

ITEMS OF INTEREST TO PRACTITIONERS

Real Speakers, Not Pols Or Media Biggies, Make PRSA Conference a down-to-earth learning opportunity. Plenary sessions will hear folks who themselves are on the front line, not observing it: Harvey Gannt, first Democratic black nominee for Senate (who ran against Jesse Helms last year); Dow Chemical CEO Frank Popoff; Conference Board CEO Preston Townley; Mari Maseng, Reagan's comms dir; Bill Novelli, COO of CARE; Audubon Society CEO Peter Berle and others with responsibility for having to **do** things. Same emphasis shows in 38 professional development workshops & 90 roundtables. (Full agenda from PRSA, 212/995-2230)

Fun Research: What Affect Does Ball Team's Fortunes Have On Votes, Sales, Etc? Federal Reserve publication points out that in Mass. politics, Boston Red Sox' history of leading the league thru the season, then fading at the end, seems as critical as how the economy's doing. Incumbents get beat in years when this occurs, the record shows. Regression analysis finds they've gotten on average 53% of the vote since 1930. For every 2% increase in individual incomes, they gain 1%. But when the Sox were pennant contenders, every game they fell behind after Labor Day lost incumbents 1%. '90 gubernatorial proves it again. Party's official nominee lost the primary as Sox fell back to first place tie. Dems were incumbent party (Dukakis retired) and Sox lead after Labor Day fell from 6 games to 2, while income fell 3%. This would predict a 47% vote ... the Dem candidate actually got 48%. So, redefine how you do research! (For research summary, write pr)

A Persuasion Method You May Want To Try -- when going direct to opinion leaders who matter: Don't just state your case or explain your side of the issue, because psychologically that puts them in the position of making a judgment. Instead, approach them in their public role as opinion leaders (or friends, if that's the case) **who will be asked by others** & therefore need the facts to explain what is really happening. Share the info from that viewpoint. Whatever position they ultimately take, you have recognized their position as opinion leaders -- which **will strengthen your relationship longterm. But chances are they'll support you, or at least moderate any non-support.**

TV Nets Urge Advertisers To Face Down Boycott Threats. Nat'l TV Alliance, pa entity of Big 3 networks, issues 3-pg appeal to "vigorously support" freedom of expression in tv fare. It labels hit lists & boycotts as "attempts to manipulate our free society & democratic process." AP reports both sides say letter proves they are effective. Nets: "Vast majority of Americans find network programming to be widely acceptable." Rev. Donald Wildmon, regular boycott sponsor: "It shows we are indeed having some effect." Letter cites research showing boycotts don't work. Yet skittish advertisers often give in without a murmur. Nets credibility on issue is low. Courage in presenting public service shows is not their hallmark. And all are cutting news staffs. NBC also offered buyouts to over 180 corp comms & hr staffers, WashPost reports.

SHAREHOLDER RESEARCH SHOWS THEY WANT THE THINGS EVERYONE DOES: LONG TERM PERSPECTIVES, HONEST REPORTS, SOCIAL RESPONSIBILITY. WHY DO SO MANY MANAGERMENTS ACT AS IF THIS WERE NOT SO?

In several articles & a forthcoming book, Yeshiva U. accounting prof Marc Epstein is trying to get managers to listen to what his studies of stockholder desires are telling them:

1. **The main issue is accountability**, as seen in topics like:
 - a) Executive pay; "Shareholders are furious," he finds
 - b) Corporate governance issues, especially confidential voting -- "one of the principles of democracy"
 - c) More complete & accurate disclosure of both how the company is doing & the stewardship of its hired managers

Epstein feels these are minimal steps to keep the small investor in the market, and satisfying institutional investors.

SHAREHOLDER PREFERENCES OF USE OF COMPANY FUNDS

"Corporations that I invest in should use more company funds to..."

Ranking		Average Score Of All Respondents
		lower number=more important
1	Clean up their plants & stop environmental pollution	3.14
2	Improve the safety of its products	3.26
3	Pay higher dividends	4.16
4	Improve employee benefits	4.89
5	Monitor ethical conduct by company personnel	5.10
6	Establish childcare centers for employee use	6.13
7	Increase involvement in solving community problems like housing & education	6.14
8	Contribute more money to charity	7.30
9	Improve programs to benefit women	7.34
10	Improve programs to benefit racial minorities	7.36

Respondents also had the option of choosing no contribution to social concerns but using the funds for higher dividends.



2. **Long term safety of capital & steady income** are more important than quick, but speculative, gains. This is true today, and also when compared to a similar '73 study by Epstein. Pension funds & individual shareholders agree on this point.
3. **Boards of directors are expected to take more responsibility** for informing shareholders of major difficulties -- even for the accuracy of data.
4. **Annual reports are again used for decisionmaking** -- at least more so than previously. But stockholders want "a more complete picture," including evaluation of managerial effectiveness (a management audit). This is spurred by lack of confidence in brokers following the market scandals.
5. **Stockholders themselves want companies to be more socially & environmentally responsible** -- tho managers often like to make it seem as if only isolated cause groups want this. Higher dividends ranked significantly lower than product safety & pollution control (see chart on page 1).

But note the **topics ranking lower than higher dividends** -- particularly multicultural issues & philanthropic contributions.

EPSTEIN'S SUGGESTIONS FOR EFFECTIVE ACTION

1. Integrate social, ethical & environmental issues into decisions at all levels -- **beginning at the board of directors.**
2. Adopt the **Valdez Principles.**
3. Issue **formal reports on social & environmental issues.** 46% of shareholders responded they want such info in annual report, for example.
4. Establish in the corporate structure **a mechanism to deal with crisis** -- social, environmental & ethical. (Other research shows many organizations still haven't done this, incredibly.)
5. Create incentives for responsible behavior by **building it into performance evaluation systems** & corporate culture. 68% of respondents say this should guide promotion & salary increases. We say these things are vital, "but then we evaluate performance on one measure alone: new income. What message does that send?"

"Not only do environmentalists tell corporations concern for the environment is important. It is now clear the owners of the corporations themselves believe that more company funds should be put into environmental

Does management really listen to anyone -- besides themselves? The evidence is negative -- and that's **an indictment of pr's effectiveness as interpreter** between organizations & their publics. Are practitioners: 1) Failing to anticipate issues? 2) So co-opted they think like management, thus are unable to add value by offering perspective? 3) Lacking counseling skills that get them heard? PR is part of management, everyone agrees. This means it must take the lumps when management does.

concerns." (Study sample included shareholders from 50 states, all owning 100 shares or more of NYSE or Amex listed corporations. Copy from prr)

STUDY FINDS ETHICS HIGH AMONG PR PRACTITIONERS -- HIGHER THAN JOURNALISTS?

"A heightened tendency for truth-telling" is found in **1) accredited vs. non-accredited practitioners**, and **2) those who majored in pr vs. those majoring in news-editorial**, shows a study released at Ass'n for Education in Journalism & Mass Comn convention last week. "A honed sense of social interest & honesty" is fostered by pr coursework & study for the accreditation exam.

Donna Besser Stone of Kent State U. noted the literature usually claims "the purpose of public relations is to distort truth, and practitioners are trained to lie. Hence, lying is thought to be an important tool in solving public relations problems." Testing this hypothesis against a sample of practitioners disproved it.

QUESTIONNAIRE IS BOTH SOPHISTICATED, DISTURBING

To devise her research instrument, Stone reviewed ethical concepts generally overlooked by practitioners. For instance, the Adlerian concept that human feeling toward others is a decisive ingredient in truth-telling. Crandall's **Social Interest Index** was applied to measure ethics as related to human feeling toward others.

Another element was stated in an '88 book by Freeman & Gilbert, **Corporate Strategy & the Search for Ethics**: 1) **the value principle** -- all action is derived in part from values; 2) **the interdependence principle** -- organizational success is due to choices & actions of stakeholders. "The first principle applies to those groups which the second principle says are important." In short, how do we apply our values to key publics?

Culbertson's differentiation between **Fact Accuracy**, or verifiable statements, and **Impression Accuracy**, or the whole truth in context, was also probed. However, the 3 "vignettes" & 5 direct statements used to test for truth-telling seem very black & white -- in an arena where all shades of gray exist.

WHY NEWS-EDITORIAL GRADS TESTED LOWER

Stone finds this coursework so narrow that pr grads get a fuller picture of the workaday world. Thus journalists (or practitioners) trained in news-ed suffer from the tradition of reporting news objectively -- but out of context (as noted by the Hutchins Commission way back in 1940). This places truth at the mercy of editing -- and it's also constrained by new technologies. (Copy of study from prr)

Interesting sidelight from the study: "The news-distribution model was born from the printing industry, has a practical bent, and **can be self-serving politically & economically -- despite common misperceptions that media are public utilities.**"