



Article : Public Relations as a Potent Tool of Sustaining Favourable Public Perception – A Conceptual Study

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Abstract:

It is broadly recognised that image-building is a process where communication in all its aspects can be effectively used. A reputation, on the other hand, is defined as the general opinion held by different people based on merits or demerits earned by a country, a corporate or even an individual. Reputation is an enduring character that is quietly understood. Apart from advertising, every industry and every corporate strives, and sometimes struggles, to build a reputation and then manage it. Companies in India are purely sales-focused and for them PR is only a cheap alternative (with editorial publicity) vis-à-vis advertising. But with increasing competition and customer awareness, Indian companies are realising the importance of PR. Public relations exercises have mainly focussed on creating, managing and leveraging relationships with trusted third parties in order to influence the key stakeholders such as shareholders, employees, vendors and customers. Effectively managed PR programmes ensure that they add value to the brand and also develop and maintain consistency in the brand message. This paper explores the importance of image management and building corporate reputation, the role of PR in sustaining a strong corporate image, the various dimensions of PR such as media relations, investor relations and the vital role played by PR in communicating activities relating to Corporate Social Responsibility

Public Relations as a Potent Tool of Sustaining Favourable Public Perception – A Conceptual Study

1. INTRODUCTION:

The difference between image and reputation sometimes tends to blur. Yet it is broadly recognised that image-building is a process where communication in all its

aspects can be effectively used. A reputation, on the other hand, is defined as the general opinion held by different people based on merits or demerits earned by a country, a corporate or even an individual.

Someone said, image is temporal, it is a perception. Reputation is an enduring character that is quietly understood. Advertising agencies seem to place a great weight on creative awards to build their reputation as successful partners. Apart from advertising, every industry and every corporate strives, and sometimes struggles, to build a reputation and then manage it. At a macro level, the IT sector has established India's reputation worldwide as a country capable of delivering cutting edge software technology at competitive prices. The Indian economy, growing at a consistently crackling pace and holding forth the promise of a mega market for a wide range of products and services, has acted as a magnet for foreign investment. Companies in India sense a huge opportunity and are keen to rapidly expand their operations and grow to meet the huge demand. A good reputation is a critical factor in attracting investment at any level. It is a well-known fact that companies with a good reputation have a relatively easy time raising funds.

1.1. Rationale of the paper

In the earlier days, products were sold based on their price and quality. But today, price and quality alone do not determine the sales and profitability of products and companies. An important factor that contributes to success or cause the failure of organisations is the public image and reputation. Public perceptions determine the public image of the company and are influenced by word of mouth, messages that appear in the media and based on their interaction with the company. In the modern world, media plays a decisive role in shaping public perceptions of issues and organisations. The spate of scams and scandals in the corporate sector have severely dented the image of the corporate sector and has created a sense of despondency among the various stakeholders. In this context, it is imperative to understand the need to maintain and sustain a favourable corporate image and the role of public relations in ensuring a strong corporate reputation.

1.2. Objective of the paper

The objective of this paper is to understand the role and importance of public relations, the dimensions of PR, the role and responsibilities of public relations agencies in promoting a favourable corporate image and reputation and the

importance of public relations in promoting and communicating about CSR initiatives of organisations.

1.3. Research methodology

The paper is conceptual in nature and a thorough literature review was undertaken to study the views expressed by various researchers and authors with regard to the subject of public relations. This study is based on secondary data sourced through various journals, magazines and the internet.

1.4 Review of Literature

Alison Theaker (2004) opined that managing corporate image is about identifying the right image for an organisation and communicating it effectively. Critics such as Christensen and Cheney consider it to be the domain of a small elite within organisations who become self absorbed and deluded about the role and importance of identity, Gary Davies, Rosa Chun, Rui Vinhas Da Silva, Stuart Roper (2003), stated that reputation has an creates value, reputation ranking reflect performance and not vice versa. Corporate reputations are constantly in danger of being eroded, damaged, dented or even destroyed, Jane Simms (2004), opined that unparalleled transparency afforded by the internet, intense media scrutiny, even more cynical customers and increasingly active shareholders, have pushed reputation management up the board agenda. Faced with a largely hostile press, vocal anti-business pressure groups, increasingly demanding stakeholders and unprecedentedly cynical customers and employees, company bosses face an uphill struggle to build and sustain reputation, John Elkington (2003) said that levels of trust are declining worldwide and surveys have pointed out that trust is lowest in national legislative bodies and in large corporations, John M.T. Balmer, Stephen A. Greyser (2003), acknowledged the cardinal importance of corporate communication, identity, reputation and branding to contemporary organisations since image is a powerful driver in consumer buying behaviour. Lisa Kember (2003), said that companies instead of focusing on how the media can help them should concentrate on what they can do for the media in order to get positive media publicity, Maucher, Helmut (1994) opined that corporate image is important for recruiting capable executives and employees and binding them to the firm. The image problems large companies experience are more due to lack of trust than to lack of information, Ronald J. Alsop (2004) stated that companies must make reputation management a fundamental part of their culture and value system. Reputation must be central to the corporate identity, not merely clever image advertising and manipulative public relation plays, Roth Martin, S(1992) said that

developing and maintaining an ethical image is vital to any successful marketing communication program, Vineet Tandon (2007) concluded that CSR is PR driven, While the idea of building corporate image and sustaining it with social initiatives is good, companies will be able to benefit more from the initiatives if they actually commit themselves to the cause.

2. PUBLIC RELATIONS (PR) – THE MEANING

The role of PR extends to every communication opportunity that can potentially influence the key constituencies either by creating a perception, or informing/educating.

Public relations or PR is often misunderstood to imply only ‘unpaid editorial space’, which is not true. Public relations is influencing a diverse group of stakeholders in a company, from the Government to the shareholders, and also employees and customers, while making use of different methods of communication - lobbying, newspapers, TV, Internet, events and promotions.

2.1 PR in India

Companies in India are purely sales-focused and for them PR is only a cheap alternative (with editorial publicity) vis-à-vis advertising. But with increasing competition and customer awareness, Indian companies are realising the importance of PR. For instance, though TCS is the number one company in the software services space, it is Infosys which is considered to be representative of the IT industry because of its superior PR efforts. News about the company, interview with the company officials and speeches of the company experts in various seminars and conferences regularly appear in the media and the company has positioned itself as an ethical, innovative and value creating organisation and has become the aspirational company to work for.

Swami Vivekananda and Mahatma Gandhi are India’s ‘two great PR experts’. Swami Vivekananda, without saying a word about Hinduisim at the conference on world religions at Chicago, had effectively conveyed the catholicity of all-encompassing religions to the American multitude, which was the beginning of the Ramakrishna Mission.

On the other hand, Gandhi’s Dandi March was an equally unpremeditated event which shook the foundations of British empire in India for the first time. This march has remained one of the nodal points of Indian history.

4. DIMENSIONS OF PR

The following are the dimensions of PR:

4.1 Financial PR

National Investor Relations Institute (NIRI) defines investor relations as “*a strategic management responsibility that integrates finance, communication, marketing, and securities law compliance to enable the most effective two-way communication between a company, the financial community, and other constituencies, which ultimately contributes to a company’s securities achieving fair valuations.*”

According to Marcus, “*Investor relations is not an action; it is a process. It takes time, and effort, and patience. It informs, it persuades, it educates. In other words, it markets. The future of investor relations will be shaped by the dynamic configuration of the economy, regulation, corporate practice, globalisation, and technology*”. According to him the objective of financial PR is “*to persuade investors and analysts that a dollar invested in your company will increase in value faster and more substantially than a dollar invested in another company.*”

Financial PR is fast gaining space with companies that have come to realise the need to build a brand and competitive positioning while executing financial activities. In the earlier days, ‘investor relations’ did not exist. It was financial public relations - public relations, but to a financial community. The investment relations officer has long since been a fully trained finance professional.

The three basic points that investor wants to know are earnings and other measures of financial soundness, management, and plans. At best, earnings, and even cash flow at any given moment, constitute only a small portion of the measure of a company’s viability, and they demonstrate not the near future but the immediate past. What is important is the company’s ability to continue to earn.

The success or otherwise of investor relations can be measured using metrics such as:

- (a) increased valuation of the company’s securities in the market,
- (b) realistic price/earnings ratio,

- (c) enthusiastic sponsorship
- (d) more market makers, and
- (e) trust in management.

Organisations can use the following vehicles to communicate successfully with their investors:

- (i) Web cast
- (ii) Web site
- (iii) Conference call
- (iv) Meeting with individual analysts
- (v) Talking to individual investors
- (vi) Meeting stockbrokers
- (vii) Annual report,
- (viii) News releases
- (ix) Corporate advertising and the like.

4.2 Media Relations

According to Marcus, *“Good media relations serve to characterise the company - to give it dimension beyond numbers”*.

Public relations professionals need to sharpen their skills to play their role effectively while dealing with various forms of media.

The new communication technology has opened up enormous possibilities, but the ability required to be an effective communicator varies from media to media. Though the fundamental principles governing communication may apply to all media, each media requires a separate approach. Electronic media requires capabilities, which are perhaps different from those of print media, though the

ultimate objective is to make the reader or the viewer receptive. While some of this can be acquired by experience, it very much requires professional training.

5. Role of PR Agencies

The Indian media is strong and is filled with opinions, ideas, perceptions, facts and rumours. All these have an impact on the image of a corporate and its performance. A public relations agency's role is to maximise the power of endorsement by successfully influencing the key influencers of the target group.

Public relations exercises have mainly focussed on creating, managing and leveraging relationships with trusted third parties in order to influence the key stakeholders such as shareholders, employees, vendors and customers. By managing a network with the media and analysts, the PR agencies have managed to sustain a generally acceptable credibility. Indeed there is no denying that the role of PR hasn't changed even now but the PR agencies or specialists should take cognisance of the fact that technology has made a real breakthrough.

We are a part of a networked economy where the key audiences interact with different media 24 hours a day on a global basis. The PR specialists have to cater to the need for speed, shorter deadlines and a method of making content relevant across boundaries, cultures, ethnic groups and geographic limits. In this context, damage control exercises, for which companies often resort to PR agencies, become tougher. Information is exchanged within seconds and rumours can accelerate beyond limits. The PR agencies are learning this and evolving accordingly.

5.1 Services Provided

In the earlier days, PR agencies were considered to be masters of spin doctory. That view has considerably changed today. PR agencies today act as associates or partners of business organisations in ensuring their sustainability and growth. In the earlier days the services of the PR agencies were restriction to ensure media placement but today the bouquet of services offered by them has considerably increased. PR agencies today provide a wide range of services and the variety of services offered keep increasing based on the growing requirements of business firms. The following are the services provided by PR agencies to their clients:

- (a) Design of annual reports

- (b) Broadcast monitoring
- (c) Camera ready releases
- (d) Clipping services
- (e) Planning and organizing conventions and seminars
- (f) Handling celebrity accounts and services
- (g) Copywriting
- (h) Building, maintaining and improving the corporate image
- (i) Consulting services
- (j) Crisis management services
- (k) Editorial distribution
- (l) Editorial services
- (m) Electronic news feeds
- (n) Media lists
- (o) Media leads
- (p) Media management
- (q) Speech writing
- (r) Design and preparation of news letters
- (s) Newswires and press services
- (t) Design and preparation on online databases
- (u) Design and delivery of press releases
- (v) Handling promotions

- (w) Conducting satellite media tours
- (x) Handling public service announcements
- (y) Providing graphic services
- (z) Providing multimedia services
- (aa) Arranging for transcription and translation services.
- (bb) Organising special events and ensuring publicity for them
- (cc) Providing and arranging for transcription and translation services
- (dd) TV and video production
- (ee) Conduct of executive search and providing employment services
- (ff) Mailing and fax services
- (gg) Website development and maintenance
- (hh) Webcasting and podcasting.

Corporate Social Responsibility(CSR) – THE CRITICAL ROLE OF PR:

With Corporate Social Responsibility (CSR) assuming greater importance, public relations firms are moving quickly to get a bigger piece of the action.

Ogilvy PR recently formed an alliance with Dua Consulting, Delhi, to offer regulatory and public affairs services; included in its portfolio is Corporate Social Responsibility (CSR) Counsel.

Identifying CSR as a new business dimension, the agency said it has extended the “scope and meaning” of CSR to include employees, regulators and the larger social community base, to ensure that it goes beyond charity and donations. According to Ms.Mahnaz Curmally, President, SouthAsia, Ogilvy PR Worldwide, “The meaning of CSR has changed considerably over the last three years: from just philanthropy it has moved into support for causes and issues that have a social development context,”

Earlier, the process was more for “self-glorification,” and not much planning was required, so PR firms only provided publicity, she said. Now, CSR entails identifying projects, partners and NGOs, and defining a suitable budget and timeline; this requires planning, and firms are increasingly enlisting PR firms right from the outset. Ogilvy PR, for instance, can provide strategy and implementation logistics, help coordinate with NGOs and industry associations, and ensure the proper use of funds.

Ogilvy PR's alliance with Dua is critical as there is greater emphasis on public affairs in opinion mobilisation and issue positioning. There is also a greater need for expert intervention with Government, regulatory and third parties. So a CSR programme must be designed as an appropriate response to these issues, Ms Curmally said.

In many ways, CSR is evolving like communications did, according to Mr Vivek Sengupta, Vice-President, IPAN. At first, companies assigned the task to one person within the organisation, then to a separate department, and then to a dedicated agency. At the agency's end, too, comprehensive services gave way to specialist units, including one for CSR in some agencies. Companies are just beginning to outsource the CSR function; while there is no estimate on the size of this market, there is obviously huge potential.

In the case of IPAN, which has been involved in planning and implementing CSR initiatives for many of its clients, the agency itself has done *pro bono* work for organisations such as Action for Autism, the Centre for Social Research and the Indian Social Institute.

IPAN has developed India-specific initiatives for Levi Strauss (on AIDS) and Amway (the Amway Opportunity Foundation, for blind education), among others. The CSR programmes of many global companies need to be tailored to India, and therein lies an opportunity for PR agencies. PR firms do have a role in communicating a corporate's message, and can contribute to a thoughtful strategy for responsible and sustainable business, but corporates need to be wary of handing over their entire CSR function to PR firms, she said.

CONCLUSION:

Social accountability is carefully defined as not just philanthropic work but as part of the fabric of nearly all corporate practices. In a business environment where most companies still have a knee-jerk response to crises and a typical fire-fighting

mentality, this model is based on an ongoing three-year study in Asia-Pacific markets and underlines the need for business leaders to adopt a proactive approach to manage not just brands but also stakeholder relationships that ultimately build reputations. Interestingly, in Asia, stakeholders on average rate quality of products and services as the top factor. Yet, over the three years of survey, it has remained flat. Social accountability scored the lowest, but has been steadily climbing over the survey period. Sound management too has shown a smart climb. This is an eye opener that quality management, labour and employee practices, monitoring corruption in supply chain and business partners and having good environment practices all contribute to the reputation of a company. Today's stakeholders take product quality as a given. They then want to know if the company is an equal opportunity employer, energy-conscious, sincere about being not just a good corporate citizen but also a good neighbour and many other such aspects. As business environments and consumer needs change, companies would be well advised to communicate to every stakeholder transparently, and in a sustained manner. Herein lies the key to a good reputation and PR has to play a vital role in this exercise.

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