UNIT 3 CORPORATE PUBLIC RELATIONS

Structure

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3.0 OBJECTIVES

The aim of this unit is to make you familiar with the activities of a corporate organisation and see how public relations activity is an integral part of it. Some of the concepts discussed in this unit have been dealt with in some earlier units. This unit will enable you to put it all together and interpret corporate public relations in its broad perspective. At the end of this unit you should be able to:

- understand what a corporate organisation is;
- outline the organisational structure of a Corporation;
- distinguish between corporate objectives and corporate goals;
- state the role of corporate planning;
- relate the concept of corporate image to public relations activity;
- identify factors which help in image-building;
- justify the need of media relations for a corporation;
- appraise the function and role of public relations person in earning goodwill and reputation for the organisation;
3.1 INTRODUCTION

In order to satisfy customer needs and fulfill its corporate mission, an organization establishes and maintains relationships with their employees, customers, shareholders, media, general public as well as government and business organizations. These relationships are characterized by varying degrees of interaction and interdependence.

Corporate public relations aims to build overall public acceptance of the corporation and its products. The function involves two approaches—a defensive approach in the face of hostility or attack by clearing misconceptions and an advocacy approach for generating goodwill and enhancing reputation.

It is important to know some of the barriers of the functioning of a corporate organization, because public relations function is classified as a staff function and a management function. We, therefore take a brief look at the organizational structure of a corporation and also delve into some corporate concepts like corporate objectives, corporate goals, corporate planning, corporate accountability, corporate results, corporate image etc.

This will enable you to grasp the essence of corporate public relations. Whether the public relation functions are carried out entirely by the internal public relations department or with the help of external consultants, the strategies, techniques and methods of building corporate image remain the same.

3.2 CORPORATE ORGANISATION

Before we discuss the concept of “Corporate Public Relations” in detail, we will explain to you some of the basic aspects of functioning of a Corporate Organisation.

Functioning of a Corporate Organisation: A Corporate body or an organisation may be defined as an apex body, with control over multiple units and diverse activities. It is usually engaged in business operations which may be service or production oriented. It lays down specific objectives and goals and ensures investment returns. Every corporation, whether big or small, has certain missions, objectives and goals which it strives to achieve. These Corporate entities are central to its existence. They project the purpose of the organisation to the public and also motivate the employees to help the organisation achieve its targets.

Corporate Missions: are in-depth ideologies and precepts of the organisation, laid down in its Articles of Association or its promotional preamble. These precepts give broad directions and outline the philosophy of the organisation.

Take for example the mission of “Indian Oil Corporation”.

— To achieve international standards of excellence in all its operations with concern for customer satisfaction;
— To create a modern technology base for self reliance, growth and development of business;
— To contribute to the national economy by providing adequate return on investment and by setting high standards of leadership and productivity;
— To foster a culture of participation;
— To help enrich quality of life of the community and preserve ecological balance and national heritage;

Corporate Objectives: are a broad framework of guidelines provided to each of its operations to achieve efficient and effective performance. They spell out long and short term plans, projects and programmes; define roles and responsibilities of each division; and indicate pa-
rameters of growth in keeping with its socially responsible reputation.

For example: The corporate of "NTPC (National Thermal Power Corporation) are:

- To establish thermal power capacity within a prescribed time schedule, cost and reliability level;
- To operate its power stations at base load with maximum efficiency and plant reliability;
- To build in-house facilities for self-reliance in respect of technical expertise, skilled manpower and latest technology;
- To manage financial operations of the company and generate adequate returns;
- To develop a well-knit personnel policy and a culture which motivates employees to contribute their best towards achievement of organisational objectives; and
- To function as a responsible undertaking bearing in mind its commitment to the society.

**Corporate Goals** are specific tasks to be accomplished by a defined group of persons or individuals within a stipulated time frame. These are designed to meet targets of production, marketing, supply and distribution or similar targets of rendering services. They also clearly indicate the role and responsibilities of groups in achieving corporate goals, so as to enable one to measure effectiveness of the organisation.

Each corporation is a different entity per se. For example, some organisations are engaged in production and manufacturing; marketing or supply and distribution; whereas others specialize in financial and service sectors. For instance:

Production-oriented organisations like BHEL (Bharat Heavy Electricals Ltd.): TISCO (Steel production); ONGC and OIL India Ltd., (Oil Production) etc.

Marketing companies such as HINDUSTAN LEVER LTD. (Consumer durables); PCL, MODI XEROX (Computer Software), etc., and

Service sectors like IDBI, ICCI (for financial aid): Travel and Tourism agencies; Hotels, consultancy firms, etc.

All these companies have a common corporate goal. They respond to the needs of their vast clientele by efficiently producing quality goods in a cost-effective manner. They have also to establish a vast marketing network for rendering prompt customer service, which reaches out to remote and inaccessible areas.

**Entrepreneurship: Vital for Corporate Organisations**

Entrepreneurship is a quality of business management which reflects the organisation's capability to explore new avenues: ability to take calculated risks; utilise the existing opportunities gainfully; practice modern and participative management, it includes business acumen to sustain competition; securing its due market share by adopting strategies and dynamic selling; prudent investment ensuring adequate financial returns; skilled and committed work force and concern for environment. A desire to be socially accepted is also one of the important factors that reflects the quality of entrepreneurship.

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**Check Your Progress 1**

**Note:**

i) Answer the following questions in the space provided below.

ii) You may check your answers with those given at the end of this unit.

1) Distinguish between Corporate mission, Corporate objectives and Corporate goals.
2) List some important qualities of entrepreneurship.

3.3 CORPORATE ORGANISATIONAL STRUCTURE

No organisation is a monolithic structure where individuals behave alike. In fact, Corporations consist of different departments with different functions and in many cases, a chain of companies.

A typical large scale organisation is governed by a Board of Directors consisting of a Chairman and a number of functioning Directors, in charge of the many divisions of the company.

Broadly speaking a corporation has seven major divisions:

1) Operations;
2) Production;
3) Marketing;
4) Supply and Distribution;
5) Engineering;
6) Research and Development; and
7) Personnel and Administration.

Each division is headed by an Executive Director who is responsible for the planning and execution of departmental tasks.

The division of responsibility helps the staff to concentrate on specific areas of work and contribute to the organisation's overall efficiency. An ardent supporter of such scientific division of work was Clearance Randall, an expert in the field of management, who said:

"To know who is to do what and to establish authority within an institution are the basic principles of good administration ......."

To better illustrate the multiple divisions of an organisation, we shall take the example of EIL's (Engineers India Ltd.) Organisations structure;
A Corporation may not only have multi-divisions but also a multiple chain of companies, like "The Thapar Group of Industries" which have "Ballarpur Industries" (Specializing in paper and glass water) "Crompton Greaves" (Market leaders in transformer, electric fans and motors), and "Greaves Cotton" (Specializing in pumps). Owners of a number of paper mills, the Thapars are also diversifying into non-traditional areas like a Rs. 300-400 crore project in Goa. "Thapar-Du Pont" (Nylon), Rs. 42 crore aquaculture project in Andhra Pradesh and Rs. 80 crore project in Pondicherry to make Green Glass for export. Besides this, Thapars have a couple of overseas ventures like a "Glass factory" in Nigeria, a "Palm Oil Factory" in Malaysia and "Coasted Paper Plant" in Indonesia.

After having explained what a Corporation is, its mission, goals and objectives, let us discuss, the most important asset of every organisation that is—the people who work for the Corporation.

### 3.3.1 Human Resource Development

"Employees form the backbone of every organisation". Therefore every organisation must develop a "Strategic Vision" and incorporate Human Resources Development in its Corporate Mission.

Human Resource Development is essential for the growth and development of an organisation. The HRD system rests on the pillar of open communication trust and concern. An organisation has to create an open communication system, which will build confidence and mutual trust. Such a communication network enables free exchange of views and thoughts between employees and management. It also helps to impart technical and administrative training. Thus, through the HRD sub-systems, employees are motivated to work with a team spirit to achieve common goals and objectives.

HRD depends on the leadership of the top management. An effective Human Resource Development programme includes monetary compensation, job privileges, suitable work environment, open communication, technical and administrative training, and a team spirit.
For example, Indian Oil Corporation Ltd. (IOC) is one such organisation which continuously upgrades facilities like holiday homes, housing colonies, schools, hospitals. It also provides schemes for saving and accident benefit. Awards, bonus, incentives are provided with the objective of facilitating greater employee participation and co-operation for the overall progress of the company.

The progress of an organisation is measured in terms of physical and financial results.

### 3.3.2 Corporate Physical and Financial Results

The physical and financial results of a corporation are annually brought out in the form of Manuals, Annual Reports or Balance Sheets.

**Physical results** of a company are an assessment of the utilization of products manufactured by it, and whether the company is achieving the planned targets.

**Financial results** are in the form of a Balance Sheet which tells us what a company owns and owes i.e., the profits, losses, liabilities, assets and shareholders equity. Financial results bring forth the strength and weaknesses of the company and help determine what steps the company ought to take, so as to make maximum profits.

However, allowances must be made for the unexpected. Hence assumptions and preplanned programmes have to be made in the form of long term or short term plans, so that profits and losses can be easily measured.

### Check Your Progress 2

**Note:**

i) Answer the following questions in the space provided.

ii) You may check your answers with those given at the end of this unit.

1) How is the progress of an organisation measured?

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2) Discuss the importance of HRD in an organisation?

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### 3.4 CORPORATE PLANNING

Corporate planning is a vital and systematic method of scientific management. It is a methodical way of running an organisation. This covers commitment to every decision, its implementation and performance standards. Through corporate planning, the organisation is able to define what it is trying to achieve. However, corporate planning, by no means, ensures that the corporation will not be affected by any crisis situation. In fact, it provides for such contingencies and incorporates disaster management plans as well. Corporate planning is an effective and innovative way of controlling the operation of a business organisation.

What is Corporate Planning?

- It is the "Route map" which plans, directs and controls the operations of an enterprise;
- It is an instrument of communication which helps co-ordinate various activities;
- It lays down long-range profit targets and motivates employees with a sense of purpose, encouraging them to achieve organisational aims and objectives; and
- It aids in the assessment of financial results and minimizes losses.
It leads to better decision making and accelerates the pace of growth and profits.

Planning may be broadly classified into three categories:

**Project Planning** covering particulars of capital investment, production and marketing operation.

**Operational Planning** is the plan of an established area of an organisation.

**Strategic Planning** lays out specific strategies and programmes by which the company intends to achieve its objectives.

### 3.5 CORPORATE IMAGE

Corporate image is the sum total of the perceptions and impressions carried by various publics, about the quality of a product's efficiency and services and the behaviour of the organisation towards the community at large.

This image of an organisation largely depends on:

- The way it is regarded by its competitors, shareholders, customers, general public and its employees.
- The confidence reposed in it, by its employees and customers;
- Reliability of products and services, and its future plans;
- Flexibility of an organisation to adapt to the changing environment;
- Co-ordinated working of the various divisions and chains of a company, and, above all,
- Its openness to communicate with public, employees and potential customers.

Impressions sought to be conveyed about the organisation are that it is

- well knit
- participative
- service oriented
- efficient
- responsive
- modern
- committed
- socially responsible
- environment-friendly

Channels used for projecting image

- Press
- Electronics
- Institutional advertising
- Publicity
- Internal communications
- House journals
- External communication
- Speeches
- Special events

#### 3.5.1 Logo, Emblem and Insignia

Logo can be described as a symbol chosen as an insignia of an organisation, which identifies the organisation in all the operations. From the sign of Mercedes to the immediately recognizable signature that “Cadbury’s” uses, logos are identified by everyone. It is used increasingly by corporations as a means of creating the corporate image which represents the collective pride of the organisation.
Public Relations Strategies

Institution AC: AD conveying image of Air India as a committed, responsive and socially responsible corporation through a simple copy


Apart from projecting the image, logos may also symbolize the nature of the work of any organisation. For example, Airlines or Travel houses have logo signs moving from left to right giving an impression of motion. Diversified corporations use a variety of symbols, ranging from primitive to ornate symbols. In short, logos are a graphic representation of thought and belief of identity and personality and of image building.

3.5.2 Corporate Behaviour, Profile and Identity

"When two or more people are mutually dependent on one another, they have to find a way to relate their behaviour and their goals. Social systems are the consequence of man’s need to relate his behaviour to the behaviour of the others to accomplish his goals". (David Berlo)

Public Relation in Action: When a corporation's perception of public's expectation and the public's perception of a corporation's performance begin to match, it leads to mutual understanding.
Mutual Understanding

Definition of Issue or Agreement

Corporate
Definition of Issue

Mutual Understanding
or Agreement

A Public's
Definition of Issue

Congruency

Accuracy

Congruency

Corporate
Perception
of Public's
Definition

Public's
Perception of Corporate
Definition

Corporate Public Consensus of Understanding Model (after Broom, 1977)


Corporate behaviour can be defined as social obligation, social responsibility or social responsiveness which includes:

- Behaving according to a code of ethics;
- Being responsible for every adverse or favourable action within an organisation;
- Adopting new technology for protecting the environment and evaluating any possible side effects of corporate actions, well in advance;
- Compensating victims of pollution and other corporate related activities;
- Adapting to future changes;
- Using public relation methods to upgrade its public image;
- Assuring public that its corporate practices meet social norms;
- Communicating with government organisation and assisting them in enforcing existing laws;
- Projecting an honest image of the organisation by providing factual information,
- Contributing to welfare schemes thus enhancing the organisation's image as being socially responsible.

Organisations continuously adjust their relationships and behaviour with public in response to the ever-changing social environment.

3.5.3 Monitoring the External Environment

Public opinion arises from the interaction of individuals with their immediate social environment.

Scott Cutlip says “The power of Public opinion must be faced, understood and dealt with. It provides the psychological environment in which organisations, prosper or perish”

It is to be noted that this social environment is forever changing due to changes in external
Factors e.g. rise in educational level; changes in government policy; political fall outs; national tragedies etc.

Relationships can change as a result of environmental change. An organisation's ability to adapt to the ever-changing circumstances depends on how sensitive it is, to its environment.

In order to prosper and to develop, an organisation must continuously adjust and be responsive to recurring environment changes.

Check Your Progress 3

Note: i) Read the following statements and indicate if they are true or false.

   ii) Check your answers with those given at the end of this unit.

1) Corporate planning helps to direct and control the operations of an enterprise. 
   
2) Product quality has nothing to do with corporate image. 
   
3) Good corporate planning can ensure that there will not be any crisis situation. 
   
4) Open communication with public helps in image building 
   
5) Occasional contribution to Welfare schemes is sufficient to build image as a responsible organisation. 
   
6) Corporations must be sensitive and responsive to changing social environment. 
   
7) Creating faith in the organisation among employees is basic to image building efforts 

3.6 CORPORATE IMAGE THROUGH ADVERTISING

Corporate advertising as contrasted with product advertising is essentially for image building of an organisation. These advertisements carry "messages" about the total activities, with a unified or integral profile of the organisation. The opinion makers, customers and other concerned public derive an image of the organisation largely through its advertisements. Such ads also project the behaviour and disposition of the organisation; its social responsibility and public accountability, as also its concern for environment. An organisation's support and patronage for promotion of fine arts, cultural heritage and sports is reflected as also the goodwill and reputation the organisation enjoys. Image building advertising is variously known as Public Relations advertising, corporate advertising, prestige advertising or institutional advertising.

Institutional Advertising

The Institutional advertising or prestige advertising are thematic and bring out capabilities and commitments of the organisation. These advertisements, through multi-media campaigns project the "corporate image" by which an organisation is ultimately rated and reckoned for its credibility and competence.

A series of "themes" and "Key result areas", also the multiple roles and responsibilities of the organisation are identified from its mission, corporate perspective and annual plans. These are imaginatively illustrated, duly supported by a simple copy, highlighting the organisational profile. (Refer accompanying illustration)

An institutional advertisement may reflect the commitment or performance of the Corporation. Sometimes it may seek to convey similar image through its products also. Qualities like reliability, safety may be reflected through product advertisement. For example LML Vespa uses the picture of a little girl on a scooter with one bold line message "A small argument in favour of choosing the safer scooter" thus using the angle of safety for promoting the image of LML Vespa.
Sometimes, the strength of 45 years is reflected in just a few figures.

INSTITUTIONAL AD IN ABUSINESS MAGAZINE, IMAGINE, IMAGINATELY illustrated and supported by graphic data to highlight corporate performance and strength.

Source: Business Today, Dec 7, 1993

Activity 1

Financial institutions have increasingly depended on capital market for funds. Even mega corporations like IDBI, ICICI and IFCI have to create an image for themselves when they go for public equity issues. As a PRO, assuming you are called upon to advise on the image building exercise, what angle would you consider projecting? Also, who would be the target groups of your campaign?

3.7 CORPORATE PUBLIC RELATIONS

Having understood in brief some background information about a corporation, its role, functions and most importantly its image, we come to the main topic of this unit that is "Corporate Public Relations".

Definition: Corporate public relations is a planned and coordinated activity which works towards projecting the image of an organisation to the public as well as to its employees. It presents the total picture of the organisation, its multifarious activities and the planning, coordination, analysis and synthesis of its many divisions.
Noted public relation scholar, classifies the central idea of corporate public relations in his definition of Public Relations as follows.

“It is a distinctive management function which helps establish and maintain mutual lines of communication, understanding, acceptance and co-operation between an organisation and its publics; involves the management of problems of issues; helps the management to keep itself informed on and be responsive to public opinion; defines and emphasizes the responsibility of the organisation to keep abreast of and effectively utilize services as an early working system to help anticipate trends; and uses research and sound, ethical communication as its principal tools”

3.7.1 Corporate Concept

The corporate concept of Public Relations is:
- to project its missions, ideology, and philosophy;
- to publicize its objectives and goals;
- to establish relations with its various publics;
- to extend support for itself in the environment and be accepted.

3.7.2 Corporate Public Relations Strategies

Corporate Public Relation strategies can be broadly classified as a four step programme:
- Defining Corporate Public Relations objectives from annual and perspective plans;
- Planning and implementing public relation projects for image building;
- Communicating; and
- Evaluating from feedback, research and analysis.

Based on this, public relations persons counsel management in decision making.

The first step involves defining the corporate objectives, which are a broad frame-work of guidelines provided for achieving efficient and effective performance.

Planning involves decision making on objectives or goals by Public Relations practitioners, setting and selecting strategies.

Planning includes:
- Defining roles and missions;
- Selecting objectives;
- Determining the scope of the work to be performed and major result areas;
- Preparing specific action plans to achieve the objectives;
- Budgeting and implementing the programme; and
- Evaluating the results.

The process of planning also incorporates handling crisis situations. Regular training sessions for employees are essential. Training provides them with the basic knowledge of handling emergency cases. The media also should be kept informed and provided with factual details about any critical situation if it arises.

The Public and media understanding of an incident and how it is handled depends on the timeliness and quality of information distributed by the public relations department of an organisation.

The third and the crucial step of Public Relation activity, is “Communication”. Normal Cousins has defined communication as:

“The most precious enterprise in the world... the ultimate art”. 

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By communication we mean the transmission, reception and interpretation of information. There are three basic elements in communication:

- The Sender or the Source;
- The Message, and
- The Receiver or the target public.

Effective communication requires efficiency of all the three elements. A public relations communicator must have the ability to effectively transmit messages in a comprehensive manner to all its publics.

Communication is of two types:

- Internal Communication.
- External Communication.

**Internal Communication** is communicating within the organisation through the medium of House journals, newsletters, bulletin boards, pamphlets, memos, brochures, manuals, books, etc.

**Doyle's communication chart**

<table>
<thead>
<tr>
<th>Group</th>
<th>Objective</th>
<th>Management Action</th>
<th>PR Action</th>
<th>Communication Channel</th>
<th>Types of Message</th>
</tr>
</thead>
<tbody>
<tr>
<td>General public</td>
<td>Godwill</td>
<td>Conduct business in public interest</td>
<td>Survey Plan</td>
<td>Mass media Mail replies</td>
<td>Institutional ads News on basic information about company</td>
</tr>
<tr>
<td>Support</td>
<td>Support community projects</td>
<td>Communicate Evaluate</td>
<td>Plant-tour folders</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Prospective sales customers, clients</td>
<td>Sales</td>
<td>Produce good product or service</td>
<td></td>
<td>Mass media</td>
<td>Sales ads Product news Institutional ads</td>
</tr>
<tr>
<td>Customers, employees</td>
<td>Loyalty</td>
<td>Help employees find job satisfaction, self respect, fun</td>
<td></td>
<td>Company publications Bulletin boards</td>
<td>News and features about company and individual employees and employee groups</td>
</tr>
<tr>
<td>ranks</td>
<td>Goodwill</td>
<td>Efficient production Good morale</td>
<td></td>
<td>Mass media Direct mail Film</td>
<td></td>
</tr>
<tr>
<td>Stockholders, operating management, capital investment, confidence counsellors</td>
<td>Goodwill</td>
<td>Good Management</td>
<td></td>
<td>Company publications Newsletter Mass media</td>
<td>Progress reports Future plans Financial reports Institutional ads</td>
</tr>
<tr>
<td>Government officials, civic leaders</td>
<td>Goodwill</td>
<td>Support Favourable decisions</td>
<td></td>
<td>Personal contact Speeches Mass Media Films</td>
<td>News about company progress and plans Editorials Institutional ads</td>
</tr>
<tr>
<td>Press radio-TV</td>
<td>Respect</td>
<td>&quot;Open door&quot; policy</td>
<td></td>
<td>Personal meetings Memos Press tours</td>
<td>Shop talk Background on company news</td>
</tr>
<tr>
<td>Educators</td>
<td>Respect</td>
<td>Host</td>
<td></td>
<td>Personal contact Speeches Direct mail</td>
<td>Offers to help educators</td>
</tr>
</tbody>
</table>

Table prepared by Robert J. Doyle, University of Wisconsin System


This summarise Communication activities of a Corporation with its various publics for specific objectives through varied choice of channels to achieve public relations goals.

External communication is communicating with the general public, customers, shareholders, competitors, through the mass media, direct mail or through group meetings.
See the illustration given alongside which denotes the channels for public relations activity, specific to its varied publics, undertaken with specific objectives.

The final step in public relations process is ‘evaluation’ which teaches what happened and why it happened. It determines:

- The methodology which was adopted by the public relations spokesman, to project the image of the organisation;
- The adequacy of message content and structure;
- The extent of media utilisation, its nature and suitability;
- The target audience;
- The effect the message has on the target audience.

This step is also essential to review and modify (if necessary) the public relation activity oriented towards image building. Evaluation also helps to find out any discrepancies between programme planning and execution.

**Check Your Progress 4**

**Note:**

i) Answer the following questions in the given space provided below.

ii) Compare your answers with those given at the end of the unit.

1) Describe briefly the steps in Corporate Public Relations activity.

2) List the aspects that are considered in the evaluation of a Public Relations programme.

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**3.8 CORPORATE MEDIA RELATIONS**

You have already learnt in Unit II in detail about the importance of media relations for corporations. However we will take a brief glance at it. Most organisations want the news about their organisation reported in a favourable manner, that will promote their objectives. Media in turn are dependent on the revenue generated by corporate advertising. This reflects their interdependence on each other.

Media Relations is an investment worth the efforts and has to be developed steadily and maintained by you in many ways:

- Be honest and accurate while dealing with the Press;
- Provide them with interesting, timely and factual stories, thus gaining their confidence;
- Never pressurize them to publish your story. Also remember not to complain about the treatment of your press releases;
- Don’t ask them to kill or suppress a particular story. Request them, if necessary, to delay its publication.
Stay within the boundaries of news interest and don’t overload the media with many stories at a time.

Give them only relevant details stressing upon the vital issue.

**Good Media Relations** requires adherence to five basic elements: Frank, Fair, Factual, Fast and Friendly.

The best way to give out your press release to all media is a Press Conference. A Press Conference is generally conducted for important and controversial matters such as labour disputes, policy announcements, industrial policy change or a technological break-through. All members, employees, officials of the organisation are briefed in advance on the question that are likely to be asked by the press. This facilitates the answers and places your organisation in a favourable light. Always remember to select a suitable time and convenient venue for the press conference and invite the media well in advance. Prepare a press kit for their convenience which must contain:

- A complete information manual of the organisation,
- A Press Release;
- Introductory publication;
- Copy; and
- Pencil or pen.

A Press release must be tailored for its medium news stories for newspapers, articles for industrial publication, conversational style releases for Radio, TV scripts with visuals for TV. An ideal release ought to be:

- typed and preferably hand delivered to the appropriate person;
- timely and precise; and
- written in a journalistic style.

### 3.9 SOCIAL RESPONSIBILITY

"Social thought in the industrial system does not allow an inquiry as to whether increased or more efficient production of a particular product is good. It is per se, a good thing“.  

*John Kenneth Galbraith*

Galbraith feels that the society has yet to accept the dual role of business goals and social values of a business organisation. However a business organisation should be aware of the impact on the society. An industry, such as chemical or engineering etc., may achieve high productivity, maximum profits and remarkable success, but at the same time their operations can cause environmental pollution, affecting the society and neighbouring areas; thereby endangering human, animal and plant life. Thus, it becomes necessary for business organisations to conduct a social audit of their activities, to find out whether their activities are helpful to the society, whether their existence poses any threat or provides an opportunity to the community.

Business corporations must aim at securing social acceptance and earn goodwill by their philanthropic dispositions and also encompass certain, socially relevant principles, which include:

- To carry out business operations compatible with the ethical standard of society;
- To work towards abating pollution; and
- To never forget that their rights and interests are subservient to public welfare.

The doyen of Indian Industries, JRD Tata, had once said:

"Let some of the time of ‘industry managers, its engineers, doctors and specialists, be spared
to help and advice the people of the villages and to supervise new developments by co-operative effort between them and the company...."

You must know that corporate social responsibility is a part of the daily business activities of the organisations. More and more companies are now engaging in philanthropic missions and community based projects in their corporate mission.

Over the last 10 months "Escorts" has organised over 5,000 eye operations in 411 villages of Faridabad district. Similarly in 1979 "TATA" set-up a "Tata Rural Development Society" to involve programmes for people in areas 10 to 15 kms, away from Jamshedpur (which covers about 250 villages).

3.9.1 Corporate Accountability

A successful organisation must be constantly revising its policies and programmes to stay tuned to the demands of a changing Society. The most important method of bridging the gap between the public demand and corporate performance is "accountability". The value of accountability lies in its application to all the activities of an organisation, oriented towards the welfare of the society, which is its basic mission. It is even more important than corporate responsibility.

Corporate accountability implies a system of checks and balances. The management plans are tested, debated and provided with a sound guidance from the board of directors. This system is followed regularly if there is a select quality of people and a well co-ordinated information system. This enables the directors to perceive directions and outline priorities for the corporation to meet its goal.

All these factors, discussed above, contribute to the overall success of any organisation and reflects its distinct culture. Concluding this unit, we will explain to you briefly about corporate culture and emerging trends of corporations.

3.9.2 Corporate Culture

A Corporate culture is an important aspect of an organisation which is identified by its management's style of functioning, budget, priorities, and attitudes towards its employees or customers. Corporate culture is not affected by the organisation's profits and losses, but only by leadership to the top level management team, technological advances and market conditions.

A vital ingredient of a good corporate culture is the Human Resource Development programmes, which is a long term investment. Human Resource programme brings forth a participative work culture and easy adoption to ever changing environment. The employee must be involved in discussions with management about the work culture the company requires and the possibilities of creating an ideal culture. The public relation person has a significant part to play in nurturing and in the communication of corporate culture.

Check Your Progress 5

Note: i) Answer the following question in the given space provided below.
 ii) Compare your answer with the one given at the end of this unit.

1.) Briefly explain the following terms.
   a) Social Audit: .................................................................
   .................................................................
   .................................................................
   .................................................................

   b) Corporate Accountability ...................................................
   .................................................................
   .................................................................
   .................................................................
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   c) Corporate culture ..........................................................
   .................................................................
   .................................................................
   .................................................................
   .................................................................
Activity 2

Yours is a pharmaceutical firm engaged in the manufacture of a wide range of antibiotics and life-saving drugs. An epidemic hits the community leading to a severe shortage of drugs in the market. What steps would you take to discharge your social responsibility and maintain goodwill of the community?

3.10 LET US SUM UP

Corporations are economic institutions which lay down specific objectives and ensure investment returns, while enjoying a good image and remaining accountable to various publics. We examined the organisational structure of a Corporation and the importance of Human Resource Development system, which is a vital ingredient of the Corporate culture.

We also learnt that the Corporate image is the sum total of impressions and perceptions carried by various people about the organisation. Corporate public relations activity involves planning, carrying out and implementing such communication strategies, which will enhance the reputation and the image of the organisation among its internal and external public. Communication strategies must publicise the objectives and missions of the organisation so that it finds public support and acceptance.

Planning and carrying out these communication activities must be done keeping in mind the sender, the message, target public, and budget. To influence public opinion favourably, and to obtain media coverage it is also important to cultivate media relations—Institutional advertising is a good way to promote the image by making your achievements, contributions to economy, or your concern for your public known to the target groups. Since every organisation has some social impact either positively by providing opportunity to people in the community, or negatively by posing a pollution threat to the local community, corporations nowadays undertake social audit to assess and prove how far they have discharged their social responsibility.

Ultimately, corporate images are built on actual performance and on the assessment of how far the activities of an organisation are oriented towards welfare of the society.

3.11 GLOSSARY

You will find in the Glossary a short list of terms used in this unit.

Audit: Examination of a company's financial statement by an independent third party.

Balance Sheet: Periodic (usually annual) statement of a company's financial position which summarizes what it owns or owes.

Corporate Culture: Unwritten set of values and rules within an organisation that govern the behaviour of those belonging to it, and associated with it.

Campaign: An organised effort to convert the opinion of any group or groups on a subject.

Pamphlet: A publication of a few pages with a proper cover and title which provides information about an organisation—activities, products or services.

3.12 SUGGESTED READING

Effective Public Relations: by Cutlip Scott and Allen H; Center Englewood Cliffs; N.J. Prentice Hall; 1978.

3.13 **CHECK YOUR PROGRESS : MODEL ANSWERS**

### Check Your Progress 1

1) Corporate missions are ideologies outlining the philosophy of the organisation laid down in its Article of Association. Corporate objectives are a broad framework of guidelines spelling out long and short term plans, which also define the role and responsibility of each division to achieve efficient performance.

Corporate goals are specific tasks to be accomplished by a defined group of persons in a stipulated time to meet targets of production, marketing and the like.

2) Some of such qualities include: ability to take calculated risk, exploring new avenues, prudent investment, business acumen, dynamic selling efforts for social acceptance etc.

### Check Your Progress 2

1) The progress of an organisation is measured in terms of physical and financial results brought out in the form of annual reports or balance sheets. Physical results are an assessment of its achievement of planned targets. Financial results are in the form of balance sheets which show profits, losses etc.

2) HRD is essential for the growth and development of an organisation. HRD system imparts training to employees helps exchange of views and thoughts between employees and management, encourages team spirit and promotes greater employee participation.

### Check Your Progress 3

1) True  
2) False  
3) False  
4) True  
5) False  
6) True  
7) True

### Check Your Progress 4

1) Corporate public relations is a planned and coordinated activity which works towards building goodwill and reputation for the organisation. This activity can be broadly categorised into four steps.

   i) **defining public relations objectives**

   ii) **planning and implementing public relations projects for image building**

   iii) **Communication**

   iv) **Evaluation from feedback, research, analysis and counselling**

2) The methodology adapted; adequacy of message content and structure; extent of media utilization and its suitability; the target audience, effort on the target audience; discrepancies between planning and execution of programmes.

### Check Your Progress 5

1) a) All the organisations have some impact on the society. In order to find out if their activities are helpful to society or pose a threat to the society in some way, organisations undertake a survey of the social effects of their activities. This is called social audit.

b) Corporate accountability is a system of checks and balances which helps the management to perceive directions and outline priorities. The value of accountability lies in its application to all the activities of an organisation oriented towards the welfare of the society.

c) Corporate culture is identified by its management’s style of functioning, budget priorities and its attitude towards employees or customers.