

# UK practitioner research

*One response to the UK's political controversies over parliamentary "questions for cash", directors remuneration at former State owned utilities and ongoing allegations of "sleaze", has been efforts to further professionalise corporate public affairs practice. Part of the context for this has been the Noland and Greenbury Committee reports which examined, respectively, standards in public life and directors' pay.*

*An element of the development of UK practice is "state of the public affairs function" research. One effort in this area has been led by Manchester Metropolitan University academics Danny Moss and Phil Harris and has included a qualitative survey of senior UK corporate public affairs practitioners. The following article summarises the findings of their research. Centre members will note the emphasis on "lobbying", the emphasis on this in UK public affairs dialogue has earlier been noted in this newsletter (Vol. 5. No. 3 1995).*

Several key themes emerged from recent research into corporate public affairs practice in the United Kingdom. These related to how practitioners and other management team members perceived the public affairs role, the range of activities performed by the public affairs function, where the public affairs function "fits" within organisational structures and the key influences on practitioner roles.

## Size and designation of the public affairs function

Although the organisations included in the study varied considerably in size (see Figure 1), this was not reflected in the respective size of the public affairs departments, which tended to be broadly similar in size, comprising a relatively small number of core staff.

The departments ranged in size from only two people at an international chemical manufacturing company to six people at a national energy utility company and eight people at a nuclear fuel reprocessing company. Here it should be noted that the findings related to staffing in head office public affairs departments and excluded any public affairs staff based in any overseas subsidiaries.

With only one or two exceptions, most departments had the same designation, namely that of "public affairs". Typically the staff working in these departments were very experienced practitioners who were supported by their own dedicated or, in some cases, shared administrative staff. The reason why the public affairs departments were all relatively small in size was generally attributed to the fact that their work was quite specialised and required only a small team of albeit highly expert staff. As the respondent at the national telecommunications company reflected: "In numbers it (the department) is very small, in terms of its importance it is very central."

In a number of cases, it was found that the public affairs departments were supported by what was termed a "regulatory affairs" function (either operating as a separate department or subsumed within the public affairs department) which was responsible for monitoring and liaising with the industry's regulatory body. This type of regulatory affairs function was mainly found in those companies operating in industries which were subject to formal regulatory control such as the regional utility company and the national telecommunications company.

A broad set of descriptors relating to the public affairs functions in each of the respondent organisations included in the study are summarised in Figure 1. In the discussion of the findings below, the respondent organisations are identified by the abbreviations indicated in Figure 1.

Figure 1: Descriptors of the Size and Responsibilities of Public Affairs Departments

Company	Reporting Relationships	Title of Functional Head	Departmental Title and Responsibilities	Number of Core Staff Employment in the PA Function*
National Radio & TV Broadcasting Company (NBC)	Member at Board level	Head of Public Affairs	Corporate Affairs Department	4
National Telecommunications Company (NTC)	Director of Corporate Relations who reports directly to Chairman	Head of Corporate Affairs	Department of Corporate Affairs includes: • public affairs • corporate responsibility	5
Integrated Media and Leisure group (MLG)	Member at Board level	Director of Public Affairs	Public Affairs Department includes: • government relations • corporate communications • press and programme publicity	3
International Chemical Manufacturer (ICM)	Chairman	Government Affairs Manager	Government Affairs Department	2
International Motor Manufacture (IMM)	Chairman Public Affairs	Director of Department	Public Affairs	4
Nuclear Fuel Reprocessing & Technology company (NPRC)	Chairman and member of Board	Director of Government Relations	Public Affairs Department	8
International Banking Group (IBG)	Chairman	Director of Corporate Affairs	Corporate Affairs Department	3
Diversified Retail Group (IRG)	Chairman	Head of Public Affairs	Company Secretary's Office Public Affairs Department	4
National Energy Utility (NEU)	Chairman	Head of Public Affairs	Corporate Affairs	6
Regional Utility Company (RUC)	Chairman	Director of Public Affairs	Public Affairs Department	4

\* Core staffing related to numbers of dedicated staff engaged in public affairs/government relations work and excludes staff working on events

## Reporting relationship and management interaction

In virtually all cases, respondents report directly to the organisation's Chief Executive (CEO) or Chairman and, in several cases, respondents were members of the organisations Board of Directors.

The respondent at NTC (head of corporate affairs) who was responsible for lobbying, political and parliamentary affairs, reported to the Director of Corporate Relations, who in turn reported to the Chairman. Thus, as this respondent put it, "I am one stop down the Board". However, in most cases the public affairs practitioners were not formal members of the organisation's board.

Several respondents acknowledged that because many public affairs people have a journalistic rather than business background, they often do not have the necessary experience and expertise required to participate in board-level decisions, particularly as such decisions often relate to operational and financial issues.

In virtually all cases, however, respondents considered access to top management as crucial to the fulfillment of their role and most appeared to have a “direct line” to the Chief Executive or Chairman’s office. Thus, while most respondents acknowledged that they frequently offered strategic advice to top management on the likely implications of operational decisions, they were rarely party to decision-making concerning operational issues.

There were, however, some notable exceptions to this rule. In three cases (at IMLG, NFRC and NBC) the respondents were all members of their respective company boards and claimed to work as part of the senior executive team responsible for determining policy and strategic decision-making.

## **Definition and understanding of public affairs and corporate lobbying**

No clear consensus emerged about how the scope of the activities performed by the public affairs department should be defined. However, there was a broad agreement that public affairs differed significantly from public relations in terms of its focus and range of activities performed. This view was summed up by the respondent from ICM who suggested that: “Public affairs is the management of issues, whereas public relations is the management of the interface between the company and the outside world.”

Respondents also held differing views about how corporate lobbying should be defined, although the majority of respondents saw corporate lobbying as an activity that came under the umbrella of the public affairs function. Significantly, virtually all respondents rejected the idea that lobbying might be considered to be part of the marketing function’s responsibility.

The respondent at RUC saw corporate lobbying as essentially a process of “keeping the company aware of the significance of external events and how they might affect us so that when government is forming policy, we are in a position to give our opinion and try to influence their thinking, before that thinking becomes solidified”.

When questioned about the main focus of the public affairs department’s work, a number of respondents emphasised the commercial orientation of their work. This view was exemplified in the comments by the respondent from IMLG who commented that: “I would view it (the work of the department) very much like a central commercial function. The way I see the function of government lobbying or corporate lobbying as working out strategically how it can help the company improve the bottom-line and then basically going out and trying to influence people to ensure that those objectives that you have identified as influencing the bottom-line are actually met”.

All respondents acknowledged that the practice of corporate lobbying had changed significantly over the past decade and become more professional, systematic and more structured. These changes were summed up by the respondent from NBC who suggested that: “Lobbying today is far more about intellectual arguments that persuade people that they should change legislation or change decisions to help you, not because of who you know but because of the quality of the argument you are advancing”.

Corporate lobbying was identified as only one of a number of different dimensions to the work of the public affairs department. Here analysis of the respondents’ narratives revealed a number of other core dimensions of the public affairs department’s work.

## **Stakeholder management**

The importance of building and maintaining relationships with key stakeholder groups in society was widely recognised as a core priority for the public affairs function. Here, building relationships and partnerships with government stakeholders, both at the local and national level was seen as the primary concern. This was recognised as particularly important for companies operating in closely regulated industries. Here, for example, the respondents at RUC and NBC acknowledged that management were increasingly aware of the need to maintain broad stakeholder support in order to preserve the company's licence to operate. As the respondent at RUC pointed out: "you could reach the point where our management of the water system or the power system becomes so unpopular that the government decides to take it (our licence) away from us".

## **Intelligence gathering and issues management role**

Most respondents recognised that a good deal of the work of the public affairs function centred around intelligence gathering activities. Here the respondent from NBC commented that "our work is the business of information, it is not the business of influencing, it is the business of delivering facts." This respondent went on to emphasise the core aspect of the work of the department focused around "mapping all potential existing legislative initiatives and tracking how they will affect the business for which you are working and then devising strategies which fit with the overall strategy of the business to influence any particular proposals that may be under way".

Intelligence gathering was acknowledged as crucial to another key dimensions of the public affairs function's role: issues management. Here most respondents recognised that identifying and managing organisation responses to those issues that might threaten the organisation's position and realisation of its goals was one of the most important roles performed by the public affairs function. The central importance of this issues management role was summed up by the respondent at NTC who commented that: "My business is about the '3Ms' – issue management, constituency management and crisis management. Obviously you try to avoid crisis, but they happen. In the meantime you are managing your constituencies and with those constituencies you are managing issues".

## **The advisory/counselling role**

An equally core theme that recurred throughout the respondents' narratives was the importance of their advisory role to top management. This advisory role was seen as a natural extension of the public affairs function's responsibility for issues management.

Here respondents saw their role as sensitising top management to issues that might affect the organisation's operation and, in particular, its relationships with government. Because this advisory role could involve challenging the plans put forward by some organisational functions, respondents acknowledged that it was essential to have the trust and confidence of top management in order to ensure that their views were not always over-ruled.

Here it was recognised that in order to offer balanced advice to top management it was necessary for public affairs practitioners to have a thorough understanding of the business as well as of government. However, most respondents acknowledged that this advisory role often stopped short of actual involvement in the top management decision-making process itself. In most cases, however, it was claimed that public affairs considerations were increasingly being taken into account by top management when making important decisions.

## **The facilitating role**

A further theme that emerged from many of the interviews was that the government liaison and corporate lobbying role was not one that could be performed solely by public affairs practitioners. Rather, public affairs often worked to engineer opportunities for senior management to meet with ministers and senior civil servants. Thus the role of the public affairs practitioner was often that of orchestrating and co-ordinating meetings with government representatives. As the respondent at ICM commented: "On many topics, I am the lobbyist, but the company is full of experts, and so I am trying to encourage experts to talk to government on the basis that government, and particularly civil servants, actually prefer to hear direct from the coalface".

The importance of this facilitating role was one that several respondents claimed was not always understood by management. Indeed several respondents claimed that it was sometimes difficult to persuade management of the importance of making the time to liaise with civil servants and other policy advisers, in particular. As one respondent put it: "There is still something of a belief that public affairs is something of a 'smoke and mirrors' operation...management often fail to recognise the importance of making themselves available to talk to civil servants and those pulling the strings behind government".

## **Strategic role**

In the three organisations where respondents held main Board positions, all three respondents claimed to play an active part in the strategic decision-making process. At the IMLG, for example, government affairs issues were claimed to be central to the company's operations and the future growth of the business. Here the respondent argued that: "If you look at any regulated industry the level of profitability in that company is to a large extent determined by the industry's external regulator and, therefore, managing relations with that regulator is absolutely crucial to the business. This means that the person who has the day-to-day functional control of that job is central to the business and has to be part of the top management team responsible for the corporate strategy".

However, this respondent maintained that top management do not always recognise the political implications of their decisions, and as a result, public affairs may end up simply "fire-fighting". This point was also echoed by the respondent at ICM who stated that: "Even at a sophisticated company such as this, management does not always appreciate fully the importance of government affairs, and does not always include the effect of government in its strategic thinking".

## **Factors affecting public affairs practitioner roles**

When respondents were questioned about the factors that affected the role that the public affairs function played within their respective organisations, a number of factors emerged which appeared to explain variations in the importance attached to both the public affairs function as well as to individual practitioner roles. These factors are summarised below.

### ***External and industry environment***

The nature of the industry and external environment in which organisations operate was cited as probably the most important factor which influenced the significance attached to the role of public affairs, and hence, the influence of the public affairs practitioner within his/her organisation. Here, the extent to which organisations operated in a regulated environment was seen to be a particularly important factor influencing the value which senior management placed on the public affairs/government affairs function.

Here most respondents also emphasised that legislation, both on a domestic or European level, can undermine the competitive advantage of an organisation. Hence, as the respondent at IMM explained, "government relations is very fundamental to the maintenance or restoration of competitive advantage".

The extent to which organisations were seen to operate in environmentally or politically sensitive fields which, by implication, placed them under greater public, media and pressure group scrutiny was also recognised as a factor driving the emphasis placed on the role of the public affairs function. This was seen to be a particularly important factor by respondents at NFRC, NTC and NBC.

Here the emergence of increasingly well organised and well-resourced pressure groups which have been increasingly successful at mobilising opposition to individual organisations or industries whose policies they may oppose was recognised as one of the key developments that has forced organisations to develop more effective public affairs policies over the past decade.

As one respondent commented: "Citizens are much more mature and people are more demanding and more interactive, they are more focused on single issues rather than broader issues, and they are less likely to take official statements for company's statements at face value".

### ***Management commitment***

Senior management's understanding of, and support for, the work of the public affairs function was acknowledged as a crucial factor by all respondents. This view was summed up in the comment from the respondent at ICM: "It still seems to me that for government relations to succeed in a company, it is crucial that the most senior people in the company are committed to it".

Significantly, all of the respondents in this study claimed to have the Chief Executive's (CEO) or Chairman's firm commitment and backing for the public affairs function. Moreover, most claimed to have Chairman or CEO's who understood the political arena and who were, in the word of one respondent "very adept and sophisticated players in that arena".

At the NBC the respondent pointed out that because the company operated in the public sector, it was perhaps inevitable that management would understand the importance of public affairs – "it was a very integral part of the way the company worked".

### ***Interpersonal relationships***

The strength of the professional and personal relationships that existed between the company's Chairman/CEO and the senior public affairs practitioner was seen as crucial to the effective operation of the public affairs function. Here having the trust and confidence of the Chairman was seen as vital in ensuring that the public affairs point of view was listened to when important decisions were being taken.

All respondents emphasised the importance of gaining the professional respect of other members of management. This was seen as something that had to be earned through the individual demonstrating a thorough understanding of the business and its strategy as well as the external political world. In this respect, the quality of the people holding the senior public affairs position in organisations was seen as a key factor in their success or failure.

Here it was emphasised that the increasingly complex and demanding nature of the challenges that public affairs has to tackle nowadays demands practitioners who have more than simply good media skills and good external networks, rather they require a strong understanding of the company's business and how external issues may affect it.

As one respondent argued: "I genuinely think that the real problem with public affairs in many organisations is the quality of the people. If you cannot get the right people who were able to think in a business-like way and understand the impact on the bottom-line then the function does not work properly".

Indeed, it was suggested that senior public affairs posts would increasingly be filled by people who would view themselves as much as businessmen and general managers as public affairs/government relations people. Without a strong understanding of business, it was argued, public affairs practitioners will find it difficult to be taken seriously by top management. As one respondent put it "They will not talk the same language, they will not have the same understanding as the other people sitting at the table".

### ***Other influencing factors***

Respondents also identified a number of other factors that they saw as affecting the work of the public affairs function. These included the changing complexion of the party political environment in the UK, the increasing influence of European legislation on UK business operations and the increasing international dimension to the nature of business.

The broadening international scope of public affairs work was summed up by the respondent from the NBC who commented that: "In practice, although you hear talk about deregulation, the legislative activity either domestically or on a continental basis in Europe or internationally, through organisations like the WTO, affects all organisations now. There are new pressures which you start to see, such as environmental pressures, many of which are global. The globalisation of businesses means that there are new markets and new legislation. People have to understand, what is happening to them or what might happen to them".

## **Discussion and implications for further research**

Although the small sample size prevents any broad generalisations at this stage, the authors believe that the findings provide a relatively robust indicator of the broad dimensions of the public affairs practice in UK companies.

The study has shown that public affairs is recognised as a distinct function which focuses on relationships with government, government bodies and their advisors (at the local, national and international level) and which uses issues management and corporate lobbying techniques to identify and respond to issues that threaten to damage an organisation's position and the realisation of its goals.

The study also suggests that there are a number of dimensions to public affairs practice, ranging from intelligence gathering and issues identification, to advising and counselling management and developing corporate lobbying and contact management programmes with the organisation's key stakeholders, particularly those within the political arena.

While public affairs was recognised as an important corporate function in all of the companies studied and reported directly to the Chairman and/or Chief Executive's office, it was not treated as a main Board function in the majority of these companies.

Senior management understanding of, and commitment to public affairs was recognised as crucial for the function to operate effectively. Here the support of the organisation's Chairman and/or CEO was seen as particularly important. Indeed, the public affairs practitioner's relationship with the organisation's Chairman or CEO in terms of their trust and confidence in the individual position holder was seen as crucial to the effective performance of their role.

In addition to these internal factors affecting the public affairs function's role, a number of external influencing factors also emerged. Perhaps the most important of which was type of industry in which the organisation operated. Here, as might be expected, public affairs tended to have a more prominent and high profile role in organisations which operated in either environmentally or politically sensitive industries. The growth of government legislation affecting the UK corporate sector both at a national and European level was also cited as an important factor which had driven companies to place greater emphasis on the public affairs function.