

MODULE – III

Chapter 3

Functions of Corporate Communication and Public Relations

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(A) MEDIA RELATIONS

INTRODUCTION:

Media relations involve working with media for the purpose of informing the public of an organization's mission, policies and practices in a positive, consistent and credible manner. Typically, this means coordinating directly with the people responsible for producing the news and features in the mass media. The goal of media relations is to maximize positive coverage in the mass media without paying for it directly through advertising.

Many people use the terms public relations and media relations interchangeably; however, doing so is incorrect. Media relations refer to the relationship that a company or organization develops with journalists, while public relations extend that relationship beyond the media to the general public.

It is possible for communication between the media and the organization to be initiated by either side, however dealing with the media presents unique challenges in that the news media cannot be controlled — they have ultimate control over whether stories pitched to them are of interest to their audiences. Because of this fact, ongoing relationships between an organization and the news media are vital. One way to ensure a positive working relationship with media personnel is to become deeply familiar with their "beats" and areas of interests. Media relations and public relations practitioners should read as many magazines, journals, newspapers, and blogs as possible, as they relate to one's practice.

Organizations often compile what is known as a media list, or a list of possible media outlets who may be interested in an organization's information. The media can consist of thousands of magazine publications, newspapers, and TV and radio stations. Therefore, when a "newsworthy" event occurs in an organization, a media list can assist in determining which media outlet may be the most interested in a particular story.

Working with the media on behalf of an organization allows for awareness of the entity to be raised as well as the ability to create an impact with a chosen audience. It allows access to both

large and small target audiences and helps in building public support and mobilizing public opinion for an organization. This is all done through a wide range of media and can be used to encourage two-way communication.

Possible reasons an organization may reach out to the media are:

- Launch of a new product/service
- Initiation of new factories/offices
- Financial results
- Organization sponsored events or awards
- Launch of organization promotional campaigns
- Recent disasters, strikes or organizational closures
- Awards/accolades for the company
- Visits from company dignitaries/celebrities
- Involvement in local/community activities
- Community Engagement.

IMPORTANCE OF MEDIA RELATION:

The media shape our opinions. Media take many forms – print, websites, webcasts, radio, television, and digital media. The media influence education stakeholders including parents, students, the staff, and community. News reports about the actions of students and staff are a regular feature of the media. Reporters are always interested in a story. Tragedies are the biggest source of news, and when one occurs in a school district, there is high media interest. Effective media relations develop positive stories to share with parents and the wider community, while also building a foundation of trust for the unfortunate times when boards and staff members are faced with challenging crises. All staff members can work to improve media relations. All areas of the school system have good news to share with the public and should find opportunities to do this as often as possible. A human interest or a unique angle can make a good story for publication. Staff members at the system and school levels and members of the corporate board exercise significant influence in the community when speaking about their work to students, parents and other

community members. Preparation and planning are essential to positive media relations. Supervisory officers must work to build a culture in which the staff is aware of the importance of communication with the media, and is open to improving relations. It is important to focus on the regular communication vehicles of news releases, reports, and calendars to keep the media and public informed of the work of the board and to engage them further. The board must have effective media policies and procedures, plans for critical incidents, and communication protocols. Staff training is essential. When staff members know what is expected, they will be confident in working with the media.

Importance of Media:

- In today's image related world corporate-media relations have turned pro-active and can no longer afford to merely remain reactive. One cannot think of issuing denials and seeking distance from the media, print or electronic. Fortunately for almost all corporates there is a growing perception that if they were not transparent and straightforward the gap would be filled by inaccurate reporting and misinformation. Therefore, the old saying is true 'You can run but can't hide'.
- These days the companies are managing the flow of information and at times even influence the media. Corporates have come to realize that if the channels of information is not open, many new stories would break. Rumours would go around and investigative journalism would uncover the information that is normally not accessible.
- The Stock Scam and the Enron case in India are classic examples where the media played a role that compensates for the weaknesses in the system. Media constitute one of the most important publics for the corporate communicators. As far as corporate communicators are concerned historically however even today the print media has been the main media in India. The press continues to be the most prevalent media

- to communicate the policies of the corporate, functions and achievements and also build an image for the organisation.
- The non-press media like TV, radio, cinema etc. has gained momentum and reached the corporates considerably. Obviously the emphasis will be to use a judicious mix of the press and the non-press media so that the communication process becomes such more effective.
 - Whatever media the corporates use, the centre of focus for them would be to communicate with the media persons and through them to the various other publics. In fact, they are the people towards whom the most effective and purposeful media relation programmes are to be directed.
 - Positive news coverage offers higher credibility as compared to paid advertising.
 - The cost of coverage in media is lower in comparison to the advertising cost.
 - Third party endorsement is a good idea to establish the reputation of an organization.
 - It allows the press to give business coverage so that the audiences get to know about the company's products, services. It also helps companies in building their brand presence using media.
 - Businesses need it to maintain long term relationships with the media professionals so that they are able to bag advantages in the future.
 - When a company maintains good relationship with the journalist, it becomes easy to pitch them for coverage.
 - One of the most essential aspects of getting press coverage via robust media relations campaigns is that you are able to build more control and reinforce the brand image that you are aiming to create through advertising and marketing.

But, **getting media coverage** is not an easy job as competition is growing with every passing day. Hence, the role of media relations services is to make the coverage of a firm attractive.

In this age of enhanced accountability, the interrelationship between efficient media relations, top rated corporate reputation and sales

performance has become very prominent. Good media relations have the ability to arouse interest in your target audience.

So, if you have not thought about **improving your image through media relations** yet, then it is time to think about it. There are many PR agencies that can help improve your brand image. But, before selecting any public relations agency, understand their service offering first so that they can be utilized in the best possible way.

(Source: <https://medium.com/.../the-importance-of-media-relations-in-an-organisation-83e4be19d...>)

SOURCES OF MEDIA INFORMATION:

Media sources are important because the medium in which we receive a message shapes the message. Modern **media** comes in many **different** formats, including print **media** (books, magazines, and newspapers), television, movies, video games, music, cell phones, various **kinds** of software, and the Internet. Each **type of media** involves both content, and also a device or object through which that content is delivered.

(1) NEWS PAPERS:

A newspaper is a collection of articles about current events usually published daily. Since there is at least one in every city, it is a great source for local information.

The Newspaper is the most accessible medium to disseminate information. Though there are other media like cinema, radio and television but these are not easily available to the mass public. Therefore newspapers are the most effective vehicles for communicating with the public in the remotest parts of a country which is almost the size of a continent. Newspapers as an instrument of persuasion are of paramount importance because people in India seem to believe and have same sort of a blind faith in the printed words.

Use:

- (a) To find current information about international, national and local events.

- (b) To find editorials, commentaries, expert or popular opinions.

(2) MAGAZINES:

A magazine is a collection of articles and images about diverse topics of popular interest and current events. Usually these articles are written by journalists or scholars and are geared toward the average adult. Magazines may cover very "serious" material, but to find consistent scholarly information, you should use journals.

Use:

- (a) To find information or opinions about popular culture.
- (b) To find up-to-date information about current events.
- (c) To find general articles for people who are not necessarily specialists about the topic.

(3) BOOKS:

It refers to works of literature, or a main division of such a work. In library and information science, a book is called a monograph, to distinguish it from serial periodicals such as magazines, journals, or newspapers.

Use:

- (a) When looking for lots of information on a topic.
- (b) To put your topic in context with other important issues.
- (c) To find historical information.
- (d) To find summaries of research to support an argument.

(4) WEBSITES:

It is a collection of related web pages, including multimedia content, typically identified with a common domain name, and published. Examples Face book, Google Yahoo and YouTube.

Use:

- (a) To find current information.
- (b) To find information about companies.
- (c) To find information from all levels of government – federal to location.
- (d) To find both expert and popular opinions.

- (e) To find information about hobbies and personal interests.

(5) DATABASE:

It is a collection of information that is organized so that it can easily be accessed, managed, and updated. In one view, databases can be classified according to types of content: bibliographic, full-text, numeric, and images.

Use:

- (a) To find articles on your topic in magazines, journals or newspapers.

(6) POPULATION CENSUS:

Census is conducted every ten years. It is the broadest based database offering a profile of the people living in a particular region. The census data provide information about the population size, population strata, age, sex ratio, literacy level, family size and forms, Area, Administrative Divisions, Annual Exponential Growth Rate, Variation in Population, Institutional & Houseless Population, Population Density, Rural Urban Distribution, Broad Age Groups, Number of Literates & Literacy Rates, Work Participation Rates, Religions, Languages Spoken, Number of Households & Household Types, Scheduled Castes & Scheduled Tribes Population etc.

(7) ANNUAL ECONOMIC SURVEY:

It provides an industrial survey, based on socio-economic classification, income and occupation etc.

(8) INDIA YEARBOOK:

This book provides a holistic view of data on various aspects of governance, demographics, progress, etc. since the data are compiled from various governmental sources, they have a high degree of accuracy and authenticity.

(9) INDIAN NEWS AND FEATURE ALLIANCE YEAR BOOK (INFA):

It provides detailed information on various newspapers and magazines. The data includes basic information about India, who is who in the press, in marketing and advertising, a list of

publications with details about number of additions, mechanical data about the size of the population, and so on.

(10) AUDIT BUREAU OF CIRCULATION (ABC):

ABC provides advertisers with impartial and orthodontic check of circulation statements of member publications.

(11) PRESS RELEASE:

Meaning and Nature:

Press release means to make the news known publicly or allow to make the news known publicly; sometimes it is also called as handout or news release. The press release is an official statement issued by the government or the organisation. Press release is the most popular way of issuing news, information and article to the press or to give due publicity. Every press release should be prepared carefully and pre-verified before it is distributed. Sometimes the same may be sent to the broadcast media like radio and television.

The government department and the commercial organisations prefer to send the press release to the news agencies who in turn with the help of teleprinter network transmit to the newspapers.

In case if the news has public interest in other countries, the press release may be forwarded to the foreign news agencies like the BBC and the central office of information.

While preparing the press release the PR department must collect detailed information. In doing so it has to access to all the sources, authorities and powers within the organisation which is concerned directly.

In order to ensure utilization by the press, timing of the press release is a very important factor.

Characteristics of a Good Press Release:

- (1) Brief:** A press release should be brief and precise. It is seen that newspapers are always hard pressed for space. If a release is brief and precise, its chances of getting included in the newspaper will be brighter. Press releases for national newspapers should be shorter than those which are meant for local newspapers.

- (2) **Simple Language:** Press releases should be drafted in a simple language and conventional style. In case the news item is not readable, the reader either avoids or decides not to read it which is as good as not reading. Hence the press release must be prepared in a lucid style.
- (3) **Newsworthy:** Newsworthiness is the basic principle of a good press release. If the news does not have any news value, no one will be interested in reading it and no newspaper would accept it for publication.
- (4) **Factual Truth:** Integrity is one of the important principle of business communication and factual truthfulness is a matter of Integrity. One should realise that misrepresentation of the facts with a view to misleading the public might bring immediate benefits but is it bound to backfire sooner or later.
- (5) **Suitable for Publication:** A press release should be suitable for publication in the journal or newspaper to which it is sent. Company press releases should not be sent to literary sports or any of the film journals.
- (6) **Answer to Five 'W's:** One should make it sure that the relevant among the 5 W's – Why, Where, When, What and Who. Why should be taken care of? It may not be possible to answer why always. But if these details are included, they give depth to the release.

Where? It reveals the location, which is also important.

When? Since old news is no news the timing of the press release is very important.

What? What happened that is newsworthy.

Who? Name the people involved as names are usually newsworthy.

There are a few other points that can be kept in mind while preparing press releases:

- Every release should be accompanied with a covering letter.
- The paragraphs should be kept short and they should be provided with sub-headings if desirable.

- Every release should be given a heading which is catchy and suggestive.
- The first two paragraphs should be interesting giving the gist.

Specimen of Press Releases:

Example 1:

A press releases regarding an important appointment.

Covering letter:

Mahindra and Mahindra Limited

Kandivali, Mumbai.

November 18, 2017

The Chief Reporter,
The Economic Times,
Mumbai.

Dear Sir,

Subject: Press Release

I am enclosing a press release relating to the appointment of Shri. Anand Mahindra as our vice-chairman. I hope it will be accommodated in your column 'Executive Diary'. Mr. Anand's photograph is also enclosed.

Yours Sincerely,

For Mahindra and Mahindra Limited

S. Kelkar

Public Relation Officer

Encl.: (1) Press release.

(2) Mr. Anand's photograph.

Press Release:

Mr. Anand Mahindra, the new Vice-Chairman of Mahindra and Mahindra Limited.

Mr. A. K. Mahindra, Personal Director Mahindra and Mahindra Limited has been elevated to the position of vice chairman of the company. A Mechanical Engineer, Mr. Anand has been with the company since 1980. He is the president of the Indian Chambers of Commerce and Executive members of the western regional committee of the Employees Federation of India.

Mr. Anand Mahindra is a multi-dimensional personality gifted with visionary powers as well as dynamism. His elevation to the position of Vice Chairman is bound to take the company to new heights.

Example 2:

A press release announcing a seminar-cum-workshop being organised by your company and inviting participants.

Seminar-Cum-Workshop:**Managing beyond 2000 concepts, skills and tools:**

In the present economic environment of aggressive and cut-throat competition, the company executives will find it a great challenge to retain their position in the corporate world. They have to display exceptional awareness, vision and skills.

In order to equip the executives to face the challenges of tomorrow successfully, the Birla Group of companies is conducting a two day seminar-cum-workshop on the above subject in November, 2017.

Programme Director & keynote speaker Dr. R. K. Gupta, Managing Director Birla Export House.

Other important speakers (1) Shri. V. P. Singh, MD, Tatas.
(2) Shri D. R. Thakur Personnel Manager, U. P. Udyog Limited.

Date 8, 9 November, 2017.
9.00 a.m. – 5.00 p.m. both days.

Venue	Conference Room, Birla Export House, Napean Sea Road Mumbai. Phone: – 23489359.
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Those desirous of participating should contact the Administration office, Birla Export House by 20th October 2017.

BUILDING EFFECTIVE MEDIA RELATIONS: *(Nov. 18)*

The media plays a very important role in delivering news and information about the organisation to the public. Building effective media relations is very important so that it meets the purpose of disseminating knowledge. In order to build effective media relations, it is necessary to follow the following steps:

(1) Research Your Angle:

Before you even think about writing the pitch or clicking send, be sure to take a moment to step back and research your angle. This is your opportunity to establish whether the angle has been covered before — and chances are it has — so that you can determine whether you're trailblazing or adding a new insight to an existing storyline in the pitch.

Saturation of a storyline can vary between media groups, too. Just a little Google Search can go miles toward helping you give media the most relevant and useful information on behalf of your brand. Use insights to shape your angle, inform content and even media targets. Here are some goals to guide you in your research.

- **Find the white space.** Discover media who haven't covered this topic, or a question left unanswered by existing news that only your brand can address.
- **Show media that you've read their news and tailor.** You want your reporters to feel like you've read what they're writing, and that you've truly chosen them for this story based on what you expect they'd be interested in. There's no need to lie. Actually tailor your pitch based on insights from your research.
- **Create a more complete story.** The "perfect story" sometimes isn't good enough to get covered today, especially when it's

soft news. Find trusted third-party data points, trends and other insights you can weave into your pitch to make it easier and more compelling to cover you.

(2) Anticipate Needs:

Your media targets might come back to you asking for visuals, interviews, more information, data, background, etc. As PR pros, it's our job to prepare for these possibilities beforehand and make sure — to the best of our ability — we're being partners for media in telling a story we've pitched.

- **Visuals.** Does your reporter often use images? Video? If so, pull some great visuals together to save your media from having to hunt for images in addition to writing about your news.
- **Spokesperson availability.** What if your story is going to be slated for tomorrow? Are you prepared to get your spokesperson on the phone? Don't let email or phone delays for pulling availability be the thing that keeps you from getting an interview.
- **Quotes and press materials.** Some media can write around a press release, or they'll just want a simple quote from your team. Get your press materials prepared and approved beforehand, so you know what you have to offer and can click send right away.
- Your media may ask you about timelines and plans related to your news. If you're so focused on the current announcement that you've lost track of what you can speak to in the future, you might get yourself into a jumble.
- **Third-party experts.** Most media will find third-party experts if needed, but if you can offer recommended partners who can flesh out your storyline along with interviews of your own team, you're cutting out work for media, being helpful and having greater control of the message you're conveying.
- **Questions and answers.** It's always good to take a step back from your news and think critically about the types of questions someone might ask. Prepare your Q&A

beforehand, if possible, so you're ready to respond as soon as possible should questions arise.

(3) Introductions and Contacting Media:

You've done all the work to prepare, but don't forget that at the end of the day, we're in the business of working with people! Take advantage of these quick tips whenever possible to ensure your emails or calls are well-received when it comes time to pitch.

- If this is the first time you're reaching out to media, be sure to take a moment to introduce yourself and the brand you're representing. Make it clear to the contact you're pitching what kind of news you intend to share in the future, how you can help them and the resources you have at your disposal.
- **Ask questions.** Take the opportunity to ask if there's anything that reporter is hoping to hear about specifically from you already, and if they're open to discussing editorial interests. They may already have an idea of what they want from you. No need to blindly pitch if they're willing to tell you what they're looking for.
- **Expressing your intentions.** Taking a moment to state that you have an interest in sharing relevant, helpful information, can go a long way toward building a great relationship with media. Remember, there are good and bad PR pros. You want to make it clear that you're one of the best and you're not here to waste time.
- **Connect on a personal level.** Don't spend so much time "working" that you forget to treat media like humans. It's okay to wish someone a nice day, ask them how they're doing and learn about them as people. Build a real relationship and forget about the work for a second. These kinds of genuine relationships extend beyond the beat that reporter is assigned to and can help both of you in your careers down the line.
- **Social media.** Most major media are required to amplify their digital news via social media. Help a reporter out! Share their news, read it, comment on it, etc. Take advantage of the opportunity to connect via platforms like Twitter, where it's

expected and even encouraged to interact with the wider public, not just close-knit friends. This can help you stand out in a crowded inbox.

- **Ask yourself what's vital vs. what's interesting.** When deciding what to include in your pitch, ask yourself if there's anything you can save for follow-up. If something isn't critical, you risk it standing in the way of the information you absolutely need to convey to media. Be the sceptic about your writing and get a second opinion if you need to.

(4) **Practice Good Habits and Earn Favour:**

Remember, reporters and editors don't need to work with PR pros. At every turn, do your best to make sure it's clear that the relationship is mutually beneficial. Do favours, be genuine and be helpful. Here are a few things to shoot for:

- **Honour timelines or beat them.** Work with your media to get them the information they need in advance of their deadlines, not right before them. Think about their schedule. Time is a fantastic gift — the more you give it, the better reputation you'll have for coming through in a pinch and making their jobs easy.
- **Offer and honour exclusives.** An exclusive piece of news that's perfect for one of your media targets can really make a reporter look good with their team, but be careful not to offer anything you can't deliver on later.
- **Amplify news.** If you've received coverage from media — again — the job isn't done! Show your appreciation by sharing across social networks, in email newsletters, and in the newsroom. Feel free to send a note of thanks. Do what you can to bring readers to that piece of news. Media are tracking engagement with online news, as well as traffic. If they see your news is getting great numbers, that's a signal to keep covering it.
- **Read and engage with news that's not about you.** Make it clear you're interested in your contact's news and that you're following their beat. In the long term, you might find this kind of effort and understanding leads to opportunities for

your clients to be quoted as a source. It also keeps you savvy for pitch writing.

- **Bring your reporter in as an expert.** Media are some of the most current and savvy when it comes to their beat. They receive pitches all day long about the latest in the industry. If you have an opportunity to conduct a roundtable, you're participating in a webinar, you're commissioning an e-book, etc. that fits in their space, look for chances to invite them into the fold and pull from their expertise.
- **Stay in touch.** Don't just pitch once and drop off the map. Share relevant news and information about your clients as an FYI to reporters and continue to think of proactive story angles. Your goal is to build a reputation as a fantastic resource for that contact. There are lots of ways and reasons to stay in touch. So keep track of your budding relationships and nurture them!

The most important thing I can underscore is that half of the above tips come **before the initial pitch**. Taking time to follow necessary steps for preparing to contact media is vital for building great relationships, telling good stories, offering smart and helpful information, and ultimately maintaining a positive perception of the role PR pros can play in bridging media to clients in-house or on the agency side.

PRINCIPLES OF GOOD MEDIA RELATIONS:

- (1) A relationship is both inevitable and necessary between an organization and the media. The actions of the organization will determine if this relationship is good or bad.
- (2) The organization should publicly speak with one voice, by designating and preparing a single spokesperson or multiple spokespeople with a coordinated message.
- (3) The person closest to the situation should be the designated spokesperson or at least be in close communication with the spokesperson.
- (4) "No comment" is never an option. Every bona fide question should be addressed.

- (5) The organization should look upon reporters as allies in reaching various publics rather than as intruders or enemies.
- (6) The organization should consider itself accountable to all of its various publics, internal as well as external. This includes customers, employees/volunteers, stockholders/donors, supporters, and the community. Further, it should view the news media as one of the vehicles available for communicating with these constituencies.
- (7) The organization should not expect to control the media's agenda or their assessment of what is newsworthy. But it can help add issues to that agenda.
- (8) The public/media relations office should always be "in the loop" in all newsworthy situations, especially those with negative potential.
- (9) Reporters should be accommodated with professional assistance such as parking permits, access, and a functioning media room.
- (10) The organization should expect that it occasionally will "take a hit" in the media. Its response should be to accept this, try to understand it, and get over it as quickly as possible.
- (11) Media scepticism and scrutiny can be more bearable when the organization interacts with reporters in a timely manner and with openness, accuracy, and candour.
- (12) Media coverage is considerably more credible than advertising. The effective use of the news media gives an organization a believable voice in the community.

Five classic mistakes to avoid when dealing with the media:

- (1) **Not understanding the 'media mind-set':** The more you understand how the journalist thinks, the more likely you are to be able to deliver something he or she is looking for. All they want is something that will catch the attention of their readers (or viewers, or listeners).
- (2) **Not responding quickly enough:** Reporters and editors are busy people, so if they call up looking for comment or opinion, get back to them as soon as possible. Reporters know people are sometimes hard to get hold of, so they will often

- put out a couple of calls and the company that responds most quickly most often gets the quote.
- (3) **Not preparing for the interview:** Problems most often occur when people just respond to the journalist's questions, rather than thinking clearly about what they want to get across. Use the time to really think about what you want to get across and what would be of interest to their particular readership or audience.
 - (4) **Not getting to the point:** This is particularly important if you get the chance to go on radio or TV! Journalists are under pressure to deliver a lot of material quickly. They get frustrated by people who go into endless irrelevant detail rather than getting on with it. So give them the bottom line point as soon as possible - you can always back it up with the evidence afterwards. Otherwise they may just lose interest and go elsewhere.
 - (5) **Talking in jargon:** Don't make the mistake of assuming everyone knows as much about your industry as you do. Even if you are talking to a trade publication, the reporter is unlikely to be as much of an expert as you are. Use the vernacular not technical language - in other words think you how you would explain it to a friend or family member, who is not in the same line of business.

(B) EMPLOYEE COMMUNICATION

INTRODUCTION:

Employee communication means sharing of organizational information among the employees. It is the process of establishing relationship, Commitment and Management While designing an employee communication programme the PR department must focus on understanding the composition of the employees to whom the communication is directed. The public relations officer must know the needs, objectives and problems of his employees. It is also important to identify the different types of employees according to their status positions, privileges and what is the impression of the employees towards the organisation.

The above task will become easier if an opinion survey of the employees is carried out which will reveal what needs to be communicated effectively.

NEED FOR EMPLOYEE COMMUNICATION:

The in-house campaign is best suited for tackling the issues involved in employee communication from inside. Since the solutions to the problems come from the bottom up, everyone is expected to participate in the creativity of the organisation. It is not one person but all must think and act together to find various ways to grow. The employee communication aims at receiving positive feedback with the help of verbal and/or non-verbal means, which in reality is a sender/receiver activity.

According to Redfield (communication in management) whether an organisation aims at service, production or distribution, it consists of individuals and groups of people. Their work is related to the work of the other groups and individuals as well as the organisation.

Therefore the policy of an employee oriented corporate culture cannot be carried without the total internal communication which plays a decisive role. Individuals cannot do without communication if they want to function in a way that is both motivating and motivated. The employee's need correct and thorough information in order to be able to propagate the organisation's identity and stand UP for one's organisation if attacked by others. Correct employees communication increases interest in the organisation, supports and strengthens its identity.

REQUIREMENT FOR EFFECTIVE EMPLOYEE COMMUNICATION:

The following are the requirements for effective employee communication:

- (1) Employee communication must be recognised as an essential tools of management.
- (2) All the employees must be informed concerning their mutual interest in the success of the company.
- (3) Individual managers must actively support corporate communication efforts.

- (4) Communication cannot be left to chance. Emphasis must be placed on communication and measurement.
- (5) The top management must establish a communication climate so that other department will reflect this climate.
- (6) It is necessary to take a long-term investment in professional talent and communication programming must be made.
- (7) The management must recognise its responsibility to listen as well as to speak. It must also recognise the desire of the employees to help their company.

SOURCES OF EMPLOYEE COMMUNICATIONS: (Nov. 18)

Employee Communication and Media:

There are various medias available for employee communication. The PRO has to determine a suitable medium depending on budgets provided for employee communication. The medium selected should be appropriate that can effectively convey the message. Generally the medium of communication should aim at the entire group and in respect of some messages to selective group.

The following are the media generally used:

- (A) **Print Media:** Newsletters, Magazines, Handouts, Brochures, Pamphlets, fliers, Posters, Display in cafeteria and Bulletin boards.
- (B) **Visual Media:** Television, Video, Slides and overheads projector.
- (C) **Electronic Media:** Desktop publishing, Electronic bulletin boards, E-mail, Voice-mail, Interactive Media, Telephone hot-lines, Web-sites, Pagers, Cell-phones, Teleconferencing and Video-conferencing.
- (D) **Others:** Meeting, Expressing ideas, Suggestion Systems, Employee Surveys, Small group meetings, Informal group and Media survey.

Media of Oral Communication:

The following are the media of oral face communication

- (1) Face to face telephoning,

- (2) Conferences including those of the press,
- (3) Demonstrations,
- (4) Radio,
- (5) Recording,
- (6) Dictaphone,
- (7) Meetings,
- (8) Rumours,
- (9) Grapevine,
- (10) Public address system,
- (11) Oral report, and
- (12) Closed-circuit televisions.

Media of Written Communication:

The following are the media of written communication:

- (1) Letters.
- (2) Pamphlets.
- (3) Memorandum.
- (4) Office orders and pay packets inserts and special circulars.
- (5) Office orders.
- (6) Instructions.
- (7) Manuals.
- (8) Office notes.
- (9) Explanations.
- (10) Magazines circulars.
- (11) Posters.
- (12) Reflects.
- (13) Brochures.
- (14) Bulletins.
- (15) Union publications.
- (16) Complaints and suggestions.
- (17) House journals.
- (18) Handbooks.

(19) Annual reports.

(20) Newsletters.

(21) Proposals.

(22) Agreements.

(23) Special circulars.

Downward Communication:

The communication is said to be downward when it flows from the top to bottom. In the levels of management, this direction means the flow of communication from superiors to subordinates. When information comes from higher level to a lower-level in the organization structure, it is termed as downward communication.

The information passes through written orders, reports, rules, instructions, manuals, policy directives etc. Downward communication may be circulated either by oral or written media.

Purpose of Downward Communication:

There are five basic purposes for sending messages from superior to the subordinates. They are:

- (1) To provide specific task directives or instructions on how to do the job.
- (2) To provide information about organizational policies, procedures and practices.
- (3) To provide feedback on performance to the subordinates.
- (4) To provide philosophical information regarding the organization's mission or orientation towards goals of the organization.
- (5) To provide information which produces an understanding of the task.

What should be Communicated Downward?

- (1) Subordinates needs and wants
- (2) Organizational policies
- (3) Employment conditions
- (4) Sense of feeling and communications
- (5) Feedback.

Upward Communication:

A communication is said to be upward when it moves from the bottom to the top. In the organization structure, from the bottom to the top means the flow of communication from subordinates to superiors. Whenever information moves from a lower-level to a higher level in the organization, it is termed as upward communication. Upward communication may be transmitted either by oral media or written media.

What should be Communicated Upward?:

- (1) Reports,
- (2) Suggestions,
- (3) Complaints, and
- (4) Grapevines.

Purpose of Upward Communication:

- (1) To create receptiveness of communication,
- (2) To create a feeling of belonging through participation,
- (3) To evaluate communication, and
- (4) To demonstrate a concern for ideas of each individual.

ORGANISATIONAL CONSTRAINTS:

A large number of organisations very often fail to make use of the skill and knowledge that are possessed by their employees. The fact is that even the workers today want more involvement in and control over their own work.

In the history of employee relations all over the world, the subject of employee involvement has been a topic of recurring interest.

There are varied reasons for the same. They are:

- (1) Employees are often unaware of what others are doing in the whole organisation.
- (2) They are under the impression that any type of face to face communication, meeting and discussions is waste of time.
- (3) When the employees are not allowed to influence events they feel powerless and also lose a feeling of commitment.

- (4) Employees develop a feeling of insecurity when they are not able to see the value of their position.
- (5) Employees are ignorant about the organisational goals and they do not know what makes an organisation successful.
- (6) Supervisor and Employee Communications.
- (7) Supervision is often considered to include designing the job, hiring someone to fill the job, training them, delegating to them, guiding them via performance reviews, helping them develop their career, noting performance issues, and firing them, if needed. Obviously small non-profits may not be able to afford full attention to all of these activities.
- (8) However, there are several basic and regular activities which provide a solid foundation for effective supervision. These basics ensure that everyone is working together -- as important, that staff *feel* they are working together -- towards a common cause.
- (9) Ironically, these basics are usually the first activities that stop when an organization is in a crisis. Consequently, an organization development specialist, when "diagnosing" an organization, often first looks to see if these basics are underway. The following activities should be conducted by the new employer's supervisor.
 - (1) **Have all employees provide weekly written status reports to their supervisors:** Include what tasks were done last week, what tasks are planned next week, any pending issues and date the report. These reports may seem a tedious task, but they're precious in ensuring that employee and their supervisor have mutual understanding of what is going on, and the reports come in very handy for planning purposes. They also make otherwise harried staff and managers stand back and reflect on what they're doing.
 - (2) **Hold monthly meetings with all staff together:** Review the overall condition of the organization and review recent successes. Consider conducting "in service" training where employees take turns describing their roles to the rest of the staff. For clarity, focus and morale, be sure to use agendas

and ensure follow-up minutes. Consider bringing in a client to tell their story of how the organization helped them. These meetings go a long way toward building a feeling of teamwork among staff. See Guidelines for Meeting Management.

- (3) **Hold weekly or biweekly meetings with all staff together if the organization is small (e.g., under 10 people); otherwise, with all managers together:** Have these meetings even if there is not a specific problem to solve -- just make them shorter. (Holding meetings only when there are problems to solve cultivates a crisis-oriented environment where managers believe their only job is to solve problems.) Use these meetings for each person to briefly give an overview of what they are doing that week. Facilitate the meetings to support exchange of ideas and questions. Again, for clarity, focus and morale, be sure to use agendas, take minutes and ensure follow-up minutes. Have each person bring their calendar to ensure scheduling of future meetings accommodates each person's calendar.
- (4) **Have supervisors meet with their direct reports in one-on-one meetings every month:** This ultimately produces more efficient time management and supervision. Review overall status of work activities, hear how it's going with both the supervisor and the employee, exchange feedback and questions about current programs and services, and discuss career planning, etc. Consider these meetings as interim meetings between the more formal, yearly performance review meetings.
- (5) **Develop a Basic Communications Plan.**
- (6) **Whether planning your internal or external communications efforts, it helps a great deal to develop a communications plan, either informally or formally. For example, consider:**
 - (a) **What key messages do you want to convey?**
 - (b) **To what key stakeholders do you want to convey the key messages (e.g., consider clients, funders, community leaders, service providers, etc.)?**

- (c) What's the best approach to reach each key stakeholder, including who/how should the message be conveyed?
- (d) How will you know if you're reaching these stakeholders?

ORGANIZING EMPLOYEE COMMUNICATIONS:

Employees significantly influence the outcome of any work project. If you communicate strategically and with purpose, you're more likely to see all of your employees working with a common purpose toward shared organizational goals. Effective employee communication allows everyone to stay informed and work toward shared organizational goals. It keeps employees engaged and eager to contribute to the company's success.

Steps in Organizing Employee Communication:

- (1) **Set a Clear Vision and Goal:** Set a clear vision for the future with involvement and commitment of all the members of the organization. Encourage the employees to understand the aims of the organisation. The goal that is set should be realistic.
- (2) **Be Clear and Concise:** Overwriting and using technical Jargon will lead to confusion and misunderstanding. When you wish to instruct the belief. Every word that is unnecessary only pours over the side of a brimming mind.
- (3) **Create a Dialogue, Not a Monologue:** Communication should function as a method of engagement, not simply a message of instruction. Where possible, facilitate personalised conversations and interactions. Remember that the goal is to support and delight employees and to make them feel valued. Employees feel valued if they feel you are speaking to them directly, listening to them carefully and responding personally.
- (4) **Foster a Culture of Transparency:** a communication strategy will fall short in corporate commitment falls short, and success always starts at the top. An open door transparent office culture builds employee trust, respect for the organisation's mission and leaders and ultimately employee satisfaction at work.

- (5) **Set the tone at the top:** CEOs and senior leaders need to set the tone. They need to be visible and accessible, and they need to understand that there's a correlation between strategic employee communication and the achievement of organizational goals.
- (6) **Understand your employees:** You may need to communicate differently with different audiences. Consider surveying them regularly and ask whether they are getting the information they need.
- (7) **Use many channels:** Most people need to hear or see a message multiple times, in multiple ways, to understand it completely. Distribute your messages electronically, in writing, face-to-face, and at meetings. Your message should be consistent across all these channels.
- (8) **Notify employees first:** When you prioritize your communications, always think of your internal people first. Your employees should hear it from you before they hear it from anyone else. They shouldn't be surprised by a media report.
- (9) **Match actions with words:** Do what you say you're going to do. Otherwise, you undermine your credibility, and employees are less likely to believe or take seriously future communications.
- (10) **Emphasize face-to-face communication:** Although today's employees may be more tech-savvy than ever, nothing beats human interaction. Most employees want to hear news and information from their supervisors. Train managers in how to communicate, and provide them with the necessary tools. If managers are expected to help explain a complicated change to the organization's pension plan, you need to provide them with talking points and handouts.
- (11) **Communicate regularly:** Be systematic and strategic. Create an editorial calendar with regular dates for communicating with your employees, whether it's by newsletter, email or a scheduled meeting.

(12) **Measure effectiveness:** Set objectives and assess whether you have met them. Ask employees whether the organization has communicated its strategy well.

(13) **Facilitate conversation:** One-way communication is a thing of the past. Employees who feel "listened to" have enhanced feelings of trust. There are many ways to facilitate two-way communication including face-to-face meetings, interactive video interviews, employee surveys, Q&A features on the employee intranet, and anonymous suggestions via suggestion boxes.

BENEFITS OF GOOD EMPLOYEE COMMUNICATIONS:

As employee communicator we need to ensure that our employees:

- Are kept up to date with key information about the company, team, key projects, training, etc.
- Fully understand the role they play within the team, the company and delivery of strategy and plans.
- Are engaged with and are actively supportive of the team and the company actions.
- Are working at optimum efficiency and within company guidelines and tolerances.

Benefits:

- **Engaged Employees** – If people are communicated to regularly and in an effective manner they are much more engaged with the company/team and have a more positive attitude towards their work and their customer.
- **Ensures Consistency** – If everyone understands what the company/team is trying to achieve and their role within it, you will get a much more consistent approach and less tendency for people to come up with their interpretation of what they think something means.
- **Promotes 2 Way Feedback** Regular and effective communications invite people to engage in discussion

(communication is a dialogue after all!) and provide 2 way feedback between management and employees, departments and colleagues. This in turn promotes a culture of sharing ideas and knowledge, but also making these happen.

- **Ensure Compliance with Regulatory Bodies** – Effective communications and training information ensures that our employees are compliant with all regulatory requirements and aware of all the company guidelines/policies and/or where to find them.
- **Ensure Common Understanding of Strategy and Goals** – Employees understand how their work fits into the bigger picture and what the team/company as a whole is trying to achieve.
- **Promotes a Positive Attitude Towards Change** – Employees that are communicated to effectively around change respond much more positively to it. Communication can also identify champions within the company/team willing to help embed change.

When communicating with employees it is important to remember that they have seven key drivers:

- (1) **Reward:** How much I earn/financial bonus.
- (2) **Recognition:** Non-monetary, recognition by peers and leaders, and direct manager.
- (3) **Opportunity:** My opportunity for advancement/to experience different areas.
- (4) **Process:** The way in which I work/my level of autonomy/my workload.
- (5) **Personal Pride:** How I feel about the job I do/how my job makes me feel about myself.
- (6) **Product:** What I work on/whether I get a choice/my creative license?
- (7) **Working Environment:** My desk/building/facilities/location of office.

What should your communication take into consideration?

- **Audience:** Communicating to the right people.

- **Timing:** Communicating at the right time.
- **Message:** Knowing exactly what it is you have to tell people and what you want them to do.
- **Clear:** Communicating your message and call to action (i.e. what you have to tell them and what you want them to do) in a clear and simple manner.
- **Concise:** Delivering your message and call to action succinctly (i.e. cut the waffle).
- **Language:** Using language and phrases that the audience understands and relates to (i.e. no unnecessary jargon or use of manageze and strategeze).
- **Tone:** Use a tone that reflects the brand guidelines, message and audience you are communicating to.
- **Channels:** Using the appropriate communication channels, which fit the audience and message needs (e.g. road shows for key company information to all employees or intranet for cafeteria opening times).
- **Context:** Give a flavour of the bigger picture and how local activity fits with the overall company strategy.

STEPS IN IMPLEMENTING AN EFFECTIVE EMPLOYEE COMMUNICATIONS PROGRAMME:

- (1) **Clarify your purpose:** For specific communications, get specific about your purpose. For example, is the message being delivered for information only, to generate feedback, to generate new ideas, or is a specific action required?
- (2) **Clarify your desired outcome:** Do you need a response in writing by a certain time or prior to a particular event? Are you seeking a list of 3-5 new ideas? How specific can you reasonably be about how you will define success? This step is essential for identifying the benchmarks and metrics you will use to evaluate your results.
- (3) **Know your audience:**
 - (a) **Identify your target audience:** Who exactly do you need to reach? Is it 'everyone in the organization' – or are the most important people, in fact, a few key influencers or

opinion leaders (which has nothing to do with positional power, necessarily), individuals with specific skills, or one or two key decision-makers?

- (b) **Meet them where they are:** What do they already know, believe or feel about the issue? If you are talking about a brand-new concept, then a little informational background will be essential. If they are aware of the issue, but highly sceptical, then your messages and framing will need to address that, not just gloss over it.

(4) **Develop the strategy:**

- (a) **Identify pathways:** What are the most effective pathways for reaching your particular target audience? Is it email? Written memos (remember those?) A phone call? Face to face meeting? Intranet? Social media? Cloud platforms such as google drive? Hard copy memos inserted into payroll packages? A display board in the staff common room?
 - (b) **Consider messengers:** Also ask: who is the most effective messenger? It may not be you. It may not be the most senior executive. Does your audience instead need to hear the message from a trusted peer? Do you need internal champions to move the issue forward?
- (5) **Develop the message:** Now that you have identified and 'profiled' your audience, develop your message. It should be short, clear, compelling, and ideally, visual. It is very likely positive – focused on what the team is for, rather than what it is against. If you deliver the message through stories, it will almost certainly be 'sticky' – both memorable and high-impact.
- (6) **Deliver the message:** Effective communications are really about delivering the right message, to the right audience, at the right time – often many times. So plan it out. Here are some elements to think about:
- (a) **People power:** Who needs to do what, by when? Who is the decision-maker? Who needs to be consulted? Who needs to be informed? Who's doing the actual work? Is

- there a lead, or internal 'project manager' to ensure the work is proceeding as planned?
- (b) **Timing:** When is the optimum time to deliver the message? How often does it need to be repeated?
 - (c) **Resources:** How much time will it take – and are there other resources required? How is this work reflected on internal work plans, if at all?
 - (d) **Metrics:** How will you know the message is received? How will you know the desired results are being achieved? When and how are you scheduling evaluation along the way?
- (7) **Evaluate and learn:** Do not just identify metrics for tracking progress – revisit them on a regular basis. Use what they teach you. Build evaluation into monthly and quarterly reviews, for example. And include it as a routine practice or group norm: for instance, at every staff meeting, include a standing agenda item that has the team reflect on its internal communications. Include tracking questions on annual internal organizational surveys. Questions could be as simple as: How well are we communicating our organizational vision? How well are we keeping one another abreast of one another's work and results? How are we doing with having "courageous" conversations" in a timely, skilful way? How are we doing with email brevity and appropriateness? How are we doing with the preparation and use of well-crafted briefing notes? Insanity has been defined as "doing the same thing over and over and expecting different results." Building in evaluation at every level of your communications will interrupt any bias toward activities and help teams focus on results. With routinized evaluation, your internal communications, and your internal alignment and collective ability to get things done, will continually improve.

ROLE OF MANAGEMENT IN EMPLOYEE COMMUNICATIONS:

If the organisation wants to improve internal communication internally, it should first get the managers and supervisors to communicate with people who they manage. In many

professional organisations, the management come forward to help the trade unions communicate with their members.

A **manager** is responsible for ensuring that his **employees** are able to effectively **communicate** with one another and with **management**. Effective **communication** in the workplace can help ensure **employees** are sharing and exchanging information in a way that's conducive to smooth business operations. Communicating effectively with your employees is essential to creating a happy, productive workplace.

Role of Management in Employee communication:

- (1) **Have face-to-face conversations:** Thanks to email, text messaging, and chat applications, face-to-face communication is dying a painful death in many workplaces. While these tools can come in handy for communicating certain things, it's important to make time to interact with your employees in person. It helps strengthen working relationships, improve collaboration, increase trust and respect, and avoid miscommunication issues that can occur when going back and forth over email or text.
- (2) **Keep employees in the loop:** Your employees want to feel like they know what's going on with the company. They want insight into the bigger picture. It makes them feel important, and lets them know what they're working for. Make sure you communicate regularly with your team to keep everyone in the loop and be sure you're all on the same page.
- (3) **Provide avenues for sounding off:** Listening is an important part of communicating with your employees. To listen, you need to give your employees ways to provide feedback. This can include employee surveys (anonymous surveys allow employees to share things they might not feel comfortable saying otherwise), regular staff meetings where everyone gets to participate, an open-door policy with your team, or an old-fashioned suggestion box.
- (4) **Be approachable:** There are always walls between employees and their superiors, and these walls hinder good communication. It's your job to break them down so your

employees can feel comfortable approaching you. Sometimes breaking down a wall can be as simple as taking an employee out to lunch.

- (5) **Act on what you hear:** If you're not going to take any action when employees provide you with feedback, why bother talking to them in the first place? If they know you're not going to do anything with what they say, they'll stop talking to you. You have to act on what you hear if you want to create a workplace where people communicate well.

The following are the essential guidelines.

- (1) Never create a distance between yourself and the workforce. If there is any existing hurdle close the gap.
- (2) Frequently meet the employees and keep communicating in a sustained manner.
- (3) Even in the presence of **Management Information System** and delegation of authority the senior managers must not stop personal communication.
- (4) Whenever you find an employee or a group of employees have done well be generous in lavishing praise as well as reward. It is a good moral booster.
- (5) Never make promises instantly or in a hurry.
- (6) The communication between the employees and the union leader should always be clear-cut. If you find there is a communication gap do not hesitate to point out to the unions about the dissatisfaction with communication between the employees and the leadership. Although it is difficult, but it will be an excellent source of constructive co-operation and mutual trust.
- (7) Communication just does not mean instructing people about what to do and how to do it. It should be made entirely participative. Involvement and participation in the decision making process leads to commitment.
- (8) The biggest obstacle to motivate the employees is lack of communication or its in-appropriateness. The managers should be made this to understand.

Suggestion Schemes:

Employee Involvement and Communication:

The basic idea of suggestion scheme in the organisation is to build a two way communication process. The scheme spells out clear rules and procedures for submitting ideas as a motivating device. There are many possibilities. A few of them are.

- (a) Suggest different ways and means for the optimum utilisation of the available resources, and increase productivity and profitability.
- (b) Suggest ways of nationalisation of work and procedures and thereby simplify and improve quality of work.
- (c) The belief of being heard would result in motivation and greater productivity.

When you communicate well with your employees you can building good relationships with them, and when you do that, you can:

- Improve employee morale.
- Increase employee productivity.
- Increase employee loyalty.
- Turn employees into brand ambassadors.
- Reduce mistakes that stem from poor communication.
- Prevent angry employees from sabotaging your company.

IMPORTANCE OF COMMUNICATION IN MANAGEMENT:

The importance of communication in management can be judged from the following facts:

- (1) **Necessary for planning:** Planning, the most important functions of management, requires extensive communication among the executives and the other personnel. Communication is important in executing a planned programme and then controlling the activities of the personnel with the help of feedback information. In order to

evaluate the performance of the personnel in the light of the planned objectives, communication is necessary.

- (2) **Basis of co-ordination:** The present day big organisations are designed on the basis of specialisation and division of labour, constitute a large number of persons. In order to achieve the desired objectives, it is very necessary to coordinate the efforts of the labour engaged in the various activities of production and organisation. Co-ordination requires mutual understanding about the organisational goals, the mode of their achievement and their inter-relationship between the work being performed by various individuals, this all can be achieved only through effective communication.
- (3) **Establishment of effective leadership:** Communication is the basis of effective leadership. By developing the skill of communication, a manager can be a real leader of his subordinates. A good system of communication brings them in close contact with each other and removes misunderstandings.
- (4) **Increases managerial efficiency:** For the smooth running of the organisation, management conveys directions, goals and targets; issues instruction, allocates jobs and responsibilities; and looks after the performance of subordinates. This all is not possible without effective system of communication. As a matter of fact it lubricates the entire organisation and keeps the organisation at work. Moreover, management cannot work efficiently unless it knows the grievances of its subordinates and removes it. Thus the skill of communication has become an essential quality of successful management.
- (5) **Promotes Co-operation and industrial peace:** Communication is a two-way traffic which helps promoting cooperation and mutual understanding between both the parties. The efficient downward communication helps the management to tell the subordinates what the organisation wants and how it can be performed. The upward communication helps the workers in putting their grievances, suggestions and reactions before the management. Thus it promotes the industrial peace and good relations.

- (6) **Basis of Decision-making:** In order to make prompt decision, fact and information should be collected. Thus communication is primary requirement of decision making. Again to implement the decision effectively, it becomes essential to convey the decisions to the subordinates concerned through an effective system of communication.
- (7) **Morale Building and Motivation:** Communication system enables management to change the attitude to motivate influence and satisfy the subordinates. Proper and timely communication between the interested parties reduces the points of friction and minimise these that inevitably arise. Good communication improves good industrial relations and ensures participative and democratic pattern of management.
- (8) **Smooth Working of Enterprise:** Communication makes the working of the enterprise smooth. All organisational interaction depends upon the communication. It is the process of communication which makes cooperative action and coordination possible. When communication stops organised activity ceases to exist.
- (9) **Job satisfaction:** Good communication removes the possibility of misunderstandings among the parties concerned. Workers know what they have to do and how. It creates a sense of cooperation among them. It will increase the morale of the worker and each worker will be fully satisfied in his work.

Thus, we see that communication is very vital for the very existence of an organisation.

(C) CRISIS COMMUNICATION

INTRODUCTION:

The operation of a business may get disturbed by a crisis occurred due to accidents, pollution, take-over, strike, lock-out, stock-market crash, explosions, fires, closure or similar situation.

A crisis may also occur due to act of nature like earthquake, flood, drought, epidemic, etc. Majority of the Corporate Crisis arises due to internal problems which are caused by low

productivity and operational inefficiency that tend to threaten the basic objective of the organisation.

Crisis leads to an opportunity and nurtures the unit back to health, provided all the aspects concerned with crisis are handled with due understanding, and efficiency.

There are instances when the handling of tragedies or serious crisis by PR staff turned out to the advantage of the organisation. By way of sympathetic communication with those involved in the community of what had happened, goodwill and understanding is created even when disaster strikes.

A crisis brings risk into focus, and the organisation immediately falls under media and government scrutiny, it drags the company into prolonged legal battles.

MEANING OF CRISIS:

Webster's Dictionary defines crisis as, "a turning point for better or worse". This means that the situation could turn out to be both good and bad. For an example, when an industry or a business falls sick, it will create a situation of overall crisis for the management, employees, shareholders, distributors, suppliers, financiers and many more publics with whom the industry has to interact. The other side of this situation is that some persons will consider it as an opportunity to turn the organisation into a viable unit.

Crisis come in many forms, but public relation people for most part deals with public crisis. These can be described, categorized and usually predicated. Crisis are like plays. Two factors are always present. Crisis involves people and they interrupt the normal "Chain of command".

CAUSES OF CRISIS:

Causes of crisis are either physically violent or non-violent. The physically violent ones are earthquakes, fires, storms, plane crashes, and terrorist acts. The collapse of the Asian economies in 1998 is an example of a physically non-violent crisis.

Each of these broad categories of violent and non-violent has subsets with more specific descriptors. Some violent crisis are

created by acts of nature, such as lightning that sparks a forest fire or a hurricane or typhoon that sweeps a coast.

Some non-violent crisis are created by acts of nature, crisis such as viral epidemic, insects, plagues and droughts which may take lives, but they are not cataclysmic or overwhelmingly violent.

Some crisis result from Intentional Acts committed by a person or a group. Violent intentional crisis are due to acts of terrorism that result in loss of life or freedom e.g. hostage-taking. This category also includes product tampering, when it results in loss of life or destruction of property.

Non-violent intentional crisis includes bomb and product tampering threats, insider trading, computer viruses, malicious rumours etc.

The third category of crisis includes unintentional events that are neither acts of nature nor deliberate acts of individuals or groups. e.g. explosions, fires and chemical leaks. Whatever organization a person is working with, one can predict and anticipate most possible crisis.

This means you can plan for crisis.

CRISIS PLANNING:

(Nov. 18)

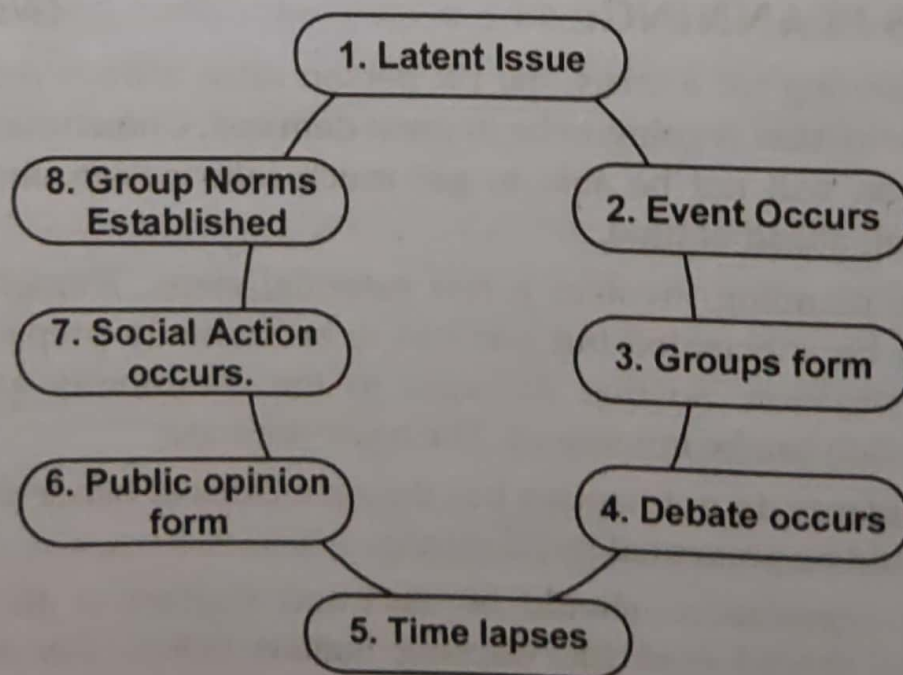
In planning for a crisis, the PR person must always recognize that information is going to be in great demand. Unfortunately the PR person will not be able to get much information about the crisis itself ahead of time.

Crisis planning involves a few essential steps. Though crisis may not be anticipated but one has to be mentally prepared for such a situation. So that damages to the community and the organisation can be minimised. The basic steps are:

- (1) Accidents do not happen but they are caused; hence disaster should be prevented by all means.
- (2) The organization should be alert and vigilant at all times. They should read the warning signals before the disaster strikes.
- (3) Prevention mechanism should be tested frequently and made fool proof. The company has to identify the specific problem

areas and sensitive issues within the organisation as well as outside in area of operation which may have the potential to develop into full-blown crisis.

- (4) According to a model crisis procedure, the company should prepare, circulate and train concerned persons in the organisation. No one should feel left out or isolated and confused about their role and duty. In addition to this the organisation should have a regular meeting of crisis management set-up which will spring into action and take control of the situation immediately.
- (5) Planning and communicating well in advance and at proper time can prevent crisis and even minimise the damage to the life and property if it occurs.
- (6) Communication and Crisis are the two sides of the same coin. The communication plan prepared by the PR person and other communication experts should be put into operation immediately at the onset of the crisis. For an example, the ONGC Bombay High gas flare-up case showed how free flow of communication led to understanding, appreciation and success.



Stages of Public Opinion in a Crisis

- (7) The employees could contribute substantially to managing a crisis, hence it is important to treat the employees with respect, both as valued resources and as people.

The training and involvement of employees before, during and after crisis will go a long way to make them physically, intellectually and emotionally involved and capable of handling a crisis.

- (8) Latent issues should be detected by environmental monitoring, but when a crisis occurs, groups tend to form in relation to the event and to responses to it by the organisation and by other publics. The result may be public debate of the issues. As time lapses after an event, public opinion forms. The result of opinion formation is a form of social action. Then there is usually counteraction followed by the eventual restoration of group norms.

RESPONDING TO CRISIS:

Whenever a crisis occurs in an organisation it is advisable to accept the responsibility for the same and take relevant steps in this matter.

- (1) At the onset of the crisis a special communication plan should be put to use immediately.
- (2) Inform the employees, relevant authorities and concerned public so as to obtain help and assistance to fight the crisis.
- (3) During and after the crisis, the media and organisation become interdependent hence media action plan would be a critical factor. It is dangerous to avoid the media.
- (4) Take caution to contain any rumours, which may gain momentum at the onset of the crisis.
- (5) Inform everyone regarding the crisis, do not leave any public out of the information process who may be concerned with the organisation or who may be hit as a result of the crisis. Opinion leaders play an important and dominant role in such situation.
- (6) Appoint the company's official spokesperson who must be available to the media from time to time. Although PR is involved at every stage of the communication process, media

relations have to be handled exclusively by the PR person. The chief executive depends on the PR for tactfully handling the situation. On all the occasions the PR person has to rise and come upto the expectations.

- (7) The PR's role is not restricted to perform the routine functions related to the crisis situation. He has to have enough data as input in order to handle the crisis procedure. There may be opposite view points, hence it is always better to co-operate and handle the opposite view point's sensitively.
- (8) One of the key factors in the management of crisis is co-ordination at both the internal and external level. Here delegation of authority in advance is important.

Procedural formalities should be avoided. The affected unit should mobilise the resources without waiting for the corporate approval.

ROLE OF COMMUNICATION IN CRISIS:

Managing communication is an important factor in crisis management. Irresponsible and uncoordinated communication can bring misery. Planning corporate communication and meeting the challenges of crisis situations are the essential ingredients of an active communication programme.

The PR person has to take the following steps to meet the challenges of communication during crisis situation.

- (1) Respond adequately in the moment of crisis. It must be assured that all the key media as well as the local communities have an ongoing relationship with the communication channels that are already established within the company.
- (2) The company and its communicators should anticipate in advance what the media want to know. The companies must understand and appreciate the media which serves the public for survival and success and the company just cannot do away with the media.
- (3) There should be an effective communication within the organisation. The employees should be provided sufficient information on matter concerned to them. A well-structured

employees' communication programme will be a source of encouragement for them to be involved in the company's crisis situation and it will also promote a common awareness on the part of the employees.

Effective media relation by PR personnel can help the company to convey its message across to the target public. In order to ensure a higher degree of acceptability of its communication, a company should strive to create a humane image for itself.

During a crisis a good image helps immensely even when fear grips the minds of the people whereas on the other hand a poor image may lead to serious credibility gaps.

GUIDELINES FOR HANDLING CRISIS:

- (1) The need for establishing the news headquarters will be determined by the PR person. News headquarters will keep all the visitors to the site under control.
- (2) The person handling public relation will maintain contact with reporters and make sure that they stay in approved location and provide them all the information in the best interest of the company.
- (3) The person handling public relation will check with a designated representative of the management on the text of the announcements.
- (4) The person handling public relations will be responsible for guiding reporters into the disaster areas if the management permits such a visit.
- (5) The facts to be given to the press and the ultimate public must remain with the top management. It is the responsibility of person handling public relations to operate with the approval of the top management.
- (6) Maintain close contact with members of the media.
- (7) Keep a list of all the facts given out, with times they were released. This will avoid duplication and conflicting reports in case new developments should change the facts.

- (8) Do not release the names of victims until you know the fact. Tell them that the names of the victims will be made available as soon as the next kin has been told of the mishap.
- (9) When it is necessary to admit a fact already known to the press, be sure that the confirmation is limited only to definite information that will not change.

SOCIAL MEDIA AND CRISIS MANAGEMENT:

Social media has accelerated the speed that information about a crisis can spread. The viral effect of social networks such as Twitter means that stakeholders can break news faster than traditional media - making managing a crisis harder. This can be mitigated by having the right training and policy in place as well as the right social media monitoring tools to detect signs of a crisis breaking. Social media also gives crisis management teams access to real-time information about how a crisis is impacting stakeholder sentiment and the issues that are of most concern to them.

The crisis management mantra of Lanny Davis, former counsellor to Bill Clinton is to "Tell it Early, Tell it All, Tell it Yourself". A strategy employed at the Clinton White House 1996-1998.

Organisations should have a planned approach to releasing information to the media in the event of a crisis. A media reaction plan should include a company media representative as part of the Crisis Management Team (CMT). Since there is always a degree of unpredictability during a crisis, it is best that all CMT members understand how to deal with the media and be prepared to do so, should they be thrust into such a situation.

In 2010 Procter & Gamble Co called reports that its new Pampers with Dry Max caused rashes and other skin irritations "completely false" as it aimed to contain a public relations threat to its biggest diaper innovation in 25 years. A Facebook group called "Pampers bring back the OLD CRUISERS/SWADDLERS" rose to over 4,500 members. Pampers denied the allegation and stated that only two complaints had been received for every one million diapers sold. Pampers quickly reached out to people expressing their concerns via social media, Pampers even held a

summit with four influential "mommy bloggers," to help dispel the rumour. Pampers acted quickly and decisively to an emerging crisis, before competitors and critics alike could fuel the fire further.

TRUST BUILDING:

It has become clear that a trusting society is something to want. How to get to a trusting society is however still unclear. What is clear is that experience can breed trust; as you interact with someone or something more often and this someone or something acts in a trustworthy manner you will build trust. Thus, trust is dependent on repetition. Trust appears to be an important element in managing crisis communication. The notion of trust provides a basic awareness of why crisis communication management can be successful or unsuccessful. This is especially true for public trust as it is the lifeline for an organisation's survival. Companies should consider a broad range of potential communication initiatives in order to restore trust and loyalty.

The following are some of the steps that could be undertaken for trust building:

- (1) **Be in control of the situation:** First, it is important to be in control of the situation. Being in control means three things to organizations: acknowledge the issue, make sure the issue is addressed and assume responsibility over the issue.

Tesla is an example of an organization that was in control of their crisis from the outset. The company discovered a quality issue that could affect rear seat passengers itself and responded by recalling 1228 sedans. At the moment of the recall, Tesla had not received any customer complaints and did it know of any instances where something actually went wrong – as such they acknowledged, addressed and took responsibility over the issue without being under pressure from the outside world.

- (2) **Address the crisis openly & trust your clients:** In times of crisis, communication is key. In order to keep or regain trust, consumers need to be aware of what an organization is doing to solve the problem on a personal level. In addition to this, it is important to communicate that you are trustworthy by

trusting your clients. The Fitbit crisis is a schoolbook example of how to do it right. When customers complained about irritated skin resulting from the usage of one of Fitbit's products, the company swiftly reacted by ordering a recall of Fitbit. All customers were emailed personally to inform them about the news and told that they could return their Fitbit for a full refund. On top of this, the CEO of Fitbit wrote and published a personal, open letter on the company website to inform and apologize to customers.

- (3) **Investigate the cause of the crisis:** Once the worst is behind you, it is time to investigate the cause of a crisis as this enables you to make sure that it does not happen again. When Fitbit got wind of the damage their product did to their consumer's skin, the organization started an internal investigation in cooperation with external experts. The investigation revealed that the reactions were caused by allergic contact dermatitis which was caused by adhesives and nickel used in the product. Fitbit also consulted with dermatologists to make sure that the reactions to the materials used in Fitbit were limited to the rashes experienced by some of the users and that these rashes would be expected to heal on their own.
- (4) **Commit to change:** The final hurdle in rebuilding trust is commitment to change – organizations need to address the issue and make sure it cannot happen again. Here, it is important that organizations make credible commitments and show that they are actually following up on these commitments.

In 1982 Johnson & Johnson faced a severe crisis as their painkiller Tylenol caused seven people to die. The organization took all Tylenol pills off the market and started investigating, quickly reaching the conclusion that their drug became lethal due to the malevolence of one person.

Johnson & Johnson credibly followed through on their commitment to provide consumers safe pain killers. The organization designed tamper resistant packaging. Johnson &

Johnson was the first organization to implement this type packaging.

There are certain basic tenets that help in building trust. They are:

- (1) Show openly that you empathize with the victims. Try to do whatever you can in order to help them. Openly acknowledge the fear, pain, suffering and uncertainties.
- (2) Maintain a good rapport with your audience so that they have faith in your competence. Reveal your role within the organisation.
- (3) Face the crisis situation with honesty and openness. Reveal how you perceive the situation and how you intend to deal with it.
- (4) Show your commitment and dedication by sharing in the sacrifices and discomforts of the emergency. Don't fake hardships for the cameras.
- (5) Try to be as transparent as possible.

To Avert Crisis: Communicate from Inside Out:

Lesson #1: What Can Be Known Will Be Known:

The "sweep it under the carpet" approach rarely works. Ignoring a major mistake and hoping no one will learn about it didn't work very well in the '80s or '90s. In today's 24/7, Twitter-driven world, if a company makes a major mistake, it's only a matter of time before word will get out.

That doesn't mean, however, that you should advise the organization to issue a press release every time it stumbles. In certain situations, the best approach is to immediately correct the business problem and have a reactive communications plan in place if—and, likely, when—the information starts to flow. There are risks to a reactive approach, most notably losing control of the story and letting competitors, customers, and reporters define the situation and remedy instead.

Lesson #2: Communicate Inside Out:

Be aware that employees are constantly talking with customers and shareholders. Since both customers and shareholders are

critical to the success of the company, so is anyone who interacts with customers. Whether the company has five employees or 50,000, every one of them is a spokesperson, especially in a crisis, and every one of them needs context and talking points. In the absence of being told what to say to customers, realize that employees will make up their own script.

Few companies have all the facts gathered when a crisis strikes. That's what makes it a crisis: it's one part mistake and two parts lack of clarity. You can help a company succeed in a crisis by counselling them to (1) move quickly to reassure their employees and customers that they will do the right thing for their customers (and hold them accountable for sticking to that promise), (2) communicate what they know for sure, which may be very little, and (3) explain the process they're undertaking to gather the necessary information. Most importantly, companies must communicate all this information to their employees first, and then to their customers, shareholders and other important constituents. Legal counsel can help guide management in creating communications materials that won't cause discovery and/or litigation issues down the road.

More than ever before, a successful crisis communications plan includes—and goes beyond—media relations. Customers, shareholders, regulators, employees, franchisees, dealers, intermediaries, industry influencers and vendors are all important constituents who need to be included in the communications process.

Lesson #3: The Message Matters:

Companies in a crisis are well served by developing three or four key messages that summarize the “who, what, where, when and how” of the situation. Often, much is unknown at the outset, and it's imperative that legal counsel is included in both the message development and delivery process. If a company in crisis creates the right key messages and delivers them in a timely manner and consistently to all important audiences, it will likely minimize bottom-line and reputational damage.

Lesson #4: Influence the Influencers:

If you doubt that industry experts are important to a business during a crisis, ask Toyota Motor Corporation President Akio Toyoda how U.S. Transportation Secretary Ray LaHood impacted Toyota on the day of his remarks at a House of Representatives hearing, and for many days thereafter. One sentence, in which Secretary LaHood counselled any owner of a recalled Toyota to "stop driving it," sent Toyota stock into a freefall and Toyota owners into a panicked frenzy.

In every industry, experts are contacted by the government, by the media, and by customers to provide perspective on a crisis or event. In Toyota's case, it would be nearly impossible to proactively contact every industry expert around the globe; however, there are several important constituents whom Toyota seemed to ignore, Secretary LaHood among them. We have found there are always a few experts who stand out from the crowd and who should be contacted proactively. Better yet, advise your management team to develop and maintain good relationships with industry experts now so that they know your company before a crisis occurs.

Lesson #5: Don't Stonewall the Media:

We've heard executives and directors say, "If we talk with the media about this issue, it will only legitimize their articles and make them longer." That's rarely true. If an issue is important enough (and/or it's a slow news day) articles will be written – and segments will air – regardless of a company's willingness to respond. Who is better positioned to deliver your company's perspective: the company or its competitors? There are plenty of competitors who will talk about why your company made a mistake and the impact that mistake will have on its business. Some will talk on the record; others won't. Either way, it doesn't bode well.

What You Can Do?

Even well-managed companies can find themselves in situations that can hurt their reputations and bottom-line results. When that happens, remember these five lessons and ensure that your executive management team manages the situation in a way

that will efficiently address the issue, reaches all important constituents, and positions the company for future success.

In the meantime, keep in mind this wise quote from **Warren Buffett**, *"It takes 20 years to build a reputation and five minutes to ruin it. If you think about that, you'll do things differently."*

CASE EXAMPLE

CRISIS MANAGEMENT — NATIONALISATION OF TISCO (now TATA STEEL):

Problem:

In early 70s, India had a coalition government which was generally anti-big-business. Like other large business houses, TISCO, in the Tata Group, faced the threat of nationalisation.

The company's employees, shareholders, customers and the general public did not want the company to be nationalised. TISCO is well-known for its contribution towards the welfare of its employees and the community, particularly in and around Jamshedpur. However, at that point of time, the government seemed bent upon taking over the company.

Objectives:

In addition to lobbying, the company felt the need for an organised public relations and communications programme. It conceived a long-term programme for a minimum period of three years, with a considerable commitment of resources directed towards specific target groups. The main message was the TISCO was doing an excellent job, and it was in the national interest for the government to leave it alone.

How did the company tackle the case?

Target Audience:

The target audience for the PR programme was:

- Government.
- Employees.
- Opinion Leaders-Industry, Social and Political.
- Suppliers.
- Shareholders.
- Associates.

- Trade.
- General public at large.

Attitudes and Facts:

The company identified each aspect of the government's attitude towards TISCO, and countered with existing facts.

GOVERNMENT ATTITUDE	TISCO'S FACTS
(1) Preconception: Big business means exploitation.	Fact: Big business does not exploit.
(2) Prejudice: Hinders national progress in a socialistic economy.	Fact: Helps national, industrial and economic progress.
(3) Suspicion: Tatas fill their coffers.	Fact: Contributes a lot about welfare and community development.
(4) Belief: Takeover or controlling TISCO's operation is necessary.	Fact: Controlling or taking over of TISCO's operations is against national progress.

TISCO capitalised on the fact that it has created an entire planned city – Jamshedpur. A common case statement high-lighting this fact ran through the entire programme. This can be summarised as follows:

'TISCO is not only a superbly managed steel company, it is also an unique example of a company which has recognised that its social commitments extend beyond its employees, to the community and the rural population around it. Jamshedpur city, created by TISCO, is the living embodiment of our nation's dream of a better life for its people. India needs many more Jamshedpurs today.'

Activities:

A year-long multi-media campaign was launched, giving facts on employee welfare, development, community development, shareholding, trusteeship, and also the company's superior steel technology which enables it to produce a better product. Priority areas for advertising were identified and ads followed a frequency pattern spread over the year, in a list of 30 dailies, eight business periodicals, six economic periodicals, and ten political party publications.

The company's liaison office at New Delhi mailed ads and other print material to pre-selected government officials. Mr. J. R. D. Tata, then chairman of TISCO and one of the most respected industrialists in the country, sent a memorandum to the Ministry, and followed it up with personal letters to MPs highlighting TISCO's contributions in the national industrial and social fields.

To obtain employees' support and backing, and create awareness for TISCO's broader operational activities and contributions among them, specially prepared audio-visuals were shown to all employees. Documentaries on the company were screened periodically in Jamshedpur's cinemas, clubs, and even at appropriate gatherings of employees and their families. A series of posters on various key aspects and contributions of the company were displayed at its offices and also at the plant. A printed docket was given to each company manager, outlining for him (or her) the need for the overall communications programme, what was planned within it, and how they could individually contribute towards its success.

To get its 80,000 strong group of shareholders, already pre-disposed in TISCO's favour, into becoming a force that could champion its cause at various levels, a number of activities were undertaken by the company.

- The Annual Report was designed to pictorially portray the selling proposition of the programme.
- A special exhibition on the programme was put up outside the venue of the AGM.
- An audio-visual presentation incorporating the theme and message of the programme was screened at the AGM.
- The Chairman's speech at the AGM was tailored to explain the problem faced by the company.
- Each shareholder was also given a hand-out, in the form of a write-up, explaining the government's attitude and the company's stand, and outlining the role they play as a group could lay in helping the company to solve its problems.

To tap and build on the latent goodwill of its trade members who were already favourably disposed towards it, TISCO issued a simple and self-explanatory hand-out to all of them. This was followed up by

meeting with the dealers during which the latter were addressed by senior company executives who asked for their support.

An important group of opinion leaders in the industry was reached through seminars on steel-making and the technological development of the industry. Messages about TISCO's performance were woven into the discussions and presentation during the meetings.

Results:

These massive efforts were successful in stalling the government's plan to nationalise TISCO.

The above case which is already in a solution form shows how public relations have become an extremely important ingredient of a company's communication strategy.

Source: Public Relations Manual, by Sushil Bahl, Chief Public Relations Manager, Tata Services Ltd. published by the Advertising Agencies Association of India, 1992

Examples of Successful Crisis Management:

Tylenol (Johnson and Johnson):

In the fall of 1982, a murderer added 65 milligrams of cyanide to some Tylenol capsules on store shelves, killing seven people, including three in one family. Johnson & Johnson recalled and destroyed 31 million capsules at a cost of \$100 million. The affable CEO, James Burke, appeared in television ads and at news conferences informing consumers of the company's actions. Tamper-resistant packaging was rapidly introduced, and Tylenol sales swiftly bounced back to near pre-crisis levels.

When another bottle of tainted Tylenol was discovered in a store, it took only a matter of minutes for the manufacturer to issue a nationwide warning that people should not use the medication in its capsule form.

Odwalla Foods:

When Odwalla's apple juice was thought to be the cause of an outbreak of E. coli infection, the company lost a third of its market value. In October 1996, an outbreak of E. coli bacteria in Washington state, California, Colorado and British Columbia was traced to unpasteurized apple juice manufactured by natural juice maker Odwalla Inc. Forty-nine cases were reported, including the death of a small child. Within 24 hours, Odwalla conferred with the FDA and Washington state health officials; established a schedule of daily press briefings; sent out

press releases which announced the recall; expressed remorse, concern and apology, and took responsibility for anyone harmed by their products; detailed symptoms of E. coli poisoning; and explained what consumers should do with any affected products. Odwalla then developed - through the help of consultants - effective thermal processes that would not harm the products' flavours when production resumed. All of these steps were communicated through close relations with the media and through full-page newspaper ads.

Mattel:

Mattel Inc., the toy maker, has been plagued with more than 28 product recalls and in Summer of 2007, among problems with exports from China, faced two product recalls in two weeks. The company "did everything it could to get its message out, earning high marks from consumers and retailers. Though upset by the situation, they were appreciative of the company's response. At Mattel, just after the 7 a.m. recall announcement by federal officials, a public relations staff of 16 was set to call reporters at the 40 biggest media outlets. They told each to check their e-mail for a news release outlining the recalls, invited them to a teleconference call with executives and scheduled TV appearances or phone conversations with Mattel's chief executive. The Mattel CEO Robert Eckert did 14 TV interviews on a Tuesday in August and about 20 calls with individual reporters. By the week's end, Mattel had responded to more than 300 media inquiries in the U.S. alone.

Pepsi:

The Pepsi Corporation faced a crisis in 1993 which started with claims of syringes being found in cans of diet Pepsi. Pepsi urged stores not to remove the product from shelves while it had the cans and the situation investigated. This led to an arrest, which Pepsi made public and then followed with their first video news release, showing the production process to demonstrate that such tampering was impossible within their factories. A second video news release displayed the man arrested. A third video showed surveillance from a convenience store where a woman was caught inserting a syringe into a can. The company simultaneously publicly worked with the FDA during the crisis. This made public communications effective throughout the crisis. After the crisis had been resolved, the corporation ran a series of special campaigns designed to thank the public for standing by the corporation,

along with coupons for further compensation. This case served as a design for how to handle other crisis situations.

Examples of Unsuccessful Crisis Management:

Bhopal:

The Bhopal disaster in which poor communication before, during, and after the crisis cost thousands of lives, illustrates the importance of incorporating cross-cultural communication in crisis management plans. According to American University's Trade Environmental Database Case Studies (1997), local residents were not sure how to react to warnings of potential threats from the Union Carbide plant. Operating manuals printed only in English is an extreme example of mismanagement but indicative of systemic barriers to information diffusion. According to Union Carbide's own chronology of the incident (2006), a day after the crisis Union Carbide's upper management arrived in India but was unable to assist in the relief efforts because they were placed under house arrest by the Indian government. Symbolic intervention can be counterproductive; a crisis management strategy can help upper management make more calculated decisions in how they should respond to disaster scenarios. The Bhopal incident illustrates the difficulty in consistently applying management standards to multinational operations and the blame shifting that often results from the lack of a clear management plan.

Ford and Firestone Tire and Rubber Company:

The Ford-Firestone Tire and Rubber Company dispute transpired in August 2000. In response to claims that their 15-inch Wilderness AT, radial ATX and ATX II tire treads were separating from the tire core—leading to crashes—Bridgestone/Firestone recalled 6.5 million tires. These tires were mostly used on the Ford Explorer, the world's top-selling sport utility vehicle (SUV).

The two companies committed three major blunders early on, say crisis experts. First, they blamed consumers for not inflating their tires properly. Then they blamed each other for faulty tires and faulty vehicle design. Then they said very little about what they were doing to solve a problem that had caused more than 100 deaths—until they got called to Washington to testify before Congress.

Exxon:

On March 24, 1989, a tanker belonging to the Exxon Corporation ran aground in the Prince William Sound in Alaska. The Exxon Valdez spilled millions of gallons of crude oil into the waters off Valdez, killing thousands of fish, fowl, and sea otters. Hundreds of miles of coastline were polluted and salmon spawning runs disrupted; numerous fishermen, especially Native Americans, lost their livelihoods. Exxon, by contrast, did not react quickly in terms of dealing with the media and the public; the CEO, Lawrence Rawl, did not become an active part of the public relations effort and actually shunned public involvement; the company had neither a communication plan nor a communication team in place to handle the event—in fact, the company did not appoint a public relations manager to its management team until 1993, 4 years after the incident; Exxon established its media centre in Valdez, a location too small and too remote to handle the onslaught of media attention; and the company acted defensively in its response to its publics, even laying blame, at times, on other groups such as the Coast Guard. These responses also happened within days of the incident.

(D) FINANCIAL COMMUNICATION**INTRODUCTION:**

Financial communication is all about providing financial data pertaining to the company's performance to the investor's community at large. It involves conveying all financially sensitive information and data of the last year including the major capital expenditures undertaken, profitability performance, stock market performance and so on to the stakeholders.

Financial communication is a branch of public relation management and is used to build close relationships with investors, analysts, and the financial media.

It is a communication process which connects the financial markets and investing committees with various organisations who borrow money from the market.

Financial communication makes up a significant part of Corporate Communications' workflow. The target groups for financial communication are both important and demanding.

Qualities to handle Financial Communication:

- You should have a good knowledge about capital market.
- You should be aware of the roles and responsibilities of various regulatory bodies and institutions.
- You should be thorough with the legal aspects of financial advertising.
- You should have a good knowledge of the various styles involved in corporate reporting.

TRACING THE GROWTH OF FINANCIAL COMMUNICATION IN INDIA: (Nov. 18)

The economic liberalization of 1990s brought in the Foreign Direct Investments into many sectors including the financial sector. Liberalization brought about an unexpected media growth. Today in India there are about half a dozen of exclusive business channels. The number of financial newspapers and magazines have also increased tremendously. The market became suddenly competitive and businesses felt it necessary to build their reputation in order to gain more and more access to new market and new consumers. This led to the proliferation of PR and advertising agencies in the country.

Mass communication education received a sput in the 1990s in India after the economy was thrown open to international bidding. The multinational companies brought with them the peer culture in the country. This resulted in the mushrooming of PR consultancies especially in the metros in the mini metros.

India has come a long way in modernizing its economy, reducing poverty and improving living standards for a large segment of its population. Its economy has been one of the largest contributors to the global growth over the last decade, accounting for about 10% of the world's increase in the economic activity since 2005, while GDP per capita in Purchasing Power Parity terms is today three times as high as in 2000.

Today, we are the 3rd largest economy in purchasing power index. The rank of India has also increased in the index of

"Ease of Doing Business". Today, India constantly talk about its financial performances, major changes in the economy, boost in

the area of employment and opportunities among masses so that investors gain confidence to invest their businesses in India. But, still, challenges are there. Successful financial communication experts know how to promote financial inclusion. But, for that, it is essential for them to use the technology and greater financial literacy.

There are various factors that have contributed to the growth of financial communication in India:

(1) Demographic Change:

The shift in India's demographics has led to significant changes in the customer's preferences, the likes and dislikes. The evolution in media and technology has set a higher bar of expectation for customer experience. In a sense the customer's experience can eventually translate into incremental revenue from improvement in retention of customers. Underlying all these demographic developments, there is a need for smarter and more differentiated customer segmentation as financial communication department seeks to make sure that any kind of communication is structured and targeted for the different needs of the fast evolving society.

(2) Social and Behavioural Change:

Consumers are more informed and empowered than ever before, and old notions of value and loyalty are breaking down as digital technology allows consumers to both compare value and expand their choices.

India is characterised by high level of savings and investments. But most of the savings of the household sector is going into buying gold ornaments and real estate. The savings need to be channelised into the capital market by providing attractive investment options to the investors.

(3) Technological Change:

The mobile revolution has played a huge role in taking banking to India's unbanked population and it continues to be one of the most critical pillars. The rapid emergence of social media in parallel with the rise of mobility has seen customers increasingly turning to their peers for information and advice rather than to the financial experts. Financial communication

experts will need to work out how best they can reach the new generation in both rural and urban markets.

The new challenge before financial communication experts is how to promote financial inclusion. This in turn demands smart use of technology and support for a greater financial literacy. Encouraging savers to invest their funds into the capital market is the key to generating more finance.

AUDIENCES FOR FINANCIAL COMMUNICATION

The key audience for financial communication specialists are those who have an ability to make the decisions. They are as follows:

(1) Partners:

Financial information is important to an organization's business partners. They need to have confidence in a company. They need to know that a company manages its finances effectively so that it can continue to provide a reliable source of supply for the long term. Suppliers and other business partners want to know that they will have a continuing profitable relationship with the organization.

(2) Employees:

Keeping employees informed about financial performance encourages a culture of stewardship for the firm. Financial communication also ensures that employees play their part in maintaining regulatory compliance. Better informed employees raise awareness of compliance issues and show regulators a company is serious about compliance, says consultancy firm Firehouse Communications.

(3) Investors:

Access to funding is vital for growth and survival. Effective financial communication plays an important role in shaping the attitudes of shareholders, investors and their advisers.

Investor Publics:

The following is a list of investor public's

(1) Depositors,

- (2) Debenture holders,
- (3) Insurance companies,
- (4) Investment companies,
- (5) Mutual funds,
- (6) Individual shareholders,
- (7) secured and unsecured creditors,
- (8) Stockholders,
- (9) Portfolio managers,
- (10) Rating agencies,
- (11) Commercial bankers,
- (12) Investment bankers,
- (13) Over the country dealers,
- (14) Security analysts,
- (15) Pension funds, etc.

The above categories of investor public is not exhaustive but inclusive. It may also include stock exchanges, brokers, vendors, government officials, regulatory agencies and other external public.

(4) Financial Analysts:

Financial analysts work in banks, pension funds, insurance companies, and other businesses. **Financial analysts** provide guidance to businesses and individuals making investment decisions. They assess the performance of stocks, bonds, and other types of investments. Therefore, it is important to have a responsive, regular and open communications.

(5) Individual stockholders:

Individual stockholders who buy company shares but hold it for better profits. They can be influenced in the following ways:

- Giving them importance as primary customers or important customers.
- Communicating in readable and non-technical language is a must.
- Learn about stock markets.

- Welcome new stockholders and express regret when they face losses.
- Prompt response to stockholder correspondence will give them a sense of belongingness.
- Develop a newsletter which has a readable content and easy to understand.
- A company should hold annual meetings and through PR in finance, they need to explain their actions, accomplishments, and improvement in the suggestions made by their clients in the area of financial related decision.

FINANCIAL ADVERTISING:

The field of financial advertising has undergone tremendous changes in the recent years. Today financial advertising is a specialist field more than just Jargons involved in selling products like shares and debentures. In the by gone days only brokers and institutional buyers were the target groups but as on date there are millions of individuals making personal investment decisions with little or no influence of the brokers. The Indian middle class having a little more fund has found a way to play its additional money and time in the burgeoning money market. India is now having one of the world's largest stock markets with a roster of more than 10 million stockholders.

Today financial advertising is indeed a big business. In any financial advertising plan the importance of PR and media has increased in manifold. Now the market is fiercely competitive and also become unreliable, hence investment in property and valuables are easy alternatives. Individual investors have become overcautious and they display extreme heterogeneity. Some of them appreciate qualitative information while some of them have an eye for serious financial data.

A conservative investor would normally prefer a debt instrument like a bond or a debenture with assured returns but a young speculative investor would be ready to take risk and would gladly hazard his money on a dazzling issue.

The role of PR in overall financial communication will be contingent upon its own capabilities and also on the management appreciation of its functional efficiency. Advertising and PR objectives are more finely cut. A drastically over-subscribed issue could burden the company with high cost in refunding the extra money, and at the same time an entirely new target audiences have to be chalked out for each issue. Financial advertising has turned out to be just a one-shot discipline.

ADVANTAGES / IMPORTANCE / ROLE OF FINANCIAL ADVERTISING:

- (1) **Provides information about investment opportunities:** An investor can find out suitable investment opportunity to such advertisements.
- (2) **Provides education and guidance to investors:** Financial advertising gives guidance to investors as regards their investment decisions. Companies interested in issuing shares are expected to disclose certain information including risk factors in their advertisements.
- (3) **Publicity to company and its operation:** Financial advertising enables the financial institutions to give information about his business operations and the purpose for which additional funds are being collected through such advertising. Many companies give publicity to their performance in financial advertisement.
- (4) **Reminder to investing class:** Financial advertising acts as a reminder to the investing class. In many advertisements, reference is made to the last date of submitting applications or payment for shares. Financial advertisements act as a reminder for follow-up actions.
- (5) **Support to dealers in investment matters:** Financial advertising provides support to brokers and commission agents who act as intermediaries between borrowers and lenders of money. Share brokers get good business due to such advertising as investors go to the brokers/agents for finalising their investment transactions.

- (6) **Goodwill and popularity to companies:** Financial advertising gives wide publicity to companies borrowing money or providing financial services. This makes companies popular among the investors, brokers, agents and so on. Investors get many details of financial institutions through financial advertising.
- (7) **Economic and social significance:** Financial advertising has wider economic and social significance. It facilitates the process of capital formation and provides funds to companies for the expansion and diversification of business activities.

SEBI GUIDELINES:

The Securities Exchange Board of India (SEBI) has put down certain restrictions on the issue ads for shares and debentures and mutual funds. The advertising people term it as a sudden attack on "creative" element of advertising. No models, no fluff, no wacky visuals, no smart headlines or no unsubstantiated claims. In the interest of the investor protection, SEBI feels that financial advertising, video display etc. must not influence the investor. At the same time it is true that no one is being stopped from separate corporate image campaigns. SEBI has separated the issue ads and the corporate ads. This has brought bifocal advertising into centre point of financial advertising. Hence, one campaigns paints the larger image of the company and another provides well manipulated hard-core financial data. As a result of this many companies prefer to award corporate accounts to mainline advertising agencies and the issue accounts to specialist financial agencies.

PR FUNCTION IN FINANCIAL ADVERTISING:

- (1) PR function and PR persons must adhere to decent and truthful norms while handling pre-issue corporate campaigns.
- (2) Use of corporate or brand personalities in issue advertising is unacceptable to SEBI. In the Indian context PR has to be fully conversant with the guidelines issued by Advertising Standards Council of India.

- (3) PR has to review results against financial advertising goals on a regular basis and initiate corrective actions next time.
- (4) The role of PR as a media planner particularly in the field of financial advertising is specialized and very important in the entire advertising process. Media planning is an essential part of overall PR planning. Media research, media relations and media specialization are specific and important areas which require more imagination on the part of PR persons handling financial communication.
- (5) PR person has to become market-minded to tackle financial advertising. He has to evaluate and recommend the advertising policy of the company to the top level management. Further he has to decide whether the advertising campaign will be best handled through an advertising agency. Careful evaluation of the available facts would go a long way in arriving at a right decision.
- (6) Investors are not all experts in money management. People buy financial products when they feel confident and find the offer trustworthy. PR can play its role as an influencing factor in investment decisions. So in financial advertising he has to produce the right advertisement campaign at the right time for the right segment at the right cost rather than at the lowest possible cost.

Oglivy and Mother, a famous PR and advertising firm who has created many advertisements in the field of financial advertising, has listed following points to draft a powerful financial advertising:

- (1) **The most important decision:** How should you position your financial products or services? For e.g. Merrill Lynch is positioned as a total financial services center, not as just a stockbroker. It is important for a company to first decide their position before advertisement. They should do thorough research before to take a leap.
- (2) **Build trust:** In financial advertising, it is important to build trust by demonstrating company's stability, identify a spokesperson and train the person accordingly, honest in their offers, show them the face which is handling their

money and don't be whimsy while doing financial advertising.

- (3) **Offer a unique benefit and advertise it:** American Express is the only brand of traveler's cheque which guarantees an emergency refund within 24 hours a day. Anywhere in the continental U.S., their advertisement never fails to mention the fact.
- (4) **Go on Television:** The visibility of TV is faster than any other source of medium to share the information on any channels of media communication because it offsets the diversity of its audience.
- (5) **Find a unique symbol:** A distinctive and memorable visual symbol can give advertisement a hook that will catch prospect's mind. E.g. The Merrill Lynch Bull symbolizes the company's confidence in the long-term strength of the American economy.
- (6) **Go first class:** Have a good advertisement. The advertisement should not look cheap and shabby as it talks about the brand of an advertisement.
- (7) **Unify your advertising:** Even if a company offers different services to different groups of people, they need to unify it based on common theme toward a consumer cause.
- (8) **Talk in your customer's language:** Use the language which your customer understands and avoid jargon.
- (9) **Make sure that people know that you really want their business:** It is important for financial institutions to be sure that they reach to their audience through right communication and be sure that their intention is, to be honest, and need businesses.
- (10) **Make the most of news:** when there are any financially related announcements, be sure that you act fast and it should be hassle-free. It should not have happened that people face problems because of any undue pressure and create a wrong impression about the business.
- (11) **Don't be afraid of long copy:** Financial commitment is intensely interesting to the person about to make it. Be sure to

give your prospects a plenty of information. One of the best coupon advertisement for Merrill Lynch contained more than 1,415 words: – "The more you tell, the more you sell."

Source: <http://swiped.co/file/how-to-financial-advertising-ad-by-david-ogilvy/>

CASE STUDY WITH POSSIBLE SOLUTION:

(1) CRISIS MANAGEMENT:

Pepsi Corporation faced a major crisis in 1993 with claims of syringes being found in cans of Diet Pepsi the company had the situation investigated which led to an arrest of a woman who was caught on a video while inserting a syringe into a can. The company also made public communication effective throughout the crisis. They also ran series of special campaign designed to thank public for standing by the Corporation.

- (1) Analyse the case and enumerate on importance of crisis management.
- (2) Mention the guidelines for handling a crisis.

One Possible Solution:

- (1) The Pepsi Corporation crisis is a case of defamation either carried out by their competitor or some mischief played by a customer. The company investigated the case and found out a woman inserting a syringe into a can. This was a deliberate attempt to mar the image of the company.

The company made effective public communication throughout the crisis.

Crisis management is the process by which an organisation deals with a major incident that threatens to harm business, its stakeholders, or the general public. The large-scale industrial and environmental disasters in the 80s triggered the study of crisis management and it is considered to be the most important process in public relations. Crisis management is perhaps even more relevant and important to today's businesses in terms of safeguarding data, ethical supply chains, cross-cultural communication, safe products and man-made environmental disasters. The technology advancements in today's business world have transformed productivity and communication. Businesses

struggle to keep up with the pace of technology development resulting in the mad rush and push to prove otherwise. It is this haste to keep up with the modern world where crisis management is key. Many businesses react to crises rather than planning for them. Crisis management in the modern world is now more important than ever.

Although there a multitude of reasons that your business should have a crisis management plan, here are some of the biggest:

- ◆ It increases the safety and well-being of employees and the general public.
- ◆ It's good for public relations and can prevent tarnishing your reputation.
- ◆ It minimizes downtime and increases productivity.
- ◆ It gives you more peace of mind as an employer.

(2) Guidelines for Handling Crisis:

- (a) The need for establishing the news headquarters will be determined by the PR person. News headquarters will keep all the visitors to the site under control.
- (b) The person handling public relation will maintain contact with reporters and make sure that they stay in approved location and provide them all the information in the best interest of the company.
- (c) The person handling public relation will check with a designated representative of the management on the text of the announcements.
- (d) The person handling public relations will be responsible for guiding reporters into the disaster areas if the management permits such a visit.
- (e) The facts to be given to the press and the ultimate public must remain with the top management. It is the responsibility of person handling public relations to operate with the approval of the top management.
- (f) Maintain close contact with members of the media.
- (g) Keep a list of all the facts given out, with times they were released. This will avoid duplication and conflicting reports in case new developments should change the facts.

- (h) Do not release the names of victims until you know the fact. Tell them that the names of the victims will be made available as soon as the next kin has been told of the mishap.
- (i) When it is necessary to admit a fact already known to the press, be sure that the confirmation is limited only to definite information that will not change.

CASE STUDY FOR SELF-PRACTICE:

(1) CADBURY INDIA LTD.:

Prepare a PR plan based on the facts given below. The plan should include goals and objectives, target audience, key messages, strategies and tactics, duration of the plan and an approximate budget.

Cadbury India began its operations as a trading concern in 1947. The first taste of chocolate was defined by Cadbury in the Indian sub-continent. It has been more than 50 years of calling chocolates "Cadbury" in India. The company today employs nearly 2,000 people across India.

With brands like Dairy Milk, Gems, 5 Star, Bournvita and Perk or newer products like Celebrations, Bytes, McSwirl, Chocki, Delite and Temptations, there is a Cadbury to social occasions and moods.

We bring the sweetest of smiles to millions of consumers through our dearly loved brands distributed through 5.5 lakhs outlets across the country.

There have been reports in the media in connection with infestation in Cadbury Dairy Milk bars.

We are extremely concerned about these incidents and more so, about the allegations against the quality of our products. At Cadbury, we have always been committed to giving our customers high quality and safe products.

Out of more than million Cadbury Dairy Milk bars sold every day, only a few were found to be infested in a handful of shops.

Chocolate, like any other food product, requires basic care in storage. They can get infested if stored near grains, cereals or under unhygienic conditions.

The manufacture of chocolates involves a 'conching' process that takes place at high temperatures (upto 55°C), making it impossible for any infestation to take place during the process.

Our factory-control samples of each batch of Cadbury Dairy Milk produced over the past few months have been checked and found to be free of any infestation.

At Cadbury Indian Ltd., we follow the internationally accepted HACCP (Hazard Analysis and Critical Control Points) program, which is the most comprehensive food safety system to ensure that our products are free from any physical, chemical and microbiological issues.

However, our commitment doesn't end at our factory gate. We work hand in hand with our retail partners to ensure that our products reaching you are of the best quality.

Towards this end we have provided a number of our retail partners with storage dispensers and air-conditioned units to ensure that the chocolates you buy are absolutely fresh. We believe that by and large our retail partners, with their experience and knowledge, take maximum care in handling and storage of our products.

(2) CAR MFG. CO.:

You are a newly appointed corporate communications officer in a car manufacturing company. One of the employees of your company noticed a problem in operating when he tried to reverse the car after continuously driving it for 5 hours. After a lot of testing and experiments the management has found out that the problem occurs only when one tries to reverse the car after driving it for 3 or more hours. Also the problem was limited to only some cars of 2003 models. Older models had no such problems and in 2004 model. The VP HRD and VP Marketing were of the opinion that one must seriously consider sending service engineer to check all 2003 model cars and rectify all the model with the problem because it is a matter of trust. VP marketing however was at the same time worried about erosion in brand equity. VP finance was worried about costs. Finally the top management asks you.

Question:

- (1) Can you prepare a risk reward (cost benefit) matrix?
- (2) If company does decide to carry out the exercise who should be the target audience and what should be the objectives?

- (3) Give details of the action plan.

(3) ENRON INC.:

Enron, until 2007, one of the most well-known business firms in the US has filed for bankruptcy. Their auditors Arthur Andersen are being drawn into the vortex and their image has been badly damaged. Various inferences are being drawn from rumours and misinformation surrounding the Enron business failure.

There is a strong possibility of the other four big firms being tainted with the same brush. Arthur Andersen is greatly concerned about the possible loss of its major clients and with it a sizable portion of business.

Questions:

- (1) What should Arthur Andersen do to rebuild their image and retrieve a seemingly had situation?
- (2) Which media should the firm use to counter the bad press they have been getting? Marks are reserved from proper format of the case study.

Objective Questions with Answers

(A) State Whether the following statements are True or False:

- (1) Media take many forms print, websites, webcasts, radio, television, and digital media.
- (2) The PR's role is restricted to perform the routine functions related to the crisis situation.
- (3) Managing communication is not an important factor in crisis management.
- (4) Media constitute one of the most important publics for the corporate communicators.
- (5) While preparing the material for the media care should be taken to make the material constructive and thought provoking.

[Ans.: (1 – True); (2 – False); (3 – False); (4 – True); (5 – True)]

(B) Fill in the Blanks with appropriate Options:

- (1) The _____ is best suited for tackling the issues involved in employee communication from inside.
(a) in-house campaign (b) Press conference (c) social media (d) none of these
- (2) The basic purpose of arranging a _____ is to obtain publicity in connection with the important news.
(a) Press conference (b) press release (c) meeting (d) none of these
- (3) The media shapes our _____.
(a) Opinion (b) attitude (c) plan (d) none of these
- (4) _____ constitutes one of the most important publics for corporate communicators.
(a) Media (b) Internet (c) Journals (d) none of these
- (5) The _____ is the most accessible medium to disseminate information.
(a) Newspaper (b) Television (c) Radio (d) none of these
- (6) The first rule of crisis management is to _____. (Nov. 18)
(a) communicate (b) avoid media (c) never take responsibility (d) ignore
- (7) _____ is not an audience for financial communication. (Nov. 18)
(a) Financial Analyst (b) Individual Stakeholders (c) Financial Institutions (d) Psychologist

[Ans.: (1 – in-house campaign); (2 – Press conference); (3 – Opinion); (4 – Media); (5 – Newspaper); (6 – Communicate); (7 – Psychologist)]

(C) Match the Pairs:

Group 'A'	Group 'B'
(1) Media Relations	(a) PR System
(2) Press conference	(b) TISCO
(3) Press release	(c) Maximise positive coverage
(4) Good Employee communication (Nov. 18)	(d) Public relation practise
(5) Crisis communication	(e) Brief and precise
(6) Formal source of employee communication (Nov. 18)	(f) Strike

[Ans.: (1 – c); (2 – d); (3 – e); (4 – b); (5 – f); (6 – a)]

Questions for self-Practice

- (1) Define public relation. What are its essentials? **(Nov. 18)**
- (2) Discuss in brief growth of public relations. **(Nov. 18)**
- (3) State and explain the principles of good media relations.
- (4) What are the benefits of good employee communication?
- (5) Explain the steps in implementing an effective employee communication program.
- (6) What is the role of management in employee communication?
- (7) How the social and cultural trends influence business environment? **(Nov. 18)**
- (8) Explain systems theory with diagram. **(Nov. 18)**
- (9) What is the role of communication in crisis?
- (10) State and explain the guidelines for handling crisis and trust building.
- (11) What is financial advertising? State its advantages.
- (12) Explain the growth of financial communication in India.