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## CHALLENGES FROM THE OPERATING ENVIRONMENT

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A regulation is changed, and a manufacturer goes out of business. A tariff is enacted, giving certain industries a shot in the arm. A local ordinance bans smoking in the workplace, tobacco companies are hit. Anti-biotechnology and environment activists resort to burning of crops undergoing trial production. Power and oil sector, mining industry, the industrial chemical manufacturers, seeds, biotechnology – several companies in these industries have had some major stumbling blocks because of issues raised by pressure groups.

Government and pressure group activity has tremendous daily impact – positive and negative – on every kind of organisation. When an organisation reviews the external forces that affect its operations, government bodies and pressure groups should be at the top of the list. Indeed, public opinion and media, employee, and community relations are considered important in part because of their potential influence on possible government action or inaction.

**‘Government and other pressure groups are critical external forces that (could) affect the operations of any organisation.’**

While companies may want to dismiss all charges and allegations against them, government policies or pressure group action are normally well intended, as companies sometimes need an awakening. A recent case in point is our automobile industry – one company exporting cars, abiding stringent international pollution norms, while selling the same model in the home country as per lower pollution benchmarks!

On the flip side is another recent case in point -- the Cogentrix pullout. Inordinate delays in statutory clearances, bureaucratic red tapeism coupled with years of court room battles, CBI inquiry, allegations of corrupt practices, Maneka Gandhi and her archetypal environmental concerns, Cogentrix seemed to have witnessed it all. The saga continued for seven marathon years culminating into the visible fate of the so-called ‘fast-track’ power project. A frustrated Mangalore Power Company Managing Director finally threw in the towel: “... efforts to construct the project have been thwarted by delays in obtaining required government approval and in resolving public interest litigation. As a consequence of these delays, the project is no longer feasible.”

Interestingly, it is said that MPC MD left no stone unturned to ensure earnest credibility amongst the local community. Sponsorships of events like local cricket to buffalo races, contribution to religious institutions to build temples and to improve the lives of fisherfolk’s children, learning the local language, rehabilitation and reconstruction project to assist those to be displaced, *et al*, he went by the PR book.

Biotechnology, a crucial area of modern science with rapidly growing commercial applications, particularly in the fields of agriculture, healthcare and environment. However, the benefits of biotechnology for agriculture in India and the world has become a sensitive issue to say the least. There is

seldom a day when the media does not write about some aspect of the multi-faceted, controversial and interesting field of agriculture biotechnology. Words like gene protection & 'terminator gene', Bollgard, Bt and transgenics have remained in the thick of controversy. Anti-biotechnology and environment activists have been vocal about their concerns and farmers have resorted to burning of crops undergoing trial production.

Not so long ago, Cargill Seeds, Dupont, KFC were all subjugated to the will of these 'self-proclaimed public interest groups', politically motivated or otherwise. The point is that with the corporatisation of India Inc., pressures from the operating environment will only increase. Corporations pursuing long-term business in India will have to find a way to cope with such challenges.

**‘The moot point is if public affairs (or corporate communications) can play a role in shaping public opinion and government sentiment?’**

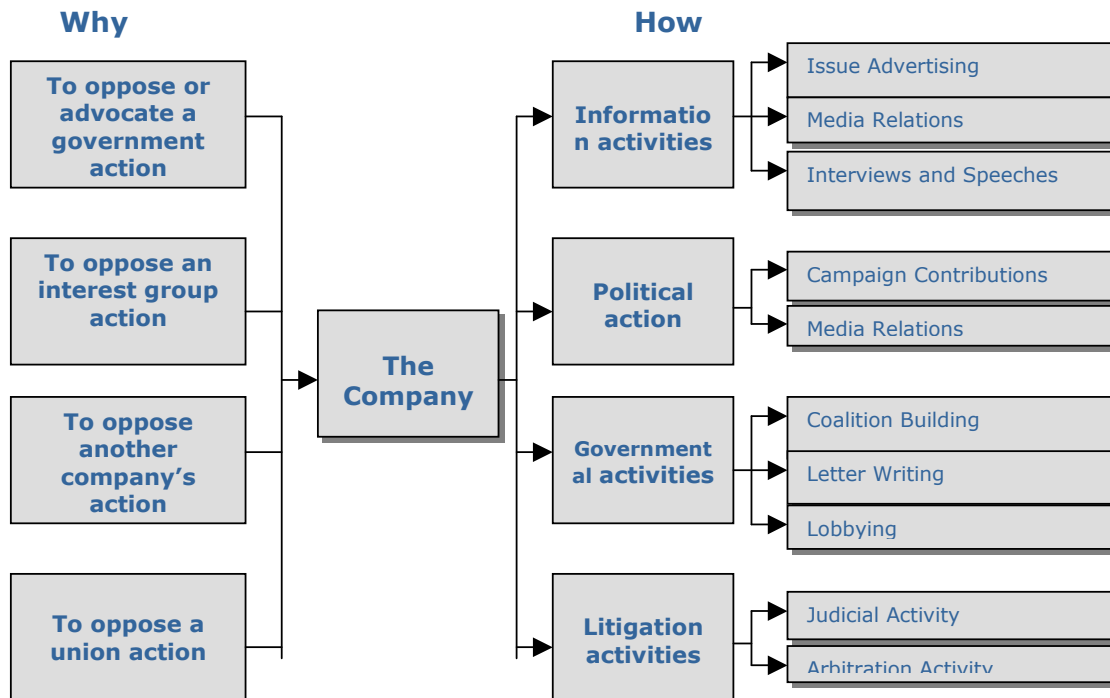
Pressure groups whether environment groups, consumer activists, development critics or media, are becoming by far one of the most sensitive constituencies for companies today. They influence public opinion, pose new and tough questions affecting how organisations communicate. Hence, organisations need to demonstrate and communicate their strength to the public by emphasising research, innovation and technology.

Oddly, much of what we describe as 'public relations' is actually closer to private relations - communications between defined groups of people, largely not involving the 'public'. Of course, public relations is only so defined in the sense that the communications audiences are the 'publics' upon whose consent the organisation depends for its success...though these publics could be a handful of financial analysts, a handful of union leaders or a handful of civil servants. Indeed, public affairs can be one of the most important elements in a broad public relations programme, for it is involved with the planned management of those political and public issues that decide the future of the nation and, therefore, affect the organisation.

Public affairs requires an understanding of how public opinion is shaped, whether by pressure groups, by specific opinion leaders, through planned, focused campaigns, by special interest bodies or the media. Our legislators (and those who advise our legislators) are all influenced by the same process. The public relations adviser also needs to remember the importance of what is happening at the local level, at the international level....and the interaction between all these and the statutory bodies that exist to manage sectors of our public life.

In relation to business and the economy, government and pressure groups now play a variety of roles: stimulant, referee, rule maker, engineer, pursuer of social goals, defender, customer, controller. To be successful, business must be prepared to deal with government and other pressure groups in any of these roles. That is why government relations is critically important and why public affairs has become a crucial dimension of public relations.

In India, in the period prior to 1991, strict government control over industry and information created an environment in which public relations meant good government relations, as the chief competitive pressure was obtaining a permit to establish a new company in an industry or enhance manufacturing capacity. Traditionally, businesses were not proactive to the threat of pressure group or government action. The model below describes why and how a company enters the political arena.



The nineties witnessed some important changes in the business environment as the government gradually reduced its presence and position of absolute control in industry. The Indian consumer awakened to the right of choice and public interest groups became more expressive. Business realised the value of developing continuing relationships with government and/or pressure groups at all levels that permitted early involvement in issues, policies, regulations, and legislation.

Organisations have been blindsided for too long by pressure groups that gain public support by striking public chords through protests or other tactics. To avoid unpleasant surprises, organisations should scan, monitor, and track external forces. Thus 'issues management' could be described as analogous to establishing a radar system to help management anticipate and prepare for issues – any condition or pressure that if continued will significantly impact the mission of an organisation. These forces must be analysed in terms of their effects on an organisation's image, profit and ability to act. Based on that analysis, an organisation's policy must be developed, strategy planned, and action implemented.

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What are issues, anyway? An issue is a problem, question, or choice being faced. A *public issue* is a problem, question or choice being faced by society or some segment of society that involves actual or potential governmental action.

**Environmentalism,  
consumerism,  
unionism,  
feminism, energy,  
health and safety,  
human resources,  
productivity....  
are merely a few.**

A comprehensive public relations campaign includes provisions for dealing with the government/pressure groups. This job is, in part, a complex sequence of information acquisition, processing and dissemination. After gathering information it is important to weigh and evaluate its potential impact on the company or industry. Information is then disseminated to corporate decision-makers, employees, stockholders, and the public.

The management process consists of five steps: identification, analysis, strategy, action and evaluation.

1. *Identification* - When identifying issues, organisation's can use various methods to scan the external environment for potential areas of threat or opportunity. An issue should be identified in the earliest stages of its life cycle – while still unnoticed or of only awakening interest to others. Issues can be generated in a number of ways, including media scanning, polling of the public or special publics, or use of consultants.
2. *Analysis* - In this phase, priorities are set by determining an issue's potential and publics. Its timing and impact determine the importance of an issue. To establish priorities, some questions need to be asked:
  - a. How quickly will this issue unfold?
  - b. How will it impact our products and operations?
  - c. How likely is it that this issue will come to fruition?
  - d. How would our stakeholders expect us to act in relation to this issue?
  - e. What is our ability to have an impact on this issue?
  - f. What are the costs of not dealing with this issue?

Ultimately, the organisation seeks to determine whether a given issue potentially impacts its success or survival. Those issues with the greatest bottom-line impact should receive the most attention.

3. *Strategy* - Developing a strategy is usually accomplished by a committee that includes top management and others in areas affected by the issue. Based on the input by those affected and those who would be involved in implementing organisation's response, position papers and plans are developed.
4. *Action* - An organisation's action program is an orchestrated, integrated response to the issue of concern. A campaign is developed and implemented that coordinates the efforts of lobbyists, media relations,

general management, advertising, employee communications, and whatever other organisational units need to be included. While some efforts are of relatively short duration, many represent substantial commitments of energy and resources over time.

5. *Evaluation* - Evaluation, the final step in the issues-management process, seeks to determine the effectiveness and impact of the program. Evaluation may help establish how long the program should continue or whether changes need to be made.

As well as the various parliamentary and legislative audiences relevant to a broad public relations programme, there are likely to be other influential groups that will require special attention. These may include trade and professional bodies, educationists, pressure groups and local government. To communicate effectively with such groups it is very important to identify their own aims and appreciate how these might relate to the organisation's aims.

The public relations programme aimed at opinion leaders will only be successful if it can create an understanding between these special interest groups and the organisation. Wherever possible, it should also be an aim to create goodwill and support. However, where the special interest group is directly opposed to the interests of the organisation, this does not mean that no attempt should be made at communications...or that it is impossible to achieve understanding.

In sum, the relationship between government/pressure groups and business can be described in many ways. Depending upon the observers' perspective, the pair are partners, adversaries, or strange bedfellows. In fact, the relationship is far more complex than any of these designations implies. It might be summed up as mutual dependence in structural terms and mutual hostility in emotional terms. The complexity and schizoid nature of the dealings between pressure groups and the business are not likely to lessen. The importance of pressure groups and government in the environments of business and other organisations is undeniable. For those organisations and for public relations, the public affairs challenge is clear.

"With public opinion on our side, you can  
do anything; without it, nothing"  
- *George Washington*

*(Excerpted from the workbook of PR Pundit's workshop - Pillars of Corporate Reputation, held in Mumbai on March 29, 2000)*