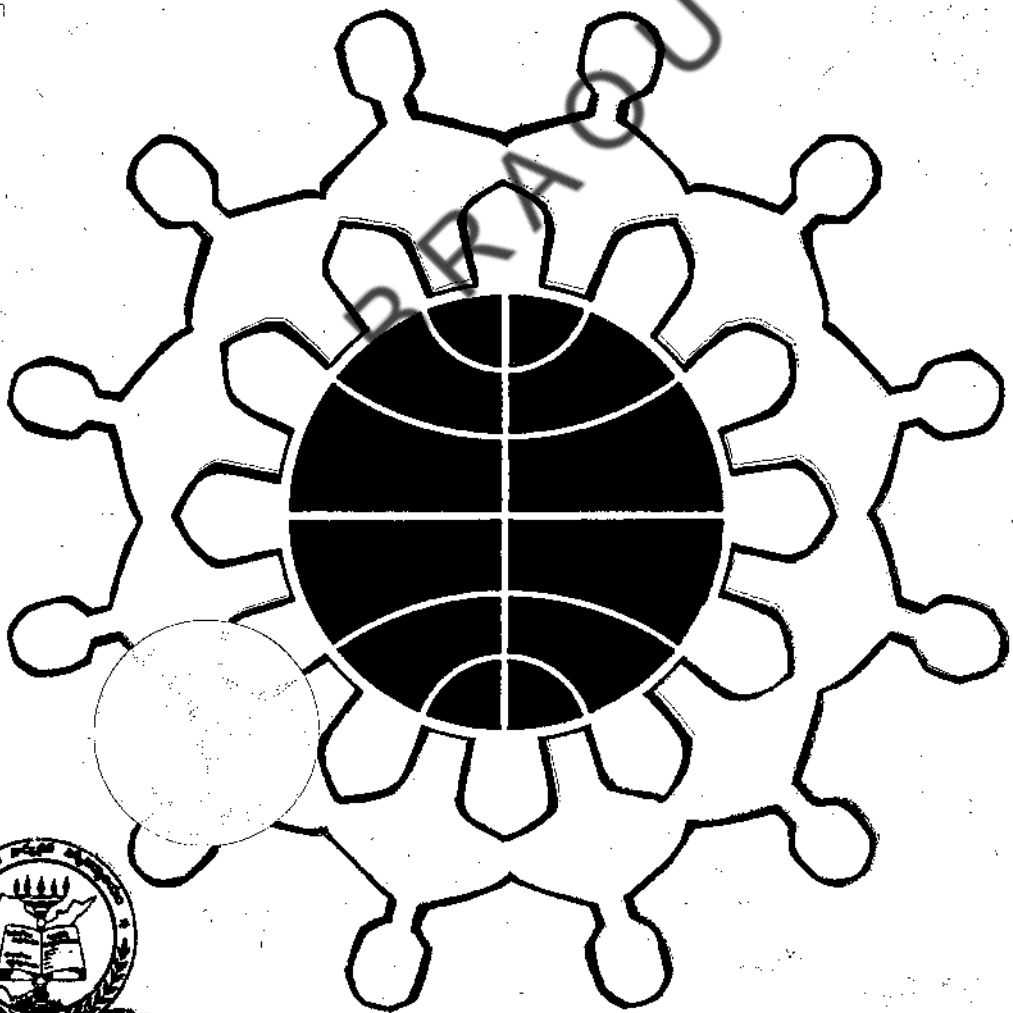


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Public Relations

Public Relations Management

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PUBLIC RELATIONS MANAGEMENT
COURSE - III

Unit 1 Public Relations Management

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ANDHRA PRADESH OPEN UNIVERSITY
HYDERABAD
1985-86

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This text forms part of an Open University Course.

The complete syllabus for the course appears at the end of the last instalment of the text of this course.

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P R E F A C E

Public Relations as a profession has made rapid progress during the past two decades. The major public-sector and private organisations today have recognised the importance of Public Relations, thereby creating new job opportunities for young men and women. Moreover, Public Relations as a management function is fast gaining recognition in our country. Further, there is a wide scope for Public Relations consultancy service. The number of new openings advertised in the mass media makes one optimistic about the growth of the profession. The next decade with its over all progress in agriculture, industry, commerce and greater awareness among the masses owing to increased exposure to mass media will call for greater two-way communication and Public Relations than have hitherto been needed.

The social responsibility of a Public Relations practitioner is greater in a developing country like ours than in the developed countries. The professional will have a crucial role to play in the near future, whether it is that of fighting against untouchability, pollution, or campaigning for afforestation, small family, or for bringing in Computer technology.

The Post-Graduate Diploma in Public Relations offered by the Andhra Pradesh Open University aims at training persons as Public Relations professionals. The course covers all aspects of Public Relations keeping in view our social, political, cultural and economic imperatives. It introduces the students to the basic principles and practice of Public Relations.

The Course consists of the following five papers :

1. Principles of Communication and Public Relations.
2. Public Relations Media.
3. Public Relations Management.
4. Editing and Production of Corporate Publications, and
5. Advertising.

In the paper, Public Relations Management, the student is explained the organisation and operation of various Public Relations activities in an organised way. The Public Opinion, PR Publics, Social responsibilities of Public Relations, Government, Financial Public Relations, Role of Public Relations in Public and

Private sector, Multi Media P.R. campaigns., Problem analysis, Communication Audit, P. R. Objectives, Message formulation, P. R. Programme, P. R. budget, P. R. reporting, evaluation, assessment of results etc are covered. Some Public Relations case studies are included to explain to the students the various problems and how they were handled.

In this text, Public Opinion, P.R. Publics, Employee, Community Relations and Financial Public Relations are covered. Understanding Public Opinion is most important to P.R. Management. An organisation exists because of the good will of the employees and the community, their importance need not be over emphasised. The student would greatly benefit by keenly observing the various developments reported in daily newspapers, magazines and over T.V. regarding topics on Public Opinion, employee and community relations.

This text deals with the topics included in the syllabus for the Post-Graduate Diploma Course in Public Relations offered by the Andhra Pradesh Open University. The syllabus, for the sake of convenience, is divided into units each of which comprises a number of lessons. Each unit generally covers a specific area of the subject. The lessons are prepared by specialists in accordance with a format intended to enable the student to read and understand them without much difficulty. Each lesson begins with a statement of its objectives followed by synopsis and has at its end assignments aimed at testing the student's comprehension of the subject matter.

The University hopes that this material would help the student to get acquainted with the basic principles of Public Relations Management.

CONTENTS

Unit 1 PUBLIC RELATIONS MANAGEMENT

Lesson - 1	Public Relations – An overview	2
Lesson - 2	Public Opinion	7
Lesson - 3	P.R. Publics	11
Lesson - 4	Employee Relations	16
Lesson - 5	Community Relations	24
Lesson - 6	Financial Public Relations	30

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Unit 1

PR PUBLICS

UNIT INTRODUCTION

In the unit, Public Relations, Publics, the student is introduced to the important role which Public Relations plays in (management of) an organisation. The major activity of Public Relations, understanding and moulding public opinion is discussed. For Public Relations Management, identifying various publics, their nature and needs, and how to effectively formulate and communicate the message is explained.

The important publics for any organisation like Employees, Community (Relations), Financial PR, customer and government relations are discussed.

Because of the growth of an organisation - present and anticipated—maintaining good employee relations becomes a must. Similarly, with greater industrialisation, awareness has increased among the various publics. Thus Community relations is today acquiring a new dimension in our country. To cite an example, the recent poisonous gas leaks in the various parts of the country has awakened the people to the hazards of pollution of various types. The students can learn more about the importance of Public opinion, Employee and Community Relations through keen observation of developments which are reported in newspapers, magazines and over the T. V.

Lesson - 1 PUBLIC RELATIONS - AN OVERVIEW

Objective

To provide general introduction to Public Relations (PR) and the management of PR function in organised context.

Synopsis

1. The need for public Relations (PR)
2. PR in an organisation

What is Public Relations? What does a Public Relations practitioner do? What role does Public Relations play in an organisation? How does one go about organising Public Relations activity in an organisation? What is meant by Public Relations Management? These are questions that are often asked by people wanting to know about Public Relations, the way it works and the role it plays in a society.

In order to get a general understanding of the practice of Public Relations management, it is first necessary to get a broad overview of the discipline.

Like any other, Public Relations is a profession. A professional aided and guided by a code draws on a body of knowledge to advise others. A public relations man is as such a professional who, relying on a body of knowledge, advises, guides or counsels others. As such, any PR man, according to Katman B. Druck "who does not draw upon a 'body of knowledge' to advise, counsel and guide others, is neither a professional nor a public relations man. He is not engaged in the practice of public relations as it is understood in the modern times".

1. THE NEED FOR PUBLIC RELATIONS

From the foregoing it should be clear that just as PR is a professional discipline, management of PR also calls for professional expertise. This emphasis on professional expertise has contributed in no small measure the world over, to the growth of public relations discipline over the last two decades. The growth has been spurred by the world coming closer, both as a result and because of, the communication explosion.

Verily, public relations has grown in stature and scope in the past two decades. Today, a major activity in the corporate sector, PR is also an important tool for "Corporate" individual and small business firms. There is increasingly greater awareness that this activity, subject to obvious constraints, can deliver the goods. One can well question and indeed one should question why this should be so? The answer is quite obvious. Today, more than ever, there is a need to project the image of an organisation. No matter what an organisation does, where it operates, it has become imperative to make the public known about the organisation, its policies, products, performance with a view to gaining public understanding and support and may be even sympathy for the organisation, when it is beset with problems. Again, one might ask "why all this when things went on apparently well enough without "formalised" public relations in yester-years" ? Again, this question too is not without an answer.

In this age of industrial development, an organisation no matter what its size, must be known and understood in order to sell its product or services to the customers. Public good will is the greatest asset that can be enjoyed by an organisation and public opinion is the most powerful force. Public opinion that is misinformed or uninformed can be hostile and damaging. Public relations tries to achieve a favourable public opinion through a well-planned, orchestrated, eloquent and persuasive public relations programme. Moreover, organisations, including governmental have grown so large in size, employing so many people, that organised PR Communication have become vital.

While what has been said does give an overview of public relations, let us now get back to the questions that have been raised in the beginning of the lesson.

What does a PR practitioner do ?

Though there are several definitions of the public relations, PR can be described as *planned communication* between an organisation and its different publics for the purpose of achieving understanding, acceptance of the organisation's goods, policies, programmes and products.

A PR person communicates with the publics of an organisation

- a) to attract their attention
- b) to win their belief with sustained activity

- c) to impart understanding eventually resulting in moulding their opinion which will be favourable to the organisation
- d) obtain feedback from them, and
- e) communicate the feedback to the management of the organisation so that corrective action can be taken or initiated.

2. PUBLIC RELATIONS IN AN ORGANISATION

Public Relations serves as an interface with different functions, such as personnel department in the area of employee communications, marketing department in the sphere of total customer relations, finance department in relation to financial community such as bankers, shareholders, etc. In other words, PR provides the communication interface/backup to an organisation's varied activities, whether they are of a technical, non-technical or even governmental/political nature.

How to organise PR activity in an organisation ?

Public Relations does not and cannot function in a vacuum. Organised activity alone provides the basic thrust for any public relations activity. PR can exist and thrive only when there is organised activity. PR tries to promote that organised activity. In other words, PR promotes an organisation and its activities and it can do so only when the organisation has well defined objectives and activities which are promotable. As such, first it is necessary to understand the organisation's goal, objectives and evolve PR goals and objectives. Often PR objectives is to promote or subserve the larger corporate objectives. PR objectives cannot be divorced from larger corporate objectives. PR personnel thus evolve suitable communication packages to promote the corporate objectives, policies and programmes. In the larger context, the corporate objectives flow from, say public sector objectives and in turn, from national and international objectives.

What is meant by PR Management ?

Just the way different functions such as personnel management, finance management, materials management, marketing management, operate in an organisation, to achieve desired goals, *that working which aims at gaining public understanding and acceptance of an organisation goals, plans, products, services is known as management of Public Relations.*

The How of Public Relations.

Communication is the main pillar of all PR activities. Public relations thus in a way can be termed as Public Communication. Indeed in the corporate sector, PR is termed as Corporate Communication. In the total context, we talk in terms of Public Affairs, Human Behaviour etc., giving a very wide base to the discipline of Public Relations.

Author of the Lesson : Mr. P. L. RAGHU RAM

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Suggested Reading

1. Public Relations - Principles, Cases and Problems by Bertrand R. Canfield and H. Frazier Moore
2. Handbook of Public Relations by Howard Stephenson-
Mc Graw Hill Book Company
3. Handbook of Public Relations in India by D. S. Mehta,
Allied Publishers
4. Profitable Public Relations by Arthur R. Roalman, Tarapore-
vata Publishing Pvt Ltd, Bombay
5. Effective Public Relations by Scott M. Cutlip and Allen
H. Center
6. Public Relations for Management Success by Frank Jenkins
7. Mass Communication in India by Kaval J. Kumar, Jaico
8. Public Relations - Problems and Prospects by Anil Basu,
Space Age Publication, New Delhi
9. Practical Public Relations by Sam Black
10. Public Relations - A Scientific Approach by Badco Sahai
11. Public Relations by Raul De. L Furtado,
New Book Company, Bombay

Assignments

1. Answer the following in 30 lines
 1. Discuss the need for Public Relations in an organisation.
 2. What is PR Management ? Explain its role in an organisation.

Lesson - 2 PUBLIC OPINION

Objective

To study the relevance as well as importance of Public Opinion to the practice of Public Relations management.

Synopsis

1. Public Opinion and advantages of Good Will
2. The study of Public Opinion
3. Advantages of favourable Public Opinion

One of the most important aspects of modern life is the way the opinion of people matter in relation to an organisation and even governments. With public opinion in favour of an organisation, nothing shall fail and with public opinion against an organisation, nothing shall succeed either.

1. PUBLIC OPINION AND ADVANTAGES OF GOOD WILL

We have seen how Governments had to go out office due to shift in public opinion. The same had happened to large corporate organisations which had to fold up or drastically curtail their operations, when they lost out on favourable public opinion.

Organisations whether they are in public or private sector, industrial or commercial bodies and even government and international organisations are today conscious of this when they talk of "public good will". Public good will means not only the attitude of the customer towards the company's products, but also the attitude of employees the shareholders, the suppliers, the bankers, dealers, distributors, the government and a host of other relevant publics at the national and international levels. All these groups are important to the success of a company.

The good will of every one of the above segments of public is essential.

The value of favourable public opinion is striking when it is absent. For instance, the productivity of the workforce in an organisation may be lower than in a competition's plant: employee morale

may be poor; their absenteeism may be high - all this resulting in high production costs and consequent inability to compete with companies that have a higher level of good will among their employees.

Similarly, a high volume of customer complaints, frequent complaints from dealers, distributors are indications that the opinion of these groups is unfavourable to the organisation and its products or services.

The two situations cited above bring into sharp focus that production, sales, finance and other related functions by themselves cannot fully see through an organisation successfully emerge unless it also takes care of fostering favourable public opinion. This is because everything that an organisation does affect the public at some stage or the other.

2. THE STUDY OF PUBLIC OPINION

The study of public opinion involves complete analysis and understanding of all factors that influence people's attitudes towards an organisation. Usually, the study of public opinion can be achieved through:

I. Analysis of general attitudes of Publics relevant to an organisation. This is attempted through "pulse feeling" of attitudes of people towards an organisation.

II. Determining the attitudes of each of the group. This may be employees, customers, shareholders or some other segment of public. When the attitudes are known, it is easier to know where the organisation is misunderstood.

III. Analysing the state of opinion. The state of opinion among different segments may vary. Analysis will aid in making plans to improve the opinion of the varied groups about the company is concerned.

3. ADVANTAGES OF FAVOURABLE PUBLIC OPINION

Through favourable public opinion, an organisation can derive several advantages. Significant among them are:

- 1. Favourable image for the organisation**
- 2. Improved morale of the employees**
- 3. Easier promotion of products or services of an organisation**

4. Good will of employees, customers, suppliers, shareholders, government, media and the legislature bodies
5. Easier to attract good personnel to the company
6. Improved productivity and profitability
7. Better growth prospects.

Author of the Lesson : Mr. P. L. RAGHU RAM

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Assignments

I. Answer the following in 30 lines

1. What is the importance of public opinion in Public Relations management ?
2. How do you evaluate Public opinion ?

II. Write short notes on the following

- a) Advantages of favourable public opinion.
- b) Public Opinion Vs Organisation.

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Lesson - 3 PR PUBLICS

Objective

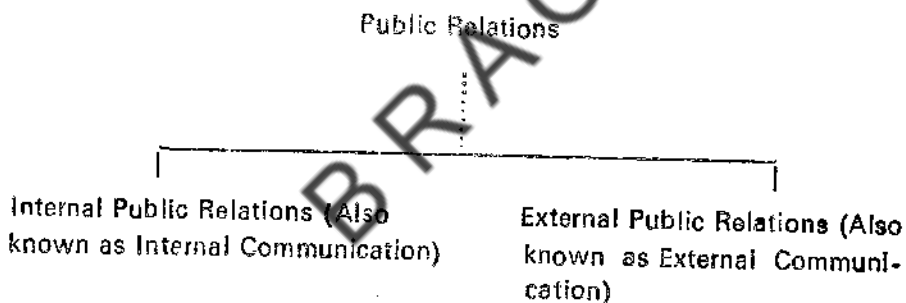
To explain how publics are segmented in the practice of PR and tabulate the different segments of public.

Synopsis

1. Segmentation of Publics
2. Methodology in facing the Publics

1. SEGMENTATION OF PUBLICS

One of the first steps in the practice of Public Relations is to segment Publics. The publics can be segmented broadly into internal public and external public.



Internal Public: The employee segment of an organisation is the Internal public of an organisation. Some organisations treat the shareholders segment also as the Internal Public of an organisation while some put it as a part of External Public.

External Public: A vast array of publics such as customers, suppliers, bankers, dealers, distributors, media, the legislature, local government bodies, the community within which an organisation operates, and all those groups of public who might interact with the company or the groups that the company may find it necessary to interact, can be treated as relevant groups of external public.

PUBLICS

INTERNAL PUBLIC

Employees, both management
and non-management
Shareholders
Trade union leaders
(internal)

EXTERNAL PUBLIC

Customers
Suppliers
Bankers/Financial
Institutions
Dealers/Distributors
M.Ps/M.L.As
Local Government bodies
Community
Educational Institutions
Trade bodies/Chambers of
Commerce
Voluntary organisations
such as Rotary/Lions
Clubs
Trade Unions
International organisations
like ILO

The above segmentation is only broadly indicative. Depending on the nature of operations and peculiar requirements of an organisation, the segmentation of publics can be suitably done. Moreover, emphasis may differ, eg. in an industrial crisis, the most important public may be the Unions/its leaders.

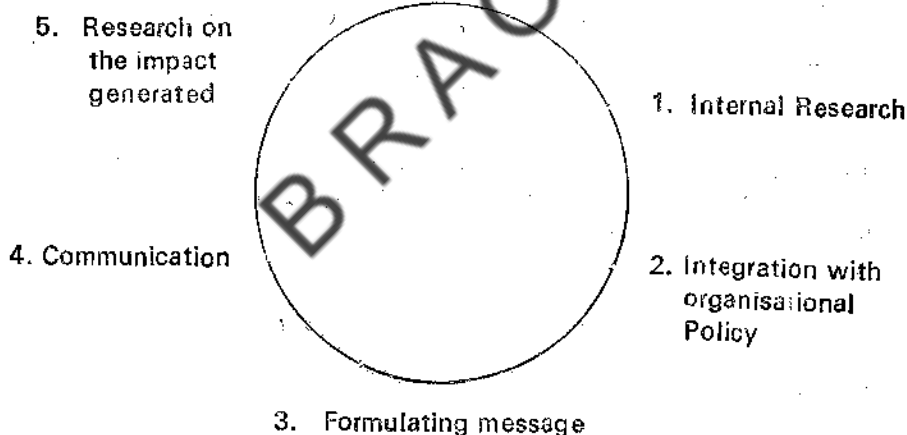
The need for segmentation

Different groups of publics have different interests and needs. The interests and needs, more specifically information needs of a group like employees will certainly be at variance with a group like customers. While the employees would be interested in knowing more about an organisation, its personnel policies, wage policies, incentives for workforce, the customers would be keen on knowing the product range, quality of products, prices, after sales service etc. What is true of a divergence

in interest among the two segments such as employees and customers' is true of other segments. What is to be noted is that *information needs* of different segments of public would depend on their *interests*. It is precisely because of this that the different publics are segmented into different categories. Communication with different groups based on their information needs and interests make the job of public relations a more pointed, focussed and purposeful exercise rather than treating all the groups of public as a single entity requiring the same kind of thrust.

2. METHODOLOGY IN FACING THE PUBLICS

It is appropriate to describe the methodology of facing the publics as a 5- step process beginning and ending with research. The methodology begins and ends with research. The process is known as the "Circular Process". The five steps are: (1) internal research (2) Integration with policy (3) Formulation of message (4) communication and (5) research on the impact of the message.



1. Internal research concerns itself about exploring the base on which data can be organised. It is mostly in the form of information generation on organisation objectives through interviews etc policies based on which PR tasks can be identified.

2. Intergration with policy is essentially dovetailing PR effort into organisation and natural objectives. This way PR subserves the larger organisational objectives. This means that PR cannot be divorced from organisational objectives but instead should reinforce and further promote them.

3. **Formulation of message** is in terms of words and images truly reflect its image of the institution.

4. **Communication** is the 'transmission' process.

5. **Research on the impact of the message** is an evaluation process to assess whether the communication achieved the desired objective or not and if not, what were the lacunae?

PR in our daily life

Public relations is basically a process of engineering human consent obtaining people's approval for a policy or product and what happens to individual human interactions is what is ultimately relevant to organisational public relations. Indeed, PR has a great deal to do with human interactive situations.

In our life situations, we come across three sets of people who know us and like us, people who know us but do not like us and thirdly people who neither know us nor like us. In these three situations, the first situation is what can be termed as an ideal situation. We would certainly like those people who know us to continue to like us.

We would also like people who know us but dislike us to stop disliking us and start liking us. Similarly, we would like people who do not know us to start knowing and liking us. But how does this happen? It is through sustained process of communication that this starts happening.

Similarly, in the case of organisations, they too are confronted with the above three types of situations. Any organisation that would like to be known well in a society should go about the way people do, so as to have all the three situations favourable to it. Even in the case of organisations, it is only through a process of *sustained communication* that it gains acceptability over a period of time.

Author of the Lesson: Mr. P. L. RAGHU RAM

Assignments

I. Answer the following in 30 lines

1. What is the need for segmentation of Publics ?
Explain Internal and External Publics.
2. Describe the five-step process in facing the publics.

Exercise

Identify the internal and external publics of the following organisations. State the interests of each public you have identified.

1. Andhra Pradesh State Electricity Board
2. Andhra Pradesh State Road Transport Corporation
3. A High School
4. Maruti Udyog Limited (Maruti Cars)
5. A private company producing pressure cookers, T.V. Sets, typewriters.

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Lesson - 4 EMPLOYEE RELATIONS

Objective

To give a broad overview of employee communication highlighting the importance of employee good will to an organisation and to describe the nature of information that the employees want.

Synopsis

1. Employee good will
2. Employee communication
3. Media of internal communication
4. Major areas of employee communication
5. What is a house journal ?
6. House journals in India

For the successful functioning of any organisation, employee good will is essential. Without the good will and support of the work force, it is difficult to visualise the effective and successful working of any organisation. Further, it is the willing participation of the work force in the organisation's programme that contributes to the overall productivity and profitability of that organisation.

At this stage, it is necessary to understand that the employees constitute an important "segment", or "constituent" of every organisation. It is the employees who convert raw material into finished products. It is they who put to use the machinery in an organisation and help it meet the market needs by the products they make. It is the employees who generate money for the organisation. As such, to a considerable extent, *it is the employees who determine the success or failure of a company.*

1. WHAT IS EMPLOYEE GOOD WILL ?

The acceptance and appreciation of an organisation, its policies and programmes by the employees and their working for achieving the policies and programmes can broadly be termed as employee good will

How is employee good will generated ?

Just as good will among two persons or a group of persons is brought about through a sustained process of understanding, understanding of an organisation and its policies and objectives by the

employees can result in good will. But then, how does this understanding come about? Simply stated, understanding between two persons or a group of persons can be brought about through communication. Similarly, a sustained process of communication between an organisation and the employees can result in the understanding, acceptance and appreciation of the organisation's goals, policies and programmes. Thus employee good will towards the organisation is built through communication.

Why employee good will ?

As mentioned in one of the preceding lessons, nothing can ever succeed without public good will and nothing can ever fail with public good will in its favour. In the case of an organisation, just as materials, machinery and money constitute resources, men also constitute a resource base which is known as human resource. Without the human resource input none of the other resources can work. Hence, the human resource is the key to the progress and prosperity of an organisation. If we were to look at a successful organisation such as Tata Iron and Steel Company (TISCO), we would realise that the company has been doing exceedingly well in comparison with other steel plants in the country. One major reason for this is productive working on the part of the employees. Incidentally, TISCO has been having good employee relations for decades. Similarly, Bharat Heavy Electricals Limited (BHEL) has also grown over the last 10-15 years primarily because of good employee relations in its plants all over the country. There are a few organisations which could not grow due to disturbed industrial relations. All this brings into sharp focus the fact that a climate of peaceful industrial relations only can help in the growth of an organisation. And this is dependent, in no small measure, on the good will of employees. Generating that good will on the part of employees is thus very important.

2. EMPLOYEE COMMUNICATION

Communication between the management and the employees has never been as important as it is today, because industry is becoming increasingly complex in structure and purpose. Today there is an urgent need for the management to maintain cordial relations with the employees keeping in view the tensions that are arising in industrial relations.

There is a need for the employee to know what goes on in the company. They need information about their work, environment, and besides they need to know that the management cares for them and that their caring is genuine.

According to a former Chief Executive of Du Pont Company in the United States, "informed employees are better, more productive employees. They get more out of their work and they do a better job for the company. What the Chief Executive of Du Pont has said is something akin to the employee communication philosophy of Arthur Page, pioneer of Public Relations in US, who felt that informed employees had a high morale and that a high morale made them good ambassadors to the corporation's external public. Arthur Page also felt that the more the employees know about their business, the more intelligently they could do their jobs.

Role of Public Relations

It is here that the public relations department of the organisation *has to step in and take over the responsibility of establishing a suitable and workable internal communication system.* In other words, public relations should give serious thought and devote a major share of its activities to internal relations. Although public relations has been termed a "fledgling discipline", it has started playing an increasingly important function within the corporate sector in India. So far, public relations has been mainly externally-oriented but now the time has come to look inwards and realise that the employees form an important public too.

Public relations make use of several media available to it to communicate with its internal publics, the employees of the organisation.

3. MEDIA OF INTERNAL COMMUNICATION

For internal communication, an organisation can use print, oral audio and audio-visual media depending on its needs, suitability and resources. In the developed countries, audio-visual media like video-cassettes are becoming more and more popular. Interviews based on important issues and decisions with the Chief Executives, or Union leaders are shown to employees. In India, the print medium continues to be the most popular one for internal communication.

Print Medium

House magazines

Bulletins

Handbooks

Booklets and pamphlets

Pay inserts

Letters to employees from the chief executives

Oral Medium

- Face-to-face discussions
- Small group meetings
- Open houses

Visual and Audio-visual Media

- Displays
- Demonstrations
- Motion pictures
- Slide shows
- Film strips

4. MAJOR AREAS OF EMPLOYEE COMMUNICATION

I. Organisational information

Objective: To provide employees with organisational information such as history, inception, growth profile, product range and broadening the perspective of the employees - to create a sense of belonging, to help employees to integrate themselves with company purposes, and ultimately help them understand organisational policies and identify themselves with the goals of the organisation.

Communication content

- a) Organisational information
- b) Details of product range
- c) Financial data
- d) Profitability statements
- e) Major events and landmarks etc.

II. Job Information

Objective: To provide employees an exposure to job data which would help them to perform efficiently.

Communication content

- a) Basic job information
- b) Personnel policies
- c) Establishment Manual details
- d) Standing orders
- e) Conduct Rules etc

III. Collective bargaining issues

Objective : To make employee demands more reasonable, to encourage responsible union leadership and reduce industrial disputes/ strikes etc.

Communication content

- a) Information on management-union agreements
- b) Information on collective bargaining issues
- c) Information on socio-economic developments in the country.

IV. General education

Objective : To help in shaping the employee into a well developed, socially conscious individual- a good citizen in general, participating in community events.

Communication content

- a) Sociological information
- b) Community development activities
- c) Any subject of interest to employees

5. WHAT IS A HOUSE JOURNAL ?

The house journal which is a company periodical, is a medium of communication which projects the image of an organisation to its various publics *with a purpose of building a channel of communication within the organisation, creating or fostering a favourable climate for the working of the organisation and for promoting good will.*

The internal house journal which is intended only for the employees of the organisation, has particular relevance in the context of establishing good employee communications. According to Bertrand Canfield the major objectives of the internal house magazine are to *inform employees about the company policies and practices; to stimulate increased production by publicizing good individual performance and the need for increased output by workers; and to develop improved morale and promote loyalty. They should also inform employees about company products and operation, show them their role in the manufacture of the final product and increase company prestige among employees.*

Canfield further says that employee newspapers are published to improve labour relations, explain the financial structure and operation of a company and the role of profits, and expose rumours that breed misunderstanding and dissatisfaction. These periodicals attempt to build a favourable attitude towards a company by families of workers; to promote safety practices and to promote employee activities including sports, entertainment and social affairs.

6. HOUSE JOURNALS IN INDIA

House journals which are alternatively believed to be "a tool of the management" and "a grievance platform for employees"-and are treated as being inconsequential to both management and labour, have been multiplying steadily within the Indian Corporate sector during the last few decades. Moreover, confronted with the phenomenon of growing industrial unrest, an increasing number of corporate managers are gradually realising the need to take house journals seriously and to use them as a vital medium of internal communication which can improve management less space labour relations in the long term.

The importance accorded to house journals as a useful medium of communication is reflected in the establishment of professional body of house journals editors - The Association of Business Communicators of India (ABCI). Formerly called the Indian Association of Industrial Editors, this Association was set up in 1956 and is registered under the Societies Registration Act, 1860. It has a membership of 500 members from all over the country both in the private and public sector.

A Directory of House Journals in India brought out by the ABCI provides valuable statistics about house journals. Some salient features are given below.

- * There are 784 journals, covering a total circulation of 30.78 lakh copies. Among them are 290 quarterlies, 267 monthlies, 82 bimonthlies, 34 fortnightlies and 12 weeklies.
- * The most popular language is English, with more than 500 brought out in that language. There are 60 only in Hindi and 56 in other regional languages.
- * 17 house journals were established prior to 1940, 22 were started in the forties, 129 in the fifties, 300 in the sixties and 265 in the seventies.

- * The oldest publication 'India Journal of Medical Research, New Delhi' was established in 1913. The oldest publication of a manufacturing house is 'Delhi Cloth Mills Patrika' which was established in 1931.
- * The top house journals in terms of circulation are :
 - e) Larsen & Toubro Newsletter Quarterly by Larsen & Toubro Bombay - 1,30,000 copies.
 - d) Medical Times - Monthly by Sandoz (India), Bombay - 1,00,000 copies
 - c) Colleague - Quarterly by State Bank of India, Bombay - 80,000 copies
- * The top house journals in terms of excellence are
 - 1980— 'M & M Newsletter' of Mahendra & Mahendra Ltd.
 - 1979— 'Nocil Cracker' of National Organic Chemical Industries.
 - 1978— 'L & T Newsletter' of Larsen & Toubro.
 - 1977— 'Mico Wheel' of Motor Industries Co. Ltd.,
 - 1976— 'L & T Newsletter' of Larsen & Toubro.

Author of the Lesson : Mr, P. L. RAGHU RAM.

Assignments

I. Answer the following in 30 lines.

1. "The Success of an organisation depends on employee good will", Discuss.
2. What is the importance of Internal Communication? What are the major areas of employee communication?
3. Discuss the role of an Internal House Journal in internal communication.

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Lesson - 5 COMMUNITY RELATIONS

Objective

To explain the concept of Community Relations and highlight how the Public Relations officer can go about the job of Community Relations.

Synopsis

1. What is a Community ?
2. Community and Business Symbiosis
3. Role of PR in Community Relations
4. Community relations and business organisations-an example
5. Social Audit

Community Relations as a Public Relations function can be explained as an organisation's planned active and continuous participation with and within a community to meet its needs.

1. WHAT IS A COMMUNITY?

Perhaps no other area of Public Relations has changed as much in the last few years as community relations. And perhaps no other area is having so profound an effect on the practice of Public Relations. Today, no matter how large and important an organisation may be, it can be undermined, if it is indifferent to community needs.

The term "Community" means not merely the group of people living in the vicinity of an organisation *but virtually every segment of public that may be interacting with the organisation from time to time.*

"Community" consists of individuals. In other words individuals make a "Community". Individuals create groups, join groups, oppose groups. This brings into sharp focus that "Community" does not mean merely collection of people. *The "Community" means complex groups of people constantly changing in their outlook and the "Community" is a powerful force.*

2. COMMUNITY AND BUSINESS SYMBIOSIS

Business organisations and the community have a symbiotic relationship. *One thrives on the other.* They have a profound effect on each other.

From a practical standpoint, we find that there are several things that an organisation provides to the community and vice-versa.

Firstly, the things that an organisation gives to the community:

a) capital investment (b) employment opportunities (c) new products (d) tax support (e) educational and health facilities, etc.

Secondly, the things that the company gets from the community:

a) land (b) workforce (c) power (d) water (e) transportation, etc

The needs of the organisation and the community as explained above brings into focus the symbiotic relationship between the two. Nurturing this symbiotic relationship is in a way the job of public relations in community relations.

3. ROLE OF PUBLIC RELATIONS IN COMMUNITY RELATIONS

Public Relations does not and cannot operate in vacuum. In order that public relations plays a role in community relations, it is necessary that an organisation has a *community relations policy and programme.*

For example, in the case of the House of Tata, by far the most striking corporate example that one can think of in the area of community relations, the organisation has been having a community relations policy for decades. The House of Tata is unique among industrial houses in that 80 per cent of the profit of the parent firm, Tata Sons, goes to public trusts. Profits of some other Tata companies also go to Tata foundations. *It is the policy of the House of Tata to promote community welfare that has earned for them a distinct position as a good corporate citizen.*

From the foregoing, it should be clear that good community relations can spring from a sustained policy on the part of an organisation with regard to community relations. Public Relations can subserve the policy on community relations *and at any rate can never be a substitute to a policy or programme. More clearly, if an organisation, does not have a policy regarding community relations, there is little that Public Relations can do.*

Very often, the question is asked, where and how does community relations begin and how does public relations fit in the field of community relations? Like any public relations programme, public relations in the case of community relations takes recourse to the usual four-step process.

- a) *Fact Finding* is the first step. It is primarily to know the community, reasonably intimately, and understand its needs.
- b) *Planning* is to evolve suitable plans that can promote and meet community needs.
- c) *Execution* is to implement community-oriented plans with the active participation of the community and voluntary organisations within the community.
- d) *Evaluation* is to assess the *effectiveness or otherwise* of the organisation's community relations programme.

Given the situation where an organisation has a clearly laid out policy in regard to community relations, role of public relations can be described as that of a catalyst. Let's take an example. The Bharat Heavy Electricals Limited at Ramachandrapuram, near Hyderabad, has decided to adopt a village near the complex and develop it socio-economically. With a policy decision taken, the public relations department can serve as a catalysing agent in promoting the socio-economic development of the village with the active participation and involvement of the community. Here the public relations activity can take recourse to finding out the facts regarding the things the community needs - the things the organisation can provide for such as primary education, health facilities, family welfare counselling, adult literacy etc., and evolve suitable plans to meet these needs. In the matter of execution of these plans, as mentioned earlier, there is a lot of scope for involving voluntary organisations such as Rotary Clubs, Lions Clubs, NCC, NSS, Scouts and Guides, Youth Clubs, etc.

4. COMMUNITY RELATIONS AND BUSINESS ORGANISATIONS

The very nature of operations of business organisations whether they are in public or private sectors makes them community-oriented. In the case of public sector, one of its objectives is to set up industrial units in backward areas to subserve the cause of developing them. In the case of private sector, the government encourages the setting up of new units in notified backward areas with subsidies and incentives. Thus

both the public and private sectors show a definite propensity towards backward areas. As the industrial units come up, they improve the life styles of the community by fulfilling several of their needs. Taking the example of BHEL at Ramachandrapuram again, let's see how the company fulfilled its obligations to the community.

Ramachandrapuram, about 25 kms away from Hyderabad was a nearly desolate place some 15 years ago. As the land was acquired for BHEL unit, the organisation had to develop the infrastructure for the plant. However, it started off by drawing upon the existing infrastructure such as roads, water supply etc. As time passed by, there came new facilities that the company created such as schools, health centre, recreational facilities which could be used by BHEL employees as well as the people living in the vicinity-the community.

In course of time BHEL supported the setting up of several small scale ancillary units generating further employment. Today Ramachandrapuram no longer wears a desolate look as it was 15 years ago. BHEL stands out as a unit that brought about a "multiplier" effect multiplying facilities in the vicinity.

Similarly, ECIL, near Moulali, HMT at Jeedimatta, IDPL at Balanagar have contributed significantly to the progress and advancement of the people in the vicinity of these organisations.

Similarly, private sector organisations such as Tata Iron and Steel Company, Bhadrachalam Papers Limited (an ITC Limited Company), Voltas just to name a few, have done significant work in the sphere of community relations-by perceiving community needs and fulfilling them.

5. SOCIAL AUDIT

Social audit is a relatively new concept in public relations. Time was when, if the accounts of a company were audited by a firm of Chartered Accountants and certified to be in order, that was the last word. Now social audit is gaining considerable importance. *Social audit means that anything that an organisation does is open for scrutiny by the society at large.* In other words, the activities of an organisation must be compatible with that of the society and cannot transgress social limits. What then are social limits? Society, is not an amorphous entity. Society, like community consists of individuals. Whatever that is compatible with individuals' interest becomes socially relevant and working within those social parameters, fulfilling social norms and with-

standing scrutiny by the society can broadly be explained as social audit.

Preserving environment by checking any possible pollution by an organisation, helping economically and socially weaker sections, promoting child nutrition, adult literacy, working towards eradication of caste evil, dowry can be broadly termed as socially relevant actions.

Community Facilities

When we survey the facilities that are created by an organisation, no matter whether it is IDPL or Bhadrachalam Papers Limited, they are not meant for merely meeting the needs of its employees. The community in the vicinity of these organisations has as much a claim on these facilities. That's just about the reason why they are looked at as community facilities. Schools, recreational facilities, health centres, adult literacy centres are facilities that a corporate organisation could provide to the community for its welfare.

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Assignments

I. Answer the following in 30 lines

1. Why is it necessary for an organisation to maintain good Community Relations? Explain the reasons.
2. What role does Public Relations play in maintaining positive Community Relations?
3. If an organisation does not have a clear cut policy for Community Relations, can the Public Relations department play any role? If not, give reasons.
4. What do you understand by the term 'Social Audit'? How does it help in developing cordial Community Relations?

II. Answer the following in 10 lines

1. Describe the necessity for maintaining Community Relations by an organisation.
2. "Community Relations is a part of Public Relations". Justify.

III. Exercise

Visakhapatnam Steel Plant is acquiring hundreds of acres of land for its project. As incharge of Community Relations, Identify the publics and give a plan of action to promote favourable Community Relations.

Lesson - 6 FINANCIAL PUBLIC RELATIONS

Objective

To explain how companies are constituted and bring into focus the role of Public Relations with special reference to Public Limited companies and the shareholder public.

Synopsis

1. Structure of companies
2. Going for Public Issue
3. Public Relations support for Public Issue
4. Annual General Meeting
5. Open House for Shareholders
6. Shareholder Newsletter and Annual Report

1. STRUCTURE OF COMPANIES

To understand Financial PR, one should know the structure of companies and their pattern of ownership.

Generally, companies are constituted as proprietary concerns, partnership firms, private limited companies and public limited companies. A proprietary firm is a firm which is owned by a single person, while a partnership firm is owned by two or more persons. In the case of limited companies, a private limited or a public limited company is owned by shareholders, also known as stockholders. As is evident from the above, in the case of proprietary and partnership firms, the owners are drawn from among themselves. As such, they are not accountable to others whereas in the case of limited companies, the shareholders being the owners, limited companies are accountable to the shareholders.

How are companies formed ?

While proprietary and partnership firms are relatively simpler to form, limited companies are required to be incorporated under the Companies Act of 1956. The Act stipulates that a private limited company may have no more than 50 shareholders while in the case of public limited company, there is no such restriction on the number of shareholders that it can have.

Private Limited companies can come about with the share investment of a couple of individuals or a compact group of people who obtain shares in the company. The share allocation is done privately and the law allows such an allocation which is why they are called private limited companies. Also, shares transfers are privately managed. The shares of such companies are not listed nor are they required to be listed with any Stock Exchange.

On the contrary, a public limited company is a company the shares of which are offered to the general public, bought by the public and traded, i.e., purchased and sold in share or stock market.

2. GOING FOR PUBLIC ISSUE

Since the Financial PR has a lot to do with public limited companies, it is necessary to take a look at the way they are promoted and the way they 'go public' and secure share investment from the public. This would be clear if we take up any public limited company. For example—Allwyn Nissan.

Allwyn Nissan is a public limited company promoted by Hyderabad Allwyn and has started its operations recently. The company has been set up to manufacture light commercial vehicles of 3-tonne capacity each.

The financial structure of the company envisages that the promoters of Allwyn Nissan would hold shares, and also offer a part of the shares to the public. Offering shares to the public is generally known as 'going public'

What the company does is that it determines the total financial outlay for the organisation and works out the quantum of equity (share investment) and debt that the company can have. Generally debt equity will be in the ratio of 2:1. This means that company can borrow from financial institutions such as Industrial Development Bank of India, and Industrial Financial Corporation of India twice as much as the share investment. As has been mentioned earlier this share investment comes from promoters and in this case it is the Hyderabad Allwyn Limited as also the general public.

Securing share investment from the general public is where public relations has a role to play. The PR focus is on informing potential shareholders about the company. Financial public relations is a planned, organised communication effort to gain recognition for the

Company and its policies. The underlying motive is to gain their acceptance for the company, its goals so that they eventually become the shareholders of the company.

Once a decision is taken about going public, there are certain requirements under the Companies Act of 1956 which are mostly of the nature of statutory requirements. These are taken care of by the Company Secretariat or the Finance and Accounts Department of an organisation. However, the Public Relations Department of an organisation has a key role to perform, prior, during and after a public issue.

3. PR SUPPORT FOR PUBLIC ISSUE

Prior to public issue, while the company is fulfilling statutory requirements, PR provides the necessary interface by creating a climate or an environment where the public issue will be a success. This is done by building the corporate image of the organisation, by disseminating information among prospective share holders on such aspects as the history of the organisation, policies, programmes, product range, market share, growth prospects, anticipated profitability. Dissemination of this information can be done through corporate publications such as booklets, brochures, and audio visual presentations. However, by far the most effective means of disseminating information about a public issue is through the media of newspapers, financial dailies and magazines.

Public Relations Departments plan and secure coverage for the organisation at the time of pre-issue through news media by organising press conferences at leading share market centres such as Bombay. This news coverage in important daily newspapers helps one who is looking for share investment opportunities information on an organisation and who may be eventually influenced and persuaded to buy shares. This type of "build up" in media is almost invariably attempted by organisations planning to go public. The press conference gains in importance, since it is addressed by the chief executive of a company. As it happens, the press conference and the resultant media coverage, generate a great deal of interest and need for information in prospective shareholders. This is where the corporate publications mentioned earlier can fulfill the information needs of the public.

Public relations has a role to play during the period of public issue by sustaining public interest in the ongoing public issue. Given a good corporate image, the public issue is bound to succeed.

It is after the public issue that the role of public relations becomes even more pronounced having to address "Welcome Letters" to the shareholders, establish a channel of communication with them and sustain the communication link. While the company secretariat or the finance department would mail to the shareholders the share certificates, it is the PR department that would send out the welcome letters. With creative orientation, public relations can contribute a lot to making the shareholders feel happy with the company.

4. ANNUAL GENERAL MEETING

In public limited companies it is mandatory that once a year a meeting of all shareholders is held to review the performance of the company, to appoint directors of the company as well as auditors for the next financial year. This meeting is known as Annual General Meeting. While, here again, the company secretariat calls for the Annual General Meeting, the PR department provides the necessary interface by evolving suitable communication material covering financial highlights of the company, new product developments, and other related information which will make for appreciation of the company, its policies and programmes.

The Annual General Meeting provides an opportunity to the PR Department to provide an overview of the company and also an occasion for the shareholders to get information relating to various aspects of the company's performance. This is generally in the form of question and answer session with questions posed by the shareholders and answers given by the Chairman of the company.

5. OPEN HOUSE FOR SHAREHOLDERS

Shareholders would be interested in knowing what production facilities the company has, how products are made, how the quality of the products is ensured. They would generally want to know about the working of the organisation. This aspect is taken care of by throwing open the company to the shareholders who can inspect it. The open house for shareholders is planned and executed by PR Departments.

6. SHAREHOLDERS NEWSLETTERS AND ANNUAL REPORT

Different companies have different approaches to shareholder newsletters. While in some companies this may be a monthly newsletter, in others it takes the form of quarterly reports or even half yearly review reports. At any rate, all the companies provide annual reports

to shareholders. It is necessary to understand the distinctions between these different types of reports.

The Annual Report is a document brought out by companies providing information as per statutory requirements, whereas monthly or quarterly or half yearly reports are not governed by any statutory requirement. Public Relations Department plays a key role in the presentation of such reports. Indeed, most companies' Annual Reports are designed by Public Relations departments with considerable creative input in them. Here again, the Public Relations Department has to work in co-ordination with the company secretariat and the Finance and Accounts Departments.

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Assignments

I. Answer the following in about 30 lines each

1. Discuss the importance of Financial Public Relations to a Company. How does it help both the Public and the Company?
2. How does Financial Public Relations help a Company at the time of going public? Discuss Public Relations support for Public issue.

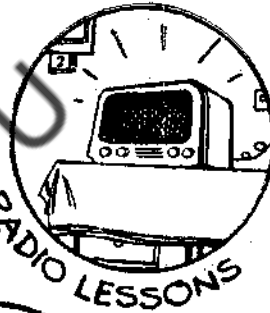
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