

**Determining the value of Public Relations to an  
Organisation:  
Beyond the “Excellence Approach”**

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**I. Abstract.**

The purpose of this research is to explore an alternative approach to determining how valuable the Public Relations (PR) function is to an organisation.

An online survey was carried out to identify how the current economic downturn was affecting the PR industry as whole, the purpose of which was to identify if the results would translate into it becoming a primary determinant of the importance, status or value of the PR function to an organisation. An interview was also carried out with a former President of the Chartered Institute of Public Relations to further buttress the findings.

While a large majority of respondents perceived the economic crisis as having a negative impact on their organisation as a whole, it was not however, having a negative impact on their function within the same. Despite this show of resilience of the PR function, respondents did not consider it as being the ideal indicator of the perceived value of their function.

## **II. Introduction**

The last decade has seen the field of Public Relations grow from a purely technical practise into one that is increasingly taking a strategic management role. As the 'twenty four – seven' media continues to demand for up to date information from organisations and the internet also continues to diminish the ability that organisations have to more easily direct and influence their reputation, the role of the 'reputation managers' has become increasingly better established.

Organisations that do not place the right premium on this function, either through proactive environment scanning, appropriate internal structures for dealing with a potential crisis or responding in a timely manner often find that their side of the story are invariably being told by other parties – whose interests might not always be in line with that of the organisation.

An example of this is the almost overnight collapse of Bear Stearns, formerly one of the world's largest investment banks. Apart from its over exposure to the US sub prime mortgage market contributing to the organisation's demise, its Chief Executive Officer (CEO), Alan Schwartz suggested that an important factor in the collapse of Bear Stearns was the continuous spread of rumours designed to generate panic about the business. In essence, it was not a lack of liquidity that forced his company to collapse but rather a lack of confidence based on rumours (Timesonline, 4, April 2008)

The slow response of Northern Rock, a British financial institution arguably played a role in it being victim to the first run on a British Bank in over forty years thereby leading to its nationalisation.

This need to communicate in a timely fashion with the right constituents has in no doubt contributed to the growth of the Public Relations (PR) field alluded to earlier. However,

this growth has not been limited to the sheer size of the industry but research also suggests that an increasing number of practitioners are gaining senior management positions and even some as high as board level appointments (CIPR/DTI, 2003; Gregory & Edwards, 2004).

These observations therefore lead to a set of enquiries such as what does this tell us about current perceptions about the field of PR? What do these figures tell us about the strategic role, value or significance of the PR function to organisation?

Periods of economic slowdown or heightened competition often require organisations (for and not for profit) to take strategic steps aimed at maintaining the long term survival of the organisation. Measures such as downsizing, re-engineering, internal or external mergers or a total shutting down of parts of the organisation etc could be adopted (Ramu, 1999).

In determining which functions or departments of the business will be affected in what manner, managers will use several performance indicators to determine the value of such functions and its constituents i.e. the PR, Procurement, IT, Marketing etc functions and all factors involved within that function such as personnel. The assessed value of each plays a critical role in determining how it will be affected (Slatter, 1999).

Under such circumstance, it can be expected that the organisation will aim to retain, minimally reduce or even increase funding for those functions it considers to be most valuable in terms of what it contributes to the continued existence of the organisation. Therefore, one can observe that during periods of financial difficulties, organisations take strategic steps which will enable them to focus their scarce resources on those functions that are most important and value adding to their survival. The opposite is observed of lesser value adding activities or functions.

In the field of PR, the dialectics surrounding how one assesses the strategic value or importance of PR to an organisation has often been focused on the “dominant coalition” theory or the ‘functional independence’ approach (Grunig and Hunt, 1992, 2002) and the potential impediment a lack of this can become to the effective achievement of a two way symmetrical communication (Botan and Hazleton, 2006). The impact of this dominant theoretical orthodoxy is discussed later in this research.

Whilst both approaches essentially considers the value issue from a strategic management perspective, one focuses more on the location of the communications function on the organisational hierarchy whilst the latter focuses on the independence of the practise from marketing and advertising.

Both these provide useful theoretical basis for determining the value of the PR function in organisations. However, the researcher considers that the strategic value of PR to organisations cannot only be determined by its place in the boardroom or with the function having its own department - independent of other communications function.

Thus, it is the aim of this research to explore an alternative approach to how we determine the value of PR to organisations by examining how they behave during periods of harsh economic conditions. The behaviours to be examined will include steps taken by organisations to better deal with the present economic climate i.e. restructuring exercises as part of a cost cutting strategy and PR industry indicators on levels of employment.

To this end, the researcher will try to tackle the following questions:

1. How will the current economic slowdown affect PR practitioners and the PR industry at large?
2. Which indicator provides practitioners with a better tool for assessing the importance and perceived value of their function?

To the above research questions, the following hypotheses are to be applied:

1. If the PR function is of real importance or value to organisations, then it is expected that an economic slowdown will not have a negative impact on the industry overall.
2. If the present economic slowdown does not have a negative impact on the PR industry overall, then it can be expected that PR practitioners will consider such an observation as providing a better indicator of the importance of their function to organisations.

The significance of this research subject lies in the recognition by the researcher of the need for the PR practitioner to focus on the things that make the function valuable to the end user and of the need for greater ideological flexibility in identifying how and why the field seem to be growing.

As a result, the research is not meant to add to the debate on how we measure returns on investment on Public Relations by organisations or the level of contribution to strategic decision making by practitioners. Instead, the intent is to provide a more flexible approach to how practitioners assess the value of their field by using organisational behaviour as a tool in making such assessments.

### III. Literature review

“In-house corporate communications professionals are breaking into the Boardroom, and their companies are all the better for the new face at the Boardroom table. As companies have come to realise that reputation is their greatest asset, so too they have realised that their strategic reputation managers – their corporate communications advisers - have a central rather than a peripheral role. Increasingly, CEOs accept that being able to call upon Board-level communications advice isn’t just useful, it is essential.”

*(“Breaking into the Boardroom” by Mark Douglas MCIPR, Executive Director Corporate Affairs & Communications, General Dynamics UK Limited in PR Today: The Economic Significance of Public Relations, CIPR, 2005, pg10*

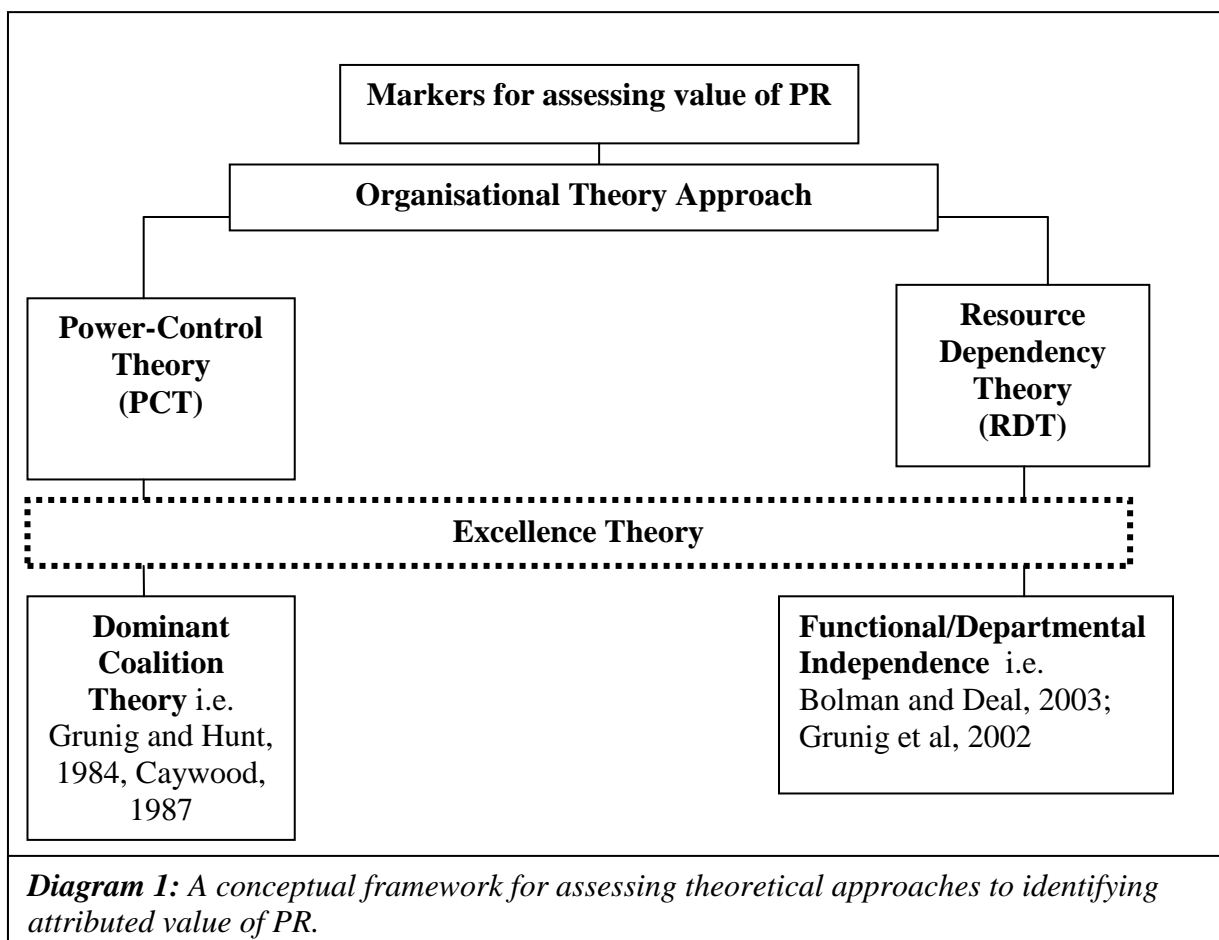
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The growth of the PR industry into a major contributor towards the health of UK Plc. is ever more apparent (CIPR, Summary Report 2005, pg 14). Far from just considering the increased currency receipts of the industry, its growth is also verified in the observation of all FTSE 100 companies now having a dedicated communications department (Tench and Yeomans, 2006, p28) with greater indications of more communications practitioners gaining executive or board appointments (Gregory and Howard, 2004). At a more niche level in the business sector, in 1994, about fifty per cent of FTSE 100 companies had financial PR advisers. In 2007, only about five per cent do not (Chris Blackhurst interview for Management Today with Roland Rudd, Founder of Finsbury Financial PR, August 2007).

All these are anecdotal evidences of the growth of the PR field. They also represent attempts to try and explain the increasing significance, importance or value of Public Relations to organisations. However, as will be argued later, valid questions can be raised as to whether or not the aforementioned observations truly tell us much about how valuable the PR function is to an organisation.

Several works have been done in an attempt to conceptualise either the strategic value of PR or what markers can be used to determine such. Most of these come under the banner of organisational theory. Within this, three main theoretical approaches have been identified. These are Power-Control Theory (PCT), Resource Dependency Theory (RDT), and the Structural Contingency Theory (SCT).

Arguably, the most influential and prominent work to be carried out into this field of research is the ‘Excellence in Public Relations and Communications Management’ which commenced in 1985 (L’Etang & Pieczka 2006). The research team of six was led by the notable PR theorist E.J Grunig. The research was conducted, among other things to “determine the extent to which CEOs value the communication function in their organizations and to estimate the return on investment that CEOs attribute to communication activities” (*Executive summary/Initial Data Report, September 1991, pg1*).



These approaches take a systems theory perspective. By this, the organisation is viewed as being part of a larger system made up of other entities, all of which needs to engage with each other to varying degrees. The effectiveness of the organisation in engaging with other actors in its environment is dependent on the '*Effective Capacity*' of the communications function such as PR. This effective capacity, otherwise termed as 'Empowerment' in the Excellence research (Grunig, Grunig and Dozier, 2002) is most likely to be present in organisations where PR is highly valued. We can therefore infer from this approach that the value an organisation places on PR can be identified by the effective capacity of the function within the organisation.

The research goes on to recommend that this capacity can be demonstrated in a number of ways which, for the purpose of our investigation has been classed under two theoretical approaches (see diagram 1).

### **Power-Control Theory (PCT)**

The PCT put forward by Grunig (1992) builds on the research carried out by Cyert and March (1963) into organisational power and influence and the 'inner circle' concept later put forward by Thompson (1967). At the heart of these concepts was the idea that people in organisations are not robot like machines that simply operate in a vacuum. To the contrary, people in organisations form social networks or coalitions with the aim of securing and maintaining a power base. With this power comes the ability to influence in many areas (Grunig, Grunig and Dozier, 2002). The most powerful and influential of these coalitions is the 'Dominant Coalition'. These usually are the core decision makers in the organisation such as the Board of Directors, CEO etc. They determine organisational goals and objectives, determines strategies for achieving them and by large determine the relative value attributed to competing functions within the organisation.

As stated in the opening part of this section, PR or Corporate Communications and such like, when compared to a decade ago, is gaining greater acknowledgement for what it can deliver through greater representation in the board room of organisations. This direct representation within the core decision making group of an organisation, is held to highlight not just the ascendancy of PR or factors necessary for it to be effective, but also of the perceived value of the field (DTI/CIPR, 2003 pg 4)

As part of the “Excellence Project” in PR, surveyed 300 organisations of varying sizes across various sectors, made up of 5,000 CEO’s, communications managers and about a dozen other employees. It was concluded that for PR to contribute at all to organisational effectiveness, “the head of public relations must function with the organisation’s group of senior managers” or the “dominant coalition” (Caywood, 1997 *pg288*).

The benefit of this strategic position is its “immediate and frequent access to this power elite that they are in a position to affect policy for the overall company” (*pg293*).

Gregory (2000) also emphasises the “dominant coalition” principle as a measure of “how public relations is regarded” (*pg12*). She continues, “In organisations where public relations is taken seriously and proactively, it is normally found that the senior practitioner holds a major position in the organisation”.

As a result, this approach makes clear that one of the crucial ways that an organisation demonstrates the value of Public Relations is through the effective capacity that the function is allowed to have by its inclusion in or very close proximity to the dominant coalition.

**Resource Dependency Theory (RDT)**

Resource Dependence Theory (RDT) is concerned with the optimal divisional structure of organisations, recruitment of board members and employees, production strategies, contract structure, external organisational links, and many other aspects of organisational strategy for the purpose of minimising the organisations vulnerability within its environment. As a result, the organisation will seek to acquire and maximise scarce resources in an environment where demand hence competition for those same resources are high (Spicer 1997; Pfeffer and Salanick 1978).

Whilst this theory is generally applied to an organisation's interaction with its environment as part of an open system, it can also be applied to the intra-organisational environment wherein departments compete for resources. Bolman and Deal (2003, pg 186) identified five ways in which this competition takes place within organisations.

1. Organisations are coalitions formed along the line of group interests.
2. There are enduring differences among these groups and the individuals that make them up.
3. Most of the important decisions in organisations are about the allocation of scarce resources and who gets what.
4. Due to the enduring differences and scarce availability of resources conflict is central to organisations and thus power becomes the most important resource.
5. Organisational goals and decisions end up emerging out of negotiation between the powerful coalitions

A critical purpose of this power struggle is the departmental or functional struggle for survival and the need to minimise or reverse the resource dependency on other domains with a similar function. Cornelissen (2007, pg135) defined, in the context of organisational

communication, Resource Dependency as the “dependence of a practitioner in one communications discipline on obtaining resources (e.g. advice, assistance or communications products) from another discipline to accomplish his or her objectives”.

Cornelissen continued that by positing that the structure and value of such a function will be dependent on how much valuable resources and knowledge it holds which others are dependent on.

This theoretical approach being somewhat similar to the Power-Control theory underlies much of the recommendations of the epochal ‘Excellence’ research cited earlier - one of which is that for Public Relations to be most effective, organisations should aim for an Integrated Communications (IC) structure in which the function is “not subordinated to other departments such as Marketing, Human Resources or Finance” (Grunig et al, 2002 pg 265)

It can therefore be surmised that for PR to be effective, there needs to be an element of value applied to the function through its independence from other similar domains in the organisation. The opposite would be to undermine the value and thus effectiveness of the function.

### *Critique of Approaches*

It is generally agreed that the most dominant theoretical approach in Public Relations is the “Excellence Theory” resulting from the research led by Grunig et al (1985). The findings and recommendations of this study to a large extent has become PR orthodoxy and has remained solidly so for well over two decades. However, “because this orthodoxy is so dominant and strong, its adherents take it for granted as right and self evident” (Burrell and Morgan, 1979, pg 11)

For example, the research posits PR as a strategic management function which to be most effective operates in an open, symmetrical system where it is able to play a boundary spanning role (Grunig et. al 2002, pg 13-16). The significance or importance of the function to the organisation, by inference, is exhibited to the extent that these criteria are met.

A Structural Contingency approach would take a more flexible approach to organisational structural, departmental arrangements and in the case of PR, where it should fit into in the organisation in order for it to be effective. This also means that an organisation does not necessarily have to have a practitioner in the board room or have the PR department be master of its own department.

The general theoretical assertion of contingency theory is that “organisations are most successful if they align their internal structures and processes with the demands of their environment” (Spicer, 1997, pg61). For example, the management and departmental structure of a blue chip company would be different to that of a local swimming pool. Both would be expected to interact directly with their publics; however their effectiveness in achieving this would be determined by their individual environmental conditions (both internally and externally).

Also, the focus of the Excellence discourse on the strategic position of the PR function within the dominant coalition as indication of the significance of the function could be misleading when one considers that even within the dominant coalition, there is likely to exist power struggles between the different departments represented on the board. As a result, being within the dominant coalition could be a representation of symbolic power and not necessarily real power.

#### **IV. Methodology**

The purpose of the research is to

1. Assess how the present economic slowdown is affecting the PR industry
2. Identify if such observations translates into how one can determine the value and importance of the PR function to an organisation.

In addressing this from a research perspective, some obstacles immediately emerge for an assessment such as this, given time constraints.

For example, an ideal resource would be the availability of a time series data showing historical figures of PR practitioners in employment, some which will cover the last decade of economic boom. This can then be compared with latest figures from employers of practitioners or users of consultancies during the current economic crisis. Available figures were either prognostications made prior to 2008 on the future outlook for the PR industry or the emerging trends are yet inconclusive due to insufficient data. For example, Danny Rogers, Editor of PR Week described the research results published by the Public Relations Consultants Association (PRCA) in 2008 as “a snapshot of opinion rather than a robust report” due to the relatively small survey sample.

Consequently, the absence of current and reliable data creates an immediate obstacle to evaluating organisational behaviour as pertaining to PR in the present economic climate.

Instead of these, the researcher uses a combination of opinion surveys and an interview with Elisabeth Lewis-Jones, an industry expert and 2008 President of the Chartered Institute for Public Relations (CIPR). The latter will be used to corroborate the findings from the survey.

### ***Survey Sample***

The sample consisted of in-house and consultancy PR practitioners from Non Governmental Organisations (NGO's), public and private sector with different levels of experience and organisational responsibility.

The reasons the sample was limited to practitioners were:

1. To assess perception of what constitutes a better indicator of PR's value to organisations. This was to shed light on the strength and impact of current orthodoxy on practitioners' perception.
2. They were more likely to be aware of and familiar with the impact of the present economic climate on their function.
3. Likewise, they were more likely to be familiar with the structure of the communications function and how it fits in to the overall organisation hierarchy.

Due to the anonymous nature of the survey, it is not possible to determine gender representativeness.

### ***Instrumentation and delivery***

As stated earlier in this section, the purpose of the research and thus the survey questions will be to explore the possibility of providing alternative approaches to how one can determine or assess the value and importance of the Public Relations function to an organisation.

In designing the questionnaire, efforts is made to maximise response rates given the short period of time available to conduct, collate and analyse the data. To this end, the questionnaire is limited to four compulsory questions with an optional fifth question requiring further comments.

The four questions (see appendix 1) are aimed at identifying the perceived impact of the current economic crisis on respondent's organisation, function within the organisation, and ultimately what the best indicator of the value of PR to their organisation is.

The survey was designed using the platform provided on [www.surveymonkey.com](http://www.surveymonkey.com)

This approach was decided on in favour of face to face approach due to time constraints and the need to eliminate researcher's influence on the respondents.

Emails with links to the online survey were sent to randomly selected organisations. Likewise, industry specific weblogs were utilised to further expand the reach of the survey.

All respondents had the same questions regardless of sector or level of practise.

Only Elisabeth Lewis-Jones, former president of the CIPR will be interviewed.

### ***Research Assumptions, Scope and Limitations***

In conducting the survey, the researcher assumes the following:

1. That the questions will be answered by the targeted sample, namely in-house or external PR practitioners from NGO's, public and private sectors.
2. That due to the anonymous nature of the survey, respondents will answer the questions truthfully.
3. That respondents are sufficiently informed as to the structure of their organisation and the impact of external factors on both their function and organisation as whole.

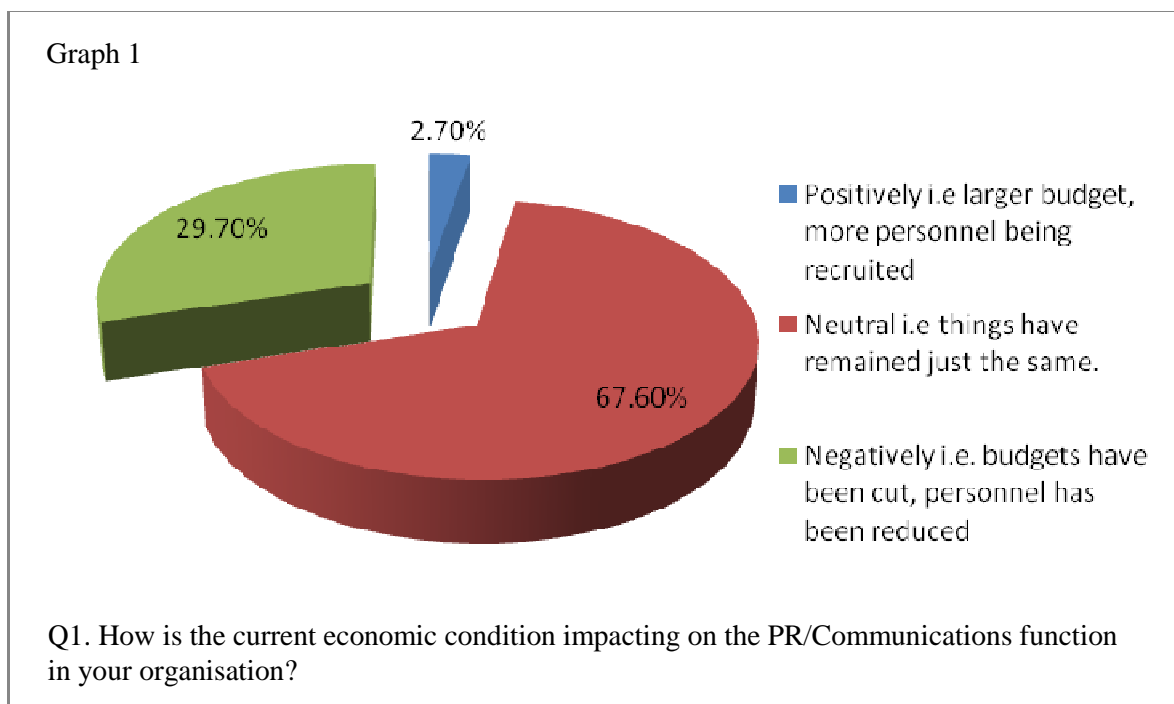
Due to the limitations of time, there were constraints on the researcher's capacity to test and re-test the survey questions before utilising them. However, it is expected that the overall validity and reliability of the research has not been undermined given the theoretical considerations outlined in the previous section. These have influenced the structure and content of the survey questions.

## V. Results and Discussion

The research was aimed at adding to the dialectic of how we determine the value of Public Relations to an organisation using the current economic downturn as the backdrop.

As the survey was carried out online, it is impossible to know how many had access to it - hence the sample size; but there were 37 respondents in total.

The first question sought to identify how the current economic condition was impacting on the PR/Communications function in respondent's organisation. 67.6% (see graph 1) suggested that this was having a neutral effect on their organisation i.e. things have remained the same and that there were neither redundancies nor new recruitment.



Given this result, the researcher accepts hypothesis 1 outlined in the introductory section to this paper. This hypothesis states that the difficult economic climate will not have a negative impact on the PR industry and practitioners overall in that recruitment levels and revenue levels will not decrease. These were expected to remain the same.

This can be explained by the need for organisations to better manage the public perception crisis the comes with such difficult economic periods. The observation of the economic impact not being positive is to be expected. This is borne out by such findings as, whilst 67.6% of respondents saw the current economic climate having a neutral impact on their function, 54.1% of the same sample saw the economic slowdown having a negative impact on their organisation in general i.e. drop in revenues. (See appendix 2).

Here, a distinction has been made between the PR function in the organisation and the organisation as a whole. The purpose for this being to illustrate that despite the real or apparent financial pressures on the organisation, the PR function within the organisation is not being minimised, thereby demonstrating the resilience of the function and its importance to the business.

This conclusion is further supported by 64.9% of practitioners who felt that the PR function contributes highly to the formation and implementation of organisational strategy.

With these results so far suggesting that the impact of the economic slowdown has not been so negative on the industry, it was expected this would translate into it indicating how important the function is to organisations in line with hypothesis 2 (stated earlier in the introductory section).

The interview with the 2008 President of the CIPR, Elisabeth Lewis-Jones backed up the findings of the survey (See appendix 3).

When asked about her evaluation of the growth of the PR industry she says:

“We believe that there are about 30,000 people in the UK working in public relations at the moment and although PR is facing a difficult time with the current economic situation, we have evidence that some areas are still recruiting and see PR as an important business management tool during uncertain economic times.

She highlighted the following opportunities and threats facing the industry during the present economic climate

OPPORTUNITIES	THREATS
<ul style="list-style-type: none"> <li>• Damage limitation</li> <li>• Communication to stakeholders to retain and develop customer loyalty</li> <li>• Internal communication – redundancy notices, retaining staff motivation etc</li> <li>• PR can provide an effective and efficient alternative to other forms of marketing. Below the line is more subtle and more cost effective than advertising</li> </ul>	<ul style="list-style-type: none"> <li>• Cut in budgets as businesses look to streamline</li> <li>• Large consultancies with big overheads will start to struggle as clients will start to cut back</li> <li>• Cut in training budgets – which means that we need to maintain the standard of PR practitioner</li> <li>• Companies may move from large consultancies to independents for a more cost effective service – this is also an opportunity of course!</li> <li>• Redundancies in house teams as well as consultancies</li> </ul>

The above can provide an explanation for the responses to questions one and two in the survey (see appendix 2).

Finally, when asked what she thought the impact of the current economic climate can show us about the state of the PR industry and its value to organisations she said:

“There seem to be greater redundancies and cut backs in the advertising industry and design companies compared to PR organisations. This is testament to the value placed on PR, the importance of managing communication to stakeholders and reputation. The fact that PR is surviving well shows how robust the industry is and the value placed on the service offered.”

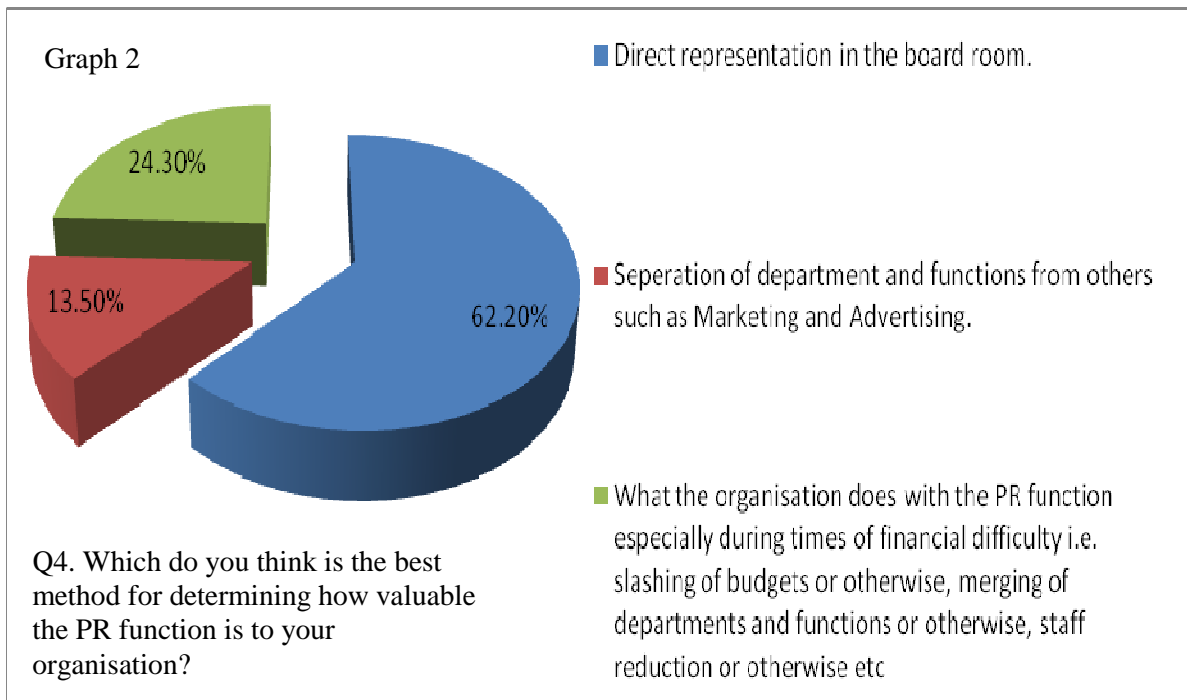
Despite the economic pressures on organisations to adapt to an increasingly volatile and credit strapped environment the need for them to communicate what they are doing and what they are trying to do to return value for shareholders and engender support of key stakeholders appears to be providing an opportunity for the communications function to prove its value.

The level of anxiety due to the negative outlook on the overall performance of respondents' organisations is what would be expected during times of economic crises. Given the high level of significantly negative media coverage of the present economic condition, the researcher did not expect practitioners to have an unrealistic view of what the future could hold for their organisation. However, the perceived or real drop in revenues has not negatively affected the communications function whilst the majority of practitioners continue to have significant input into organisation strategy formation.

The researcher expected that the visible resilience of the PR function in their organisations would have led respondents to consider such as a better indicator of the importance of their function. Instead, the overwhelming majority's response came under the Power-Control Theory model.

62.2% of respondents believed that the best method for determining how valuable or important the PR function is to their organisation was through its direct representation in the board room, followed by 24.3% who felt that what was done with the function during times of financial difficulty was the best determinant and 13.5% suggesting that departmental or functional independence was the best determinant of value and importance (see graph 2).

This result therefore requires us to reject hypothesis 2.



The survey clearly demonstrates the prevalence and strength of the “dominant coalition” approach in assessing how valuable PR is to organisations highlighted in the literature review section earlier.

It is uncertain how many of the respondents are aware of the Power-Control model but it can be argued that there is more than an “excellence” consideration emerging here i.e. were the 62.2% of practitioners who responded as such approaching the question from the same angle highlighted in Grunig et. al’s Excellence Project? Are there other factors in play in these responses?

For example, a DTI/CIPR research into the PR industry in 2003 showed that of all the 812 responses to its survey, only 20% had board level representation while 47% and 26% had first and second line management responsibility respectively.

The marked difference between this research's results and the findings of the DTI/CIPR research could be due to a number of factors one which could be aspiration on the part of respondents.

In an organisation, the board of directors is the highest management level. This represents the very top of the ladder and is perceived as the decision making core of the organisation. It is likely that PR practitioners, as well as professionals in other fields will consider a presence within this coalition as a representation of the importance of their vocation regardless of the level of power held in relation to other subgroups in the organisation.

As highlighted by Bolman and Deal (2003), organisations tend to be organised along coalition lines. Each group competes for scarce resources, which if they have, could play a key role in their survival - particularly during times when the organisation is facing financial difficulty. Central to gaining access to greater budgets and briefs is the ability to have a more direct influence on the strategy formation hub of the organisation. This is generally held to be the board of directors.

Perhaps there is a psychological dimension to this phenomenon i.e. the prevalence of PR practitioners (not unlike other professionals) believing that the best indicator of the value, importance or status of their function is its representation in the board room despite the lack of a significant number of board level practitioners.

This might be an area on which further research could be carried out.

## **VI. Conclusions and Recommendations**

In a June 2008 article for the industry journal PR Week, Robert Gray wrote:

“With reputation management high on the corporate agenda and dialogue with consumers paramount in the web 2.0 age, could it be that PR has become more resilient and indispensable in tougher times?”

In attempting to deal with the enquiries raised in this article, this research has sought to identify how the current economic climate is affecting the PR industry by assessing its impacts on practitioners and how they expect it to affect their organisations. Attempts were further made to explore the possibility of translating the outcomes of this line of enquiry into how much they tell us about the value and importance of the PR function to organisations.

The research found that whilst practitioners were generally pessimistic about the impact of the current economic downturn on their organisations, they did not see it or have not seen it negatively affecting their function. This might yet change considering that the likes of the British Broadcasting Corporation’s (BBC) Robert Peston, the Nobel Prize Winner, Joseph Stiglitz and a notable publication, The Economist among others have forecasted a protracted economic slowdown.

Despite this, the PR industry is arguably one of the industries that may not be too negatively affected by the economic slowdown. There is evidence to suggest that the losses being made in areas such as Investor Relations, Financial PR etc. are being counteracted by gains in the public sector, corporate/internal communications (Alec Mattinson, 03, December 2008 & Matt Cartmell 12, December 2008 in PR Week Magazine). Similarly, Time Magazine published a list of the “150 Best Recession-Proof Jobs”. PR was number 19 on the list (Time Magazine, Thursday, Nov. 13, 2008).

The apparent resilience of the PR function under such difficult economic conditions ought to encourage practitioners and academics alike to re-evaluate the dominant orthodoxy of the day.

This research has not aimed to undermine or refute the findings and recommendations of the Excellence Project. If anything, its validity and relevance for the development of the profession is upheld by the researcher. However, in light of observed organisation decision making vis-à-vis the PR function, an equally credible case can be made for utilising this as an indicator of the value placed by an organisation on this role.

As highlighted earlier, during challenging economic times, organisations are often forced to make strategic decisions aimed at ensuring its long term stability and survival. It follows that in an environment where resources are scarce, the allocation of such will be imputed to assets or functions that the organisation considers to be of most importance to its continued existence.

This research has sought to establish a link between the continued reallocation of resources to the PR function and its importance, value or status within the organisation.

### ***Recommendations***

The true depth of the economic slowdown is not yet known and its long term impact on the PR industry is yet to be observed. As such, some further research could be carried out when more accurate, industry specific employment data are available which can then be compared with pre-economic slowdown data in order to better determine the veracity of the findings of this research. Likewise, further work could be done into the factors that determine the prevalence of the dominant coalition approach (as found in this research) and the impact this could be having on the development of the Public Relations industry as a whole.

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# VIII.

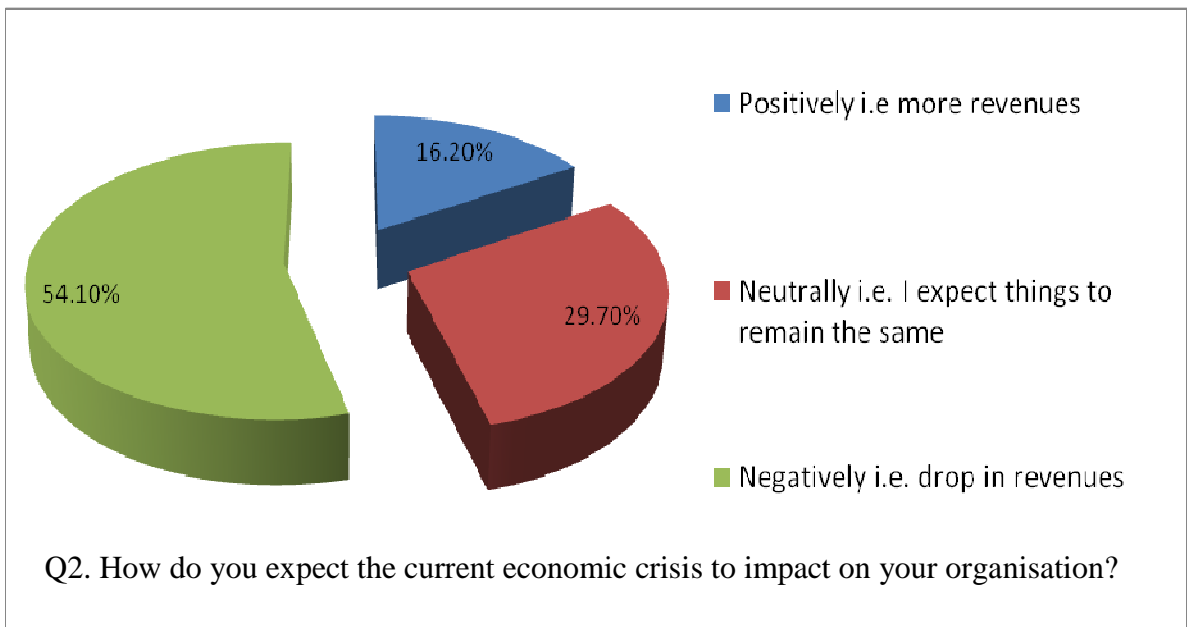
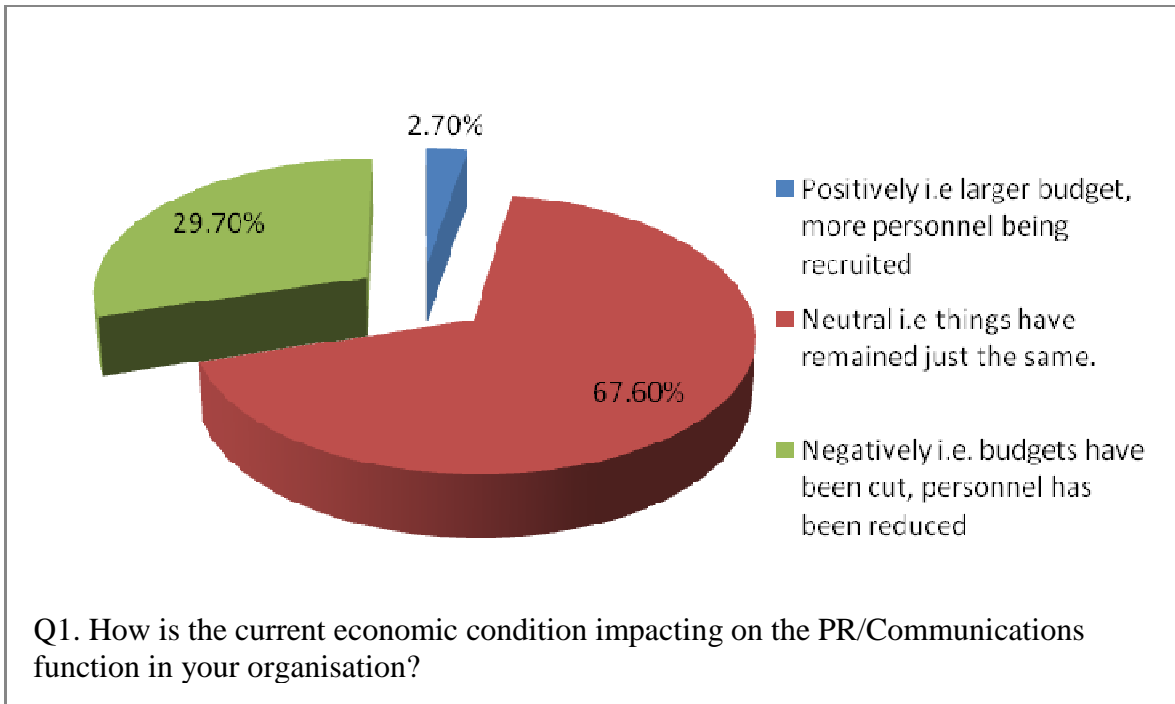
# Appendices

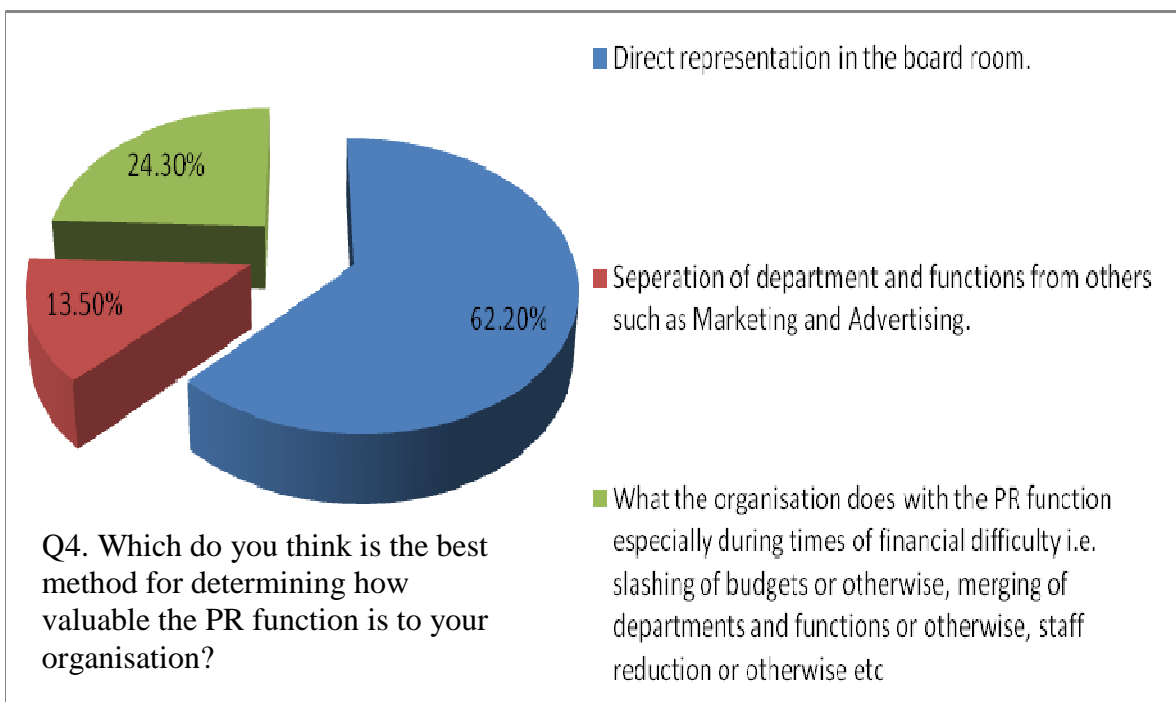
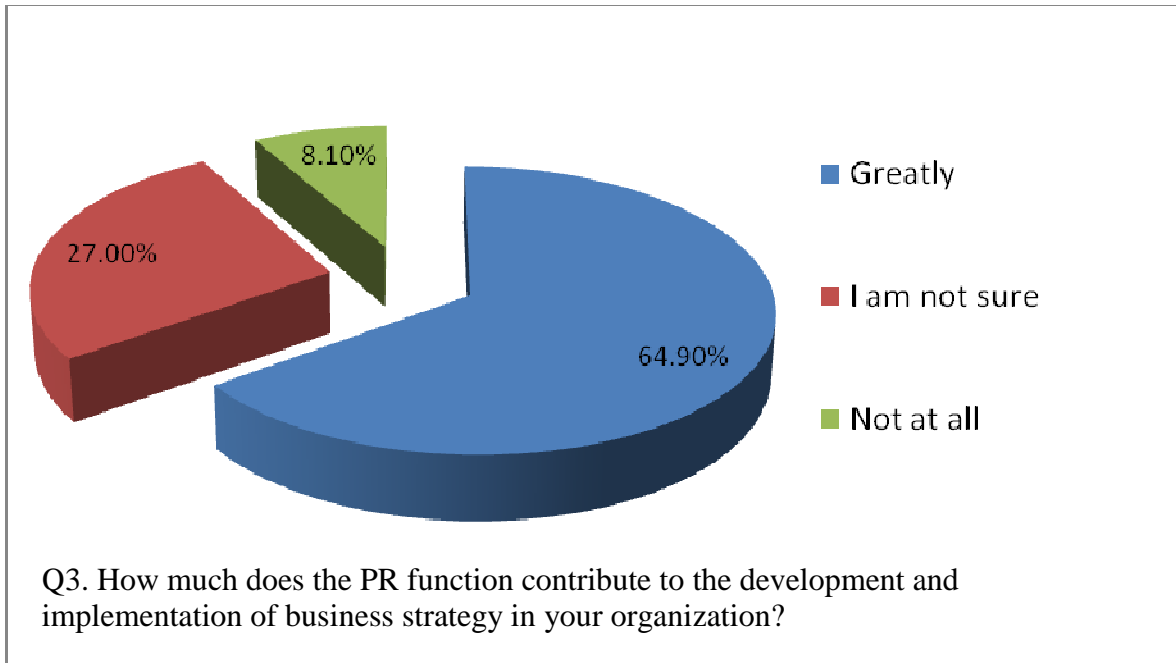
**Section 1**Survey Questions posted on [www.surveymonkey.com](http://www.surveymonkey.com)

Tick one box	<b>How is the current economic condition impacting on the PR/Communications function in your organisation?</b>
<input type="checkbox"/>	Positively i.e larger budget, more personnel being recruited
<input type="checkbox"/>	Neutral i.e things have remained just the same.
<input type="checkbox"/>	Negatively i.e. budgets have been cut, personnel has been reduced
<b>Q2</b>	<b>How do you expect the current economic crisis to impact on your organisation?</b>
<input type="checkbox"/>	Positively i.e more revenues
<input type="checkbox"/>	Neutrally i.e. I expect things to remain the same
<input type="checkbox"/>	Negatively i.e. drop in revenues
<b>Q3</b>	<b>How much does the PR function contribute to the development and implementation of business strategy in your organization?</b>
<input type="checkbox"/>	Greatly
<input type="checkbox"/>	I am not sure
<input type="checkbox"/>	Not at all
<b>Q4</b>	<b>Which do you think is the best method for determining how valuable the PR function is to your organisation?</b>
<input type="checkbox"/>	Direct representation in the board room.
<input type="checkbox"/>	Seperation of department and functions from others such as Marketing and Advertising.
<input type="checkbox"/>	What the organisation does with the PR function especially during times of financial difficulty i.e. slashing of budgets or otherwise, merging of departments and functions or otherwise, staff reduction or otherwise etc

**Section 2.**

Graphical illustration of results.





**Q5. Please use this space to add any further comments about how you think the value of PR should/could be identified.**

- |   |                        |
|---|------------------------|
| 1. Value of PR should be measured by loyalty, awareness, stakeholder engagement, brand recognition, sales and the ability to recruit and maintain staff   | Mon, 22/12/08 7:37 PM  |
| 2. Ongoing interviews with stakeholders/industry commentators/journalists to get a view of how the organisation is perceived.   | Mon, 1/12/08 2:07 PM   |
| 3. As I work for a public sector body who has very limited PR budgets I'm not sure that the current economic climate will affect it that much. I guess there are possibilities of staff numbers being reduced if our budget is cut by Government but this hasn't been mentioned yet. Hope this is useful! | Mon, 1/12/08 1:31 PM   |
| 4. Re question 4, i think that the separation of the PR department and its functions from others such as marketing and advertising can help to determine the value of PR.   | Fri, 21/11/08 2:09 PM  |
| 5. Clear measurable objective setting   | Fri, 21/11/08 12:15 PM |

### *Section 3*

Transcript of interview with Elisabeth Lewis-Jones (2008 President, CIPR) on 30<sup>th</sup> December 2008.

*1. What is your evaluation of the growth of the PR industry in the past decade?*

The PR industry has grown dramatically. (It's worth checking out the dti survey on PR undertaken in about 2003.) We believe that there are about 30,000 people in the UK working in public relations at the moment and although PR is facing a difficult time with the current economic situation, we have evidence that some areas are still recruiting and see PR as an important business management tool during uncertain economic times.

PR has grown in terms of numbers, turnover, numbers of consultancies, in house practitioners and the awareness business has of our industry. Within the last ten years, PR practitioners are firmly around the board room table. The chartered status the Institute was awarded shows the value placed on PR and recognition of our work. A chartered status is awarded because PR is seen to be of public benefit.

*2. What factors do you think has contributed to this?*

Where do I start??!

- Increasing global competition that has meant people need to establish a reputation and customer loyalty in order to compete
- Growth of the media – especially the impact of the internet and a 24/7 news environment
- Awareness of the important business function and management tool PR provides
- A dramatic growth in internal communication – so staff loyalty and low churn rate becomes important for business growth and customer satisfaction
- Crisis management – a transparent environment and customers who demand businesses to behave in an appropriate and respectable manner

*3. With the current global economic environment being very different to what it was, what opportunities and threats does this pose to the PR industry?*

Opportunities:

- Damage limitation
- Communication to stakeholders to retain and develop customer loyalty
- Internal communication – redundancy notices, retaining staff motivation etc
- PR can provide an effective and efficient alternative to other forms of marketing. Below the line is more subtle and more cost effective than advertising

Threats:

- Cut in budgets as businesses look to streamline
  - Large consultancies with big overheads will start to struggle as clients will start to cut back
  - Cut in training budgets – which means that we need to maintain the standard of PR practitioner
  - Companies may move from large consultancies to independents for a more cost effective service – this is also an opportunity of course!
  - Redundancies in in house teams as well as consultancies
4. *What do you think the impact of the current economic climate can show us about the state of the PR industry and its value to organisations?*

There seem to be greater redundancies and cut backs in the advertising industry and design companies compared to PR organisations. This is testament to the value placed on PR, the importance of managing communication to stakeholders and reputation. The fact that PR is surviving well shows how robust the industry is and the value placed on the service offered.

5. *And finally, how do you feel that one can identify how valuable or important the PR function is to and organisation?*

It's worth looking at the CIPR tool kit when it comes to evaluation. Today evaluation needs to consider:-

- Return on investment
- Message retention in relation to benchmarking
- Customer loyalty
- Reputation, awareness and recall
- As well as hits to the website, media coverage, event attendance, staff loyalty etc