

January 2002

Environmentalists Help Manage Corporate Reputation: Changing Perceptions not Behaviour

Sharon Beder

University of Wollongong, sharon@herinst.org

Follow this and additional works at: <https://ro.uow.edu.au/artspapers>



Part of the [Arts and Humanities Commons](#), and the [Social and Behavioral Sciences Commons](#)

Recommended Citation

Beder, Sharon, Environmentalists Help Manage Corporate Reputation: Changing Perceptions not Behaviour 2002.
<https://ro.uow.edu.au/artspapers/35>

Environmentalists Help Manage Corporate Reputation: Changing Perceptions not Behaviour

Sharon Beder

Since the late 1980s large numbers of people in affluent countries have been influenced by a company's reputation for social and environmental responsibility in their purchases, investments and choice of employers. A well-targeted activist campaign can impact severely on corporate reputations, and consequently on share value and profits.

Reputation management has therefore become an important part of doing business. But reputation management is often a public relations activity that has little to do with social responsibility. Instead, corporations spend much effort and money on creating the impression of responsibility. They gain credibility for their claims of responsibility through token reforms, codes of conduct and by aligning themselves with amenable environmental and human rights groups as well as specially created coalitions of such groups.

REPUTATION MANAGEMENT

Reputation is increasingly important to the value of companies. In his book on *Image Marketing*, Joe Marconi notes that during the 1990s reputation took on such critical importance for large corporations in terms of their market share that it is now "of as much concern to their banks as their marketing plans and their business plans."ⁱ

A survey by Interbrand and Citibank found that 70% of the value of the top 100 British companies was attributed to goodwill in 1998 compared with 40% in 1988. "Reputation is now so important that the Turnbull Report, which forms part of the UK's corporate governance guidelines, advises companies to treat it in the same way as all other assets."ⁱⁱ Similarly the *Chief Executive*/Hill and Knowlton Corporate Watch survey of 1999 found that 94% of US CEOs in 10 industries agreed that a good reputation is "very important" to achieving a company's strategic business objectives. CEOs claimed reputation had grown rapidly in importance over the previous 5 years and they expected that growth to continue.ⁱⁱⁱ

Individual companies, brands and whole industries have reputations. Whilst corporate image is "what stakeholders perceive the organization to be", corporate reputation "is the evaluation or esteem in which the organization's image is held."^{iv} Reputation incorporates elements of trust, credibility, responsibility and accountability. But it is essentially about perceptions, just

as image is, as most people outside of a company's management do not have full information.^v People's perceptions of a company influence how they buy, sell, invest and who they work for. The public relations firm Shandwick International, which specializes in reputation management, says the best way to understand a company's reputation is "as a dynamic concept, one that derives from the company's ability to define itself, to directly manage impressions, to build strong relationships with key constituents – moving them from targets to advocates."^{vi}

Share price is an indicator of a company's "reputational capital".^{vii} And those companies with the best corporate reputations are the ones that perform the best on regular economic measures such as shareholder return.^{viii} John Budd from Selz/Seabolt Communications argues that increasingly "it is being recognized that financial performance correlates strongly with reputation... In this context investors are investing in tangibles (the corporate track record) buoyed by confidence in the company's prospects by their perception of the intangibles, (the so-called non-financial variables)."^{ix}

Companies that have had crises of reputation, such as Exxon after the Valdez oil spill and Texaco after being accused of race discrimination, have seen the market value of their shares drop by billions of dollars.^x Accidents and crises usually cause an immediate drop in share value but the speed with which that value recovers depends very much on a company's reputation before the crisis and investor perceptions of its response to the crisis. Those companies that do not recover quickly suffer cumulative losses up to a year after the catastrophe. A company with a solid reputation is likely to recover within a couple of months.^{xi}

Similarly, a company's reputation can affect the willingness of communities to forgive corporate misdemeanors. In his book on *Corporate Community Relations* Edmund Burke suggests that when a company with a good reputation does make mistakes or have accidents it is more likely to be given the benefit of the doubt.^{xii} Good reputation also helps build support for a company which is the subject of controversy.^{xiii} Writing in the *Financial Times*, David Brotzen said that a good reputation was like "credit in the bank" with the public and with "significant stakeholder groups"... "If a company has a reputation for putting profit before principle, it will face a tougher battle to protect its reputation".^{xiv}

A good reputation is also an asset during normal operations of a company. It means that a company can more easily set up hazardous facilities in new communities and the time needed to obtain approvals and licenses is shorter. Becoming a 'neighbour of choice' is necessary to maintaining a company's license to operate and "it can serve as a competitive advantage in the marketplace."^{xv}

Reputation management is also important for relations with regulators, who are less likely to apply rules and regulations and interfere with business operations, and more likely to negotiate guidelines and voluntary agreements, when a company has a good reputation.^{xvi} This aspect of reputation applies not only to individual companies but also across industry sectors. For example Responsible Care is a voluntary code set up by the chemical industry aimed at avoiding government regulations. It was originally a "response to the deepening crisis of public confidence, as well as to the slumping self-images and morale of many personnel in the industry itself after Bhopal."^{xvii}

Reputation is also important for attracting good employees and keeping them.^{xviii} "[B]right, young, mobile, intelligent staff... do not want to work for a company with a poor social reputation, as Shell found out to its cost in the wake of the Brent Spar fiasco."^{xix} A survey of human resource executives found that a company's reputation in the community had a major impact on hiring employees.^{xx} A good reputation also helps to promote employee loyalty.^{xxi} CEO John Browne says that BP promotes progressive environmental policy because surveys show that that is what BP's staff and customers want: "You need the will and the minds of the people inside a company to achieve anything."^{xxii}

Reputation is especially important when a company's products are similar in quality and price to competing companies or where it is difficult for consumers to differentiate between products. Corporate reputation matters most when consumers are least able to assess a product's performance.^{xxiii} For example, in the case of petrol, consumers are unable to differentiate between the quality of oil from various companies. So reputation has added significance.

As companies become fewer and products more similar, we are edging towards a world of less and less discernible differences. In a world of commodity products, in which everyone makes seemingly interchangeable widgets, corporate reputation becomes an important differentiator.^{xxiv}

The reputation of a brand also provides competitive advantage by enabling companies to avoid competition on the basis of price. If reputation ensures that a product "is highly valued by its buyers" then consumers will be willing to pay a premium for it.^{xxv} It is the latter strategy that is used by companies like Nike and this strategy requires careful reputation management. Nike's reputation for quality and innovation and its association with sporting stars helps it to fend off rivals and copy-cat footwear manufacturers who offer similar products at much lower prices.

The value of a good reputation with a company's stakeholders is shown in the table below.

Stakeholders	Impact
Customers	Sales, prices that can be charged, loyalty
Suppliers, clients	Business, loyalty, prices
Investors	Shareholder value higher, more stable
Government	Regulation, license to operate,
Neighbours	Support, avoids protests and complaints
Employees, current and potential	Attract talented staff, morale, loyalty

THE ROLE OF ENVIRONMENTALISTS

In the past companies have earned a good community reputation through corporate philanthropy and cause-related marketing. In recent years surveys show that community and environmental responsibility affect corporate reputation.^{xxvi} It is no longer enough to just give money to charities. A company needs to demonstrate that its business activities are responsible.

Empty rhetoric and coats of green paint no longer suffice in the field of reputation management. Today a company needs to demonstrate its good intentions with codes of conduct audited by their accountants and by joining in coalitions with accredited NGOs, environmental, labour and human rights groups to gain credibility.

One way for corporations to show they care about the environment, even if they don't care enough to make major changes to their business practices, is to donate money to an environmental group or to sponsor an environmental project. Companies which fund cash-starved environmental groups believe "the imprimatur of activists will go a long way in improving their reputation among environmentally aware consumers." However they do not necessarily support the aims of the groups they fund.

Companies which have sponsored US groups—such as the World Wildlife Fund (WWF), Nature Conservancy, Defenders of Wildlife, Natural Resources Defense Council, Environmental Defense Fund, Audubon Society and National Wildlife Federation—have also been sponsoring several anti-environmental groups.^{xxvii} RTZ a mining multinational that operates polluting mines in third world countries donates money to the National Trust, the British Trust for Conservation Volunteers, and the Council for Environmental Conservation (the Environmental Council).^{xxviii} Shell, which manufactured the pesticide Aldrin that is now banned in the US, was subject

to an international boycott when it planned to dump the Brent Spar oil drilling platform into the sea, and which has operated controversial oil operations in Nigeria, gives about £200,000 to environmental organisations each year.^{xxix}

Many environmental groups accept the money because they believe that “private sector cash can increase an organisation’s clout and bankroll membership building programs.”^{xxx} However, such arrangements also enable corporations to get valuable information about environmental groups and how they work and think;^{xxxi} information that will help them oppose the goals of the environmental groups.

Such donations can also have the additional benefit of coopting and corrupting environmentalists. Public relations practitioners have observed that environmental groups are “favoring cooperation rather than confrontation” more and more.^{xxxii} *O’Dwyer’s PR Service Report* explains how wealthy companies can coopt environmental groups with donations and job offers. Corporations can win approval from environmental organisations, or at the very least a blind eye, through donations to these organisations.

Consultancies and perks for individual environmentalists also work wonders for getting a favourable hearing. For example, *Public Relations Journal* reported how Ciba-Geigy had arranged for a tour of Europe for US environmentalists, academics, journalists and others to study European industrial waste management programmes.^{xxxiii} Environmentalists were recruited from the 10 largest environmental groups in the US as well as state and grassroots groups. The stated aim of the study tour was to bring together the various stakeholders, provide them with up-to-date information and encourage a dialogue between them and Ciba Geigy. “To avoid the perception that the tour was biased in any way” Ciba arranged for the tour to be funded by non industry sources as well as itself and for others to be involved in the organising and planning of the tour. For Ciba Geigy the tour successfully improved relations with the environmentalists and others.^{xxxiv}

In Sydney Australia, a besieged water and sewerage authority with a reputation for secrecy and deception, attempted to improve its image through funding environmentalists to review its operations and plans. The funds were sufficient to employ a number of people, full time, and it even paid these groups to prepare a formal application for the funds. Four groups were funded, Friends of the Earth, the National Parks Association, the Nature Conservation Council of NSW, and the Total Environment Centre.

The groups involved were assured that they were free to say whatever they wanted in their reports and that they would have free access to Water Board documents. In October 1994, the groups under the umbrella name of The

Sydney Water Project published a series of leaflets for comment by the public. These leaflets had a striking resemblance to Water Board fact sheets (produced in earlier years) in tone and style, albeit on recycled paper. They were bland and criticisms of the Board were weak and tentative.

Increasingly business people are seeing the advantages of working out deals with environmental groups. James Harris, a vice president of Hill and Knowlton and also a member of the Sierra Club's national Public Affairs Advisory Committee puts it this way:

For the environmental groups, working with corporations offers a ready source of funds and a chance to influence their behaviour. For corporations, environmental groups offer the opportunity to obtain positive publicity and gain access to group members, who tend to be better educated and more affluent than the general public. They also provide credibility, which can be particularly valuable...In political coalitions, environmental groups can provide substantial clout, with their large memberships and lobbying expertise.^{xxxv}

Bruce Harrison, in his book *Going Green: How to Communicate your Company's Environmental Commitment*, advises companies that "choosing green partners at the community level is without doubt the best strategy to improve your standing."^{xxxvi} Such relationships certainly pay off for industry. McDonalds now has one of the best environmental 'images' of any US corporation after forming a partnership with the Environmental Defense Fund.^{xxxvii} The Audubon Society approved of Mobil drilling for oil under an Audubon bird sanctuary, their representative explaining: "Conservationists have just got to learn to work with industry."^{xxxviii}

And there is clear evidence that environmental groups in Australia and overseas are learning to do just that. The Greenpeace Australia website proudly asserts this new philosophy: "We work with industry and government to find solutions." Like many large environmental organizations that depend on subscriptions and donations, Greenpeace became sensitive to media portrayals of it as being "too radical" and "too negative." So it reinvented itself as an organisation that offered solutions and worked with industry and government to get those solutions in place in the mistaken belief that this would bring in more subscriptions.

In the lead up to the Sydney Olympic Games Greenpeace wrote to Olympic sponsors, including BHP, Coca Cola, General Motors-Holden, McDonalds, and others, offering to help them earn the name of 'Green' in the same way as the Sydney Olympics had: "As sponsors, you have the opportunity to play a key role in this success. One of the many benefits of being part of the Green

Games is the chance to demonstrate your company's commitment to the environment and to future generations. The Sydney Olympics offer your staff the opportunity to take part in a long-term global initiative to protect the world's environment... Greenpeace would like to work with you to explore the areas in which you can make an environmental contribution during the Sydney 2000 Games."

So for example, although BHP was named one of the worst 10 corporations in 1995 by *Multinational Monitor* for polluting the Ok Tedi River in Papua New Guinea with a "daily dose of more than 80,000 tons of toxic mining waste" and "helping to draft legislation for the PNG parliament that would make it a criminal offense to sue BHP", Greenpeace offered to help BHP demonstrate its commitment to the environment by conserving energy or using environmentally-safe refrigerants. (BHP agreed in 1996 to pay the local landowners \$500 million after a legal battle in Australia with affected PNG people but in recent weeks it has been discovered that environmental damage may be even worse than first estimated).

ACF –

WWF –

One employee of Hill and Knowlton gives advice to corporations: "Help them raise money... Offer to sit on their board of directors". He also suggests hiring staff from environmental groups who are available "at very reasonable rates".^{xxxix} Top environmentalists may be more expensive. When Burson-Marsteller hired the former chairman of Friends of the Earth in the UK, Des Wilson, as director of public affairs and crisis management he was "reckoned to be one of the highest paid people in PR".^{xl}

When the Head of Greenpeace in the UK, Lord Peter Melchett, took a job with notorious PR giant Burson-Marsteller, most people were surprised. Not so some Greenpeace (GP) insiders. An internal memo stated: "our view is that since GP has been giving advice to business for years it is no surprise that Peter will be giving the same advice in a different capacity." However following incredulous media coverage in the UK, Greenpeace International asked him to resign from their board.

PR consultant Philip Lesly argues that activists are people who are "disappointed with their small roles [in society]; so they have the time, the inclination and the opportunity to attack the structure".^{xli} He suggests that the best way to deal with such people is to give them a role:

If a group has legitimate arguments and shows it has a sound approach, enlist its leaders. Often they will make great

contributions as employees. They might be retained as consultants. Or they may become active in a new working group you set up jointly.^{xlii}

Stauber and Rampton, who edit *PR Watch*, point out that hiring activists is a “crude but effective way to derail potentially meddlesome activists”.^{xliii} There are numerous examples, in Australia, of environmentalists leaving their poorly paid activist jobs to join the more lucrative world of industry consultants, particularly in the field of reputation management.

Greenpeace Australia’s work on the ‘green’ Olympics created several consultants including Karla Bell, Blair Palese and Michael Bland. But perhaps the best known environmentalist turned consultant was Paul Gilding, former head of Greenpeace Australia and then Greenpeace International. After he left Greenpeace Gilding started his own consultancy, now named Ecos Corporation. He is now chairman of Ecos Corporation which employs other former environmentalists including Palese, Rick Humphries and .

According to its literature “Ecos Corporation provides strategic support and advice to corporate clients and partners seeking commercial advantage through a focus on sustainability... Our clients are primarily large corporations in the finance, energy, chemical and resource sectors.” Past and present clients of Ecos include Monsanto, DuPont, Placer Dome, BP Australia and WMC Ltd (formerly Western Mining Corporation).

NIKE GOES GREEN

Companies with poor reputations in the area of human rights are particularly keen to gain a good environmental reputation to offset it. Nike is one example of such a company. Nike is a company that depends heavily on its brand image and corporate reputation. It spends more money on advertising and promoting the reputation of its products than most other companies in the world — \$1.13 billion in 1998. Celebrities, such as Tiger Woods, Michael Jordan, Andre Agassi, John McEnroe, Monica Seles and Carl Lewis are paid huge sums of money for their endorsement and association with Nike products. For example, Tiger Woods was paid \$28 million and Michael Jordan was paid \$45 million in 1998 by Nike.^{xliv}

Nike's reputation was valued at \$3.9 billion in 1993.^{lv} However in recent years its reputation has been heavily tarnished by accusations that it takes advantage of sweatshop labor in the manufacture of its shoes. Nike does not

manufacture its own products but designs and markets them. They are manufactured by contractors in countries where labor is cheap. About 550,000 workers are employed in 700 factories in 50 countries to make Nike products, the majority in Asia.^{xlvi}

Nike has consistently sought the cheapest labor markets to manufacture and its contractors tend to pay close to the minimum wage.^{xlvi} This cheap labor enables Nike to spend a great deal on design and marketing, pay large executive salaries, maintain large profits, and still keep the cost of the shoes affordable to the middle classes in affluent countries. Shoes that cost \$16.75 to manufacture are sold for around \$100 in the US.^{xlvi}

Since Nike spends so much on marketing and so little on the product itself, it is clear that the reputation of its brand is all-important to Nike. Naomi Klein has noted that “In many ways branding is the Achilles' heel of the corporate world. The more these companies shift to being all about brand meaning and brand image, the more vulnerable they are to attacks on image.”^{xlix} So Nike was in trouble when its contractors were accused of manufacturing Nike products in sweatshop conditions, using child labor, paying less than the minimum wage, enforcing overtime, subjecting employees to verbal abuse and sexual harassment and running factories like prison camps.¹ By 1997 Nike had become a symbol of sweatshop labor in the third world and was the target of many protests, outside store openings and by students against their universities' links with Nike.

So Nike has supplemented the endorsement of sporting heroes with that of environmental groups like Greenpeace in Australia and elsewhere. In 1998 Nike joined 20 other major US companies that committed themselves to no longer using or selling wood and paper products made from “old growth” forests. The agreement was negotiated by a coalition of environmental groups including Greenpeace, the Natural Resources Defense Council, and the Rainforest Action Network.^{li}

Also in 1998 Nike promised to phase out the use of polyvinyl chloride (PVC) from its shoes. It enrolled Greenpeace, which has a campaign against PVC worldwide, to publicize the promise. In its 1998 Olympic Report Greenpeace congratulated Nike for *promising* to eliminate the use of PVC in its products, making “PVC free sportswear available to athletes and consumers”. There is a picture of Greenpeace presenting a cake in the shape of a green Nike shoe (complete with trademark swoosh) to Nike and the text reads. “Greenpeace is calling on other sportswear manufacturers to follow suit and ‘just do it!’” In fact, the only part of most Nike shoes made from PVC is the “swoosh,” according to a Nike representative in Australia. Apparently Nike believed that if Greenpeace did the PR for them, the greenwashing label would not be used.

And Greenpeace Australia was willing enough to continue to promote the company's new image. Nike was invited to a Greenpeace Business and the Environment conference in Sydney in July 2000 as a model of corporate environmental progress and responsibility. At the conference Nike director of corporate responsibility, Sarah Severn, proudly presented a paper on 'Nike's Journey to Sustainability'^{lii}. She told how the company is making efforts to recycle excess rubber from factories, converting to water-based solvents and recycling used shoes. It has developed a tank top made of 75 percent recycled plastic and the t-shirts it sells in the US contain 3% organic cotton. It has now promised to be able to make 90% of its shoes without toxic glues, cleaners and solvents by 2001. For its efforts it has been chosen as one of the companies that are included in the Dow Jones sustainability Index.^{liii}

Yet whilst Nike receives acclaim for its environmental performance, its human rights record continues to be challenged. Recent surveys continue to find that workers making Nike products suffer inadequate wages, abusive treatment and excessive work hours as well as intimidation if they try to form unions. Obscene disparities remain between what the workers are paid and what Nike executives and celebrity endorsers are paid.^{liv}

Community Aid Abroad in Australia points out, "As the company with the largest profit margins Nike could more easily afford to ensure decent pay and conditions in its suppliers' factories".^{lv} Instead Vietnamese workers making Nike products earned less than half of what other foreign companies (apart from Reebok) pay their least skilled factory workers in Vietnam."^{lvi}

The Nike case study demonstrates the shallowness of reputation management and its preoccupation with perception rather than substance. Reputation management has been a common corporate response to activist efforts to ensure people consider corporate responsibility when it comes to goods, investments and employment. Clearly it will take more than directed market choices to enforce genuine corporate accountability.

BP: BEYOND PETROLEUM?

Another company that has been subject to criticism for human rights abuse is BP. However, unlike Nike, BP produces an inherently environmentally damaging product and continues to cause environmental problems around the world. It's ability to get environmentalists on side, including Greenpeace and the Australian Conservation Foundation, are therefore all the more remarkable.

In 1996 BP was accused of human rights violations in Colombia. BP's oil operations have been targets for guerillas in Colombia who believe that the oil industry should be nationalised.^{lvii} BP has been accused of forming its own army^{lviii} and of being associated with state repression. It has been accused of hiring security people with past histories of human rights abuses and murder.^{lix} The military forces that are protecting BP's assets are said to have connections with the right wing paramilitary^{lx} and to use counter-insurgency strategies where "death squads target people they consider sympathisers".^{lxi}

Daniel Bland, a researcher with the group Human Rights Watch, says that local people have testified that if there is "any kind of organised protest against BP in any way, the leaders of those protests are singled out for persecution for harassment and for death threats."^{lxii} Such death threats are taken very seriously since six members of one group, the El Morro Association, have been murdered since they began their campaign about damage being done by BP to their road and their water supply.^{lxiii}

The deaths led to a government investigation that cleared BP of human rights abuses.^{lxiv} However Richard Howitt, a British member of the European parliament, obtained internal Colombian government documents that stated that BP had supplied to the Colombian military photographs, videos and information about peasant protestors concerned about the environmental damage caused by BP's operations.^{lxv} The information had allegedly "led to intimidation, beatings, disappearances"^{lxvi} as well as the peasant deaths.

It is not only in Colombia that locals have been concerned about the impact of BP operations. BP's activities in Alaska, both existing and proposed, have been of concern to indigenous people and environmental groups. "Between January 1997 and March 1998, BP Amoco was responsible for 104 oil spills in America's Arctic."^{lxvii} In 1999 BP admitted illegally dumping hazardous waste at its "environmentally friendly" oil field in Alaska and was fined \$500,000 for failing to report it. It also paid \$6.5 million in civil penalties to settle claims associated with the disposal of the hazardous waste.^{lxviii}

BP was one of the companies in the forefront of efforts to allow oil exploration in the Arctic National Wildlife Refuge (ANWR), one of the last remaining pristine wilderness areas in Alaska.^{lxix} According to the US Department of the Interior, such activity would have a detrimental effect on the existence of a vast herd of caribou that calve there each spring.^{lxx}

In 1999, BP was charged with burning polluted gases at its Ohio refinery and agreed to pay a \$1.7 million fine.^{lxxi} In July 2000 BP paid a \$10 million fine to the US EPA and agreed to reduce the air pollution coming from its US refineries by tens of thousands of tons. The agreement, although voluntary,

was taken to head off EPA enforcement action. In return for the agreement the EPA “has offered a ‘clean slate’ for certain past violations.”^{lxxii}

Despite its environmental negligence in several countries, BP has managed to earn a reputation for being environmentally progressive. The first step in this process was its decision to leave the Global Climate Coalition in 1997. According to John Sawhill, President of The Nature Conservancy, who has known Browne for 20 years and has a seat on the BP America advisory board,^{lxxiii} “Browne sees BP’s position on climate change as a way to distinguish them from others in the industry.”^{lxxiv} The move seems to be even more proactive than that since at the time BP was receiving adverse publicity for its activities in Colombia.

BP, however, earned the praise of Greenpeace,^{lxxv} which had a few weeks earlier been under threat of being sued by BP for damages for protesting against BP’s operations at its Foinaven oilfield near the Shetland islands. BP had dropped its threat after Greenpeace promised not to continue its protests.^{lxxvi} In 1998 *Management Today* magazine announced “Sworn enemies BP and Greenpeace have done the unimaginable they’ve joined forces to develop solar power as a clean energy source.”^{lxxvii}

The defection of companies such as BP and Shell from the Global Climate Coalition helped to protect their reputations and political standing in the lead up to the Kyoto conference.^{lxxviii} Since then so many companies have left the Coalition because of its poor reputation and the increasing evidence of global warming that the Coalition has had to restructure itself to be a coalition of trade associations that individual companies can’t join.^{lxxix} In this way companies can support the activities of the Coalition through their trade associations without being associated with it themselves and thus losing credibility and environmental credentials.^{lxxx}

Opting out of the global warming denial camp has enabled these companies to take part in the policy debate about what rules would be introduced to meet reduction targets.^{lxxxi} It is for this reason that many of them joined the Pew Center’s coalition. The Pew Center is not in favour of the Kyoto treaty^{lxxxii} but promotes voluntary and market mechanisms, particularly emissions trading, for achieving greenhouse gas reductions rather than laws and directives.

BP’s withdrawal from the Global Climate Coalition can be seen as a measure designed to ensure BP was able to influence the policy responses to threatened climate change, a position it could not credibly take if it was denying the possibility of climate change. BP’s attitude to climate change policy is that it should be gradual and “measured approach that tackles the environmental threat without undermining economic growth.”^{lxxxiii}

In Australia, BP has joined with other industry leaders, including Rio Tinto and Alcoa, to lobby the government not to ratify the Kyoto Protocol unless the US does so first.^{lxxxiv} The industry leaders also urged the government to guarantee that no jobs will be lost to greenhouse reduction measures (interesting given the massive job losses that resulted from BPs acquisitions^{lxxxv}) and to seek the most “liberal” rules for meeting targets which include the use of carbon sinks.^{lxxxvi} It argued that Australia should not introduce an emissions trading scheme before an international one was introduced.^{lxxxvii}

BP has invested in solar power and an inhouse greenhouse reduction program in an effort to reinforce its green image. In 1998 BP announced a target of 10% reduction in its own greenhouse emissions from 1990 levels by 2010.^{lxxxviii} This does not include the emissions from the use of its products (oil and gas) which is of course a major contributor to global warming, approximately 3 percent of total worldwide greenhouse emissions according to the US group PIRG.^{lxxxix}

In March 1999 BP launched its ‘Plug in the Sun’ program based on its investment in solar energy and the installation of solar panels on 200 petrol stations around the world. In its advertisements it said, “We can fill you up by sunshine” as if this would distract people from noticing it was still petrol they were putting in their cars.^{xc} For this program it was awarded a Greenwash award by Corporate Watch which stated that “the company hopes that by spending just .01% of its portfolio on solar as it explores for more oil and sells more gasoline, it can convince itself and others of its own slogan: BP knows, BP cares, BP is our leader.”^{xc1}

Corporate Watch noted that even if this level of investment was increase ten times, as promised by BP, it would still be less than 2 percent of what BP spends on oil.^{xcii} BP’s purchase of the solar firm Solarex at \$45 million compared to \$400 million just for Stamp duty on its purchase of the oil company ARCO^{xciii} and \$100 million for lawyers and advisers fees for the purchase.^{xciv} (BP spent \$120 billion over two years to acquire Amoco, Atlantic Richfield (ARCO) and Burmah Castrol.^{xcv})

In contrast the Earth Day Network 2000, which includes organisations such as the World Watch Institute and the World Conservation Union (IUCN) gave BP a 1999 Earth Day award for its progressive approach to global warming.^{xcvi} And in 2000 Australia, the Australian Conservation lined up with BP and BHP to launch its report *Natural Advantage: A Blueprint for a Sustainable Australia*.

In 2000 BP Amoco was rebranded as bp, Beyond Petroleum. It replaced its logo with “a vibrant sunburst of green, white and yellow” named after Helios, the ancient Greek sun god.^{xcvii} The idea was to connote “commitment to the environment and solar power” and to promote BP “as the supermajor of choice for the environmentally-aware motorist”.^{xcviii} The campaign associated with the rebranding was intended to increase BP’s fossil fuel earnings by 10% per year.^{xcix} CEO John Browne said, noting it had more retail outlets than McDonalds: “It’s all about increasing sales, increasing margins and reducing costs at the retail sites.”^c

The research and preparation for the rebranding cost \$7 million and BP is spending hundreds of millions to advertise and promote the new image.^{ci} This puts its investment in solar energy into perspective and shows that such an investment in solar could easily be done for reputational purposes. Brown says of solar power “We calculated that all the solar power in the world could supply just two days of California’s electricity demand.”^{cii} He told *The Oil Daily* that “The world needs oil and gas in growing volumes. But the people of the world have to be convinced that their needs can be met without destructive consequences.”^{ciii} He has opposed a European directive requiring the use of low sulphur content in fuels.^{civ}

And BP remains committed to ever increasing production and usage of oil and gas.^{cv} BP’s Director of Policy, David Rice told the Global Public Affairs Institute: “After all, we make no secret of our intention to grow our core exploration and production business, and to continue our search for new sources of oil and gas.”^{cvi}

CONCLUSION

If they are willing to spend millions on advertising, public relations and promotion, these companies will not shy away from spending millions on environmental improvements if there is reputational capital in it. But this does not mean they will shy away from their core business, no matter how environmentally damaging, nor threaten their profit levels no matter how bad their payment of workers appears.

Do environmentalists help progress towards an environmentally sustainable society by aiding the reputations of companies that do not really deserve it.....

The case studies presented in this paper show that this is not the case. Such strategies are limited and the reforms that can be achieved through pressure

on corporate reputations are also limited. In the end, despite the rhetoric about triple bottom lines and enlightened self-interest, it is profits that count. An oil company may invest in solar energy and admit that global warming should be prevented but it will do all it can to ensure that it can go on drilling for fossil fuels and expanding its markets. A shoe company may adopt codes of conduct and commit itself to UN guidelines but it will do all it can to keep its labour costs to a minimum.

ⁱ Joe Marconi, *Image Marketing: Using Public Perceptions to Attain Business Objectives* (Chicago: NTC Business Books), 1996, p. xiv.

ⁱⁱ David Brotzen, "Wise words and firm resolve when times get tough", *Financial Times*, June 13, 2000.

ⁱⁱⁱ Peter Haapaniemi, "What's in a reputation?", *Chief Executive*, March, 2000, pp. 48–51.

^{iv} Nigel Markwick and Chris Fill, "Towards a framework for managing corporate identity", *European Journal of Marketing*, Vol. 31, No. 5, 1997, pp. 396–409.

^v Larry Washington, "Environmental reputation management: asset or liability?", (Dow, www.dow.com/environment/reports/03-08-00.htm), 2000; Charles Fombrun and Cees Van Riel, "The Reputational Landscape", *Corporate Reputation Review*, Vol. 1, No. 1 and 2, 1998, pp. 5–13.

^{vi} Shandwick International, *Building the best reputation in the world*, pamphlet, 2000.

^{vii} Fombrun, p. 5.

^{viii} Brotzen.

^{ix} John F. Jr Budd, "Reputation: Impact on the Bottom Line?", (Selz/Seabolt Communications, www.reputation-mgmt.com/om070699.htm), 1999.

^x Federica Zingales, "What's a company's reputation worth?", *Global Finance*, Vol. 12, No. 2, 1998, p. 17.

^{xi} Rory F. Knight and Deborah J. Pretty, "Day of judgment: Catastrophe and the share price", *Financial Times*, 20 June, 2000.

^{xii} Edmund M. Burke, *Corporate Community Relations: The Principle of Neighbour of Choice* (Westport, Connecticut: Quorum Books), 1999., p. xiv.

^{xiii} Stephen A. Greyser, "Advancing and enhancing corporate reputation", *Corporate Communications*, Vol. 4, No. 4, 1999, pp. 177–81.

^{xiv} Brotzen.

^{xv} Burke, pp. xiv–xv.

^{xvi} Shandwick International..

^{xvii} Sanford Lewis and Diane Henkels, "Good Neighbor Agreements: A tool for environmental and social justice.", *Social Justice*, Vol. 23, No. 4, 1996, pp. 134–51.

^{xviii} Haapaniemi, pp. 48–51.

^{xix} Charles Leadbeater, "Why it pays to be good (eventually)", *New Statesman*, Vol. 129, March 6, 1996, p. 26.

^{xx} Burke, p. 21.

^{xxi} Fombrun, p. 73.

^{xxii} Quoted in Polly Ghazi and Ian Hargreaves, "BP's chief executive is making the running on green strategy", *New Statesman*, Vol. 126, July 4, 1997, p. 34–7.

^{xxiii} Burke, p. 40; Greyser, pp. 177–81.

^{xxiv} Shandwick International.

^{xxv} Burke, p. 33.

^{xxvi} (Burke 1999, p. 39)

^{xxvii} (Bleifuss 1995), p. 3.

^{xxviii} (Jenkins 1990), p. 19.

-
- xxix (Jenkins 1990), p. 19.
- xxx (Rauber 1994), p. 48.
- xxxi (Bleifuss 1995), p. 3.
- xxxii (Greenberg 1993); (Greenberg 1993)
- xxxiii (Flynn 1993)
- xxxiv (Flynn 1993)
- xxxv (Harris 1992), p. 24.
- xxxvi (Harrison 199?), p. 190.
- xxxvii (Bleifuss 1995), p. 4.
- xxxviii quoted in (Bleifuss 1995), p. 4.
- xxxix (Rauber 1994), p. 48.
- xl (Anon. 1993)
- xli (Lesly 1992), p. 329.
- xlII (Lesly 1992), p. 330.
- xlIII (Stauber and Rampton 1995/96), p. 20.
- xliv Holger Jensen, "Low pay, high desire: a tale of 2 swooshes in Indonesia", *Denver Rocky Mountain News*, July 2, 2000 p. 41A; Esther de Haan and Vivian Schipper, "Nike Casefile", (Clean Clothes Campaign, www.cleanclothes.org/companies/nikecase99-11-2.htm), 1999
- xlV Charles J. Fombrun, *Reputation: Realizing value from the corporate image* (Boston, Mass.: Harvard Business School Press), 1996. p. 120.
- xlvi "Nike pledges to improve conditions in Asian factories", *Asia Pulse*, July 18, 1997; Jensen, p. 41A.
- xlVII Community Aid Abroad Australia, "Frequently asked questions", (CAA, www.caa.org.au/campaigns/nike/faq.html), 2000; Jeff Ballinger, "Nike: Hot Air", *Multinational Monitor*, December, 1994; de Haan and Schipper.
- xlVIII Jensen, p. 41A.
- xlIX Naomi Klein in CBC Entertainment, "Activist Naomi Klein on her new book No Logo", (CBC, infoculture.cbc.ca/archives/bookswr/bookswr_01182000_naomikleininterview.phtml), 2000.
- ¹ "Nike to sever ties with Indonesian companies", *Wisconsin State Journal*, September 23, 1997, p. 7B; Bob Herbert, "Nike factory in Vietnam marks women's day with brutality", *Minneapolis Star Tribune*, March 31, 1997 p. 13A; Scott Sonner, "Lawmakers contrast Nike CEO's billions, Asian workers' pennies", *The Columbian*, November 11, 1997 p. B2.
- ^{li} Danielle Knight, "Corporate giants abandon 'old-growth' forest products", *Inter Press Service English News Wire*, December 10, 1998.
- ^{lii} Sarah Severne, 'Nike's Journey to Sustainability' Paper presented at the Business and the Environment: Solutions for the new millennium, Sydney, 20-21 July 2000.
- ^{liii} Michelle Cole, "Nike sporting a new color: green", *Oregon Live*, August 14, 2000.
- ^{liv} Community Aid Abroad Australia, "Frequently asked questions".
- ^{lv} Ibid.
- ^{lvi} Julie Schmit, "Nike's image problem", *USA Today*, 4 October, 1999.
- ^{lvii} (Anon. 1996a; Ghazi and Hargreaves 1997)
- ^{lviii} (Anon. 1997a)
- ^{lix} (Anon. 1997a)
- ^{lx} (World In Action 1997a)
- ^{lxi} (Anon. 1997b)
- ^{lxii} (World In Action 1997a)
- ^{lxiii} (World In Action 1997a)
- ^{lxiv} (Anon. 1998d)
- ^{lxv} (Anon. 1997a; Human Rights Committee 1997)
- ^{lxvi} (Anon. 1997a)
- ^{lxvii} (Manuel 1999, 11)

-
- lxviii Russell Mokhiber and Robert Weissman, "Enemies of the Future: The ten worst corporations of 2000", *Multinational Monitor*, December 2000, 12.
- lxix (Gozan 1992)
- lxx (SANE BP 2000a)
- lxxi Manuel, 11.
- lxxii Environmental Protection Agency, "EPA and DOJ announces record clean air agreement with major petroleum refiners", *PR Newswire*, July 25, 2000.
- lxxiii (Browne 1998a)
- lxxiv Quoted in (Lowe and Harris 1998)
- lxxv (Anon. 1997c)
- lxxvi (Masood 1997)
- lxxvii (Anon. 1998f)
- lxxviii (Music 1998)
- lxxix (Worldwatch Institute 2000)
- lxxx (Worldwatch Institute 2000)
- lxxxi (Music 1998)
- lxxxii (Kelly 2000)
- lxxxiii (Browne 2000)
- lxxxiv (Clennel 2000)
- lxxxv (Browne 1998b)
- lxxxvi (Clennel 2000)
- lxxxvii (Clennel 2000)
- lxxxviii (Anon. 1998b)
- lxxxix Manuel, p. 8.
- xc (Bruno 1999)
- xc i (Bruno 1999)
- xc ii (Bruno 1999)
- xc iii (Bruno 1999)
- xc iv (Knight 1999)
- xc v (Noor-Drugan 2000)
- xc vi (Knight 1999)
- xc vii (Anon. 2000a)
- xc viii (Maclean 2000)
- xc ix (Maclean 2000)
- c (Maclean 2000)
- ci (Noor-Drugan 2000)
- cii (Browne 1998a)
- ciii (Music 1997)
- civ (Ghazi and Hargreaves 1997)
- cv (Browne 1997b; Ghazi and Hargreaves 1997)
- cvi (Rice 1999)