

CORPORATE CONTRIBUTIONS IN DECLINE,
ESPECIALLY FROM MAJOR DONORS

And half the firms that gave more than \$10 million in '85 say they will cut back this year -- between 2% and 78%.

However, the survey finds no link between profits & donations. Manufacturing firms increased giving by 11% last year despite a 7.5% decline in profits. But nonmanufacturing firms, who enjoyed a 9% profit rise, cut contributions by 1%.

Noncash gifts accounted for 20% of '85 giving. In '83 it was only 11%. In some categories company products make up a large percentage of donations, e.g. electrical machinery mfrs. & drug co's. Similarly, gifts of property accounted for one-third of donations by insurance firms.

STUDY FINDS COLLEGE STUDENTS
SEE PR AS EXTERNAL, MANIPULATIVE

Of 900 Oklahoma State students in biz, agriculture, home economics & arts & sciences, studied over a period of 10 semesters, 35% see public relations strictly as an external relations function. 45% of biz students see it that way. Only 1% felt there is an internal dimension to the field.

30% explained the field in terms of manipulating others -- changing opinions, building favorable images, making others like an organization.

10% defined public relations as "commercial communication." They view it as a form of product & service promotion -- attracting customers.

Journalism School prof. Charles Fleming, who conducted the research, admits students there may not be typical of all students. "But this indicates that many future leaders in business & industry do not understand public relations."

USEFUL INFO FOR PRACTITIONERS
NOW AVAILABLE IN VIDEO CASSETTES

1. Videotape by DWJ Associates shows how to produce video news releases and get them on the air. "A lot of money is being wasted on videos that don't meet station needs or achieve client goals." Tape covers sophisticated electronic graphics to the feature interview to placement. 5 1/2 min. long, available in 3/4, VHS & Beta formats. (Free from Belle Stewart-Gordon, DWJ Assoc., 295 Madison Ave. NYC 10017; 800/221-2236; and

2. "When Every Second Counts" videotaped by Western Union provides guidelines & strategies for developing & implementing crisis preparedness programs. Tape builds on the company's acclaimed crisis management brochures, made available last year and distributed to over 20,000 individuals. (\$29.95 from 201/825-5286.)

WHO'S WHO IN PUBLIC RELATIONS

HONORS. Bernard Kalb receives Communicator of the Year award from Nat'l Assn of Gov't Communicators (see p.1). Harold Burson Distinguished Lecture established at Utica College of Syracuse University by trustees of

"The long-term trend of substantial, almost automatic growth in company contributions is abating," reports The Conference Board.

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Raymond Simon Institute for Public Relations. Sally Heet Memorial Scholarship of \$1600 set up by Puget Sound Chapter PRSA to honor its past president killed last year.

pr reporter

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RECENT EVENTS RAISE BASIC PHILOSOPHIC & STRATEGIC QUESTION:
IS THE GOAL OF PUBLIC RELATIONS CREDIBILITY...OR TRUST?
AT WHAT POINT DO SMART TACTICS FADE INTO UNETHICAL CONDUCT?

Credibility & trust are not the same, as a rash of gov't events makes clear:

1. On Oct. 9 the Libyan disinformation campaign question broke into general acceptance that the Reagan administration had in fact done it. In resigning as State Dep't spokesman over the incident, Bernard Kalb cited credibility: "Anything that hurts America's credibility hurts America."

2. Simultaneously the gov't denied, but captured mercenary Eugene Hasenfus admitted, that he was a CIA operative working for the Contras against Nicaragua.

3. On Oct. 27 former FAA officials said the agency suppressed an effective air-crash avoidance system developed by Honeywell in 1975 in favor of its own more costly, cumbersome system -- which is still not ready. In the meantime 718 people died in mid-air collisions the system is designed to prevent.

4. Oct. 28 the State Dep't admitted it deliberately covered up misuse of "humanitarian" aid to the Contras. Also that high gov't officials had put together a private Contra support network in defiance of Congress' voted policy barring aid. While the officials are culpable, what about businessmen including Nelson Bunker Hunt, Joe Coors & Peter Grace who, according to newspaper reports, donated the funds? "They found the legal edge of the (Congressional) restrictions and danced consciously around it," one official said.

Government may get away with disinformation -- but practitioners who are a party to it are in clear violation of the field's ethics codes. PRSA's states unambiguously that it is wrong to "intentionally communicate false or misleading information". This seems to rule out situations like fabricating information about new product development to fake out the competition. And raises questions about those glowing forecasts of earnings & profitability which turn out to be so far off the mark it is difficult to believe their disseminators didn't know.

As for using news media to carry disinfo, that's also clearly a no-no, per plank 6: "A member shall not engage in any practice that tends to corrupt the integrity of channels of communication. Yet the grapevine is also a communication channel, so putting out false rumors is also unethical. The prudent course seems clear: tell the truth, the whole truth & nothing but the truth. Maybe it's not a problem. The supposedly "tough" media are going along with the euphemism, disinformation, instead of the straight talk, lying.



Do Bad Guys Get Punished? Have such dishonest acts hurt the administration & its agencies? In the case of the businessmen's donations, does this constitute private citizens interfering with U.S. foreign policy (an illegal act)? Or is it just "charity"? Either way, is it good public relations policy for execs whose companies bear their names?

The pragmatic answer to such questions is what demonstrable effect these events had on trust in the organizations & persons involved. So far there is no evidence the private businessmen or their firms have been affected in any way. Some folks may have been made wary (negative latent readiness) which may have future consequences; but memories are short, as a rule.

As for Reagan & his administration, the President's popularity continues high -- higher than any predecessor, say researchers. George Schultz & his State Dep't enjoy general confidence. And the FAA? Everyone who flies is mad at it anyway for other reasons. But to date nary a ripple...despite this large number of deaths.

Trust Overrides Credibility The conclusion seems to be that overall trust is more important than credibility. At least, a few incidents of dubious credibility -- or, in this case, outright lying -- need not destroy trust won over a period of time. Further evidence comes from studies on Reagan's '84 reelection. Those who voted for him admitted in surveys that they felt he often didn't know what he was talking about & that they disagreed with many of his policies -- but they voted for him because they trusted him & felt him to be a decent human being.

One Theoretical Explanation Credibility is an absolute. Things either are or aren't true or accurate. Each subject is a single topic on a believability scale ranging from 0 - 100. Often credibility is tied to authority, or to reasonableness. Psychologists define credibility as a combination of a) expertise & b) trustworthiness. Thus there are two screens: 1) is the speaker being honest or lying? 2) has he or she got it right or got it wrong?

But trust is a comparative. And it is tied to emotion, to "feel" rather than facts. The questions here are who else could do it better? What circumstances would alter the situation? In evaluating the conflicting Iceland summit explanations, one compares Reagan with Gorbachev -- and who do Americans trust in that comparison?

Familiarity, even notoriety play a role here. Known names are often trusted in this comparative situation regardless of the circumstances that familiarized us with those names. As pols say, just spell my name right. If we are familiar with one person and don't know the alternative person, we "trust the devil we know."

"You can twist it around and b.s. all you want about it, but people have died who didn't need to die," says an ex-FAA exec about suppression of the Honeywell airborne collision avoidance system. But why didn't that company fight an obviously unjust, callous, death-dealing, bureaucracy-serving decision? Because it didn't want to lose federal contracts, the Honeywell vp in charge of the project told Knight-Ridder Newspapers. Does this Pontius Pilate approach implicate the company as much as the gov't? Remember, over 700 people died...Is it good pr not to anger a customer even if it risks the lives of others?

Longer Term Outcome While the two are linked, trust is more powerful in building relationships than credibility. I may decide whether I trust you based on your credibility -- but not entirely. Emotional, social, & other factors of human nature -- such as compatibility -- override the intellectual, fact-based issue of believability. Most importantly, if I trust you or your organization, I'll probably stick with you thru criticism, mistakes, one or several instances of incredibility -- perhaps even lying. That's what relationships are all about.

Of course there is a longer term issue: how long can trust survive without credibility? This is where ethics intrudes, because it raises queries about underlying values. Thus ethics also rises above facts to put questions of personality, which are emotional, back into the equation.

HOW HANDLE THE ONE CLEAR VOICE PROBLEM WHEN THE RETROBATE IS A MAJOR DIRECTOR? (& HIS SUGGESTIONS MAKE PR SENSE)

GM is uncompetitive, out of touch, rife with internal politics. What critic says so? Only Ross Perot, GM director, chrm of GM-owned Electronic Data Systems, 2nd richest man in the U.S. & largest single GM shareholder. He told Ward's Auto World in a copyrighted story what he'd do -- and they are recurrent suggestions made to managements everywhere by public relations pros:

1. "We need to do a number of symbolic things to signal a new day for GM." Including getting rid of the executive dining rooms, moving sr. execs out "where real people are doing real work -- live with them, listen to them, spend time with them."
2. Remove executive isolation. "Just a trip to the 14th (executive) floor is depressing. There's a time warp."
3. "Get rid of all the structures that separate people" which prolong decisionmaking. "It takes months or even years to fix some Mickey Mouse gasket." (Compare Japanese automakers who make design changes in 90 days.)
4. Eliminate management's adversarial relationships with customers, employees, dealers, & stockholders. "Spend a lot of time face to face" with these publics.
5. Stop the dominance of financial types. "This place cries for engineers with greasy hands who know how to make cars" to become policy makers. (Compare Chrysler.)

Bureaucracy and a compensation system that rewards political skills rather than marketplace achievement stand in the way of GM's success, Perot feels. "Base management compensation on the rules of the marketplace ... Let's say you're 50 years old and suddenly you can't get your \$1-million bonus by being a good politician. The only way you can get it is by building the best cars in the world and beating the competition. That will reprogram your sense of priorities pretty fast."

Perot says GM wastes so much money that in recent years its capital spending was enough to purchase both Toyota Motor Corp. & Nissan Motor Co. Ltd. for the same dollars.

Practitioners are engaged in a renewed effort to get employees, retirees, shareholders motivated & knowledgeable enough to carry One Clear Voice messages into the wider world. Maybe the effort should start in the boardroom.