Last week's protests in Seattle carry an important message to CEOs of global companies. They would do well to adjust their strategies to the pressures from public-interest groups, which are bound to escalate.

In a rational world, it would be clear to all that the freeing up of markets around the world is the most powerful engine of economic growth and progress. CEOs would receive full credit for creating trade.

Manager's Journal

By Jeffrey E. Garten

investment and jobs around the world. They would be praised for helping people from Boston to Beijing to lead better and freer lives. Advocacy groups, for their part, would be applauded for pointing to serious abuses of corporate employment practices and calling attention to egregious environmental conditions. Global capitalism would evolve with companies and public-interest groups working cooperatively, united in the conviction that market-oriented growth is the precondition for better lives everywhere.

But we don't live in a rational world. So look instead for many advocacy groups to become emboldened by the attention they received in Seattle and to make global corporations an increasing focus of their activities. They will target more companies for public scrutiny about their activities abroad, from their environmental policies to their employment practices to their investments in local communities. If you doubt their clout, recall how they pressured Nike to change its sourcing practices. Monsanto's genetically modified products and Royal Dutch/Shell's environmental policies.

There are several reasons why these groups will turn up the heat on multinational companies. The slow-moving World Trade Organization will not provide as juicy a target without the world's trade ministers gathering in one place, something that happens only every two years. Global companies are easier targets. They are highly visible; they have made big investments and can't run away; and there is a lore about their being rich, secretive and imperialistic. They are vulnerable because much of their profit depends on the integrity of their brands and reputations. And many advocacy groups have learned to maximize their clout by using the Internet to build coalitions around the world.

So what's a global CEO to do? Many will need to upgrade their global communications strategy. They have to be proactive in conveying to the public the many efforts they are already making to be good citizens — how they lift labor standards in China; how they practice diversity in hiring practices in Brazil; how they finance schools around the world; how they have worked to protect the environment. But they also need to build a rapid-fire capability to defend against false allegations of misconduct, which spread easily in an Internet culture that thrives on unsubstantiated rumors. Companies should establish a high-powered public-relations machine that stands ready to counter any efforts by advocacy groups to spread such falsehoods.

CEOs will need to go well beyond a public-relations strategy. If they want to protect their global brands, and if they want the full cooperation of the communities in which they operate, they must search for more ways to improve the business and social environments around them. This effort is also key to hiring and retaining the best employees, most of whom want to work for the most admired companies. Enhancing the image and the reality of being a good corporate citizen means setting concrete goals (pollute less, provide educational opportunities for employees and so forth), measuring progress and obtaining credible outside verification of results.

These policy goals ought to be developed in an inclusive and transparent way — working with employees, local customers and suppliers, advocacy groups and others in the local community. Responsibility for these programs should rest with both national and local executives, since community sensitivities are so important. But the ultimate responsibility for broad corporate responsibility must reside with the CEO and the board of directors, which ought to be monitoring company performance.

Two companies that have done this successfully are British Petroleum-Amoco and Ford Motor Co. Sir John Browne, BP/Amoco's CEO, has charged his executives throughout emerging markets to develop community-building programs, from training local workers to building local transport systems. The executives' success in such efforts is one factor in determining their pay. Ford's chairman, William Clay Ford Jr., is pushing clean manufacturing in every corner of the company and mounting an aggressive PR campaign to broadcast his priorities and specific goals to employees, customers, suppliers, regulators and investors.

This is not a call to abandon American shareholder capitalism and the paramountcy of profits. It's not a call for a European-style "stakeholder" philosophy or for some middle ground between the American and European systems. But at a time when public opinion about globalization is ambivalent and unpredictable, and when communication is instant and global, a company's relationships with an ever-wider group of constituencies are becoming more delicate and more crucial to its long-term market value. For global CEOs, this isn't an issue of ideology but one of survival.

Mr. Garten is dean of the Yale School of Management.