social power is the soft power that can make you win the elections" (Nye, 2005, p. 98). Active community leaders or strong organizations have a strong network in which all the members work together for a cause. When there is a common cause between the party and the organization (very common with the nongovernmental organizations), then there is real involvement, because there is an emotional association with the candidate. This is the case of Obama in Europe. The emotional association with him became an official endorsement through nonprofit organizations that gave him support. This was, in fact, the "real vote" he got from Europe. And of course, this implied a lot of extra donations as well as greater legitimacy to become a worldwide leader. We cannot avoid talking about Max Weber's (1992) typologies of legitimacy when thinking about Obama's European influence. Max Weber lays out three types of legitimacies: (a) traditional or historical legitimacy, which Obama changed by being the first Black president (we already talked about this as the ethnic cleavage); (b) legal-rational legitimacy, which is achieved by giving reasons for the change; and (c) charismatic legitimacy, which is achieved by showing outstanding qualities in communication and involving the public. Engaging has a lot to do with convincing by giving reasons and by transmitting emotions, which leads us to Aristotle's principals for leadership: the ethos, the pathos, and the logos. These principles imply the thrust, the faith, the charisma, emotions, and to sum up, what people believe to be truth. This is what drives us to attribute credibility to the candidate. As more people believed in him, the more credibility he had (and still has). Jürgen Habermas (1984, 1987) also reinforced this idea by asserting that any legitimacy needs the basis of truth.

Items and Values

Credibility is always related to values and beliefs. The politicians know they need to create a symbiosis between their own values and social values to earn legitimacy in public opinion. From the European perspective, we understand that Obama could very much detect the general claims from most western European citizens, especially after the defeat of the Bush defensive strategy against terrorism. So then, after a content analysis from the above-mentioned newspapers, we made a list of Obama's most commonly perceived attitudes as follows: empathy, honesty, hard worker, emotional (perfect husband and father), humble condition but with dignity, with humanism because he believes in empowering people, dynamic (he believes in people who transmit energy), but with pragmatism and natural behavior (nothing seems directed in advance). From a quantitative perspective, we have a Gallup opinion poll examining past presidents' job approval in which 64% approved him after the first 100 days. Only Ronald Reagan received a slightly higher rating (67%). Bill Clinton and the first President Bush both had approval ratings below 60%.[12]

In fact, his rhetorical items were highly important to gain European confidence and alliances: economy, immigration, diplomacy to resolve the Iraq War, universal public health, and education. Those items, which where also presented in his book *The Audacity of Hope* (Obama, 2008), were able to fit into the general social claims and values. They also worked against McCain's: economy, energy, justification of the Iraq War, and conservativism in public health and the educational system.

Obama affirmed his commitment to close Guantanamo, and this was very well received in Europe. In fact, repudiating waterboarding and other forms of torture was a crucial commitment to get Europeans' support. Yet nowadays, Obama understands that his national security policies must be legitimate and that there is more to legitimacy than an assertion of presidential prerogative. He needs to justify himself at every step because of the high expectation he generated in his speeches and actions during his campaign.[13]

As we mentioned, the added value of this campaign was not the content and issues pushed by the candidate and his PR managers but the characteristics attributed to him by social groups, both in the states and in Europe. There have been so many viral campaigns at the grassroots level coming from independent groups of individuals and pushed by PR officers. In Europe, as there was not an official campaign, that was the way to keep Obama in the conventional and nonconventional media. For instance, the amount of videos uploaded to YouTube during the campaign, and even after, permitted some journalists to qualify Obama's presidency as a "YouTube presidency.[14]

The last item of this chapter is a quick comment on the key words of Obama's message in comparison with McCain's. *Hope* and *change* are so much related to pathos and logos, Aristotle's rhetorical principals. Obama's message was very different from McCain's, whose campaign was perceived in Europe as that of an experienced man able to fight for the country ("country first"), as he did in the past, but not so much for the worldwide interest, as Obama seemed to be able to do. It is not new to state that so many videos of McCain showed him in the army. Nevertheless, his activity on the Internet was relatively minor and not spontaneous. In this sense, we can say that at least McCain gained advantages from his daughter's work on her blog, www.mccainblogette.com, a small social media activity compared with Obama's.

Political Opportunities of the Candidate

Finally, we need to talk about the political opportunities of the candidate as a result of the big failure on the rival's part in terms of getting public opinion support. In this sense, we considered four main elements: public blunders, positive discrimination and identification with the candidate, leadership, and the overpromise of expectations.

First, in our analysis, there have been many more public blunders by McCain than by Obama. Here, we can highlight some of the blunders that European media have shown consistently: the accusation that Sarah Palin spent too much on clothes; McCain's confusing Al-Qaeda with Iranians, watched worldwide on YouTube;[15] and the character created by the Republicans called Joe the Plumber. However, Obama also had some political failures in his campaign, such as the minimization of the power of Iran, also watched worldwide through YouTube.[16]

Second, in terms of positive discrimination and identification with the candidate, the image indicators of Bush point toward a negative perception, which was transferred to McCain. PR managers could not manage the bad transfer of it: McCain was always associated with Bush, and this turned out to be to Obama's advantage. So then, the ethnic and social cleavages affected the Democratic candidate positively. Linked to this, the social media expert Lynette Chiang pointed out,

> For the first time skin color is a real advantage, in the same way that being blessed with good looks can make you a movie star, or good calves can make you an athlete good brains can make you a Nobel Laureate. Being different may shut some doors, but can open bigger doors that lead to better places.[17]

On the other hand, what some called the "Bradley effect" could happen.

> The Bradley Effect, a term named after Tom Bradley, the first and only black mayor of Los Angeles, is used by political observers to describe campaigns

> where one candidate holds a lead in the polls but ultimately loses on Election Day, due to racism or social desirability bias. Bradley lost the 1982 California gubernatorial race to state Attorney General George Deukmejian, who was white, despite holding a lead in the pre-election polls.[18]

Another positive element of which Obama took advantage was what we could call "the Spiral of Silence effect" (Noelle-Neumann, 1995) by the use of ICT. Obama offered to his electorate the means of expressing support for him, mainly through ICT. In this way, soon his supporters' opinion became the majority opinion and was loudly expressed. This decreased the effect of McCain's campaign. McCain's people were not so eager to express themselves, knowing that the majority would not accept them and that they would be criticized. In this way, we can comment on the spiral effect in favor of Obama.

And last but not least, referring to identification with Obama, we want to underline, as we said in the title of our article, that European and other influencing countries out of the United States were very important for the final decision of the American electorate. We saw it on CNN some days prior to the elections:

> Countries around the world will compete for Obama's attention. Africa, elated over the election of America's first black president, may expect increased attention and aid from the United States. Additionally, Muslims familiar with Obama's Kenyan father and middle name, Hussein, may think he will be more understanding of their concerns.[19]

Obama needed this support to recover the leadership lost during last term of the Bush era. In this case, the French and German support was determinant to demonstrate his potential authority to face the world's most important issues. Concretely, as *The Times* journalist Roger Boyes highlights, Berlin has been the city to establish foreign policy credentials and make rhetorical flourishes for U.S. presidents, such as Ronald Reagan, John F. Kennedy and, in 2008, the candidate Barack Obama.[20] Meanwhile, this high level of activity by Obama abroad was criticized by the American media. CNN stated that

> once the gloss of this historic election wears off, the world will find Obama cannot be president to the world**.** He can only be president of the United States and Americans will expect him to protect their interests first and foremost.[21]

The piece added,

> In fact, we do not discuss elections in some countries somewhere on the map, we do not care about elections that don't take place in our homeland. Nevertheless, we all talk, without exception, about the US presidential elections. And the only reason for that is the fact that US actions affect the whole wide world.[22]

It is too soon to find out whether Barack Obama will be like Jimmy Carter because of his idealism or whether his discourses are hiding a sense of pragmatism that now is difficult to perceive.[23] "But as high as those hopes are, so too are the sky-high expectations. The world has been seduced by Obama's vision of change. But will the *Obamamania* survive the realities of governing?" added CNN.[24] We all want to see whether he is able to keep social legitimacy and this high level of social media support in the future.

Conclusions

In this article, we realize how social, institutional, and celebrity support gave legitimacy to Barack H. Obama and enlarged the consensus around his moral authority. Legitimacy is an act of faith based on the sharing of the same values and objectives of both sides, the electorate and the candidates. Opinion leaders definitively play an important role in this relation between electorate and candidates when these opinion leaders are endorsed, with the guarantee of both sides' responsibility in political issues.

As Lipset (1983) stated, "legitimacy is the capacity of a system to create and maintain the belief that the existing political institutions are the best ones for the society" (p. 130). This article reinforces this idea: Institutions and politicians must get grassroots support to influence public opinion, within the country or abroad, to be well considered.

However, candidates' traditional forms of reaching the electorate have been changed by the applications of ICT in political communication and PR techniques. Obama's campaign demonstrated that right now, the Internet is the agora where the political agenda is settled and where the candidate can more easily reach the grassroots—just what Obama did in Europe.

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Notes

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2. Ibid., 69.
3. B. Obama, "A world that stands as one." My.barackobama.com, July 24, 2008, http://my.barackobama.com/page/content/berlinvideo/

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Aznar's Political Failure or Punishment for Supporting the Iraq War?

Hypotheses About the Causes of the 2004 Spanish Election Results

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This article focuses on former Spanish President José María Aznar and his party, the Partido Popular, and analyzes the evolution of their core values and public images from the beginning to the end of the two political periods they were in power. Particular attention is paid to the government's management of the Prestige oil tanker ecological catastrophe, Spanish involvement in the Iraq War, and the March 11 terrorist attack in Spain with respect to the impact these events had on the 2004 Spanish election results.

Keywords: *core values; corporate values; identity; political public relations; corporate culture*

With a focus on the 2004 Spanish election results, this article analyzes the evolution of the core values and public images of former Spanish President José María Aznar and his party, the Partido Popular (PP), during the two political periods they were in power. Particular attention is paid to local as well as global events, including the government's management of the Prestige oil tanker ecological catastrophe, Spanish involvement in the Iraq War, and the March 11 terrorist attack in Madrid.

Reputation

The PP's reputation depended on its record of 8 years in power and the ability to build up its *corporate values*, also referred to as core values (Kotter & Heskett, 1992; Schein, 1992a), while controlling the government. Those values were challenged and experienced significant change when the following events occurred.

Emergence and growth of the PP's main governmental values. For 4 years, the PP worked to demonstrate that its economic policy was the best, making use of rigorous decision making. While in power, the PP's corporate values were solid enough to be identified easily in its political campaigns and communication procedures (Nager &

Allen, 1984), especially when compared to what the Partido Socialista Obrero Español (PSOE) had been doing in the past. In the very beginning of the PP's reign, the party needed an alliance to effectively govern, and the best choice was the nationalists—Catalans (Convergència i Unidó) and Basques (Partido Nacionalista Vasco). This coalition, during the PP's first term in office, easily agreed on an austere and comprehensive policy against political corruption cases that had occurred during the socialist period.

This coalition reflected the emergence of a new political situation. During its first 4 years in power, the PP grew stronger and more popular among the Spanish public. The PP won the general elections for the second time by an absolute majority and, thus, no alliances with other parties were needed (Spicer, 1997). Given this majority, the PP's authentic values became more evident and detectable in government rhetoric. Some analysts have argued that the events of 9/11 helped Aznar to win his election. Although this is debatable, the attack is an important component in understanding Aznar's behavior post-9/11.

Celebrity spectacle marriage of the president's daughter. When the glamorous marriage of Aznar's daughter was held in one of the most expensive venues in Madrid—a place traditionally reserved for the marriages of Spanish royalty—many within the Spanish public perceived a double standard (Foix, 2002). It seemed that the principle of austerity and economic restrictions preached by the president to the Spanish public did not apply to his own family. A credibility gap began to appear as a result of what the president preached and what he personally practiced. The PP's core values would have to adjust to this skepticism (Kreps, 1990).

The Prestige ecological catastrophe. When the Prestige oil tanker sank in the deep ocean off the coast of Spain, the government was criticized in being slow to react to the crisis and when it did react, for inept policies designed to address the economical and social demands occasioned by the event (see Chávez, 2002; "La sombra del Prestige," 2002). Although this disaster could apparently have led to the party's defeat in the local elections, they surprisingly won in most towns, especially in seaside cities and villages where the coast was most damaged.

Although the ecological factor was never identified as a main value within the party (Robbins, 1997), the catastrophe hurt the PP's reputation within the public (Fombrum, 1996). The party's inability to face and manage the crisis and its consequences further damaged the PP's reputation. Evaluations of the PP as strong on rigor prior to the event experienced a decline in public opinion. One attempt to address the situation was the PP's work to increase fishermen's wages in the affected region—a policy that resulted in more support for the party in this area but viewed skeptically by the voters at large.

Global Events: September 11 to March 11

In spite of the detrimental impact of the above-mentioned events, no one in Spain could ever imagine that the PP would lose the national elections in 2004 (Tripodos, 2004). However, political assessors/pollsters (Schein, 1992b) worked to find a way to check the bad results in the opinion polls for the PP. A new reference value would soon be added to the PP's rhetorical appeals and to its main message for the following general elections that would shortly take place in Spain. The PP's major appeal was its claim that it epitomized "safety against terrorism."

Terrorism in Spain has deep and disturbing roots that have existed mainly since the country moved toward democracy. The major terrorist organization is the Basque separatist terrorist group, Euskadi Ta Askatasuna (ETA). The challenge for the PP was to present itself as a party able to control and eradicate terrorism. If it succeeded, its success would guarantee the party a long tenure. The September 11 terrorist act in the United States presented the PP with an opportunity to take a strong stand against terrorism. In addition, the party could improve its international relationships and stature, especially vis-à-vis the United States and the United Kingdom.

Spain sides with the coalition against Iraq. When former President Aznar decided to join the international coalition to invade Iraq, his desire to promote the safety political value was clear to everyone. His objective was to obtain help from the United States and the United Kingdom with respect to confronting the ETA's nationalist terrorism in the Basque region of Spain. This strategy would be the basic one for the Spanish electoral campaign to give the perception of control and social improvement among the voting public ("Cada vez más españoles," 2000; "El terrorismo," 2001).).

In fact, during the second term of the PP's government, there were fewer ETA attacks than ever before. Yet at the same time, other political events occurred that reinforced and strengthened the relevance of safety and security within the public. Spanish antiwar advocates organized one of the largest demonstrations worldwide in Barcelona. Opinion polls revealed that more than 90% of the Spanish population opposed the Iraq War ("Cerca del 91%," 2003). This presented a paradox and deep division because despite this strong antiwar group, the PP's supporters still had confidence in Aznar as a leader (Newsom, Vanslyke, & Kruckeberg, 2000; Wilcox, Ault, & Agee, 1995) and accepted his reasons for Spain being involved in the war.

Catalan government official has secret interview with the ETA. Before the 2004 general elections, the recently elected Catalan prime minister, a member of the left wing's coalition and an advocate for independence, admitted having a recent interview with the ETA's board of management ("Carod-Rovira se entrevistó," 2004). The revelation that a government member had met with a terrorist organization damaged the left-wing coalition and the socialist party, major opposition groups to the PP. The Catalan prime minister ultimately resigned in an attempt to resolve the crisis.

Most parties took advantage of the diplomatic crisis during the Spanish general elections. The PP, of course, joined in condemning this serious diplomatic mistake to highlight its major claim of being strong in preventing potential terrorist attacks. Specifically, the PP used emotional safety as an inherent value in its rhetorical appeals. All of the PP's messages referred to this value. The key word was *safety* in all its potential uses: safety to keep the Spanish nation united against the independent advocates and the Basque terrorists, safety with regard to economic development, and safety to maintain the social balance (Grunig, 1992; Grunig & Hunt, 1984).

March 11 terrorist attack. On March 11, Madrid suffered the worst European terrorist attack ever ("11-M, masacre en Madrid," 2004). As previously mentioned, the overarching safety value of the PP implied and included the values of efficiency and rigor (Cutlip, Center, & Broom, 1994; Duncan, 1978). But the main argument expressed by the former Spanish government during their involvement in the Iraq War was that a world crusade against terrorism makes the world safer, especially in the local areas in Spain and even more specifically in the Basque region. Thus, according to the PP, the fight against the ETA was enough to justify Spanish involvement in the Iraq War ("ETA, a la desesperada," 2004; "La decadencia," 2003; Muro, 2004).

When the bomb explosions rocked Madrid on March 11, Aznar's government stated and implied several times that ETA could be responsible. Yet from the beginning, there was no compelling evidence to justify this PP claim. Admitting that al Qaeda could be responsible would be prejudicial to PP's interests, because the bombing could be an act of revenge for Spanish involvement in the Iraq War. Before the Madrid bombing, most Spanish viewed the war as a faraway conflict; however, after the terrorist attack in Madrid, Spanish society realized the Iraqi conflict affected them personally. The day before the elections on March 14, the PP's claim that the ETA was responsible for the bombs in Madrid was so lacking in credible evidence that the French journal *Le Monde* qualified the electoral results as the consequence of the *mensonge d'état* (state lie; "LEspagne sanctionne, 2004). The night before Election Day, popular anger concerning the bombings and the perception that the PP was attempting to manipulate the facts to support its policies gave way to several demonstrations in front of PP head offices throughout Spain. The PP reacted to these demonstrations as an illegal propagandist tool to change the public opinion in favor of the socialist alternative.

Conclusion

March 11: A bomb to Aznar and the PPs main identity value. Considering postelection results reflecting that the PP retained its previous core number of voters (about 10 million), whereas the PSOE gained more than 3 million compared to its showing in the previous general election, one can conclude that the PP governments positioning of the overarching value (Heath, 1994) of safety proved to be too severe and risky in the postMarch 11 environment (Conrad, 1994).

One should not conclude that Spanish involvement in the Iraq War was the only reason Spanish socialists and left-wing party voters went massively to the polls, although it was a major factor. Another major factor was repudiation of the PPs inept actions, perceived by a significant portion of the public as an attempt to manipulate the March 11 tragedy to fit the partys own political rationale and agenda, absent of the actual facts.

In addition, the candidates selected to succeed Aznar within the PP could have negatively affected the partys chances in the Spanish national election: Mariano Rajoy, the PPs candidate for the presidency, had been the partys spokesperson during the Prestige ecological catastrophe, and the current vice president of the party, Angel Acebes, had been the past minister of the interior and spokesperson during the March 11 terrorist attack. For many people, these individuals conveyed the wrong image for effective governmental management.

In conclusion, the March 11 terrorist attack horrified and affected all Spaniards. It dramatically challenged the PPs core value and key message within the publicsafety and security (Miller, 1995). The result was voter repudiation of the PP for its inability to deliver on the safety value, as well as its ill-conceived attempt to weave an explanation of the bombings consistent with its worldview. The bottom line was the PP suffered a credibility crisis and a loss of the Spanish election because of its inability to deliver on its core value.

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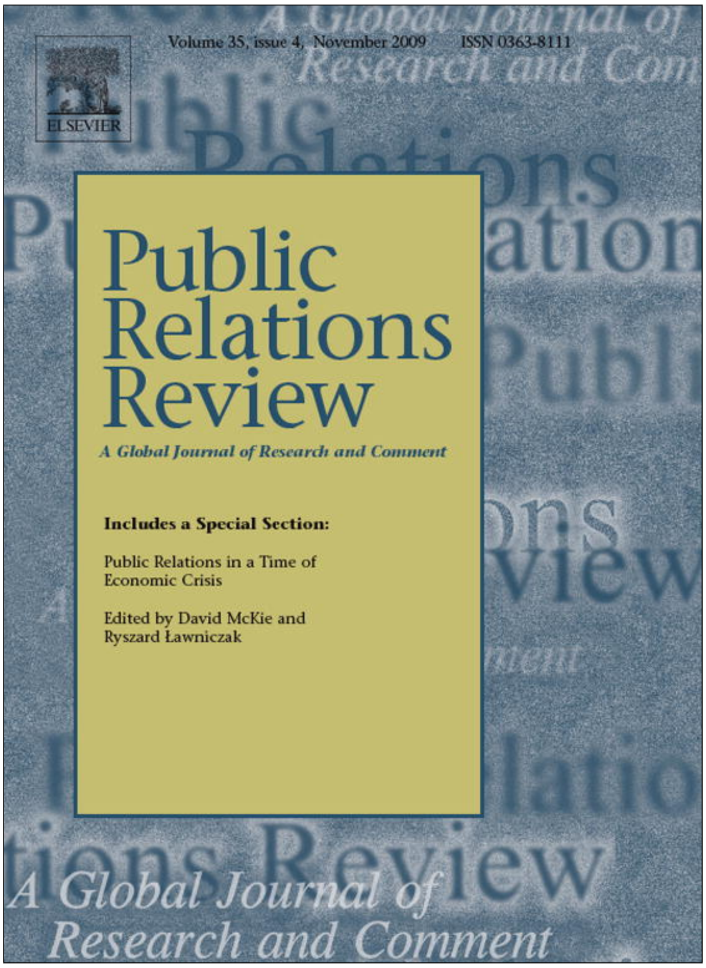
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Managing reputational risk in an economic downturn: The case of Banco Santander

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ABSTRACT

One of the fields most affected by the crisis is the financial sector. Nevertheless, Spain's banks have so far held up relatively well, and this article's examination of one of the leaders, Banco Santander, shows. The authors argue that the Bank's current strong position is not just attributable to Spanish regulations for conservative lending practices, or to the fact that Spanish banks did not invest in U.S. subprime mortgage products, but also to their well-established Reputational Risk Management programs. The article illustrates Banco Santander's management of reputation and proposes the bank as a paradigmatic case for the importance of dialogue and reputation in these times of turbulence. Because of this focus, the approach is largely uncritical, rather than balanced, in concentrating on how Banco Santander offers evidence of a paradigm shift in action that offers a model for effectively addressing the economic downturn. The article concludes by suggesting the key role for public relations in managing reputational risk under contemporary conditions.

1. Introduction

Financial firms, and in particular banks, play an active role in the economic and social development of countries. This is because they have the capacity to select investment and consumption projects, manage risks, decide who has access to the capital, and which activities are to be financed. They also carry social responsibility in the struggle against poverty and social inequalities, and in the fight for sustainable development. The financial industry is beginning to be aware of this responsibility, and of the economic repercussions that may arise from evading it. Moreover, this responsibility has been seen as a way of preventing possible crises, and has been used to take preventative measures against the risks deriving from a bad reputation (Cuesta, 2006).

Spanish banks have been among the most robust and profitable in the world since the beginning of the financial crisis. Firstly, unlike their crisis-hit peers in the United States, the United Kingdom, Germany and much of the rest of Europe, they have not so far received injections of state capital. Instead, they were protected by the regulatory disapproval of off-balance sheet investments, and by reserves of "counter-cyclical" bad debt provisions set aside in the boom years (Mallet, 2009). Banco Santander and Banco Bilbao Vizcaya, the country's two largest banks, unveiled higher net profits for 2008, earning €8.88bn and €5.41bn, respectively. In the crisis, as the Chairman of Santander Group states: "efficient banks that are customer-

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focused, well diversified and with a strong balance sheet, like Banco Santander, have a clear competitive advantage" (Grupo Santander, 2009, p. 7).

As *The Wall Street Journal* reported, however, in addition to Spain's banks holding "up relatively well in the global financial crisis because of conservative lending practices and because they didn't invest in US products" (House, 2009, p. 23), "dialogue with stakeholders and their involvement in the decisions of the institution, commitment to the development of their environment and social action, as part of the culture of Spanish banks, have contributed to this survival" (p. 23).

The *Journal's* view is supported by *Euromoney* magazine, which named Banco Santander the "Best Bank in the World 2008" for its ability to grow in difficult markets, for its strategic focus on retail banking, and for its capacity for execution. Reporting this in the Bank's newsletter, *Caracter,* the General Director stated: "creating value as a group is not merely optional: it is mandatory. The market will demand that any bank which does not create value as a group, but only as a collection of business, should be split up" (Banco Santander, 2009, p. 59).

In effect, the General Director's statement positions Banco Santander as socially legitimized through CSR in line with Suchman's (1995) view that: "Legitimacy is a generalized perception or assumption that the actions of an entity are desirable, proper, or appropriate within some socially constructed system of norms, values, beliefs, and definitions" (p. 574).[2] This definition usefully positions legitimacy as being socially constructed, and thereby addresses the relationships between stakeholders, organizations, and communities. It also assists our focus on CSR in financial firms as the management of reputational risk (Atkins, Drennan, & Bates, 2006).

2. CSR at Banco Santander

According to Banco Santander's 2008 Annual Report, "The results of 2008 clearly show the Bank's capacity to solidly weather this difficult environment" (Grupo Santander, 2009, p. 7) and underscores the success of the Bank's traditional banking business model as "transparent, profitable, prudent and innovative" (p. 7). The bank has: (1) 170,000 employees and 90 million customers; (2) one of the strongest balance sheets among international banks, with a high core capital ratio, more than €6000 million of generic provisions, a low risk asset structure, a focus on customer business, and a large base of stable deposits; (3) a non-performing loan ratio of 2.04% lower than the average of the banks in the three geographical zones where the bank is present (the main corporate manuals state risk management as a "hallmark" of Banco Santander, since everyone in the company is involved in risk management [Grupo Santander, 2009, p. 8]); and (4) geographically diversification.

In addition, as testimony to the bank's policy on CSR and reputational risk management, the bank invested €126 million in CSR in 2008 to continue "to be in the vanguard in CSR, through...creating wealth and jobs, and fostering the development of society and the environment...and promoting sustainable growth" (Grupo Santander, 2009, p. 8). In the CSR literature, CSR concerns a firm's obligation to protect and improve social welfare now, as well as in the future, by generating sustainable benefits for stakeholders (Lin, Yang, & Liou, 2009).

A major theme of the literature also concerns its relationship to delivering tangible outcomes (Parket & Eilbirt, 1975; Sturdivant & Ginter, 1977). Possible explanations offered by these authors for their findings – that CSR is positively related to stock market performance – include improved relationships with key stakeholders. Those better relationships can increase shareholders' investments in these firms (Moskowitz, 1972), elevate employee morale, increase customer goodwill (Solomon & Hanson, 1985), and improve relationships with government agencies, which may in turn reduce regulatory costs (McGuire, Sundgren, & Schneeweis, 1988).

From a strategic business perspective, the firm's economic benefits from CSR have been documented in their link to consumers' positive product and brand evaluations, choice, and brand recommendations (Drumwright, 1994; Handelman & Arnold, 1999; Osterhus, 1997). Through a variety of theoretical lenses, these studies have demonstrated that CSR plays a role in consumer behavior and has a spillover, or "halo effect," on consumer judgments, such as the evaluation of new products (Lin et al., 2009).

In the financial sector, Banco Santander (2008) illustrates how the growth of socially responsible organizations does not stop in periods of economic downturn through its activities and Social Responsibility policy, which are "creating wealth and jobs and contributing to the economic and social progress of the countries where it is present" (p. 5). Nor is this simply a question of investing financial resources, the CSR practiced by Banco Santander is based on dialogue and relationship management. The Bank spells this out clearly in its report on sustainability and CSR (Banco Santander, 2008) by repeatedly featuring dialogue in chapter titles dedicated to the main stakeholders: "We dialogue with our customers" (p. 17); "We dialogue in order to improve our products" (p. 25); "We dialogue with our shareholders" (p. 35); "We dialogue with our employees" (p. 43); "We dialogue with our suppliers" (p. 67); "We dialogue with universities" (p. 71); and "We dialogue with the third sector" (p. 77).

According to the 2007 sustainability report (Banco Santander, 2008), the main process of its CSR policy is "Identification and dialogue with the relevant stakeholder groups" (p. 91). Part of this involves going "beyond the purely commercial" (Banco Santander, 2008, p. 91) and ascertaining the needs of the stakeholder groups through open and effective channels of dialogue along the following lines:

[2] In discussing CSR, this article aim to position it as part of the wider business and management literature, rather than just the public relations literature, which is, therefore, not covered in detail for reasons of space.

1. *Customers*: the corporate customer model gives the Group a powerful tool for better ascertaining the needs of customers and improving relationships with them. This model includes customer satisfaction surveys and studies, increasingly advanced systems for receiving and tracking complaints, customer attention telephone lines, the bank's website and the availability of the independent Customer Ombudsman.
2. *Shareholders*: the main channels of dialogue are the Shareholder Attention Office, a website providing specific information and an annual Investors' Day.
3. *Employees*: Corporate Intranet, mail boxes for suggestions, in-house magazines, surveys on the working environment, and information on social benefits and other systems are among the mechanisms the Group provides to foster open and participative dialogue.
4. *Suppliers*: the Global Purchasing Model, which includes forums for dialogue and fosters communication and cooperation.
5. *Society*: Santander Universities is a department of the Group that promotes active communication with society, also achieved, among other means, via the Group's website, CSR and Annual Reports, conventions, conferences and presentations.

In 2007 Banco Santander extended its CSR by launching various initiatives to improve customer satisfaction, to strengthen the confidence of its shareholders, to foster the professional development of employees, and to increase the number of people benefiting from its CSR programs. For example, Banco Santander believes that investing in higher education and research is the best way to develop society, and the best guarantee for the wellbeing of future generations (Sustainability Report, 2007).

For this reason, of the €119 million that Santander invested in CSR issues in 2007, €89 million went to universities in the countries where it is present. In this period, the organization increased the budget of Santander Universities by over 20% and widened its sphere of activity to include new higher education institutions and new countries, such as the United Kingdom, Russia, and the United States. Banco Santander has cooperation agreements with 623 universities and, in 2007, granted more than 12,400 scholarships for study and training.

Another strategic project is Universia, a unique network of information and cooperation with 1056 universities in Spain, Portugal, Latin America, the United Kingdom, and Russia. Among its priorities are: to support universities in training and in generating knowledge and help students find their first work experience. Banco Santander's commitment also includes initiatives, in many of which its employees are involved, supporting projects for the benefit of society. The bank is also sensitive to environmental problems with strict controls on the environmental impact of its activities. As a bank it finances renewable energy projects and develops financial products to support sustainable development.

Banco Santander's concern to maintain fluid communication with shareholders and investors is both constant and fundamental in guaranteeing their confidence. Indeed, in 2007, the Large Shareholders Unit was created and forums for dialogue and information such as Investors' Day were put into effect, key elements in involving the bank's investors and shareholders. In addition, the bank's shares remained stable throughout 2007 in the main socially responsible indices (DJSI and FTSE4Good).

In order to create value for society, shareholders, and customers, Banco Santander has 131,819 employees. One of its priorities is to attract, retain and motivate employees by providing them with the best working environment (Banco Santander, 2008, p. 43). Half of its employees are women, who are increasingly holding more important positions in the organization. Santander has launched programs in all countries to reconcile work and family life, an area it will continue to develop.

Many studies have analyzed the relationship between CSR and financial performance (e.g., Ellen, Mohr, & Web, 2000; Margolis & Walsh, 2001; McGuire et al., 1988; Pava & Krause, 1996; Roberts & Dowling, 2002; Sen & Bhattacharya, 2001; Stanwick & Stanwick, 1998). As Lin et al. (2009) pointed out, "in addition to the direct link between CSR and increased profitability, it is clear that companies also recognize the market's demand for them to address product-liability risks; environmental impacts of their facilities; and the health, safety, and wellbeing of their employees" (p. 57). Peloza (2006) also notes the reputation insurance function of CSR (Peloza, 2006) and Fombrun, Gardberg, and Barnett (2000) have concluded that CSR initiatives facilitate the execution of corporate strategies and enrich opportunities, while buffering firms from loss of reputational capital, all of which enhances performance.

When defining reputational capital, Fombrun and Shanley (1990) described corporate reputation as a cognitive representation of a company's actions and results that crystallize the firm's ability to deliver valued outcomes to its stakeholders. When these expected outcomes are not delivered, the damage to the company's reputation manifests itself in impoverished revenues, decreased ability to attract financial capital, and reduced appeal to current and potential employees. These negative outcomes translate into reduced economic returns and shareholder value. So that the "fluctuating value of the company's reputation has been termed *reputational capital* and calculated as the market value of the company in excess of its liquidation value and its intellectual capital" (Fombrun et al., 2000, p. 87).

Such reputational capital is therefore the value of the company that is "at risk" in everyday interaction with stakeholders and can be "created when managers convince employees to work hard, customers to buy the company's products or services, and investors to purchase its stock" (Fombrun et al., 2000, p. 88) and can fluctuate in the equity markets as stakeholders convey or withdraw support from the company so that it "grows when managers induce analysts and reporters to praise the company and recommend its shares" (p. 88) and can be "destroyed when stakeholders withdraw their support because they lose confidence in the company's managers, its products, prospects, or jobs" (p. 88).

Research (March & Aspira, 1987) suggests that managers view risk principally in terms of the potential for loss. Focusing solely on potential losses, however, ignores the potential for gains, but reputational risk can be defined as the range of possible gains and losses in reputational capital for a given firm (Fombrun et al., 2000).

3. CSR and reputational risk management

The term "reputational risk" as a widely-used category is, in practice, relatively recent and an important source is the Basel 2 operational risk debate. The Basel 2 banking regulations excluded reputational risk from the formal definition of operational risk, but in doing so helped to institutionalize the category and its increasingly prominent articulation in formal risk maps within organizations of all kinds (Power, Scheytt, Soin, & Sahlin, 2009). Practitioner texts and papers have only recently appealed explicitly to the concept of reputational risk (e.g., Eccles, Newquist, & Schatz, 2007), as a risk category in much the same way as other specific risks (market, credit risk, etc.): "reputation is a major risk for all organizations and needs to be considered alongside all the other major risks such as operational, strategic and financial risks" (CIMA, 2007, p. 1). A recent survey of financial services executives by PricewaterhouseCoopers (PwC) in conjunction with the Economist Intelligence Unit (EIU, 2005) reports that 54% ranked reputation risk as a serious threat to earnings (PwC, 2007).

In recent years the role of various types of financial intermediaries has evolved dramatically, as capital market deregulation and innovation has resulted in intensified competition, with intermediaries in each cohort competing vigorously with their traditional rivals as well as with players in other cohorts. Consequently, market developments have periodically overtaken regulatory capabilities intended to promote financial stability and fairness as well as efficiency and innovation. It is unsurprising that these conditions would give rise to significant reputational risk exposure for banks and other financial firms involved.

As Walter (2008) explains, reputational risk in banking and financial services is associated with the possibility of loss in the going-concern value of the financial intermediary—the risk-adjusted value of expected future earnings. A good example from history might be JP Morgan & Co's (JPM) close involvement in the early 1990s with Banco Español de Crédito. Calibrating the costs, an "event study" conducted at the time found that a few days before announcement, JPM's return began to decline. Afterward, an essentially steady decline occurred, with a cumulative loss of 10% of shareholder equity value 50 days after the announcement. The 10% loss in shareholder value translated into a loss in JPM's market capitalization of approximately $1.5 billion versus a direct loss of perhaps $10 million from the Banesto failure. On the basis of this analysis, Walter (2008) suggests that the loss of an institution's franchise value can far outweigh an accounting loss when its reputation is called into question.

Event studies have also yielded a growing body of evidence regarding share price sensitivity to reputational risk – Smith and Walter (2006), for example, found negative mean cumulative abnormal returns (CARs) of up to 7% and $3.5 billion.

In a rare study of identifying pure reputational losses, Karpoff, Lee, and Martin (2006) attempt to distinguish them from book losses in the context of U.S. Securities and Exchange Commission enforcement actions related to earnings restatements (i.e., "cooking the books"). The authors found that reputational losses (66%) are far larger than the cost of fines (3%), class action settlements (6%), and accounting write-offs (25%) resulting from the events in question.

In other empirical research, Godfrey, Merrill, and Hansen's (2009) findings indicate that CSR and reputational risk management represent a potential method of creating value for shareholders in the face of certain types of negative events. The results indicate that managers of firms who engage in CSR activity can create value at times for their shareholders through the creation of insurance-like protection (i.e., they appear to be acting as wise fiduciaries and agents of their corporate owners). The case of Banco Santander, as well as being an example of good reputational risk management, also illustrates links with reputational gains.

4. Banco Santander's reputational risk management during the financial crisis

Despite these findings, and others that reputation risk management may also impact on financial strength ratings (Zboron, 2006), the industry remains underprepared. According to Regan (2008), just 33% of banks reported that they were prepared to manage reputation risk, while over 64% of firms in insurance or investment banking were "risk ready" for reputation risk. PwC (2007) similarly reported that just 50% of respondents in the financial services industry believe their firm is effective at managing reputation risk.

There are several possible reasons for the lack of attention to reputation risk management. Firstly, firms have been focused on managing their financial and operational risks, and especially on compliance with regulations (e.g., Sarbanes-Oxley in the U.S.), and many still do not have integrated processes in place for these exposures (PwC, 2007). Secondly, reputation risk is arguably more difficult to manage than hazard or financial risk, as there is still no single accepted definition of reputation, or of reputation risk (Barnett, Jermier, & Lafferty, 2006). Without a definite objective, reputation risk management efforts may be unfocused and ineffective. Thirdly, executives are not sure how to classify or measure reputation or risk. Finally, in most firms there is no formal ownership of reputation risk management (EIU, 2005). Other barriers may include the belief by some executives that the industry is poorly perceived overall and any efforts to improve an individual firm's reputation may be an ineffective use of resources.

Banco Santander has been one of the financial institutions to best understand the importance of reputational risk management and is recognized as having one of the most solid reputational risk management policies of the banking sector (Ruiz, 2009). This can be seen in its organization structure. The General Secretariat Division is responsible for managing reputational risks and compliance at Banco Santander, and is also entrusted with managing compliance and reputational risks. Compliance risk is understood as "the possibility of failing to comply with legal regulations, rules, and standards of conduct adopted by the institution or codes of conduct applicable to its activities which could give rise to sanctions (regulatory risk)" (Grupo Santander, 2009, p. 163).

On the other hand, "reputational risk emanates from the perception that stakeholders, both internal and external, have of the Bank in the development of its activity" (Grupo Santander, 2009, p. 163). Since this includes legal, economic financial, ethical, social and environmental aspects, both risks may produce an adverse material impact on results, the capital, or on the expectations of development of the bank's businesses.

Banco Santander's management of reputational risk is an essential part of its CSR policy (Banco Santander, 2008, p. 60). In its activities and businesses, Banco Santander assumes credit, operational, reputational, social and environmental risks. The Risks Committee, as the maximum body responsible for global management of risk and all types of banking operations, assesses, with the support of the Division of the General-Secretariat, reputational risk. The Audit and Compliance Committee supervises the Group's reputational risk and, among other functions, monitors compliance with the Group's Code of Conduct in the Securities Market, the manuals and procedures to prevent money laundering and, in general, the bank's rules of governance and compliance. It also makes the necessary proposals for their improvement.

The main tools employed in Banco Santander's approach to reputational risk management confirm these results. Of particular relevance are those related to the marketing of products and services, such as the *Manual of procedures for the sale of financial products*, however some detail on two specific tools can illustrate both the Bank's practical and ethical preparation, and its enactment of ethics when difficulties arise.

4.1. Global Committee of New Products (GCNP)

All new products or services that any institution of Santander Group seeks to market must first be submitted to this committee for approval. The committee held 15 meetings in 2008, at which 190 products or families of products were analyzed. A Local Committee of New Products is established in each country where there is a Santander Group institution. Once a new product or service is ready, this Committee must request permission from the Global Committee for it to be marketed. In Spain, the Local Committee is the Global Committee.

The departments that participate in the Global Committee of New Products, chaired by the Secretary General, are: Tax Advice, Legal Advice, Customer Service, Internal Auditing, Retail Banking, Global Corporate Banking, Integral Control of Risks, Compliance, Financial Control and Management Control, Financial Operations and Markets, Operations and Services, Global Wholesale Banking Risks, Corporate Risks and IFIs, Credit Risks, Market Risks, Risks-Methodology, Solvency Risk, Technology and Operational Risk, Santander Private Banking, Technology, Global Treasury, Universities and, lastly, the unit proposing the new product or a representative of the Local Committee of New Products.

Before a new product or service is launched, these areas, as well as, where applicable, other independent experts considered necessary to correctly evaluate the risks incurred (for example, prevention of money laundering), carry out an exhaustive analysis on the aspects that could affect the process, stating their opinion on each product or service.

The Global New Products Committee, in the light of the documentation received, and after checking that all the requirements for approving the new product or service have been met bearing in mind the risk guidelines set by the board's risks committee, approves, rejects or sets conditions for the new product or service. In appraising the suitability of the new product or service, the Global Committee awards particular consideration to the context in which it is to be marketed. Particular importance is attached to ensuring that:

- Each product or service is sold by those who know how to sell it.
- The customer knows what he or she is investing in and the risk of each product or service; also, that this can be accredited with documents.
- Each product or service is sold in a place where it can be sold, not only for legal or tax reasons (i.e., it fits into the legal and tax regime of each country), but also on the basis of the financial culture.
- When a product or service is approved, a maximum limit is set for the amount that can be sold in each country.

4.2. Lehman Brothers, Madoff, and the management of Santander's reputational risk

The collapse of Lehman was made public on September 15, 2008. Some clients of the Group were affected by this as they had invested in securities issued by Lehman and in other products with these assets as the underlying asset. On November 12, 2008, the Group announced a solution (strictly commercial, exceptional and not entailing any recognition of defective marketing) for the holders of one of the marketed products, Seguro Banif Estructurado, issued by the insurer Axa Aurora Vida, which had as its underlying asset a bond issued and guaranteed by Lehman. This solution meant replacing the Lehman issuer risk with the issuer risk of the subsidiaries of Grupo Santander. The exchange, which ended on December 23, 2008, cost €33 million net.

In December 2008 the U.S. Securities and Exchange Commission (SEC) intervened in Bernard L. Madoff Investment Securities LLC (Madoff Securities) because of alleged fraud. The exposure of the Group's clients to Madoff via the sub fund Optimal Strategic U.S. Equity (Optimal Strategic) was €2,300 million, €2,010 million from institutional investors and international private banking clients, and €320 million from the portfolios of the Group's private banking clients in Spain (qualifying investors).

On January 27, 2009, the Group published its decision to offer a solution to private banking clients, who had invested in Optimal Strategic and were affected by the alleged fraud. This solution applied to the capital invested net of repayments

(€1380 million) and consisted of an asset replacement. Clients could exchange their investments in Optimal Strategic U.S. for preferred shares to be issued by the Group for the same amount, with a 2% annual coupon and call that can be exercised by the issuer in the 10th year. The cost for the Group, before tax, of €500 million was recorded in the 2008 P&L account.

Banco Santander acted at all times with due diligence in managing the investments of its clients in Optimal Strategic. These products were sold transparently and in line with prevailing regulations and procedures. The solution was offered because of the exceptional circumstances of this case, and for exclusively commercial reasons, due to the Group's interest in maintaining its business relationship with these clients.

On March 18, 2009 the Group issued preferred shares to replace the assets offered to private banking clients affected by the intervention of Madoff and those affected by the collapse of Lehman but who were not able to adhere to the aforementioned exchange on December 23, 2008. The preferred shares have been traded on the London Stock Exchange since March 23, 2009. The exchange was accepted by more than 93% of those affected. The cost of this solution was €450 million net and it was charged to the ordinary profit of the fourth quarter of 2008.

5. Online critics and the role of public relations in contemporary conditions

The data in this article cannot show the existence of a direct link between reputation risk management and Banco Santander's reputation. The fact remains that, on the whole, reputational risk is managed in connection to the specific public of investors (especially the large ones) and mainly acts as a tool for managing investors' relationships. Accordingly, this endeavor does not usually extend effectively to all publics. This can contribute to problems that are particularly visible online. Although the fact that all Banco Santander entries on the first page of Google search are official Bank webpages, or webpages that talk about the Group positively or neutrally, testifies to corporate online reputation management (Gaines-Ross, 2008), there are still many web locations denouncing Banco Santander's treatment of small investors, its perceived abuses and alleged breaches (e.g., Banco Santander Fraud, n.d.).

Accordingly, work remains to be done. Reputational risk management, including CSR (Kim & Reber, 2008; Thomas & Simerly, 1994), is the development of processes to evaluate stakeholder and environmental demands and the implementation of programs to manage social issues. Reputational risk management gives public relations a substantial opportunity to build, through dialogue, a mutually beneficial relationship with publics (often emphasized as its ultimate goal). Indeed, since reputational capital depends on stakeholder support, each stakeholder group is a source of reputational risk to be managed (Fombrun et al., 2000). A key task for executives is to manage the risks that come from the company's dependency on those stakeholder groups (Pfeffer & Salancik, 1978). Therefore, reputational risk management has become a major reason for an organization to have a public relations function, as a relationships management function between organizations and its stakeholders and can become, as part of risk communication, "a tool for communicating values and identities as much as being about the awareness, attitudes and behaviors related to the risk itself" (Palenchar & Heath, 2007, p. 127).

By contrast with the other research, the case of Banco Santander suggests that reputational risk managers played key roles in the institutionalization of ethics as distinct from Fitzpatrick's (1996) "findings that ethics officers view 'complying with the law' as the most important aspect of social responsibility and consider the counsel of and training in law... as most important to ethics work indicates that many companies may be taking a legalistic, compliance-oriented approach to institutionalizing ethics" (p. 256). Compliance function and anti-money laundering are two excellent examples of the institutionalization of ethics by Banco Santander. In fact, one of the bank's six values is professional ethics: "Over and above strict compliance with the laws, the Codes of Conduct and internal rules, all Santander's professionals work with the maximum honesty and transparency, always putting the interests and principles of customers and of the Group before their own" (Banco Santander, 2008, p. 6).

Finally, given that this study suggests a link between public relations and risk management, it also proposes a link between public relations and "liquid society". The conditions of late or "liquid" modernity have been much debated (Bauman, 2007a; Giddens, 1991). As Power et al. (2009) pointed out, variously characterizing it as an "information" society, a "post-industrial" society, a "network" society and a "risk" society, views differ on the timing, extent and significance of key changes. Such consensus about the nature of late modernity that does exist refers to increased ambiguity and uncertainty at the level of individuals and a problematization of trust in, and legitimacy of, institutions and experts in an interconnected world. From this sociological standpoint, we see an exciting opportunity for public relations in contemporary conditions.

These conditions are marked by complex intersections with globalization, mediatization (Silverstone, 2007), economic deregulation, and supracapitalism (Sennett, 2006), with consequences that affect the structure of society and create a space of fear and uncertainty. Bauman (2006) characterizes the times as "liquid," that is, a society in which social forms can no longer keep their shape for long, because "they decompose and melt faster than the time it takes to cast them, and once they are cast for them to set" (Bauman, 2007a, p. 1). If, as Bauman (2006, 2007b) argues, the practice of public relations has been one of the factors that helped create the liquid society, then public relations may also play an important role in the shaping the arena of fear and uncertainty represented by liquid society.

Liquid society is the society of the liquid fear. Bauman (2006) uses the term "liquid fear" to refer to the chronic uncertainty faced by the current globalized societies. Human beings live today concerned and frightened by a permanent anxiety (e.g., afraid of losing their jobs, of urban violence, of the neighbors), which crosses all social relationships. In organizations, they are also frightened of factors (e.g., computerization, downsizing, outsourcing) that can lead to their death as economic subjects.

For organizations themselves, the loss of reputation seems to be the biggest fear according to a survey conducted by the Economist Intelligence Unit (EIU, 2005) that puts reputation at the top of risk managers' list of priorities.

If reputation risk is the main risk in the globalized world, then reputational management is an intrinsic phenomenon of liquid society and the role of public relations in this society is nearly ontological. Indeed, public relations professionals practice, perhaps, one of the leading roles of the liquid society, where love has become too fluid, and personal relationships are characterized by their fragility, and closer to connections than relations (Bauman, 2003). As the trade sphere monopolizes all, even relationships come to be evaluated in terms of cost and benefit and in Bauman's (2003) terms, coexistence has made way for convenience – a convenience that is also very present in today's organization–publics relationships, at least those away from the utopia of the excellence paradigm. For scholars, the liquid perspective on society offered by Bauman (2008) may help to better understand the practice of public relations in society because: "the crisis has fueled additional uncertainty to the state of liquid fear in a liquid society of liquid consumption."

6. Conclusions, limitations and future directions

Linkages between public relations, CSR, corporate governance, risk management, and reputation have been elusive for some time despite the present crisis, and earlier, less global, financial scandals, creating an unending chain of reminders of the complexity of the modern economy. Nobody can now ignore the fact that long-term development rests on a rational balance of risks, threats, and opportunities, for their own merits and as a whole.

The case of Banco Santander suggests how organizations can be more resistant to the effects of global financial crises. Its current leadership manifests itself not only in the awards it receives, but also in its economic results (in the first quarter of 2009, Banco Santander remains the highest profit-making Spanish company, according to *El País* [May 14, 2009, p. 22]). The examples of its behavior in the cases of Lehman Brothers and Madoff demonstrate how it acts and allow us to make recommendations. The first is that a reputational risk management function should be based on dialogue with the main publics (dialogue is an ideal communicative tool for facing up to economically turbulent situations). Secondly, although we have cited studies which suggest that bad reputation affects share value, there is no research to suggest the contrary (i.e., there is no empirical data to prove that good reputation increases share value). Neither does Banco Santander provide an example of this, as its share value has fallen due to the effects of the financial crisis on the stock markets (although it retained profit levels despite being affected by such situations such as Lehman Brothers and Madoff.

Although reputational risk is a field which still requires exploration, and has witnessed little research in the discipline of management, public relations will have a large part to play in it because reputational risk management cannot exist without dialogue. From an academic viewpoint, there is still much work to be done in the field of reputational risk, and no consensus on how to do it. According to Eccles et al. (2007), it is a risk category in its own right, or a consequence of poorly managing other risks. On the other hand, as we have seen in this study, the practice of reputational risk management is focused more on customers and products than on other stakeholders.

This is particularly relevant to companies in sectors with strong governmental regulation and high media exposure (Smith, 2003). This is the case with Banco Santander, whose sustainability map gives customers, products, and services as the three parts of its sustainable activity and "endeavors every day to attain maximum customer satisfaction, creating lasting relations and providing the highest quality service" (Banco Santander, 2008, p. 16). Public relations should play an important role in the definition and management of reputational risk. Future research should focus on defining the exact place public relations occupies in reputational risk management, analyzing its strategic process, and comparing it with other similar processes (e.g., as issues management strategy). Furthermore, the intersection between risk communication and public relations illuminate the social role of public relations in societies in flow (Bauman, 2007a). Banco Santander exemplifies the new reality that faces global companies and changes the nature of risk and risk management. The real roots of the economic downturn include networked operations, global values chains, empowered stakeholders, and the dynamic tension among sectors (Acharya & Richardson, 2009). As a consequence, reputational risk management becomes an both an essential part of company strategy, and an essential public relations function that simultaneously helps to legitimize public relations practice in times of economic downturn.

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