CURRENT AND EMERGING TRENDS IN PUBLIC RELATIONS THEORY AND PRACTICE

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AGENDA

PR Education trends
- Models of delivery
- Commpred report (2012)
- Kruckeberg on professionalism

PR Measurement
- The ROI debate
- “Communication Controlling”

PR History: A new/old field
PR EDUCATION TRENDS

Models of delivery
- Liberal Arts plus professional units (US)
- Professional degree (UK)
- Joint degree (English and/with PR)

- Are new models needed? More graduates enter PR without a specialist PR/Comms degree than have one
- Constant industry feedback that PR graduates lack differentiation, especially in critical thinking skills
EDUCATING FOR COMPLEXITY

Report on graduate degrees by US Commission on Public Relations Education

http://www.commpred.org/educatingforcomplexity/

Two forms of Masters degree proposed

- Professional: for entry into PR employment
- Academic: pathway to doctoral studies
- Core curriculum followed by “fork in the road” choices
CORE CURRICULUM

- Strategic public relations management
- Basic business principles and processes
- Communication/public relations theory and research methods
- Global influences on the practice of public relations
- Ethics
‘FORK IN THE ROAD’

Professional
Specialist options
Internship or advanced internship

Academic
More research courses
Dissertation
KRUCKEBERG ON PR EDUCATION

Prof Dean Kruckeberg, University of North Carolina Charlotte, Director of Center for Global Public Relations

Taken from speech to Middle East PR Association, January 2011.
Public relations is an **applied social and behavioral science**–with several **unifying generalizations**, regardless of application, which must be considered **scientific principles** in every sense of the word. These are:
1. A THEORETICAL AS WELL AS A PRACTICAL:

Understanding of communication – If you are to practice PR, you must be able to communicate, with a theoretical understanding of the communication process.
2. A THEORETICAL AS WELL AS A PRACTICAL:

Understanding of attitude and behavioral change, i.e., to understand reasons behind people’s attitudes toward you and your organization.
3. A THEORETICAL AS WELL AS A PRACTICAL:

Understanding of business administration. A background in management theory is extremely useful, as well as in financial management, e.g., accounting.
4. MEMBERSHIP IN THE DOMINANT COALITION.

Robinson uses the term “management team,” recognizing that it is impossible to practice this type of public relations without integrating the overall public relations programming into the overall management of the organization.
5. A STRONG SENSE OF ETHICS

The organization must achieve its ends in such a way that others are not harmed, and, ideally, they are aided in some manner. A *symbiotic relationship* is sought.
To practice public relations, you must constantly receive reliable feedback so that you can intelligently shape and modify your programs. You must continually perform research to determine the attitudes and the less stable opinions that people have of your organization or client.
WHAT REMAINS COMMON IN EXAMPLES OF GLOBAL INITIATIVES TO ASSURE EXCELLENCE IN PUBLIC RELATIONS EDUCATION IS THAT THEY OCCUR WITHIN A PROFESSIONAL COMMUNITY THROUGH THE FORMAL STRUCTURE OF PROFESSIONAL ASSOCIATIONS, ...

... all of which must fully engage in the global discussion of public relations practice, scholarship and education—each professional community, nationally, regionally and globally, must make its unique contributions to public relations as this professionalized occupation continues to evolve into a unified body of knowledge and best practices worldwide.
ROI – USAGE IN PR
ROI AND PR EVALUATION:

PROF. DR. TOM WATSON
BOURNEMOUTH UNIVERSITY
&
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UNIVERSITY OF LEIPZIG

INTERNATIONAL PUBLIC RELATIONS RESEARCH CONFERENCE 2012
MIAMI, FL, USA
DEFINING ROI

“The definition of ROI is a ratio of how much profit or cost saving is realised from an activity against its actual cost ... often expressed as a percentage. In reality few PR programmes can be measured in such a way ...” (IPR, 2004)

ROI is “a term commonly and non-specifically used by public relations practitioners when discussing the value to be created from communication activities” (Watson & Zerfass, 2011)
THE CONTEXT

PR has gradually taken up ‘ROI’ – not without misgivings

- Black (1971): “Fashionable to measure ROI in … business … but in the field of public relations it has little significance.”

- CIPR (2004) stated: “term PR ROI is often used very loosely. This is not only confusing but also misleading”

Watson (2005) found almost no use of ROI in academic papers
EMPIRICAL INSIGHTS

ROI questions within European Communication Monitor 2011 (ECM), based on a UK pilot study

2,209 completed responses from 43 countries

Q1: Do you regularly use the term ‘ROI’ or ‘Return on Investment’ when planning and evaluating communication activities?

Q2: Would you agree or disagree with the following statements? (seven statements, four of them consistent with the standard economic definition of ROI)
Usage of the ROI concept differs according to:

- **Hierarchy** (CCO/Agency CEO 53.7%, team member 34.5%)
- **Type of organisation** (Agencies 59.3%, Joint stock 51.1%, Non Profit 32.5%, Governmental 28.2%)
- **Country** (Spain 65.2%, UK 60.3%, Germany 34.1%, Norway 30.1%)
Q2 – PRACTITIONER VIEWS ON ROI

- ROI can be expressed in achievement of communication objectives: 83.1%
- ROI requires financial assessments of the resources used for communication: 72.5%
- ROI can demonstrate the non-financial value of communication: 70.5%
- ROI expresses communication’s contribution to the formation of organisational strategy: 62.8%
- ROI needs a standardised financial valuation of results achieved by communication: 58.0%
- ROI is the ratio of financial profit resulting from a communication activity against its actual cost: 52.8%
- ROI has to be defined in monetary terms: 38.3%
Q2 - ANALYSIS

‘Financial’ category proposes ROI is shaped by financial assessment of resources and a standardised financial evaluation of results which results in a ratio of profit and costs arising from communication activity. These have a mean of 61.1%.

‘Non-financial’ are composed of ROI as an expression of achievement of objectives, the creation of non-financial value and contribution to formation of organisational strategy. These average 72.1%.

May have validity as the two groups indicate different ROI concepts.
TWO EXPRESSIONS OF ROI

Classic: programme- or company-specific, based on media analysis metrics and limited to short-term publicity/promotional activity. Doesn’t focus on relationships or value creation.

Quasi-ROI: focused on non-financial objectives and outcomes, using models of communication management, including communication scorecards and value link models.
MISUNDERSTANDING
ROI

In business, costs incurred as “investments” are treated differently to normal operating costs.

Equipment bought to improve productivity and increase profits is added to organisational balance sheets and depreciated over a period.

Expenditure on PR and communications, including advertising, is treated as a cost and not added to balance sheets, according to international accounting conventions.
PR ISN’T JUST ABOUT MONEY

Conceiving PR solely in a economic frame ignores other spheres in which monetary value creation is not relevant or a minor part of objectives and strategies.

For example, governmental and not-for-profits make up a large part of PR activity.

Other PR effects of public relations are not simply measurable in ROI terms or monetarily-linked value: Campaigns to increase awareness and understanding, e.g. health promotion programs, or that support an organisation so it can take part in policy formation.
In financial management, ROI is about real financial results.

In some PR discussions, “Decreased Costs” and “Avoided Costs” are included in ROI calculations.

These are intangibles being turned into tangibles: ‘Guesstimates’, not valid data.

It’s like comparing apples and oranges – they are round fruit but not the same.
“... the complexity of communication processes and their role in business interactions means it is not possible to calculate Return on Investment in financial terms.”


“I tend to use the term ROI because PR people want to hear it used. I will now cease and desist from using it.”

James E. Grunig (2011)

“I dislike any attempt to hijack the term ROI. Accountants know what ROI means, and they can only view any softening or redirection or substitution of its meaning by marketers trying to validate their investment plans as smoke and mirrors.”

Philip Sheldrake (2011), p. 117
SUMMARY

ROI is a problem term, but we know it means that value has been created.

Its meaning to managers is precise and financial; but to PR practitioners, it is loose and vaguely relate to “value”.

It is time to create PR’s own language and create advantage:

• Show financial results and ROI where possible (i.e. short-time campaigns driving sales)
• Name financial savings where appropriate (i.e. employer branding efforts)
• Link communication goals to measurable business goals (outgrowth/outflow); these are not always financial, but also reputational, relational etc.
• Define measurable goals for any communication activities along the interaction process (input, output, outcome)
LITERATURE


COMMUNICATION CONTROLLING
AGENDA

Principles of Communication Controlling
Value links
Implementation
Case study examples
“Controlling” means “performance management”.

Controlling in general needs measurement. But controlling isn’t just measurement.

Controlling needs controllers. But controlling isn’t that what controllers do.

Controlling is “leading by measurable goals”. Only in relation to goals, do figures and indicators make sense.

Controlling is teamwork. Controllers are the business partner of managers.
“COMMUNICATION CONTROLLING”

Total approach to communication performance management, aligned with corporate objectives

Used at Deutsche Telekom, Siemens, BASF, Roche, Henkel, Commerzbank, etc

Close links between German and Austrian PR associations and management accountancy professional body – ICV.
Jointly agreed a position paper
PRINCIPLES

Contribution of communication to corporate value creation

“Soft” factors such as reputation, trust and preferences contribute to corporate value

Corporate communication drives these factors, once it is included in the strategic management process

Social media and stakeholder pressure is forcing organisations to improve communication and networks
Framework lays the structural foundation for communication controlling. It enables the systematic development of value chains running from corporate strategy to communication measures and their impacts onwards to corporate goal achievement.

In this way, the entire process of value creation through communication is made transparent.

Programs are broken down to subsequent communication objectives at each impact level, supplemented with appropriate metrics and targets.

The resulting value links establish a corridor of plausible cause-effect relations across all levels of communicative impact.
FRAMEWORK - 2

Fundamental to Communication Controlling

Developed from Lindenmann’s three step evaluation taxonomy: Output, Out-take, Outcome. (Out-take is not used)

Added to it are Inputs (costs and resources) and Outflow (the creation of value)

“Shows the gradual impact of communications on stakeholders and how communications are involved in the value creation process” (DPRG 2011, p. 12)
**Levels of Impact and Evaluation of Communications (DPRG/ICV 2009)**

**Input**
- Resources
- Employee Assignment
- Financial Expenses
- Personnel Costs
- Outsourcing Costs

**Measurement Range**
- Employee Assignment
- Financial Expenses

**Indicators (e.g.)**
- MEASURED OBJECT

**Output**
- Internal Output
  - Process Efficiency
  - Quality of Works
  - Product
  - Budget Compliance
  - Throughput Times
  - No. of Shortcomings
  - Readability/Fogg-Index
  - Satisfaction of Internal Clients
- External Output
  - Media Coverage
  - Content
  - Clippings
  - Visits
  - Downloads
  - Impact Ratio
  - Share of Voice

**Value Creation**
- Impact on Strategic and/or Financial Targets (Value Chain)
- Impact on Tangible and/or Intangible Assets (Capital Accumulation)

**Outcome**
- Direct Outcome
  - Perception
  - Utilization
  - Knowledge
- Indirect Outcome
  - Reputation Index
  - Brand Image
  - Strategic Awareness of Employees
  - Purchase Intention
  - Leads
  - Innovative Ideas
  - Project Participation

**Outflow**
- Sales
- No. of Project Agreements
- Cost Reduction
- Reputation Capital
- Brand Value
- Employee Performance

**Levels of Impact**
- High Impact on Value Creation
- Weak Influence of Communications Management
- Low Impact on Value Creation
- Strong Influence of Communications Management
DEFINITIONS

Input: expenditures on communication-related services; the use of financial and human resources

Output (two forms – internal and external): Internal is about the efficiency of producing and delivering communications; External is about the reach of the communication (media presence; website visits, etc)
DEFINITIONS

Outcome is the “actual impact on stakeholders”: the effect of the communication upon stakeholders’ perception of an organisation including their use of content and resulting increase in knowledge. They are both direct and indirect.

Outflow is the economic impact that results from influence on stakeholders exerted by corporate communications

“It becomes visible what communications have actually contributed to achieving the financial and strategic goals of the organization.” (DPRG 2011, p.14)
VALUE LINKS

External communications
Market communications
VALUE LINK EXAMPLE FOR EXTERNAL COMMUNICATIONS

Outflow

Support of local establishment

Low transaction costs

Indirect Outcome

Trust in the company and the senior management

Public acceptance of advantages resulting from the new establishment

Direct Outcome

Awareness of the company and its field of activity

Knowledge of reasons speaking in favor of the new settlement

External Output

Availability of communicative offers for relevant stakeholder groups (e.g. number of contacts, clippings, visits, media coverage of corporate key messages and strategic issues)

Internal Output

Efficient production and sufficient quality of communicative offers (e.g. open day, local publications, local and regional media and PR activities)

Input

Efficient allocation of financial and human resources in tune with corporate strategy
Value link example for market communications

Outflow

Strategic Readiness

Intended bookings for new destination

Indirect Outcome

Inclusion of new destination into relevant set of customers/potential customers

Direct Outcome

Awareness of offers and knowledge of its advantages

Stimulation of interest in the offer and information-seeking behavior

External Output

Availability of communicative offers for relevant stakeholder groups (e.g. media coverage of corporate key messages and strategic issues, number of media cooperation)

Internal Output

Efficient production and sufficient quality of communicative offers (e.g. feature stories, press trips, media cooperation packages)

Input

Efficient allocation of financial and human resources in tune with corporate strategy
IMPLEMENTATION

Communication Controlling has four phases

• Analysis
• Conception
• Operationalization
• Steering / Reporting
IMPLEMENTATION STEPS OF COMMUNICATION CONTROLLING

1. Analysis
   - Which data already exist in the company?
   - Which data can be obtained with reasonable cost and time expenditures?
   - What is the current status of corporate communications?

2. Corporate Goals
   - Which are the goals of the company for the current planning period?
   - Are these goals clearly defined and prioritized?
   - What are the strategic goals and what can the company do to achieve those?
   - The achievement of which of these goals requires the support of the communications function?

3. Communication Objectives
   - What do communications need to contribute in terms of stakeholder impact and economic outflow?
   - Which communications objectives are aimed at which stakeholder groups?
   - Which new potential assets need to be developed to address these objectives?
   - What do we have to do for that and what kind of resources will we have to invest?

4. Metrics & Indicators
   - How shall the success of communications be measured?
   - Which indicators and KPIs can be defined for these metrics?

5. Data Collection
   - Which data will be collected at which point in time?
   - Which evaluation methods and instruments are to be applied?
   - What do communications need to contribute in terms of stakeholder impact and economic outflow?

6. Steering and Reporting
   - Who is to be informed at which point in time or event?
   - In which form and way are the findings to be reported?
   - What kind of recommendations are expected to support decision-making?
IMPLEMENTATION STEPS OF COMMUNICATION CONTROLLING

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MAKING IT WORK

How clearly has the organisation defined its corporate objectives?
Are “scorecards” used?
Is measurement and evaluation part of corporate culture?
How is the communications function organised?
“Strong and visible” top management commitment is needed
Close cooperation with management accountants
IN PRACTICE – SHORT CASE STUDIES

Henkel
Deutsche Telekom
Siemens
IN PRACTICE -1

Henkel used Balanced Scorecard since 2002 – linked communication into it, worldwide

Deutsche Telekom – communication strategy built from corporate strategy objectives
IN PRACTICE - 2

Worldwide internal communications performance management, based on research-set KPIs
Communication Controlling leads the company’s communication process by setting measurable goals based on strategy.

Communication Controlling helps top managers understand how the corpcomms function contributes value and how it puts corporate strategy into action.

It will be the basis of a global standard of communication performance management.
PR HISTORY
AGENDA

Recent output
“State of Play”
Historiographic directions
KEY POINTS

Move from Grunig’s four “models”
Time for less corporatist approach;
“Reimagine” PR history
Proto-PR and “Public Relations”
Different directions in historiography
ANALYSING OUTPUT

2008: 8 articles #
2010: 33 papers (+2 keynotes)
2011: 29 papers (+1 keynote)
2012: 33 papers (+1 keynote)

TOTAL: 107 papers & keynotes

2010-2012: 180 abstracts (95 papers presented)

# Papers from JCOM special edition
ANALYSIS BY IHPRC THEMES

#1 History and Events (38)
#2 Professional & Practice (22)
#3 National Histories (21)
#4 Historiography (12)
#5 Theories of Public Relations (10)
#6 Proto-PR (5)
## BY CLASSIFICATION (TOSH 2009 & WATSON)

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WHERE NEXT - 1

Other voices

“US scholars have always tended to assume that activities referred to as PR have been invented by Americans and exported elsewhere.”

L’Etang 2008, p.328

Example of Germany and Austria
WHERE NEXT - 2

Away from Grunigian models

Not appropriate for cultures “with different paths of historical evolution”

L’Etang 2008, p.319

Proto-PR and Public Relations

Before 1870, it is Proto-PR: not “seen as strategically planned activity in medieval times and … did not use the framing of language and best practice accumulated now”

Watson 2008, p.20
HISTORIOGRAPHIC DIRECTIONS

“What historians write, about past events, about history”  
(Tucker 2009, xi)


McKie & Xifra (2012): Challenge existing historiography; postmodern analyses
“... time to remove the spin from public relations history” (p. 356)

Embrace the Embarrassing

Be historians, not promoters or censors of public relations’ history
Two directions in 45 years of PR historiography:

1. Fact-and-Event Oriented (FEOT) – Facts in historical order; focuses on personalities and their activities

2. Model-and-Theory Oriented (MTOT) – Give social explanation for developments; uses models/theories to reflect conceptual basis
Go beyond professional limits and occupational barriers; take globalisation and environmental impact into account

Research products of history; e.g. “invention of tradition”, nationalism campaigns

“Bottom up” research for the undocumented perspectives

History is “increasingly liquid and is being refashioned and retheorised”
LET’S GET DANGEROUS

PR historiography ‘comfortable’ for too long
Take a more analytical, critical view
Move away from corporatist emphasis
“Reimagine” PR history from activist view
Build oral histories of unconsidered and ignored voices
Show PR’s strengths, failings, impacts
LET’S COOPERATE

Increase cooperation between PR historians
Map archives available for researchers
Comparative studies; track international PR across cultures
Get greater leverage for bids to research bodies and industry associations
Create a peer reviewed journal for PR history (WiP)
CONCLUSION

Push the boundaries; Away from Anglo-American focus
Separate proto-PR from ‘public relations’
Avoid Grunigian analysis
Seek new and “other” voices
Take a critical stance; “Reimagine” the history of PR
Be more dangerous
Cooperate across borders