

Abstract

Reputation has increasingly been acknowledged as something of value for companies. Corporate executives have recognized that a positive reputation can improve the prospects for the enterprise, making it easier to raise capital or overcome a crisis.

As corporate reputation has become increasingly recognized as an intangible asset that holds measurable financial value, practitioners and academicians in the public relations field have focused on the contribution of the function to a company's reputation. Some scholars have attempted to connect public relations-communication spending to financial performance. But attempts to demonstrate a causal relationship between communications spending and reputation have been unsuccessful.

Because such a link is difficult to quantify, it is time to approach the problem from a different perspective. Rather than examine the amount of money spent on communication and its effect on reputation, this research study focused on the type of operation that money funds and its relationship to reputation.

The IABC Excellence Study found public relations helps make organizations more effective by "building quality, long-term relationships with strategic constituencies." Those quality relationships should result in a better reputation. Through the use of quantitative and qualitative research, this study attempted to determine whether organizations rated at the top of the Fortune Magazine Most Admired Companies List exhibit the characteristics of communication excellence and if practitioners at those companies are responsible for managing the reputation of their organizations.

A total of 158 high-level communication executives were invited to participate in a comprehensive online survey on how the public relations-communication function was

managed in their organizations. Fifty executives responded to the survey; however, for some questions, as few as 33 executives filled out a response. Following completion of the survey, brief telephone interviews were held with executives at 10 of the companies that scored the highest on the Most Admired List.

The results of the quantitative and qualitative research demonstrated that companies rated highly on the Fortune survey manage the public relations/communications function by following the characteristics spelled out in the IABC Excellence Study.

Communication executives at these companies support their organizations by helping to manage multiple stakeholder relationships, providing outside perspective to senior leadership, and overseeing corporate reputation. They regularly perform research with various stakeholder groups, but have not attempted to measure the value of those relationships. Companies with a more sophisticated program attempt to place a financial value on reputation, but there is no consensus on how to do so. Most reported that the dominant coalition appreciated the value of the function and the role it plays in reputation management.

This research study was limited by the difficulty of gaining the participation of busy executives. But when they do participate, their insights help further development of the function they manage. Further research should focus on ways to help them measure relationship quality and how that affects reputation.

**CORPORATE REPUTATION AND EXCELLENT COMMUNICATION:
WHAT'S THE CONNECTION?**

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Introduction

Statement of the Problem

During the past two decades, economic downturns, constant efficiency improvements and relentless organizational cost-cutting have combined to pressure public relations and communication professionals to justify their worth to their organizations. Various attempts have been made to link communication expenditures to corporate wealth creation.

In recent years, as corporate reputation has become increasingly recognized as an intangible asset that holds measurable financial value, practitioners and academicians have focused on the contribution of the public relations-communication function to a company's reputation.

Some scholars have attempted to connect public relations-communication spending to financial performance. A report by the International Association of Business Communicators found a "strong anecdotal link between a company's ability to leverage its internal and external communications and a favorable market valuation" (H. Stock, September 15, 2003). However, the study also found that this link is extremely difficult to measure – a problem cited by a number of authors.

A 1999 study by the Council of Public Relations Firms (2004) found a correlation between corporate communication investment and company reputation. Spending decreased significantly for those companies in the bottom two-thirds of the reputation

rankings. However, the results of the council's findings have been questioned. A similar study conducted a year later did not find the same consistent relationship between overall spending on corporate communication and reputation, but did find that relatively large expenditures on corporate communications may provide a kind of "reputation insurance" for larger companies (Hutton, Goodman, Alexander and Genest, 2001).

Since the link between communication spending and reputation is difficult to quantify, it is time to approach the problem from a different perspective. Rather than focus on the amount of public relations-communication spending, this study examined how the management of the public relations-communication function by highly regarded companies and its relationship to reputation.

The IABC Excellence Study found that the public relations function contributes to organizational effectiveness by "building quality, long-term relationships with strategic constituencies" (L. Grunig, J. Grunig and Dozier, 2002). Turchan and Mateus (2001) called an organization's relationships with stakeholders "critical assets," while Fombrun and Van Riel (2004) took the position that it is the sum of these relationships that make up an organization's reputation, and in turn the organization's reputation affects the relationships. Corporate reputation influences the decisions of a company's stakeholders – employees, customers, investors, media, analysts, local citizenry, etc. They contend that by using communications to solidify relationships, which contribute to reputation, they enhance the value of the organization.

The Excellence Study offers a template to manage the public relations-communication function and make an organization more effective. Other authors have

found similar results. For example, a study by the University of Southern California's Annenberg School Strategic Public Relations Center examined the public relations-communication management at 69 companies listed on Fortune Magazine's Most Admired Companies List and found that the function was managed along the characteristics of excellent public relations found in the Excellence Study.

To confirm these findings, this study looked for a link between communication excellence and reputation by examining whether companies on the Fortune Magazine Most Admired Companies list, probably the oldest and most well-known ranking of corporate reputation, follow the managerial model laid out practice excellent public relations and communications by helping the organization develop quality relationships that help to build a strong reputation. The study also tried to assess how public relations-communication executives at these companies manage organization reputation.

Research Questions

RQ1: Do companies rated at the top of the Fortune Magazine Most Admired Companies List exhibit the characteristics of an excellent public relations program as laid out in the Excellence Theory?

RQ2: Are public relations executives at companies on the Fortune Magazine Most Admired Companies List responsible for managing the reputation of their organizations?

Definition of Terms

The term corporate reputation has been employed interchangeably with several similar terms, making strict interpretation difficult. The lack of consensus weakens reputation research and, at the very least, the definition of reputation needs to be stated upfront in any research project involving the concept. Several synonyms exist for reputation, including identity, image, prestige, goodwill, esteem and standing. Each has been offered as “(a) the equivalent of reputation, (b) an important component of reputation, or (c) a broader term that encompasses reputation” (Wartick, 2002).

Gotsi and Wilson (2001) merged the multitude of definitions into two schools of thought: the analogous school and the differentiated school. In the analogous school, corporate reputation and corporate image are synonymous. Early research on reputation appeared to follow the analogous school and viewed corporate reputation as synonymous with corporate image – understandable given that corporate image was a “fashionable” topic of research in the 1960s and 1970s, while corporate reputation was not commonly used at the time. Gotsi and Wilson (2001) concluded that recent research by the differentiated school confirmed a “dynamic, bilateral relationship between a firm’s corporate reputations and its projected corporate images.” They emphasized that corporate reputation must be considered dynamic, not static, and arrived at the following definition:

A corporate reputation is a stakeholder’s overall evaluation of a company over time. This evaluation is based on the stakeholder’s direct experiences with the company, any other form of communication and symbolism that provides

information about the firm's actions and/or a comparison with the actions of other leading rivals (p. 24).

A distinction between reputation and image has been suggested (Dolphin, 2004). Image is the "public's latest beliefs about and organization" and could be quickly developed. However, reputation was based on "value judgments" about the organization that develop over time.

Grunig and White (1992) rejected the term image because it represented many different concepts among public relations practitioners and "the average person sees image as the opposite of reality" (p. 33). They recommended that, rather than image, the terms reputation, perception, or evaluation be used. Later, L. Grunig, J. Grunig and Dozier (2002) said that corporate reputation "consists of the behaviors of the corporation that publics recall cognitively" (p. 281).

Economic sciences literature includes several definitions of reputation (Schwaiger, 2004), such as:

- Outcome of a process in which firms signal their key characteristics to constituents to maximize their social status.
- The result of satisfying experiences with a company's products.
- A set of attributes ascribed to an organization, based on the organization's past actions.
- The knowledge and emotions held by individuals.

The definition of Nakra (2000) – that corporate reputation is "the collective opinion of stakeholders towards an organization based on its past record" – aligns nicely with the

concept of an overall evaluation of a company over time. Williams, Schnake and Fredenberger (2005) stated that, “in general terms, reputation boils down to how others perceive the firm and respond to it.”

Corporate reputation is often confused with one other term – brand. Similarities between the two contribute to the confusion. Both terms involve a process of determining features designed to make stakeholders view the organization positively, and then successfully communicating those features to stakeholder groups. In addition, both must ensure that the expectations of stakeholders are fulfilled (Frost & Cooke, 1999).

Corporate brand originated as a marketing initiative – a way to add substance to companies that concentrated solely on product brands, and as a way for companies with limited resources to integrate marketing efforts and devote funding to one overall “umbrella” brand rather than multiple, lesser-known brands (Schultz & Kitchen, 2004). Hlousek (2004) also employed the umbrella metaphor, suggesting that corporate brand represents “a single umbrella image” or “network of knowledge” about a company stored in the minds of stakeholders.

Eventually, the idea of a corporate brand has become associated with the feelings and opinions that stakeholders have about the organization. Cox (1998) used brand and reputation interchangeably when discussing the keys to building a “winning” corporate brand. Davidson (2002) added the idea of an “organization brand” into the mix, claiming that it encompasses more than the corporate brand. He posited that organization brand better describes its use for all types of organizations, including nonprofits.

In describing the corporate umbrella brand, Schultz & Kitchen (2004) arrived at a definition that was as broad as reputation. They said that the corporate umbrella brand “not only protects and nurtures all the individual brands and customer relationships within its portfolio, but confirms to all stakeholders that the organization itself stands for something other than an anonymous, faceless, profit-taking corporate entity.”

Dowling (2001) proposed the existence of a “corporate super-brand,” or the trust, confidence and support resulting from the corporate reputation. He defined corporate reputation as “the attributed values” evoked by a stakeholders’ set of beliefs and feelings about the company.

While some overlap exists between corporate reputation and corporate brand, one significant distinction becomes evident – corporate brand is the image or idea communicated by an organization to its stakeholders, while corporate reputation is the stakeholders’ perception of that image or idea. Lewis (2001) defined corporate reputation as the “fermenting mix of behaviour, communication and expectation,” essentially a belief in how an organization is expected to act. Frost & Cooke (1999) said stakeholders form a reputation by their images of the organization, based upon individual experiences. Davidson (2002) proposed that while the organization brand must be based on substance, the portion that is visible to stakeholders is based on promises, symbols and experiences. Hlousek (2004) suggested that a corporate brand grouped together the “experiences, values, and images” of a corporation’s activities stored in the minds of stakeholders.

Fombrun (1996) proposed a definition of corporate reputation that has been more widely used than any other (Gotsi and Wilson, 2001). Fombrun defined reputation as a

cognitive process of recollections and perceptions – the “perceptual representation of a company’s past actions and future prospects that describes the firm’s overall appeal to all of its key constituents when compared with other leading rivals” (p. 72).

Fombrun also proposed a model depicting the relationship between corporate identity, name, image and reputation (p. 37). In this model, corporate identity represents the values that the company’s workers associate with it. The identity becomes part of the name and communication methods associated with the company, which are used by different stakeholders to form their specific image of the company. Finally, the combination of those stakeholder images forms the basis for the company reputation.

Barnett, Jermier, and Lafferty (2006) offered a similar definition of reputation that they said would “distinguish the construct from identity, image and capital.” They defined reputation as “observers’ collective judgments of a corporation based on assessments of the financial, social, and environmental impacts attributed to the corporation over time.”

This study will define reputation as the cognitive process of recollections and perceptions of stakeholders about an organization.

Literature Review

Excellence in Communications and Public Relations

The Excellence Theory, which spells out the characteristics of excellence in public relations and communication management, was an outgrowth of the Excellence Study, an international investigation into the public relations-communication function and its impact on an organization (L. Grunig, et al., 2002). In the managerial theory detailed in the Excellence Study, organizational communication is centralized or integrated, with a matrix connection to other management functions. The function should report to a senior-level officer who has a good understanding of the public relations and marketing functions and the roles they play in reputation development. The study found that public relations is a strategic management function and plays a role for publics in the decision-making process.

Characteristics of excellent public relations include:

Program Level

- **Managed strategically.** Programs are based on research and environmental scanning, use varying techniques, and are formally or informally evaluated.

Department Level

- **Direct reporting relationship to senior management.** The function needs to be a part of, or have direct access to, senior management to be effective.
- **Integrated public relations function.** Integration allows a department to develop new communication programs for strategic publics and to reassign resources as necessary. It also ensures that a consistent message is communicated to all stakeholders.

- **Public relations as a management function separate from other functions.** If the function is sublimated beneath other functions, it cannot allocate resources and make decisions to be effective.
- **Senior public relations practitioner in the managerial roles.** The senior-level manager must have the knowledge needed to carry out the role, usually gained through a combination of academic education, on-the-job experience, and professional study.
- **Knowledge of symmetrical model of public relations.** The manager should know how to operate a program that attempts to balance the interests of the organizations and its publics, and uses communication to manage conflict.
- **Academic training in public relations.** This training provides the foundation for developing two-way symmetrical communication.
- **Professionalism.** Managers should understand the body of knowledge in their chosen profession.
- **Equal opportunity for men and women.** Organizations that provide a supportive environment for women and minorities typically have employees who are more satisfied with the organization and perform better.

Organizational Level

- **Two-way symmetrical public relations model.** This is the ideal model that can prove most effective for organizations, although many gravitate between the two-way asymmetrical and two-way symmetrical models.

- **Symmetrical system of internal communication.** Enabling open communication between management and employees helps to build a more trusting relationship between the two.
- **Head of public relations has power in or with the dominant coalition.** As mentioned under the department level, the head of public relations must be part of, or have direct access to, the most powerful group in the organization be to most effective.
- **Participative organizational culture.** In this culture, employees share a common value and department goals match goals for the entire organization.
- **Organic organizational structure.** This type of structure is less rigid and facilitates employee participation in decision-making.
- **Complex environment with pressure from activist groups.** Being forced to deal with activists can help lead departments to excellence.

In the quantitative analysis of this report, the makeup of most of these characteristics is presented and results are compared to the characteristic.

The Excellence Study has been replicated in various countries and cultures, and among different types of organizations, resulting in a widely accepted conceptual framework for excellence in communication management (Yun, 2006).

There are four models (Doorley and Garcia, 2008) that generally describe the functions of public relations and communication practitioners:

- **Press agent / publicity model** – The primary goal is to gain publicity for the organization, but practice of it has given the public relations field a negative reputation of its own.
- **Public information model** – The focus of this model is the dissemination of information to various stakeholders, without advocacy for the organization.
- **Two-way asymmetric model** – Practitioners conduct stakeholder research to try and achieve the organization’s objectives, but the approach may be myopic and even unethical.
- **Two-way symmetric model** – Practitioners again conduct research, but use the results to help achieve the objectives of the organization and its stakeholders.

The Excellence Theory states that by employing symmetrical, two-way communication, public relations professionals bring information into the organization and communicate organization decisions to various stakeholders. They also evaluate and monitor the organization’s environment, raising strategic issues that need to be addressed, and can urge the organization to act in a more ethical manner. Recent research found that professional communicators “strongly believe” that core ethical values should guide decision-making and that public relations managers should provide a leading role because they are familiar with how various stakeholders will assess the morality of an organization’s decisions (Lee, Heath, and Bowen, 2006). However, many practitioners have said they feel unqualified to serve as ethical counselors, stating that the legal department is better suited for the role (Bowen, 2008).

The University of Southern California's Annenberg School Strategic Public Relations Center periodically publishes a Generally Accepted Practices (GAP) study of public relations practices within the United States. In 2004, the GAP study was sponsored by the Council of Public Relations Firms and examined the spending and management techniques of hundreds of companies, 69 of which were listed on Fortune Magazine's Most Admired Companies List. The study's authors "uncovered a definite pattern when comparing public relations and cultural characteristics of Most Admired Companies with companies of comparable size." That pattern included the following findings that align with the characteristics of excellent public relations:

- The department reports to the top executives in the company, not to marketing (direct reporting relationship to senior management).
- Public relations programs at these companies receive more support from senior management (public relations as a management function separate from other management functions).
- These departments evaluate effectiveness through crisis avoidance/mitigation techniques (complex environment with pressure from activist groups).
- The programs are perceived as more proactive and ethical (programs are managed strategically, based on research and environmental scanning).

A U.K. study (Moss, Newman, and DeSanto, 2005) discovered that five factors involved in the public relations manager role that closely align with those found in the Excellence Study. They include:

- Monitor and evaluator – Managers make policy decisions, conduct research, and are responsible for program success or failure.
- Issue management expert – They manage the organization’s response to issues.
- Key policy and strategy advisor – They develop strategies for solving public relations or communication problems.
- Trouble-shooter or problem-solver – They help management understand the needs of various stakeholders.
- Communication technician – Though they have knowledge of and perform the managerial role, they are also called upon to use the necessary technical skills.

A later version of the U.K. study given to a U.S. audience (DeSanto, Moss, and Newman, 2007) found similar patterns of the managerial role in public relations but also some differences, possibly due to differences in culture. However, DeSanto et al. determined that the study’s results “reflect a number of the elements of the top communicator/departmental ‘expertise’ associated with the manager role enactment” identified in the Excellence Study.

Some authors find the two-way symmetrical communications model impractical for certain types of organizations, such as government agencies. Liu and Horsley (2007) said the model fails to include environmental attributes that can constrain communication, or the presence of a third party (e.g., a foreign government) that can influence the organization or its public. Moreover, they suggested that one-way communication may be simply more effective under certain circumstances, such as during a crisis. Flynn (2006) suggested that public relations should move beyond two-way thinking to a

“multidimensional perspective” where communication with multiple stakeholders occurs simultaneously.

Two-way symmetrical communication is partly based on relationship theory and is organized to help organizations manage stakeholder relationships, which in turn can influence organization reputation. However, Fawkes (2007) argued that the role of relationship manager neglects the realities of power relationships and minimizes the obstacle created by the power imbalance between the parties.

Roper (2005) said the use of symmetrical communication raises a question – “in whose interests are concessions in policy being made?” She asserted that because the organization has some position of dominance, it is willing to make some concessions over time to “maintain its existing hegemony.”

A study by J. Grunig (2006) stated that the Excellence Study and subsequent research has demonstrated the value of public relations as a “bridging activity” – a function to link organizations, publics, and society. But in reality, he added, public relations still functions as a “buffering activity” – using messages to try buffer the organization from change or opposition.

In this study, we will examine whether companies on the Fortune Magazine Most Admired List are using the public relations or communication function as a bridging activity to help monitor relationships with key stakeholders and enhance its reputation.

Origins of Reputation Theory

Reputation theory is a fairly recent phenomenon in the study of organization management. According to Rindova and Petkova (2004), little if any research appeared prior to 1988. A search of professional and academic literature confirms this. However, Gotsi and Wilson (2001) discovered that articles dating back to the 1960s defined corporate image in a way synonymous with corporate reputation.

More recently, research and literature on corporate reputation can be grouped into two categories. The first involves the use of corporate reputation in the development of a company's strategic marketing plan. Yeskey and Burnett (1986) wrote how marketing was playing an increasingly important role for corporate managers and that managers needed to determine how to use corporate reputation as a strategic advantage.

Arnold (1988), in focusing on the CEO's role in various communication initiatives, stated that "effective CEOs recognize that their company's reputation is a very valuable asset, to be conserved, defended, nurtured and enhanced whenever possible." Interviews with 25 top executives at leading Dutch companies found a similar result – executives believe that reputation management is an important part of their role as chief executive (van der Jagt, 2005). In addition, a survey of executives at the 1,000 top global companies found that corporate reputation was a more important measure of success than stock price or profitability (PR News, 2004).

Fombrun and Van Riel (2004) contended that corporate reputation reflects the company's success at convincing stakeholders about its prospects, "creating an upward spiral that attracts more resources to the company."

The second category of research involves the study of how a company's response to a crisis can endanger its reputation. Regester (1992) wrote that companies must analyze risks and plan for potential crises, and that poor planning can ruin all the work to develop a corporate reputation:

In one way or another, companies invest vast sums of money and management time in developing and maintaining their corporate reputations. Such hard-won reputations can be destroyed because the company is seen to mismanage a crisis.

Arnold (1988) said that eventually a company's reputation will be tested by a crisis, whether the company is at fault or not, and that "these and similar situations are more easily faced by a company with a strong, corporate reputation." Coombs and Holladay proposed a situational crisis communication theory that offers crisis managers a "resource for making informed decisions concerning ways to protect the organizational reputation during a crisis" (2002, p. 182).

Protecting an organization's reputation during a crisis is vitally important because of the potential for long-term economic damage. A Burson-Marsteller study (2006) of executives around the world found that it takes a corporation more than three years to repair its reputation when damaged by a crisis.

The Value of Reputation

Though confusion exists concerning the definition of corporate reputation or brand, there is more consensus within the research regarding the importance of the concept. Like other researchers, Fombrun (1996) stated that a company with a good reputation gains an

advantage over its competitors that is difficult to match. He also proposed that a good reputation creates “reputational capital,” which he defined as “intangible wealth that is closely related to what accountants call ‘goodwill’ and marketers term ‘brand equity’” (p. 11).

Credit for triggering the movement toward intangible asset measurement is given to Robert Goizueta, former CEO of Coca-Cola (Turchan and Mateus, 2001). In 1982, he separated the bottling operation, Coca-Cola’s most valuable tangible asset, from the rest of the company, leaving a group of intangible assets that included its global brand, various licenses and its secret flavor formula. Goizueta’s decision began a trend towards the measurement of such intangibles as trademarks and intellectual property.

This trend accelerated in the 1990s, as the U.S. economy evolved from a manufacturing base to a knowledge base, changing the focus from tangible to intangible assets. Companies began competing on “ideas and relationships,” with patents, knowledge and people now being considered assets as well as plants and equipment (Birchard, 1999). This movement was mainly due to “competition-induced corporate restructuring facilitated by emerging information technology” (Lev, 2001).

The cycle of global competition and technological advancements meant that intangible factors played a more important role in wealth creation. Intangible assets can now make up one-half to nearly two-thirds of a company’s total market value (Turchan and Mateus, 2001) and stock values now “depend less on a company’s tangible assets and more on its intangible assets, such as the company’s future projection in the market or its image and reputation” (Ritter, 2003).

In today's corporations, the most important assets include "reputation in the marketplace" (Allen, 2001). As a result, finance professionals have been forced to address some "hard questions about soft assets" – for example, the value of a product brand or a corporation's reputation (Birchard, 1999). Even insurance companies are beginning to examine the feasibility of reputation protection products (Overbay, 2004).

Elmer (2001) summed up the issue this way:

whole service sectors, including the public relations industry, exist to do such things, things that are regarded as worthwhile, activities that cost money to carry out, but which we find it very difficult to value precisely other than in simple cost terms. The problem is not a new one, and for more than 30 years accountants have conjured with the difficulties of accounting for these intangible assets, of which the goodwill resulting from public relations activity is one (p. 12).

Intangible assets include such things as human capital; corporate governance; patents, copyrights and trademarks; brands or reputation; and customer relationships (Stock, March 10, 2003). Intangible assets can be considered claims to future benefits without any physical or financial embodiment, such as a bond or cash flow from a production facility (Lev, 2001).

Although intangible assets now dwarf the value of tangible assets, they are difficult to quantify, so many companies don't bother (Stock, March 10, 2003). In addition, some firms have been averse to releasing too much financial detail, particularly when it was not a requirement in the past.

Despite these difficulties, surveys of corporate leaders have found a growing belief in the importance of reputation and its value as a corporate asset (Gibson, Gonzalez, and Castanon, 2006) – even a strong belief that a good reputation helps benefit the bottom line (Pharaoh, 2006). Forman and Argenti (2005) assert that corporate branding is “focused on the corporation itself as it relates to a variety of constituencies” and acknowledge that a strong corporate brand can provide significant advantages to the company, such as premium pricing for its products.

The importance of reputation can vary by industry; a good reputation and sense of trust is more important in the financial services, pharmaceutical, or airlines industries (Kirdahy, 2008).

Intangible assets such as reputation are often the result of investments that accountants treat as expenses deducted from current revenue – for example, research and development, marketing, training and information management (Allen, 2001). Skimping on these investments can endanger the corporation’s long-term survival.

Accounting rules for research and development or advertising make those investments have an immediate negative impact on quarterly financial performance, leading many managers to skimp on them, particularly in difficult economic times. A study of 3,500 companies tracked between 1964 and 1988 that demonstrated investments in research and development and advertising can provide a significant boost to a company’s long-term value (Pearl, 2001).

Academic research is mixed on tying reputation to financial value. Some suggest the connection has not been made, while others propose that a good reputation offers a

competitive advantage, allowing an organization to charge higher prices (Graham and Bansal, 2007), take advantage of market opportunities or increase sales (Dolphin, 2004). It can also help a firm attract a higher quality of employee.

The marketing function paved the way in pursuing new ways to value intangible assets through attempts to measure the value of a brand. Lev (2001) acknowledged that brand valuation and management is a “big business.” For Ehrbar and Bergeson (2002), most approaches to brand valuation have been too subjective. They claim that under modern financial theory, brand valuation is simply the “cumulative value” of all the discounted cash flows the brand is expected to generate. But translating that theory into reality is difficult because the variables are not measurable. Instead, they offered an approach based on independent measures of brand health and economic performance across product categories.

Corporate Branding LLC, a brand strategy and communications firm, studied the impact of corporate communications on corporate image (defined as a measure of the familiarity and favorability of a company by its stakeholders), and then looked at the connection between improvements in image and stock price (Gregory & Frey, 2000). They discovered that, all other things being equal, when a company’s image improves, its business results and stock price typically improve.

Financial studies trying to quantify brand values have demonstrated an empirical connection with a company’s market value, though much of the research is in its infancy. A study of the restaurant industry in South Korea investigated the relationship between brand equity and a firm’s financial performance and discovered that brand awareness had

the strongest direct effect on revenues (Measuring customer-based restaurant, 2004). In the pharmaceutical industry, studies have shown that the frequency with which one brand is mentioned versus its competition will impact the number of prescriptions written (Getto, 2001).

Fombrun and Van Riel asserted that reputation has a financial value as a corporate asset and should be classified as “reputational capital,” which is comprised of brand equity and stakeholder relationships (2004, p. 33). After the corporate scandals at Enron, Worldcom, Tyco and others, they cite the irony of accountants treating reputation-building activities like advertising and public relations so conservatively, yet being “willing to facilitate” the capitalization of unearned income that enabled these companies to claim inflated returns (Ibid, p. 31).

Doorley and Garcia (2007) said that though reputation may seem “nebulous,” it does hold real, financial value, adding that the “historical view of reputation as an intangible asset is the wrong approach.”

The marketing function has had difficulty demonstrating tangible, financial benefits to an organization, making it a “notoriously inefficient and generally suspect corporate activity” (Schultz and Gronstedt, 1997). A recent survey of 130 financial executives across a range of industries found that fewer than 4 in 10 CFOs believe that their companies’ marketing forecasts could “stand the scrutiny of a standard corporate audit” (Johnson, 2008).

Miles and Munilla (2004) found one way to combat that opinion about marketing – develop a strategy based on meeting new, international standards of corporate social

responsibility. Social Accountability (SA) 8000 is a set of international workplace and human rights standards developed by Social Accountability International with input from the United Nations and dozens of other non-governmental organizations. A socially responsible marketing strategy based on SA 8000, they maintain, “should help enhance the relationships between the corporation and many of its stakeholders” – a growing area of reputation research.

Communication as Relationship Investment

Many scholars have argued that communication functions such as public relations or advertising should be categorized as asset investments. Some claim they are tools used to help build an intangible asset, such as reputation or customer relationships.

For example, Schultz and Gronstedt (1997) proposed that such tactics are “investments in customers.” The return on these investments, they suggest, would be determined by a customer’s net present lifetime value – in other words, what the value of a customer is, projected into the future and discounted for the time value of money. They believe that these investments provide long-term asset value, which should be amortized like other assets.

Companies need long-term relationships with customers to guarantee repeat sales and long-term survival (Quelch and Jocz, 2008). But financial statements cannot value a customer relationship, which has a life of its own for a corporation. Brand value is connected to advertising expenditures and halting advertising over the long term will significantly harm a brand, resulting in “brand atrophy” (Reibstein, 2004).

Though few consider public relations and other communication functions assets by themselves, Creech Avent (2002) posited that the definition of public relations applied by Grunig et al. – the management of communication between an organization and its publics – fits Lev’s definition of an intangible asset as a claim to future benefits without physical embodiment. She proposed that the “public relations claim to future benefits, perhaps, lies in the relationships between an organization and its constituencies.”

Recent research by the International Association of Business Communicators (IABC) also considered the relational aspect. It proposed that a company’s capital could be divided into three categories: structural, human, and relational (Stock, 2003). Structural assets are tangible, while human capital consists of intangible assets such as the knowledge and experience of employees. Relational capital “comprises the relationships between people that allow them to share their knowledge and experience with others. As such, relational capital is an asset made up of lines of communications,” not only within companies but also between the organization and all stakeholders. Relational capital is key to the success of human capital and these relationships then go on to produce reputation and image (Simcic, 2008).

Ledingham (2001) posited that public relations primary function is management of the relationship between an organization and its stakeholders and provided a scale to assess relationship quality. His study reinforced earlier findings that the quality of the relationship between an organization and its publics can predict behavior of those publics and how they view the organization.

Academic research involving organization-public relation outcomes identified four indicators of the relationship between an organization and its publics (Yang, 2007):

- **Trust** – Level of confidence in each other and willingness to be open to the other.
- **Commitment** – Belief or commitment that the relationship is worth working on and saving.
- **Satisfaction** – Both sides are equally rewarded and those rewards outweigh the costs.
- **Control Mutuality** – Agreement between the parties on who has the power to influence the other.

J. Grunig and Hung (2002) demonstrated an association between relationships and reputation, but added that public relations was more strongly linked to relationships than to reputations. They also proposed that the behavior of an organization's management affects relationships and suggested that "public relations professionals should focus on relationships as an indicator of both the value and the success of their work."

Yang and J. Grunig (2005) expanded the focus on relationships by examining the link between organization-public relationships and organizational reputation. In their study of five Korean organizations, they found that positive relationship outcomes lead to a favorable representation of the organization and a positive evaluation of the organization's performance.

Schreiber (2002) stressed the importance of establishing relationships with stakeholders through two-way symmetrical communication in building a corporate reputation, noting that "unless corporate management allows an open and honest debate

about what is important to stakeholders of the company and has respect for those perceptions, there will be little chance of success” (p. 215). He also defined reputation management as a process of identifying an organization’s value proposition and key stakeholders, prioritizing stakeholders in terms of their value and risk, and then managing the organization in a way that matches the value propositions of the organization and stakeholders (2004). Identifying and prioritizing stakeholders and meeting their expectations can be classified as relationship management.

Placing a financial value on an organization’s relationships has proven challenging for public relations practitioners. Because of its focus on customer relationships, marketing professionals have an easier time demonstrating cause and effect (Simcic, 2007). Communication managers are often responsible for monitoring relationships with multiple stakeholders, including some who might oppose some of the organization’s goals (Simcic, 2008). The organization may have different reputations for different stakeholders. Some of these relationships could affect financial performance; for example, employees withholding labor resources or activist groups demanding restrictions on the company’s operations (Neville, Bell, and Menguc, 2005).

Turchan and Mateus (2001) discussed the development of a “relationship capital index,” which involved rebuilding a company’s financial statements to determine what portion of intangible asset value can be attributed to relationships. Constructing a relationship capital index, they suggest, involves viewing a customer relationship as a unit of financial analysis to which you attribute certain revenues and expenses. One drawback to this approach is determining what to do with the cost for communication

that's not tied to a specific customer. These must be linked to the development of reputation with a category that does not involve a defined stakeholder group; for example, the general public.

Rindova and Fombrun (1999) developed a systemic model of competitive advantage in which they suggest that the process is an interactive one of social influences and that competitive advantage is built upon relationships with key constituents.

Stock (2003) cited a report by the International Association of Business Communicators that found a “strong anecdotal link between a company’s ability to leverage its internal and external communications and a favorable market valuation” (2003). However, the study also found that this link is extremely difficult to measure – a problem cited by a number of authors. Turchan and Mateus (2001) called relationships “fragile but critical assets that can be nurtured and developed,” but finding a consistent, reliable way to measure these relationships remains a problem.

Spencer (2005) posited an approach to relationship measurement that began with a model for organizations to segment stakeholders into two sets of variables – contact and connection. The former measured the depth and frequency of contact between the organization and its stakeholders, while the latter measured the perceptions of stakeholders; for example, whether people trust the organization. This grouping of stakeholders, said Spencer, enables organizations to track how communication strengthens relationships within each segment, thus “providing a better guide to organizational success than reputation alone.”

Overall, as organizations increasingly recognize the value of relationships, functions that contribute to maintaining and enhancing those relationships – such as communication – are gaining greater acceptance as an asset investment. Communication and management literature contain recent research on the financial value of relationships as intangible assets. Reibstein (2004) said a company’s relationship with its customers is likely its second most-valued intangible asset, trailing only intellectual property. Galbreath (2002) proposed that strong relationships with customers, suppliers, employees and partners are assets that “drive net future opportunities” for companies, helping them to “weather the storm of the long run.”

Attempts to Connect Reputation and Financial Performance

Various attempts have been made to link communication expenditures to corporate wealth creation. For example, the aforementioned study by the Council of Public Relations Firms suggested a correlation between corporate communication investment and company reputation. In 2004, Watson Wyatt Worldwide released a study that found firms with better organization communication programs earned shareholder returns 50 percent higher than those that communicated less effectively. Another study involving the reputation of companies operating in Spain, found a positive though non-linear relationship between a firm’s reputation and its financial performance (J. Sanchez and L. Sotorrio, 2007).

In recent years, much of the focus has been on contribution of public relations to the development of a company’s reputation, and then the measurement of that reputation as

an intangible asset. Companies on the Fortune Most Admired List who garnered positive media coverage were perceived to be more innovative and have higher quality management (Staw and Epstein, 2000). Roberts and Dowling (2002) found that companies sustain good financial performance over time if they have relatively good reputations. They also noted that their findings are “consistent with the growing body of strategy research that links high-quality intangible assets with sustained superior performance.” But financial or management missteps

In taking a marketing-focused approach, Schultz and Gronstedt (1997) state that market-leading companies maintain leadership positions for several decades, mainly by skillful management of “brand equity,” which they define as the “composite of customers’ awareness and quality perception of a company.”

Fombrun and Van Riel (2004) take the position that it is the sum of stakeholder relationships that make up an organization’s reputation, and in turn the organization’s reputation affects the relationships. Corporate reputation influences the decisions of a company’s stakeholders – employees, customers, investors, media, analysts, local citizenry, etc. They contend that by using communication to solidify relationships, which contribute to that reputation, you enhance the value of the organization (pp. 4-5).

Love and Kraatz (2005) discovered that the decision to downsize the workforce damaged the reputation of companies on the Fortune Most Admired List. They theorized that the decision to downsize affected the groups surveyed by Fortune, such as business executives and industry analysts, because those groups include trustworthiness, credibility, along with financial factors when making their analysis.

Graham and Bansal (2007) found evidence of the influence of reputation on an airline's customers, discovering that consumers make a reputation judgment about a company and are willing to pay more for a better corporate reputation, enabling those airlines to charge higher prices.

At Sun Microsystems, the company has attempted to measure its corporate reputation by evaluating the impact of every communication initiative (Iacono, 2005). Some methods used to measure reputation include surveys, media content analysis, and online blog analysis (Hosford, 2007).

As pointed out by Regester (1999), an organization's reaction to a crisis can affect its reputation and its finances. A case in point was the safety recall of the Audi 5000 automobile in the 1980s due to cases of unintended acceleration. In this situation, Audi neglected to employ "proactive, open, honest, and caring communication," resulting in the development of unfavorable relationships swayed by consumer activism and media coverage, a negative reputation and a steep sales decline (Hagan, 2003).

Studies analyzing the effect of a damaged corporate reputation on stock price range between a drop of 10 to 50 percent (Overbay, 2002). Jones (1997) examined three recent one-day stock market declines of crisis proportions and found companies with a good reputation endured lesser stock price declines in four of the seven time periods studied. He concluded that corporate reputation acts as a buffer or reservoir of goodwill to help insulate a company against loss in turbulent times. For example, Swiss-based food and beverage maker Nestle has been able to survive during turbulent times by relying on its reputation of efficiently producing reliable products (Ram, 2008).

Mower (2002) asserted that companies need “permission” to operate from their various stakeholders – permission in the form of support:

Make no mistake: if the media, your customers, vendors, employees, bankers, investors, regulators, lawmakers, government officials and the general public don’t trust you...don’t like you...don’t think you deserve to be in business, they will revoke their support – their permission to operate. And you’ll pay the ultimate cost – you won’t be in business any more.

While some evidence supports the connection between reputation and financial performance, the attempts to demonstrate a link have stirred up controversy. Rindova and Fombrun (1999) posited that as stakeholders go through the cognitive process of determining reputation, they exchange information or even organize the information to include firms. They cited reputation rankings as a “manifestation” of stakeholder perceptions and suggested the rankings define criteria that corporations then try to incorporate into their own culture.

There has been a plethora of company rankings developed in recent years. Fombrun (2007) identified 183 rankings in 38 countries that were created from the perceptions of specific stakeholder groups.

Some experts have labeled these types of rankings as “promotional schemes” rather than research (Eidson and Master, 2000). Their popularity has led some firms to offer services that help clients determine which corporate scorecards to apply for (McGuire, 2004). Table 1 below offers an overview of some of the reputation measures (Eidson and Master, 2000).

Table 1 - Prominent Measures of Corporate Reputation

Survey Title	Conducted By	Group Surveyed	Method	Purpose	Started
America's Most Admired Companies	Fortune Magazine	Officers, directors & analysts of Fortune 500 companies	Phone & mail	Publication	1983
World's Most Respected Companies	PWC & Financial Times	CEOs from 75 countries	Phone & mail	Publication	1998
Maximizing Corporate Reputation	Burson-Marsteller	CEOs, boards, executives, investors, business media, consumers	Mail	For clients	1998
Corporate Branding Index	Corporate Branding LLC	VPs & above in top 20% of U.S. businesses	Phone	For clients	1990
Delahaye Medialink Corporate Reputation Index	Delahaye Medialink	Print & broadcast media	Media content analysis	Syndicated research	2000
Reputation Quotient	Reputation Institute & Harris Interactive	General public	Phone, e-mail & Web	For clients; also in Wall Street Journal	1999

The main point of disagreement among these surveys is determining which constituencies should be questioned. Eidson and Master (2000) contended that determination is made by the surveyor, which then impact the survey's elements. For example, the Fortune and Financial Times surveys focused on financial performance, because those are publications read by executives interested in the financial results of companies. Surveys by Burson-Marsteller and Delahaye also included media in the survey mix and evaluated such things as perceptual value and respect.

The most well-known of the reputation surveys is Fortune's "America's Most Admired Companies." Begun two decades ago, the methodology of the Fortune survey

has been criticized because of its focus on financial performance. For example, to be included in the survey, a company must be one of the top 10 revenue producers in its industry (McGuire, 2004). Over the years, the criteria have expanded to include innovation, people management, use of corporate assets, social responsibility, quality of management, financial soundness, long-term investment, and quality of products/services.

Fombrun, the founder of the Reputation Institute, described the varied reputation measures as a “patchwork quilt of analyses whose inconsistent findings are invariably blamed on methodological shortcomings attributable to measurement issues” (Fombrun and Van Riel, 2004, p. 65). He developed the Reputation Quotient with Harris Interactive as a way to standardize the measurement process. The Reputation Quotient examines 20 attributes grouped into six categories: social responsibility; emotional appeal; products and services; workplace environment; financial performance; and vision and leadership. The most recent Reputation Quotient survey (Alsop, 2007) found that social responsibility was becoming a more important component of corporate reputation

There has been some discussion about establishing an industry standard for reputation measurement, and the Council of Public Relations Firms began research into the effort. However, the competitive nature of the reputation management industry makes agreement on a standard highly unlikely (Eidson and Master, 2000).

J. Grunig and L. Grunig (2002) argued that these popular measures of reputation actually focus on “attitudes toward corporations rather than reputations.” They also emphasized that most of the evaluators only have enough information about the

companies to provide a “superficial” evaluation. Caywood also questioned whether these reputation measures were too simplistic, warning that “you have to be careful about measuring complex things with simple tools” (Eidson and Master, 2000).

Disagreement also exists on whether a positive reputation can enhance bottom-line performance. In a Reputation Quotient study during 2000-2001 of 60 companies, Fombrun and Van Riel (2004) discovered that companies with stronger reputations posted better financial performance than lower-rated companies (p. 70). However, establishing a definitive link has proven difficult. At the very least, it requires setting reputation goals that tie into business goals and defining metrics that measure behavior change or the avoidance of risk associated with significant financial risk (Marketing NPV, 2007).

Connecting Communication and Reputation Performance

More than ever, communication professionals need to justify their worth to their employers. An economic downturn, constant efficiency improvements and relentless cost-cutting have made things difficult for communicators in recent years. The effort to measure the effectiveness of public relations programs is critical to the recognition and acknowledgement of the function’s importance within a corporation or organization.

At the same time, the explosion in media outlets over the past decade has made the communication function more important than ever. News coverage, advertising and other communications help shape a company’s reputation (Alsop, 2007). This dynamic environment has created opportunities for public relations professionals to provide

information. The Procter and Gamble Company concluded in an internal survey that public relations campaigns provided a better return on investment for the company when compared to traditional forms of advertising (Economist, 2006).

Within the industry, a trend has developed to increasingly align public relations goals to organization goals and to use outcomes as a measure of effectiveness. Recent research found that this trend in public relations continues to grow (Bernardini, 2004). It also examined whether leading public relations professionals believe the industry is getting closer to a financial return-on-investment measurement. From their responses, it is apparent that practitioners are still a long way from arriving at a definitive measurement for public relations effectiveness. Some research participants even doubted – because of the complexity – that they ever will. Similarly, the study found that the complexity of the subject has made it difficult to connect public relations program effectiveness and financial results. In some cases it is possible to create a link between a program's tactical elements and sales performance, but establishing a correlation between overall program effectiveness and tangible financial results appears extremely difficult.

The IABC Excellence Study, the most ambitious research project ever on public relations and communications effectiveness, found that public relations is a unique management function that contributes value by establishing and maintaining relationships with key publics and that the effectiveness of public relations can be evaluated by measuring the quality of those relationships (L. Grunig, J. Grunig & Dozier, 2002). The Excellence Study authors also attempted to derive a financial value measurement, a return on investment (ROI) number for public relations. The study estimated that ROI for

excellent public relations could range from 100 to 225 percent. However, the authors added that there was little reason to believe “a single financial indicator could be found to measure the value of public relations” (p. 22).

The Commission on Public Relations Measurement and Evaluation of the Institute for Public Relations has been looking into the topic of the lack of measurement in public relations programs (D. Bartholomew, personal communication, March 31, 2004). Their findings are similar to those listed in other surveys, including:

- The lack of a single, generally accepted approach
- The perceived value of measurement exceeds the cost
- No measurable value exists for many objectives.

Similar findings appear internationally, not just in the United States. A poll of Public Relations Institute of New Zealand members found that only one-third tried to make a connection between public relations effectiveness and financial performance (Hendery, 2004). Most of the organizations surveyed spent less than five percent of their budgets on research. Achieving such a ROI measure for public relations is a “long stretch,” according to the president of the Public Relations Institute of New Zealand.

This new focus on bottom-line measurement has produced a variety of methods for measuring impact. Edelman Public Relations launched its Relationship Index in 2003, developed with its sister research firm Strategy One (Van Der Pool & Rountree, 2003). It is based on the work of J. Grunig, who proposed measuring relationships across four key variables: trust, commitment, satisfaction and control mutuality.

Researchers have also concentrated on finding a link between results of an overall communication program and financial performance. Many of these have focused on measuring brand value, or the financial worth of positive perceptions about a company. But the success rate for determining marketing communications ROI has not been much better than that for public relations. A survey by Ketchum Public Relations of nearly 500 marketing and communications executives found that only 11 percent were happy with the progress towards determining marketing ROI (Corder, Deasy & Thompson, 1999). The reasons for the dissatisfaction were similar to those among public relations executives – the lack of proper planning, evaluation resources and universal standards. A more recent survey by the Association of National Advertisers and Forrester Research uncovered similar results – 78 percent said that measuring program impact was difficult and most couldn't agree on a definition of ROI (Cummings, 2004).

In 1999, the Council of Public Relations Firms announced the results of a study that examined the communication spending patterns of Fortune 500 companies in relation to their ranking in Fortune's "Most Admired Companies" study. As a result, the council found a correlation between corporate communication investment and company reputation. Spending decreased significantly for those companies in the bottom two-thirds of the reputation rankings.

However, a similar study conducted a year after the council's study "did not find a smooth, consistent relationship between overall spending on corporate communication and reputation as measured by the Fortune study" (Hutton, Goodman, Alexander and Genest, 2001). Hutton, et al. questioned the process for determining the Fortune

measurement, stating that reputation is a “global” perception by someone, not the combination of several individual measures. The authors did find that relatively large expenditures on corporate communications may provide a kind of “reputation insurance” for larger companies and discovered that some types of communication spending correlated strongly with reputation, specifically foundation spending, investor relations, executive outreach and media relations. Other corporate executives believe that the lack of spending on reputation development has a negative impact on the bottom line (Hosford, 2007). K. Kim (2007) found that advertising and publicity have “significant effects on corporate reputations for certain companies;” e.g., product companies over services companies.

Y. Kim (2000) used econometric models to “validate” the belief that public relations can contribute to a company’s bottom line. In this study, Kim cited reputation, which included behavioral relationships between an organization and its stakeholders, as a key public relations goal. But he acknowledged that “a single indicator of public relations and organizational effectiveness is not possible in reality.” Hutton, et al. (2001) questioned the application of Kim’s research and claimed that his conclusions ignored some contradictory findings.

Creech Avent (2002) also cited the limitations in Kim’s work, noting that “the use of ‘reputation’ as the primary dependent variable for public relations is questionable.” L. Grunig, J. Grunig and Dozier (2002) expressed similar concern, stating that:

“this quest for a magic number to demonstrate the overall value of public relations by estimating the value of reputation is fraught with difficulty and is not likely to provide a valid and reliable measure of the value of public relations” (p. 91).

Despite all the difficulty in measuring value, organizational executives are beginning to accept the importance of public relations and the role it plays in reputation management. A survey of 14 chief executive officers (CEOs) in the United Kingdom found that public relations is regularly used to enhance and protect reputation, and that they don't expect a simple return on investment for the function (Murray and White, 2005). That's good, because industry executives understand that public relations remains an inexact science, with “limits to the miracles it can be expected to achieve” (Economist, 2006).

How Do Organizations Manage Reputation?

It is ironic that, as corporations and other types of organizations begin to understand the importance of reputation, the value of reputation has eroded due to financial scandal and mismanagement. The public has grown increasingly skeptical, and 75 percent of Americans in one survey classified business reputation as “not good” or terrible” (Pedersen, 2004).

According to Alsop (2004), reputation “has never been more valuable – or more vulnerable...A strong reputation can be destroyed in an instant by people at the highest – or lowest – levels of the corporation.” A survey of 269 senior risk managers at corporations in different countries found that reputational threats were the biggest risk to

their businesses (Media Asia, 2006). The digital network revolution and globalization have made it extremely difficult for organizations to control relationships and reputation (Page Society, 2007).

The fortunes of Tyco Corporation epitomize that philosophy. Undone by a corporate financial scandal that led to the convictions of its former chief executive officer and chief financial officer, the company turned from one of the most admired corporations into one of the least admired. Under the leadership of a new CEO and new senior vice president for communications and marketing, the company began to build a unified communication team and integrated program (Melcrum, 2005). More than 400 communication professionals spread throughout its far-flung business units began talking each week with the corporate communication team. The team focused on improving its reputation through development of a clear strategy containing measurable goals.

Merck and Co., a perennial leader in corporate reputation rankings, created an integrated public affairs department in 2001 to better coordinate its communications. This effort involved dividing corporate communication into five main areas, one of which was corporate reputation management (Kohn, 2004).

Overbay (2004) recommended a “holistic” approach involving a task force consisting of representatives from various parts of the organization – public relations, risk management, finance, legal and information technology. He also suggested “corporate workout sessions” to identify potential reputational risks and development of a systematic process to deal with them.

Neef (2003) defined reputation management as “the process by which a firm constantly analyzes its image in terms of views held by various stakeholders” (p. 143). He proposed that the organization continually scan these stakeholder groups to review how it is perceived.

A U.K. survey also found that CEOs understand, by the nature of their positions, that their personal reputation becomes intertwined with that of their company (Murray and White, 2005). According to Martin (2005), that realization is critically important for CEOs to help them avoid damaging their reputations. CEOs should have their egos in check and hold a high degree of personal integrity, said Martin, as well as lead by example and demonstrate a commitment to a higher purpose. He suggested that communication executives support CEOs with reputation management by being prepared to offer strategies and tactics providing a window into and out of the organization. He also recommended that communication executives lead by example by demonstrating the composure, humility and sincerity they wish to see from chief executives. They should also be reminded that the behind-the-scenes work is as important as their work on the public stage (Santoro, 2005).

A study by of corporate reputation and financial performance found that the cognitive component of reputation has a positive impact on future financial performance and recommended that reputation managers focus on communication related to competence (Eberl and Schwaiger, 2005).

Two main dangers to organizational reputation exist – crisis-related and issue-related (Pursey, Heugens, van Riel and van den Bosch, 2004). But organizations lack the formal strategy or management structure to manage reputational risk (Media Asia, 2006).

Pursey et al. (2004) identified four distinct capabilities to deal with these reputational risks and recommended that organizations use decision rules to link individual actions to desired organizational outcomes for each capability. The four capabilities included:

- Dialogue capabilities – Organizations reached out to critical stakeholders to maintain a dialogue with them and avoid a threat to reputation. Involved establishing mechanisms for two-way communication and providing plenty of information to external parties.
- Advocacy capabilities – Involved the use of “rhetorical and propagandizing skills” to improve the image of the organization with stakeholders. This capability often involved using outside agencies or specialists to help develop content for communication campaigns.
- Corporate silence capabilities – All external communication tasks are placed in the hands of a small number of trained professionals. Implementation of this capability involved standards and instructions for regulating the process within the organization.
- Crisis communication capabilities – Reputation management professionals operated in small, stable groups, enabling them to develop routines and develop a single mindset needed when forced to function in pressure situations.

Frost & Cooke (1999) suggested a four-stage process for reputation management: identifying organization values; expressing identity to each stakeholder audience; embedding values and image within the organization's operations; and managing reputation by evaluating the results.

Rindova and Fombrun (1999) emphasized that “competitive advantage is built on relationships” and that more research is needed on relationship-building strategies, which will enable development of intangible assets such as reputation.

Hutton et al. (2001) expressed concern that public relations practitioners appear to be abandoning relationship management in favor of reputation just when the focus of marketing and strategic management is on relationships. He stressed that by taking on the reputation management role, practitioners run the risk of exacerbating the spin-doctor label that has limited respect for the profession.

However, other scholars do not see a distinction between reputation and relationships. Berkowitz said building and constructing relationships is “the critical first step” in reputation management (Doorley and Garcia, 2007). Yang’s study of four companies in South Korea (2007) suggested that “the quality of relational outcomes between an organization and its public is associated positively with favorable organizational reputation.”

Development of the reputation management function for public relations practitioners is seen by some scholars as a way to counter negative associations with public relations, such as “spin doctors” or propagandists (Campbell, Herman, and Noble, 2006). However, these scholars posit that the term “reputation management” carries the

same contradictions that public relations does – that reputation can be controlled by an organization yet also exist independently of the organization.

The ideal communication structure for reputation management involves integration of all the various components involved in the process – corporate communications, marketing, public relations and advertising (Mitchell, 2004). Both marketing and corporate communications should report to an executive “experienced in different areas of reputation management, and has the skills to drive integration across the functional areas” (Mitchell, 2004). This integration is becoming increasingly commonplace.

To have an effect on the reputation development process, public relations professionals must participate in strategic management to influence organization and management behavior (J. Grunig & Hung, 2002). By impacting management behavior, they can have an impact on organizational behavior and the organization’s relationships with various stakeholders. Through this process, the public relations function has an effect on corporate reputation.

Cody and Moed (2006) believe that technological developments and the 24-7 news cycle have created a “digital reputation gap” that the public relations function can fill. They claim that most marketing managers believe public relations is “best qualified to steward their organization’s reputation.”

Marken (2002) also called for integration, particularly during message development. The public relations function often fails to develop an integrated message because message development and distribution is trapped in departmental silos. Public relations can do a better job in the critical boundary-spanning role, becoming aware of changes

affecting the organization and then interpreting that change for management. Strenski (1998) also sees public relations professionals filling the role of change agent, helping management “refocus on the common good.”

Fombrun (1996) cited the need for communication integration when he proposed a “chief reputation officer” to oversee a corporation’s intangible assets. This position would manage various staff functions involved in relationship management, including customer service relations, investor relations, employee relations, community relations, government relations, and public relations. According to Fombrun, a chief reputation officer “would help to signal the importance and make explicit the hidden value of the company’s reputation” (p. 197).

As corporations become larger and market on a global basis, many have created the position of chief marketing officer (CMO). The role of CMO has evolved from strictly marketing communication professionals to top-level executives on a par with the chief operating officer or chief financial officer (Maddox, 2006). As CMOs have taken on more of a leadership role, they also have greater responsibility for the development and management of organization reputation, which can include corporate identity, corporate branding, corporate communications, and corporate reputation (Balmer and Greyser, 2006). Gregory (2008) predicted that as the value of reputation and brand becomes more understood and accepted by the financial community, CMOs will even begin inheriting the CEO position.

But challenges remain for integration of the marketing and communication functions that affect reputation. A 2008 survey of Association of National Advertisers members

found that “existence of functional silos” and “lack of strategic consistency across disciplines” are the biggest barriers to effective integration (Krol, 2008).

The development of communication vehicles such as blogs and online video present new challenges for organizations trying to manage their reputations (Murray, 2006). Some companies have public relations executives participating in the online discussion using two-way communication to avoid ceding control of the online world to its critics.

In reviewing the literature on integrated communication, L. Grunig, J. Grunig and Dozier (2002) cited its role in the management of relationships with key stakeholders. They pointed out the similarity between Fombrun’s chief reputation officer and their “chief public relations officer” – the person that oversees all communication functions in a matrix structure. This person should participate in strategic management or have direct access to the dominant coalition of an organization.

A report from the Foundation for Public Affairs (Public Relations Quarterly, 2000) found that corporations were “breaking down walls” between various communication functions, in part as a reaction to the globalization movement and the 24-hour news cycle. Companies were doing a better job of coordinating all external activities and monitoring development that could affect them.

The communication and public relations functions do appear to play a role in the management of stakeholder relationships, and it is the successful management of those relationships that can impact reputation. Those functions have the most experience in “building relationships across multiple constituencies,” giving them a chance to play a leadership role in managing reputation (Page society, 2007).

Available research demonstrates that an organization's relationships with its stakeholders are best managed when the communication function is organized following the managerial theory of public relations guidelines. For example, Murray and White (2005) offered "pointers" for communication practitioners to assist CEOs with reputation management. These pointers included:

- Understand that the public relations function is valued and can be measured, as long as its limitations are recognized.
- Practitioners must recognize the training, qualifications and experience they must have.
- Invest in research and measurement of the function.
- Assist with creating a "listening" organization and bring outside opinions to the organization's leadership.

Rhee (2004) discovered that when employees have positive employee-organization relationship and employee-public relationships, external publics are more apt to develop a positive relationship with the organization, likely resulting in an improved reputation. To fulfill its role as an "integrated relationship management function," Rhee asserted that the public relations function should be organized according to the principles outlined by the excellence theory.

Some scholars believe the development of public relations as a management function stands at a crossroads. Macnamara (2006) criticized the education and professional development programs for public relations practitioners as too focused on practical skills and outputs instead of strategies and outcomes. Macnamara said that, not only is the

public relations profession trapped in a silo, “It has become ghettoed – not only in relation to disciplines such as business and management, but also within the social sciences.” To fix the problem, he proposed a major review of education and training programs.

Research Methods

Type of Research Design

This study uses mixed-method research, a relatively recent approach that employs both quantitative and qualitative research in a single study. Creswell (2003) defined the mixed-method approach as one in which the researcher collects both quantitative and qualitative data to address pragmatically based knowledge claims. This study attempts to demonstrate a link between the way an organization practices communication and its reputation – a practical application that can prove beneficial for communication professionals by providing another way they can demonstrate the value of the function.

Creswell (p. 210) stated the mixed method has its roots within the psychology field and evolved due to an interest in the triangulation of different data sources. Mixed-method research has become increasingly popular because it allows researchers to collect both closed-end quantitative data and open-end qualitative data to better understand a research problem or confirm findings from different sources.

Of course, the greatest disadvantage to using mixed-method research is that the process involves multiple steps of data collection and takes longer to complete than either of the singular approaches.

This study will use the sequential explanatory strategy of mixed-method research design. According to Creswell (p. 215), this is “the most straightforward” of the major mixed method approaches. The sequential explanatory strategy involves first

collecting and analyzing quantitative data, then doing the same with qualitative data.

Creswell states that quantitative data receives “priority” in this approach and the methods are “integrated during the study’s interpretation phase” (Creswell, p. 215).

Quantitative Phase

The quantitative analysis phase included an e-mail survey based on the condensed questionnaire in Grunig, et al. (2002, p. 588). It can be found in Appendix C of this document. The survey instrument contains questions on models of public relations, organizational roles of practitioners, organizational structure and culture, reputation management, program evaluation, and the role of women within the organization. It has been used by Grunig and others to audit the public relations function at all types of organizations – from public companies to government departments.

The e-mail survey in this study included a mixture of questions, most of which used a Likert-type index.

Online research has gained in popularity in recent years because of the advantages the method offers over paper surveys, including lower costs, ease of data entry and shorter response time (Granello and Wheaton, 2004). However, the increasing popularity of e-mail surveying brings with it a “downside” – the deluge of messages entering a user’s inbox. Many executives may feel overwhelmed by the volume of e-mails they receive, meaning that e-mail surveys may be quickly deleted without being read, or worse yet, stopped from ever reaching the recipient by e-mail filter software (Faught, Green and Whitten, 2004). Response rates can be improved by sending an advance mail notification

prior to the e-mail survey (Kaplowitz, Hadlock and Levine, 2004) or sending the survey at a certain day and time of the week (Faught, et al.).

The survey was compiled using the SurveyMonkey e-mail service. Using a Web browser, SurveyMonkey enabled creation of the survey with various types of questions (e.g., single choice, multiple choice, rating scales) and allowed respondents to skip over non-applicable questions. Survey results were viewed as they were collected; upon completion of the survey, results were downloaded into Microsoft Excel. SPSS was used to perform t-tests and look for relationships among responses to some questions.

The audience's initial introduction to the survey was via a letter on Syracuse University Newhouse School letterhead. The letter provided information on the project and offered respondents a summary copy of the survey results. See Appendix B for a draft of the introductory letter.

The overall sequence of mailings included:

- An initial letter was sent to potential participants alerting them that a questionnaire would soon be e-mailed to them.
- The link to the online questionnaire was e-mailed to potential participants about two weeks later.
- E-mail reminders were sent to potential participants about two weeks and four weeks following the original e-mail. Voice mail messages were also left for participants reminding them of the survey.

Qualitative Phase

The qualitative analysis phase of this study employed purposive sampling to determine which communication executives at companies that participated in the quantitative survey will be interviewed. As stated by Baxter and Babbie, the interview subjects are “purposefully” selected based on the researcher’s knowledge of the sample population and the nature of the research (2004, p. 235). For this type of qualitative analysis, purposive sampling provided a way to gain the best possible understanding of the research questions.

Structured interviews were held with 10 communication executives at companies on the Fortune Magazine Most Admired List. Appendix E contains the format for the in-depth interviews. All interviews were recorded on audiotape and transcribed. Interview subjects were told of the format and asked to agree to be recorded. To improve the chance of real insight, the subjects were told that they and their employers would remain anonymous.

Interview transcripts were analyzed using the following four-step qualitative data analysis process:

- Step 1 – Organizing and preparing data for analysis
- Step 2 – Reading data to obtain an overall impression of the findings
- Step 3 – Organizing material into meaningful categories
- Step 4 – Examining results to generate certain themes.

Sample Population

Fortune magazine defines the research behind its Most Admired Companies List as “a poll not of owners but of business people.” To complete its Most Admired Companies 2007 list, Fortune worked with human resources and organization consulting firm Hay Group. Hay asked 10,000 executives, directors, and analysts to rate companies in their own industry according to eight criteria, which included:

- Innovation
- People management
- Use of corporate assets
- Social responsibility
- Quality of management
- Financial soundness
- Long-term investment
- Quality of products/services.

Raters were asked to evaluate companies on each attribute by assigning a score from zero (poor) to ten (excellent).

After rating companies within industries, Hay then asked 3,322 survey respondents to select the companies they admired most from a list of companies that ranked among the top 25 percent in the previous year's survey, plus those that finished in the top 20 percent of their industry. Anyone could vote for any company in any industry. This

created some anomalies; for example, Southwest Airlines was one of the top five Most Admired Companies but was ranked only second within its own industry.

A total of 611 companies were surveyed; due to an insufficient response rate, the results for 29 companies in five industries were not reported.

Quantitative Survey Results

The online survey for this study attempted to gauge whether companies on the Fortune Magazine Most Admired List were practicing excellent public relations. Numerous attempts were made to contact two executives at each of 79 companies. Fifty executives responded to the survey; however, for some questions, as few as 33 executives filled out a response. Survey responses were analyzed by grouping questions according to the characteristic of excellence to which they applied.

Demographic Makeup of Survey Respondents

The gender of the respondents was split equitably between males and females. Average age was 44 years old. For the most part, these executives work at very large organizations, averaging about 22,500 employees. The public relations or communications group at these companies contains an average of 37 employees. See Table 2 for the breakdown of job titles.

Table 2 - Job Titles of Survey Respondents (n=34)

Title	Number
Director	14
Vice President	10
Manager	4
Coordinator	2
Specialist	2
Consultant	1
Associate	1

Two-thirds of the respondents belong to the two largest professional organizations for public relations and communication professionals – the Public Relations Society of America (PRSA) and the International Association of Business Communicators (IABC). Others belong to associations specific to the industry in which they work. Nearly 81 percent attend meetings of their professional organization.

The survey respondents are highly educated – 56 percent have taken post-graduate course work, 39 percent hold a master’s degree and 6 percent hold a doctorate degree.

Direct Reporting Relationship to Senior Management

Perhaps the most important characteristics of excellent public relations are the existence of a direct reporting relationship to senior management and whether the function is managed strategically. L. Grunig et al. (2002) found that the public relations function is managed strategically when the function acts as an environmental scanner, performing research to get information about strategic publics. In addition, the public relations function will have little effect on the organization unless it is part of senior management or has a direct reporting relationship to someone who is.

The survey’s first three questions dealt with the reporting relationship of the public relations or communications function (see charts in Table 3). Nearly every respondent said their department reports directly to the organization’s most senior manager or has an indirect reporting relationship, reporting to the most senior manager on some matters or reporting to another manager who directly reports to the most senior manager.

Table 3 - Reporting Relationship

1. Does your department report directly to the most senior manager in your company? (n = 49)	
Yes	No
42.9%	57.1%

2. Does an indirect reporting relationship exist from your department to the most senior manager (for example, in which the department reports directly on some matters but not all)? (n = 32)	
Yes	No
78.1%	21.9%

3. If there is no direct or indirect reporting relationship to the senior manager, then does the department report to: (n = 7)	
A senior manager who in turn reports to the most senior manager?	85.7%
A more junior level of management?	0.0%
Other	14.3%

Function Managed Strategically

A September 2008 online survey of 200 experienced public relations professionals found that strategic decision-making capability is the important quality in determining excellence in public relations leadership (Heyman, 2008). Public relations leaders must be part of the dominant coalition and “have a credible and valued voice in the organization.”

Questions 4 and 5 pertained to the strategic management of the public relations or communication function. Table 4 includes the results from Question 4, a measure of how the survey participant’s department makes a contribution to the organization through four activities. Of the four, strategic planning provided the lowest mean response ($M = 3.29$); 76 percent rated their department’s involvement in strategic planning as average or better.

Responses to the other activities provided a more significant response to the strategic management function. About 90 percent of respondents said their departments contribute to the organization's response to major social issues and to major initiatives, such as the movement into new markets or the launch of new products.

Table 4 - Measure of Function Managed Strategically

4. Describe the extent to which your department makes a contribution to each of the organizational functions. If your department makes no contribution to strategic planning and decision-making, go to Question 6. (n = 43)							
	None	Below Average	Average	Above Average	Major	Mean	Standard Deviation
Strategic planning	14.3%	9.5%	33.3%	19.0%	23.8%	3.29	1.36
Response to major social issues	4.8%	4.8%	26.2%	33.3%	31.0%	3.81	1.11
Major initiatives (e.g., acquisitions, major new programs, movements into new markets, launches of new products or services)	9.8%	4.9%	9.8%	41.5%	34.1%	3.85	1.24
Routine operations (e.g., development and maintenance of employee comm., community relations, or media relations programs)	0.0%	0.0%	19.0%	19.0%	61.9%	4.43	0.81

The reporting relationship to senior management may determine whether the department has the opportunity to contribute to these critical strategic management functions. A t-test was run against the series of statements in Question 4 to determine whether it makes a difference if the respondent's department reports to the most senior manager. The result posted a significant difference in the means on two statements (see Table 5):

- Strategic planning ($t(43) = 3.14, p < .01$)
- Response to major social issues ($t(43) = 2.13, p < .05$).

As expected, heads of the public relations/communication function make more of a contribution to strategic planning and major social issues if they report to the most senior leadership in the organization.

Table 5 – Results of t-test on Relationship Between Reporting and Contribution to Organization Functions (n = 43)

	Reports to Sr. Mgmt.	Does Not Report to Sr. Mgmt.	t	Sig.
Ques. 4a – Strategic planning	3.95	2.52	3.14	p<.01
Ques. 4b – Response to major social issues	4.16	3.45	2.13	p<.05
Ques. 4c – Major initiatives	3.94	3.91	.09	ns
Ques. 4d – Routine operations	4.53	4.41	.48	ns

Another t-test was also used to examine the connection between reporting relationship (Question 1) and the manager's belief that the dominant coalition supports the public relations/communication function (Question 7). The result (Table 6) showed that those who report directly to the organization's senior manager are more likely to feel they receive positive support from senior management.

Table 6 – Results of t-test on Relationship Between Reporting and Perceived Support from Dominant Coalition (n = 43)

	Reports to Sr. Mgmt.	Does Not Report to Sr. Mgmt.	t	Sig.
Ques. 7 – Perceived support from dominant coalition	4.53	4.00	2.34	p<.05

Nearly all participants said their departments contribute to routine communication operations, such as employee communications or media relations ($M = 4.43$).

In Question 5, participants were asked to measure the extent of their department's contribution to strategic planning and decision-making. Of the six activities, the three most informal approaches received the highest mean rating (Table 5). Nearly 95 percent

responded that their departments contribute via informal information-gathering, contact with knowledgeable people outside the organization, and making decisions based upon experience.

Table 7 - Contribution to Strategic Planning and Decision-Making

5. Estimate the extent to which your department makes its contribution to strategic planning and decision-making through each of the following activities. (n = 41)							
	None	Below Average	Average	Above Average	Major	Mean	Standard Deviation
Judgment based on experience	2.5%	2.5%	15.0%	40.0%	40.0%	4.13	0.94
Informal approaches to gathering information	2.4%	2.4%	26.8%	56.1%	12.2%	3.73	0.81
Contacts with knowledgeable people outside the organization	4.9%	4.9%	24.4%	46.3%	19.5%	3.71	1.01
Specific research conducted to answer specific questions	7.3%	7.3%	29.3%	31.7%	24.4%	3.59	1.16
Formal approaches to gathering information for use in decision-making other than research	4.9%	22.0%	24.4%	34.1%	14.6%	3.32	1.13
Routine research activities	7.3%	24.4%	24.4%	19.5%	24.4%	3.29	1.29

A slightly smaller percentage of respondents listed more formal approaches of gathering information, including research. About 85 percent listed average or above contributions through specific research, while 68 percent listed average or above contributions through the use of routine research.

Function Integration and Independence

According to the Excellence Theory, an integrated public relations function provides better coordination of programs managed by many departments, helping to ensure a more consistent message from the organization. Moreover, this integrated function should be

separate from other functions; otherwise, it is difficult to move communication resources where needed.

In this survey, the majority of organizations had integrated units for the public relations function. Less than half of the respondents had separate units for marketing-related public relations and corporate public affairs (see Table 8). In nearly 60 percent of the organizations with separate units, the marketing-related department had the higher budget.

Table 8 - Integration of the Public Relations Function

8. Does your organization have two separate units – one for marketing related public relations and another for public affairs or public policy? (n = 42)	
Yes	No
42.9%	57.1%

9. Which unit has the larger budget? (n = 22)		
Marketing PR	Public Affairs	About Same
59.1%	9.1%	31.8%

11. Regardless of whether you have separate units, which function – public affairs or marketing-related public relations – receives more support from senior administrators (the dominant coalition)? (n = 41)		
Marketing PR	Public Affairs	About Same
39.0%	16.7%	46.3%

About 46 percent of overall respondents said that the dominant coalition provided equal support to marketing public relations and corporate public relations. However, most of the remaining respondents said that marketing public relations received more support.

A t-test was run to determine the influence of reporting relationship on whether marketing public relations or corporate public relations received more support. However, the result ($t(41) = 4.89, p > .05$) showed that the percentage of function receiving more

support did not differ significantly by whether it reported directly to the most senior manager in the organization.

Senior Public Relations Practitioner in Managerial Role

In less excellent departments, all practitioners perform technical functions. However, L. Grunig et al. posited that if the senior communicator is not a manager, then the department will not be empowered to fulfill the managerial role. Question 31 asked respondents to respond to questions describing the work they do. Table 8 lists their responses, divided into whether they pertain to the managerial role or the technician role.

Since executives at Fortune 500 companies – i.e., those with larger departments and bigger budgets – completed this survey, the rating for managerial functions should have been higher than the rating for technical functions. That proved to be the case (see Table 9). The rating for managerial functions ($M = 3.97$) was higher than for technical functions ($M = 3.28$).

The highest responses to technical functions were related to writing and editing. Levels of agreement for managerial statements were consistently higher than for technician statements. Nearly 75 percent of respondents agreed or strongly agreed that they are responsible for their program's success or failure, while 88 percent agreed or strongly agreed that they represent the organization at meetings. About 72 percent agreed or strongly agreed that they act as senior counsel to top decision-makers. For managerial functions, the highest ratings were for questions related to responsibility and representing the organization – strong signs for the managerial function.

However, there were also high levels of agreement for technician role statements, particularly those involving media relations and writing. These responses are similar to results from the Excellence Study, which discovered that managers are most effective when they possess some technical expertise, especially in media relations.

Table 9 - Managerial vs. Technical Functions for Senior Practitioner

31. Please rate how well each of the following items describes the work that you do as a public relations or communications practitioner. Do not score items highly if others in the department do them, but you do not. (n=34)							
Manager Role	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree	Mean	Standard Deviation
I take responsibility for the success or failure of communication or public relations programs.	2.9%	0.0%	17.6%	32.4%	47.1%	4.21	0.95
I represent the organization at events and meetings.	0.0%	2.9%	8.8%	52.9%	35.3%	4.21	0.73
Others in the organization hold me accountable for the success or failure of communication or public relations programs.	2.9%	2.9%	14.7%	32.4%	47.1%	4.18	1.00
Because of my experience and training, others consider me the organization's expert in solving communication or public relations problems.	2.9%	2.9%	11.4%	42.9%	40.0%	4.14	0.94
I am senior counsel to top decision makers when communication or public relations issues are involved.	5.7%	11.4%	11.4%	25.7%	45.7%	3.94	1.26
I make communication policy decisions.	5.7%	8.6%	17.1%	22.9%	45.7%	3.94	1.24
I create opportunities for management to hear the views of various publics.	3.0%	18.2%	18.2%	39.4%	21.2%	3.58	1.12
Although I don't make communication policy decisions, I provide decision-makers with suggestions, recommendations, and plans.	15.6%	12.5%	25.0%	28.1%	18.8%	3.22	1.34

Technician Role	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree	Mean	Standard Deviation
I use my journalistic skills to figure out what the media will consider newsworthy about our organization.	6.1%	6.1%	3.0%	36.4%	48.5%	4.15	1.15
I keep others in the organization informed of what the media report about our organization and important issues.	2.9%	5.9%	8.8%	41.2%	41.2%	4.12	1.01
I am the person who writes communication materials.	5.9%	5.9%	5.9%	38.2%	44.1%	4.09	1.14
I maintain media contacts for my organization.	8.6%	2.9%	22.9%	28.6%	37.1%	3.83	1.22
I edit or rewrite for grammar and spelling materials written by others in the organization.	8.8%	11.8%	5.9%	38.2%	35.3%	3.79	1.30
I am responsible for placing news releases.	12.1%	30.3%	3.0%	27.3%	27.3%	3.27	1.46
I produce brochures, pamphlets, and other publications.	23.5%	38.2%	2.9%	23.5%	11.8%	2.62	1.39
I do photography and graphics for communication or public relations materials.	36.4%	36.4%	15.2%	6.1%	6.1%	2.09	1.16

Knowledge of Two-Way Symmetrical Model

In the Excellence Study, excellent public relations is defined as research based and symmetrical, using mediated or interpersonal communication. They found that organizations struggle between symmetrical and asymmetrical programs, but were more likely to develop excellent programs when they attempt to balance the interests of the organization and its publics. The survey by Heyman (2008) supported this idea; it found that public relations leaders offer a “compelling vision for communication and how it connects the organization to stakeholders and publics.”

Two-way symmetrical programs emphasize negotiation and a willingness to adapt and make compromises, and require organizations to adjust how they operate in order to accommodate their audiences. By not doing so, organizations may encounter opposition from stakeholders that will add cost and risk to their decisions (J. Grunig, 2006).

To assess whether companies on the Fortune Most Admired List support that model, Questions 13 through 28 asked participants to rate how statements most closely matched practiced behavior within their organizations and estimate how the dominant coalition would respond. The questions and responses have been grouped into the four models of public relations (Tables 11 through 14) and overall averages for each model summarized in Table 10.

Similar to the Excellence Study findings, companies on the Fortune Most Admired List seem to gravitate from one public relations model to another. As shown in Table 10, the overall scores of agreement with statements following the two-way asymmetrical model were only slightly higher than those for the two-way symmetrical model.

Table 10 - Overall Mean Scores for Models of Public Relations

Press Agent Model	Overall Mean	Difference in Mean
Practiced Behavior	3.14	-0.29
Dominant Coalition	3.43	
Public Information Model	Overall Mean	Difference in Mean
Practiced Behavior	2.28	-0.30
Dominant Coalition	2.57	
Two-Way Asymmetrical Model	Overall Mean	Difference in Mean
Practiced Behavior	3.59	0.23
Dominant Coalition	3.36	
Two-Way Symmetrical Model	Overall Mean	Difference in Mean
Practiced Behavior	3.47	0.30
Dominant Coalition	3.17	

The highest rating ($M = 3.97$) was for an asymmetrical statement (Question 14), which stated that research should be done to determine public relations program effectiveness in changing people's attitudes. However, the next two highest-rated responses were for questions regarding the purpose of the public relations function. One aligned with the press agent model; that "the purpose of public relations is to get publicity for this organization." The other aligned with the two-way symmetrical model; that "the purpose of public relations is to develop mutual understanding between management of the organization and publics the organization affects." The next highest-rated response was to another press agent model statement, in which the main focus of public relations is "to get favorable publicity into the media and to keep unfavorable publicity out."

For the responses related to the dominant coalition, the order of ratings from highest to lowest was press agent, two-way asymmetrical, two-way symmetrical, and public information. These results suggest that communication executives believe organization leadership is more concerned with delivering a message to its audiences than in developing a dialogue with those audiences.

Table 11 - Responses to Press Agent Model Statements

13. The purpose of public relations is to get publicity for this organization. (n=36)							
	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree	Mean	Standard Deviation
Practiced Behavior	5.6%	8.3%	13.9%	52.8%	19.4%	3.72	1.06
Dominant Coalition	3.0%	9.1%	15.2%	57.6%	15.2%	3.73	0.94

21. In public relations, one mostly attempts to get favorable publicity into the media and to keep unfavorable publicity out. (n=34)							
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	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree	Mean	Standard Deviation
Practiced Behavior	2.9%	20.6%	8.8%	41.2%	26.5%	3.68	1.17
Dominant Coalition	2.9%	11.8%	11.8%	35.3%	38.2%	3.94	1.13

23. The success of a public relations program can be determined from the number of people who attend an event or who use our products or services. (n = 35)

	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree	Mean	Standard Deviation
Practiced Behavior	5.7%	31.4%	17.1%	42.9%	2.9%	3.06	1.06
Dominant Coalition	2.9%	8.8%	32.4%	52.9%	2.9%	3.44	0.82

24. For this organization, public relations and publicity mean essentially the same thing. (n=35)

	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree	Mean	Standard Deviation
Practiced Behavior	5.7%	77.1%	2.9%	11.4%	2.9%	2.29	0.86
Dominant Coalition	6.3%	40.6%	25.0%	21.9%	6.3%	2.81	1.06

Table 12 - Responses to Public Information Model Statements

15. In public relations, nearly everyone is so busy writing news stories or producing publications that there is no time to do research. (n=35)

	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree	Mean	Standard Deviation
Practiced Behavior	11.4%	57.1%	5.7%	11.4%	14.3%	2.60	1.26
Dominant Coalition	5.7%	62.9%	14.3%	11.4%	5.7%	2.49	0.98

19. In public relations accurate information should be disseminated but unfavorable information should not be volunteered. (n=34)

	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree	Mean	Standard Deviation
Practiced Behavior	20.6%	23.5%	8.8%	38.2%	8.8%	2.91	1.36
Dominant Coalition	8.8%	26.5%	8.8%	32.4%	23.5%	3.35	1.35

26. Tracking clips is about the only way there is to determine the success of public relations. (n=34)

	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree	Mean	Standard Deviation
Practiced Behavior	55.9%	35.3%	8.8%	0.0%	0.0%	1.53	0.66

Dominant Coalition	23.5%	44.1%	26.5%	5.9%	0.0%	2.15	0.86
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28. Public relations is more of a neutral disseminator of information than an advocate for the organization or a mediator between management and publics. (n=34)

	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree	Mean	Standard Deviation
Practiced Behavior	17.6%	67.6%	5.9%	8.8%	0.0%	2.06	0.78
Dominant Coalition	14.7%	58.8%	11.8%	11.8%	2.9%	2.29	0.97

Table 13 - Responses to Two-Way Asymmetrical Model Statements

14. After completing a public relations program, research should be done to determine how effective this program has been in changing people's attitudes. (n=36)

	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree	Mean	Standard Deviation
Practiced Behavior	0%	5.6%	13.9%	58.3%	22.2%	3.97	0.77
Dominant Coalition	2.9%	8.6%	37.1%	31.4%	20.0%	3.57	1.01

16. In public relations, the broad goal is to persuade publics to behave as the organization wants them to behave. (n=34)

	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree	Mean	Standard Deviation
Practiced Behavior	2.9%	17.6%	29.4%	38.2%	11.8%	3.38	1.02
Dominant Coalition	2.9%	5.9%	38.2%	35.3%	17.6%	3.59	0.96

18. Before starting a public relations program one should look at attitude surveys to make sure the organization and its policies are described in ways its publics would be most likely to accept. (n=34)

	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree	Mean	Standard Deviation
Practiced Behavior	0.0%	23.5%	29.4%	35.3%	11.8%	3.35	0.98
Dominant Coalition	2.9%	26.5%	38.2%	29.4%	2.9%	3.03	0.90

22. Before beginning a public relations program, one should do research to determine public attitudes toward the organization and how they might be changed. (n=34)

	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree	Mean	Standard Deviation
Practiced Behavior	0.0%	12.1%	27.3%	45.5%	15.0%	3.64	0.90
Dominant Coalition	3.0%	12.1%	48.5%	30.3%	6.1%	3.24	0.98

Table 14 - Responses to Two-Way Symmetrical Model Statements

17. The purpose of public relations is to develop mutual understanding between management of the organization and publics the organization affects. (n=34)							
	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree	Mean	Standard Deviation
Practiced Behavior	2.9%	8.8%	8.8%	58.8%	20.6%	3.85	0.96
Dominant Coalition	2.9%	11.8%	20.6%	38.2%	26.5%	3.74	1.08

20. Before starting a public relations program, surveys or informal research should be done to find out how much management and our publics understand each other. (n=34)							
	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree	Mean	Standard Deviation
Practiced Behavior	0.0%	11.8%	26.5%	47.1%	14.7%	3.65	0.88
Dominant Coalition	2.9%	11.8%	44.1%	32.4%	8.8%	3.32	0.91

25. The purpose of public relations is to change the attitude and behavior of management as much as it is to change the attitude and behavior of publics. (n=34)							
	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree	Mean	Standard Deviation
Practiced Behavior	5.7%	20.0%	31.4%	34.3%	8.6%	3.20	1.05
Dominant Coalition	8.8%	35.3%	38.2%	17.6%	0.0%	2.65	0.88

27. Public relations should provide mediation for the organization to help management and publics negotiate conflict. (n=34)							
	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree	Mean	Standard Deviation
Practiced Behavior	0.0%	20.6%	41.2%	38.2%	0.0%	3.18	0.76
Dominant Coalition	5.9%	20.6%	44.1%	29.4%	0.0%	2.97	0.87

Knowledge of Managerial Role

Excellent public relations departments are much more likely to be headed by a manager rather than a technician. Managers have the knowledge and expertise to make policy decisions and take responsibility for the success or failure of programs. They perform more strategic functions, rather than technical or administrative functions. Yet, the department must also have some technical expertise, particularly in the area of media relations, if it is to function as an excellent unit.

Question 32 (see Table 15) contained statements related to the knowledge or expertise of the executive's public relations or communication department. Respondents to this survey strongly agreed with statements related to a manager's knowledge or expertise, as well as the technical skills and knowledge. The overall rating for manager statements ($M = 4.03$) was higher than the one for technical statements ($M = 3.77$). About 91 percent agreed or strongly agreed that their departments develop strategies for solving communication problems. Ninety-four percent agreed or strongly agreed that they develop department goals and objectives as well manage the organization's response to issues.

Respondents also strongly agreed their departments have the technical knowledge to provide excellent public relations. About 97 percent agreed or strongly agreed that the department has the expertise to write news releases and feature articles. Levels of agreement were lower for more specific technical skills, such as taking photographs or writing advertisements.

Table 15 - Knowledge of Managerial Role

32. The next series of items list tasks requiring special expertise or knowledge available in some public relations or communication departments but not in others. Choose the extent to which you feel that your department or someone in the department has the expertise or knowledge to perform each task listed. (n=34)							
Manager Role Expertise	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree	Mean	Standard Deviation
Understand the news value of journalists.	0.0%	0.0%	6.1%	33.3%	60.6%	4.55	0.62
Develop strategies for solving public relations and communication problems.	0.0%	0.0%	9.1%	30.3%	60.6%	4.52	0.67
Develop goals and objectives for department.	0.0%	2.9%	2.9%	35.3%	58.8%	4.50	0.71

Get your organization's name in the news.	3.0%	3.0%	6.1%	24.2%	63.6%	4.42	0.97
Manage the organization's response to issues.	3.0%	0.0%	3.0%	39.4%	54.5%	4.42	0.83
Prepare a departmental budget.	2.9%	0.0%	5.9%	35.3%	55.9%	4.41	0.86
Manage people.	0.0%	0.0%	8.8%	44.1%	47.1%	4.38	0.65
Convince a reporter to publicize your organization.	3.0%	3.0%	3.0%	36.4%	54.5%	4.36	0.93
Perform as journalists inside your organization.	2.9%	8.8%	8.8%	38.2%	41.2%	4.06	1.07
Determine how publics react to organization.	0.0%	5.9%	14.7%	50.0%	29.4%	4.03	0.83
Keep bad publicity out of media.	3.0%	9.1%	12.1%	42.4%	33.3%	3.94	1.06
Persuade a public that your organization is right on an issue.	3.0%	6.1%	15.2%	48.5%	27.3%	3.91	0.98
Conduct evaluation research.	0.0%	11.8%	17.6%	41.2%	29.4%	3.88	0.98
Help management to understand opinion of particular publics.	3.0%	6.1%	21.2%	39.4%	30.3%	3.88	1.02
Get maximum publicity from a staged event.	3.0%	15.2%	18.2%	27.3%	36.4%	3.79	1.19
Use research to segment publics.	9.1%	9.1%	24.2%	45.5%	12.1%	3.42	1.12
Get public to behave as your organization wants.	0.0%	20.6%	38.2%	35.3%	5.9%	3.26	0.86
Use theories of conflict resolution.	12.1%	24.2%	33.3%	27.3%	3.0%	2.85	1.06
Perform environmental scanning.	15.2%	33.3%	24.2%	21.2%	6.1%	2.70	1.16
Negotiate with an activist group.	18.2%	39.4%	21.2%	12.1%	9.1%	2.55	1.20
Use attitude theory in a campaign.	21.2%	30.3%	27.3%	21.2%	0.0%	2.48	1.06
Manipulate publics scientifically.	33.3%	30.3%	18.2%	18.2%	0.0%	2.21	1.11
Technician Role Expertise	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree	Mean	Standard Deviation
Write news releases and feature articles.	0.0%	0.0%	2.9%	35.3%	61.8%	4.59	0.56
Coordinate a press conference or arrange media coverage of event.	2.9%	11.8%	0.0%	23.5%	61.8%	4.29	1.14
Provide objective information about your organization.	0.0%	11.8%	17.6%	41.2%	29.4%	4.24	0.71
Prepare news stories that	3.0%	6.1%	6.1%	33.3%	51.5%	4.24	1.03

reporters will use.							
Produce publications.	5.9%	5.9%	17.6%	29.4%	41.2%	3.94	1.18
Write speeches.	2.9%	8.8%	14.7%	41.2%	32.4%	3.91	1.06
Produce audio/visuals (graphics, slide shows, videos, radio spots).	6.1%	12.1%	9.1%	51.5%	21.2%	3.70	1.13
Create and manage a speakers' bureau.	9.1%	15.2%	24.2%	27.3%	24.2%	3.42	1.28
Take photographs.	15.2%	9.1%	24.2%	36.4%	15.2%	3.27	1.28
Write an advertisement.	21.2%	21.2%	9.1%	33.3%	15.2%	3.00	1.44

Academic Training and Professionalism in Public Relations

L. Grunig, et al. found that a formal education in public relations and participation in an industry professional association doesn't guarantee an excellent public relations program. But when combined with other factors, they do help to facilitate one.

This survey measured the educational level of communication executives at Fortune Most Admired companies, as well as their participation in professional associations. Table 16 shows the responses to Question 52, the highest level of educational training completed in public relations. Nearly 62 percent hold an educational degree in public relations. About 23 percent had taken some course work, while 15 percent had no training.

Table 16 - Academic Training in Public Relations

52. The highest level of training you have completed in public relations is: (n = 34)	
Response	Percent
No training in public relations	14.7%
Some continuing education courses	14.7%
Some college-level courses	8.8%
Bachelor's degree	41.2%
Master's degree	17.6%
Doctoral degree	2.9%

A t-test compared responses to Question 33 and Question 4 to see if formal training in public relations affected the perceived contribution to organizational functions. There was a significant difference ($t(42) = 2.55, p < .05$) in the perceived contribution to strategic planning (see Table 17). Those with a degree in public relations indicate a contribution significantly higher than those without a degree. In each case, the mean opinion rating of those with a degree is higher than it is for those without a degree in PR, even though significance is not reached (probably due to the small sample size).

Table 17 - Mean Opinion Ratings of Department Contribution to Functions by Whether One Has a Degree in Public Relations

	Degree in PR	No Degree in PR	t	Sig.
Ques. 4a – Strategic planning	6.76	2.58	2.55	p<.05
Ques. 4b – Response to major social issues	4.05	3.42	1.72	ns
Ques. 4c – Major initiatives	4.00	3.42	1.34	ns
Ques. 4d – Routine operations	4.57	4.31	0.88	ns

In Question 53 (Table 16), about 88 percent answered that they belong to a communication-related or marketing-related association. The remaining 12 percent belong to associations related to the industry in which they work. Approximately one-third of those who belong to a communication-related or marketing-related association have made presentations at an association meeting or conference.

Table 18- Professional Association Membership

53. Check any of the following professional organizations to which you belong (n = 33)
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Response	Percent
Public Relations Society of America	51.5%
International Association of Business Communicators	15.2%
Arthur W. Page Society	6.0%
American Marketing Association	3.0%
National Investor Relations Institute	3.0%
Other (industry-related groups)	12.0%

Equal Opportunity for Men and Women

The Excellence Study found that excellent public relations departments provided equal opportunity for men and women and actively looked to include women in managerial roles. Organizations that eliminate discriminatory practices and strive for gender, racial, and ethnic diversity strengthen the public relations/communication function and enable it to offer a more complete view of the organization's environment.

Table 19 lists the responses to Question 44 regarding the opportunities for women within the communication or public relations department. Nearly 97 agreed or strongly agreed that women participate in both managerial and technical roles. About two-thirds agreed or strongly agreed that their organizations will promote a woman from within the department rather than hire a man from outside it.

Table 19 - Opportunities for Women in Department

44. The next two questions apply specifically to the public relations or communications department. (n =32)							
	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree	Mean	Standard Deviation
Includes women in all communication roles; managerial as well as technical.	0.0%	3.1%	0.0%	31.3%	65.6%	4.59	0.67

Promotes women from within the department rather than hire men from outside communication or public relations to manage function.	3.1%	3.1%	28.1%	21.9%	43.8%	4.00	1.08
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Question 43 (Table 18) asked participants to evaluate how their organizations deal with female employees, which can function as a gauge of how fair-minded the organization is. Responses aligned with those statements that dealt with eliminating bias in the workplace. For example, 94 percent agreed or strongly agreed that their organizations have policies to deal with sexual discrimination and sexual harassment. Smaller percentages found agreement with such statements as “nurtures women’s leadership abilities” (72 percent) and “pays men and women equally for equal or comparable work” (59 percent).

Table 20 - Treatment of Women in Organization

43. The following questions examine how your organization deals with women employees. For each item, estimate how your overall organization, not just the communication department, compares with a typical organization. (n=33)							
	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree	Mean	Standard Deviation
Provides opportunities for women to take risks.	6.5%	9.7%	25.8%	22.6%	35.5%	3.71	1.24
Encourages women who may seem less serious-minded about their careers than men.	6.5%	16.1%	58.1%	19.4%	0.0%	2.90	0.79
Includes women in the informal information network.	3.1%	3.1%	12.5%	53.1%	28.1%	4.00	0.92
Built a system of multiple employment centers that allows mobility for employees.	12.9%	16.1%	25.8%	41.9%	3.2%	3.06	1.12
Has specific guidelines for handling problems of sexual harassment.	3.0%	3.0%	0.0%	24.2%	69.7%	4.55	0.90

Reviews organizational policies for their effect on women.	3.2%	9.7%	41.9%	29.0%	16.1%	3.45	0.96
Avoids perks that divide employees on the basis of gender or tenure.	6.1%	3.0%	21.2%	33.3%	36.4%	3.91	1.13
Makes available comparable salary data to help women in salary negotiations.	22.6%	32.3%	41.9%	3.2%	0.0%	2.26	0.86
Nurtures women's leadership abilities.	3.1%	3.1%	21.9%	50.0%	21.9%	3.84	0.92
Pays men and women equally for equal or comparable work.	6.3%	6.3%	28.1%	31.3%	28.1%	3.69	1.15
Furtheres the talents of women through mentoring programs.	9.4%	9.4%	21.9%	31.3%	28.1%	3.59	1.27
Establishes effective policies to deal with sexual discrimination.	3.0%	0.0%	3.0%	33.3%	60.6%	4.48	0.83
Provides opportunities for women who must relocate.	9.7%	3.2%	35.5%	35.5%	16.1%	3.45	1.12
Funds or reimburses employees for work-related travel.	3.0%	0.0%	3.0%	30.3%	63.6%	4.52	0.83
Includes memberships in professional associations as an employee benefit.	6.3%	12.5%	15.6%	46.9%	18.8%	3.59	1.13
Has a system of maternity and paternity leave.	3.1%	3.1%	6.3%	53.1%	34.4%	4.13	0.91
Provides child-care services.	21.9%	31.3%	15.6%	21.9%	9.4%	2.66	1.31
Grooms women for management positions.	9.4%	6.3%	18.8%	43.8%	21.9%	3.63	1.18
Monitors use of sexist language in all realms of the organization's communication.	0.0%	6.1%	21.2%	36.4%	36.4%	4.03	0.92
Allows flex time for employees.	6.3%	3.1%	31.3%	40.6%	18.8%	3.63	1.04
Provides a supportive climate for women at work.	3.1%	0.0%	18.8%	40.6%	37.5%	4.09	0.93

Question 45 contained three parts. The first part asked participants to estimate the percentage of female professional employees in the public relations or communication department. In the organizations of those who responded nearly two-thirds (64 percent) of employees are female.

The second and third parts of Question 45 attempted to gauge whether female employees were performing a manager role or tactician role, and results showed them performing both. The overall average responses were that 62 percent of female employees primarily handle writing assignments, while 59 percent of females are responsible for the success or failure of communication programs.

These results align with the findings in the Excellence Study, which found that women are as likely as men to have responsibility for program success or failure. Moreover, as seen in the response to Question 45, female employees still play a dual manager-technician role.

Question 43 in this survey attempted to gauge of how fair-minded an organization was. For most statements, respondents agreed or strongly agreed that their organizations have policies in place to deal with discrimination an inequality.

Complex Environment with Pressure from Activist Groups

L. Grunig et al. suggested that “activism pushes organizations toward excellence” because it forces an organization to develop a system of strategic, two-way communication to deal with the pressure. A study of the reputation management activities at large Fortune 500 companies (Carter, 2006) found that reputation management

activities were usually directed at an organization's more visible stakeholders and that those activities may vary according to certain characteristics of the organization's top management group.

Questions 33 to 43 of this survey attempted to measure the extent to which Fortune Most Admired Companies have received pressure from activists and how they deal with it. The responses to Questions 33, 34, 38, 39, and 41 are listed in Table 22.

Two-thirds of survey respondents said their organizations have experienced pressure from activist groups (Question 33). One-quarter said they have received a great deal of pressure.

Respondents most frequently learn about activist pressure from the activist groups themselves, then from the media and others in their organizations. On-line research, blogs, trade associations and public relations agencies were also mentioned as sources they use to learn about opposition to their organizations.

Most respondents said their organizations do not have a standing committee to deal with pressure from activist groups (Question 36). In Question 37, the head of public relations was named most often as having primary responsibility for dealing with the activist groups. The next position named most often was attorney. The CEO was named by one-third of respondents. Other positions included business unit or local operating managers, investor relations or marketing managers, and the chief administrative officer. Sixty-eight percent of respondents said senior management and other employees were involved with responding to the activist group (Question 38).

Excellent public relations or communication departments research activist groups and evaluate the organization's response to them. In Question 39, 56 percent of respondents said they did a great deal of research of activist groups. Another 24 percent said some research was done. Slightly more than half of respondents said their organizations developed a special program to deal with the activist group (Question 40). About 42 percent said their organizations allow at least a little involvement by activist groups in planning the organization response (Question 41). Those that do involve the activist group usually do so through informal conversations (Question 42); other means of interaction include special committee, legal counsel, and trade associations.

Table 21 - Dealing with Activist Groups

33. Estimate the extent to which your organization has experienced pressure from activists groups. (n=33)						
	None	Little	Some	A Great Deal	Mean	Standard Deviation
Pressure from activists	33.3%	18.2%	21.2%	27.3%	2.42	1.24

34. Think of a typical case when your organization has been pressured by an activist group. Indicate how successful that activist group was in its dealings with your organization. Then indicate your opinion on how successful was your organization's response to the group. (n=24)							
	None	Little	Some	A Great Deal	Mean	Standard Deviation	
The activist group's level of success was...	20.8%	29.2%	45.8%	4.2%	2.33	0.87	
My organization's level of success was...	8.3%	4.2%	45.8%	41.7%	3.21	0.88	

38. Estimate the extent to which the entire organization, both senior management and other employees, were involved with the response to the activist group. (n=25)						
	None	Little	Some	A Great Deal	Mean	Standard Deviation
Level of Involvement	12.0%	20.0%	44.0%	24.0%	2.80	0.96

39. Estimate the extent to which your organization researched the activist group. (n=25)						
	None	Little	Some	A Great Deal	Mean	Standard Deviation
Extent of Research	0.0%	20.0%	24.0%	56.0%	3.36	0.81

41. Estimate the extent to which activist groups have a direct involvement in planning your organization's response to them. If your answer is none, go to Question 43. (n=24)						
	None	Little	Some	A Great Deal	Mean	Standard Deviation
Level of Activists Involvement	58.3%	25.0%	12.5%	4.2%	1.63	0.88

Qualitative Survey Results

For the qualitative phase of this study, e-mail and phone requests were sent to the entire list of communication executives, inviting them to participate in a telephone interview. Structured, in-depth interviews were held with 10 communication executives at companies on the Fortune 500 Most Admired List. Appendix E contains the format for the in-depth interviews.

All interviews were recorded on audiotape and transcribed. Interview subjects were told of the format and asked to agree to be recorded. To help gain significant insight, the executives were told that they and their employers would remain anonymous.

The executives' companies represent a cross-section of the Fortune 500. Revenue at these companies ranged from several hundred million dollars to more than \$100 billion. The number of workers they employed ranged from a few thousand to hundreds of thousands. The companies operated in a variety of industries — from financial services to automobiles, from business services to retail goods. Three of the companies were rated in the Top 20 Most Admired overall.

Interview transcripts were analyzed using the following four-step qualitative data analysis process:

- Step 1 – Organizing and preparing data for analysis
- Step 2 – Reading data to obtain an overall impression of the findings
- Step 3 – Organizing material into meaningful categories
- Step 4 – Examining results to generate certain themes.

Question 1: Structure of the Function

The International Association of Business Communicators' (IABC) landmark Excellence Study found that the public relations or communication function is most effective when it's centralized or integrated as a separate management function, with a matrix connection to other management functions. How is the function structured in your organization?

The first question asked during the qualitative interview related to the structure of the public relations or communications function. Grunig, et al. found that the function is most effective when it's centralized or integrated as a separate management function, with a matrix connection to other management functions. Many businesses have set up the public relations or communication department as a separate group. For large companies with operations throughout the United States or world, individual businesses or geographic divisions have communication managers in place that report directly to the leadership of those businesses, but also indirectly to the head of corporate public relations or communications.

That structure can present certain challenges. Placing a communication professional with a far-flung business enables the person to get a better understanding of the business and the environment in which it operates. However, that limits the connection to corporate responsibilities and can make integration of messaging harder to achieve (Likely, 2005).

All the companies that participated in the qualitative portion of this study have public relations or communication departments as separate units. Most have the function

centralized at the company's corporate headquarters. Communication personnel then work at various regional groups or operating companies and indirectly report to the headquarters department.

For some companies, this structure is a recent development. At one global company, the communication function was fragmented; for example, employee communications was located in human resources and investor relations was located within the finance department. The head communications official said that having the various communication groups dispersed in this manner meant that the communication function was ineffective and inefficient, with inconsistent messaging.

Integrating the communication areas into one department gave the function "the right credibility to make sure everyone understood expectations, responsibilities, and accountabilities," the official said. But making the change wasn't easy, because "it wasn't the way things had been done. People had established certain territories and comfort zones. But we wanted to realign the function so it made sense and the end product was consistent no matter who we were speaking to."

At another company, corporate communications evolved over the past 15 years. It was part of marketing and employee communications in the 1990s. Then in the early 2000s, six departments were integrated to form corporate communications. "We recognized that as company grew it needed a corporate communication function, not just a marketing communication function," said the vice president for public relations. "Public relations went from a product focus to a focus on changes in the organization, such as executive announcements, geographic expansions, etc."

The director of public relations at another company labeled the public relations function as “something of a stepchild.” There exists some confusion about the function among senior management, who perceive it to be a “valuable function, but not a valued function.”

At a global business services company, the director of public relations said the function used to report to the CEO, but now reports to the senior vice president of global marketing. The move was made because of the rapid changes in the company’s marketplace, according to the director.

Question 2: Performing Symmetrical Two-Way Communication

According to the IABC study, public relations and communication professionals follow excellent practices by employing symmetrical, two-way communication to bring information into the organization and communicate organization decisions to various stakeholders. They also evaluate and monitor the organization’s environment, raising strategic issues that need to be addressed, and can urge the organization to act in a more ethical manner. Does this sound like to way it's practiced within your organization?

L. Grunig, et al. found that organizations struggle between symmetrical and asymmetrical communication programs, but were more likely to develop excellent programs when they attempt to balance the interests of the organization and its publics. Two-way symmetrical programs emphasize negotiation and a willingness to adapt and make compromises, and require organizations to adjust how they operate in order to accommodate their audiences.

The executives interviewed for this study were not familiar with the term “symmetrical two-way communication.” But when the concept was described to them,

most agreed that their departments made some attempt at employing that type of communication. The extent to which it was employed varied significantly, and the communications at these companies seems to vacillate between two-way asymmetrical communication and two-way symmetric communication.

For example, the director of corporate communications for a global company believed that 60 percent of his department's effort was focused on distributing information and about 40 percent on bringing information into the organization. But he added that he would like to see the ratio reversed. "The effort to bring in an outside perspective should exceed the effort to distribute news, but it's a challenge in a big company because you're like a news bureau, constantly churning out news," said the director. "But you have to make time for looking at the external environment because that's what public relations is about...helping your leadership understand markets, the political context, the social context, of any decisions they're making or strategy they're implementing. I'm a big believer that public relations practitioners have to be able to have to be able to define your company or organization, not just describe it. That's where senior communicators make their money...helping a leader understand the context of a decision, the consequences of a strategy, and how to refine the strategy to maximize value for the organization."

The director of communications for a global services company said that her public relations department is "always monitoring what's going on in the news. We perform quarterly media analysis in our top 10 markets and annual brand studies. We search all news sources for information that allows us to address issues early and see what our

competitors are doing.” However, this director added that the effort to bring information into the organization was not “equivalent” to the effort to disseminate information because “that takes a lot more work to accomplish.”

Corporations that have a wide geographical presence, either in the United States or globally, rely on communication or marketing managers in each region to provide stakeholder feedback. One public relations director prepares a daily briefing for executives, compiled from information and news submitted by dozens of regional managers and public relations firms.

The vice president of public relations for one of the top 20 most respected companies said the effort to employ two-way symmetric communication “has evolved over time as business has grown. As the business grew, we gained more stakeholders.” The company uses a variety of sources to capture stakeholder information, including regional marketing managers, the corporate community affairs team, and employees at the grass roots level who monitor and interact with political and community influencers. In addition; the company uses traditional and some not-so-traditional methods of gathering information from stakeholders — from market research of customers and the marketplace, to employee communication audits, and finally blogs and chat rooms.

The anonymity of new media like blogs and chat rooms offer a different dimension of symmetrical communication, according to the vice president of communications for one global company, saying that people can offer more honest opinions when they don’t have to reveal who they are. This executive stressed that the input side of the two-way

symmetrical model is critical in helping the organization understand all the sides of an issue.

One services company practiced a sophisticated two-way communication program that not only interfaced with specific stakeholders but also examined the feelings of consumers in reaction to particular news coverage. The company's communication executive said that "PR agencies don't do a very good job at environmental scanning because they're not objective enough. We try to take an objective look at an issue through the eyes of an opinion leader, or the trade media, or a consumer."

The vice president at a company with a large, retail presence said that "you cannot be an effective communicator without understanding what matters to your audience and where they lie on the issues. You can't just throw stuff out there. You have to do your due diligence."

Question 3: Type of Organizational Culture

Which of the following descriptions of organizational culture more closely fits your organization?

- **Authoritarian: More centralized control; resistance to ideas from outside the organization; little flexibility; lack of teamwork.**
- **Participative: Teamwork a common value; departments work well together; more open to ideas from employees and outside the organization.**

In the Excellence study, L. Grunig et al. concluded that a participative organizational culture, combined with other factors, helps to create a "hospitable environment" for excellent public relations or communications. Bechtel (1997) said that "participative cultures begin with a basic underlying belief in democratic principles," and include

characteristics such as a balance of power, strong customer focus, and the integration of managing with doing. Others found that one of those other factors — a commitment to diversity — brings new perspectives into the organizational decision-making process and can help improve financial performance (Slater, Weigand, and Zwirlein, 2008).

In a symmetrical system of internal communication, organizations hold more of a dialogue with employees, providing a structure for open communication with top management. The employees' need to know is as important as management's need to inform. Employees are given a sense where they are in the big picture – how their jobs fit within the organization's mission. One characteristic of two-way symmetrical communication is a focus on mutual respect and mutual understanding between the organization's dominant coalition and its various audiences. Excellent departments work towards achieving a level of mutual respect and understanding between their organizations and their publics by opening and maintaining a dialogue between the two.

The Fortune Most Admired Companies that participated in this research have a mix of cultures, according to the communication executives interviewed. Some reported that organizational culture changed as the company evolved. The executive at one global company said the organization had a more authoritative, even "militaristic," culture when it was a private company. "In some types of businesses," the executive said, "democracies don't function well because by the time you ask everybody how they're feeling about something, you've lost your shirt." But as the company became a public corporation and opened outlets around the globe, it became more decentralized and began to allow employees more say in decision-making.

The director of public relations at another global company said that organization's participative culture is partly due to the entrepreneurial spirit established when it began as a private corporation. That spirit has survived, even as the company grew into a global, publicly owned entity. "The nature of our business requires an understanding of local markets," said the executive. "That's key to being successful. Having strict guidelines and rigid structure wouldn't work."

The executive at a retail products company classified the organization culture as "more collaborative rather than participative. We believe that the best ideas come from those serving the customer" — one of the characteristics that Bechtel (1997) described in a participative culture.

The director of public relations at another company said that "teamwork is always in place because that's what's needed to make the company successful." But the executive described the organizational culture mix as "70 percent authoritarian, 30 percent participative. The company is run in a very authoritarian fashion, with centralized power in the office of the CEO and general resistance to outside ideas. This probably comes from being a private company longer than being a public company."

One vice president for public relations described a company culture "that eschews star-grabbers in favor of a collaborative work environment. We hold the viewpoint that 10 ideas are better than one. That culture may be borne from a warrior spirit that developed to help the company survive in a very competitive industry."

Question 4: Management and Measurement of Relationships

The IABC Excellence Study found that the public relations function contributes to organizational effectiveness through development of quality, long-term relationships with strategic publics. Is your department responsible for the development and management of these relationships? How do you measure the quality of those relationships?

L. Grunig, et al., Simcic Bronn (2008), and others have proposed that by concentrating on successful relationships with stakeholders, organizations will develop a good reputation. But Simcic Bronn acknowledged that it can be difficult to convince corporate management of that fact “can be difficult. Walking into a boardroom and convincing executives focused on bottom-line results that they should invest in relationships that at some indeterminate future will affect their reputation can be career hara-kiri.”

Communication executives at the Fortune Most Admired Companies said they are responsible for the management of stakeholder relationships. The extent of that responsibility and the level of management varied significantly. Those executives from larger organization appear to hold a greater responsibility for relationship management, but none of the companies have been able to truly measure the quality of a relationship.

The vice president of communications at a global company said the public relations department is responsible for managing relationships with key stakeholders that impact reputation. The company follows a format similar to that proposed by Bruning, Dials, and Shirka (2007) — it tailors communication programs to specific stakeholders based upon continuous dialogue and relational needs.

The lead executive for reputation management at another global company heads a department that's responsible for measuring stakeholder relationships. The company has only recently started true engagement with critics. Measurement to date has focused on the issue facing the company rather than the relationship with the critic. "We very carefully measure the trajectory of an issue and watch it to see if it has the potential to mushroom out of control. We label the issue as either a business risk or reputation risk, then get management to agree to mobilize resources to address the issue and quantify the risk to the organization." The executive added that "we have not measured whether we've been able to dampen attacks on the organization, but quantifying risk is partly art and partly science."

The top public relations executives at two companies that sell to consumers said their departments are responsible for developing and managing relationships with strategic publics. But one company does not measure the quality of those relationships while the other does. The executive at the latter organization said that through the use of surveys and informal feedback, it assesses the quality of relationships with media, politicians, business leaders, intellectual voices, and thought leaders.

Executives at other organizations interviewed mentioned that the public relations departments provide oversight and support for developing relationships with key stakeholders; one director classified the public relations department as "the glue that holds everything together regarding relationships with stakeholders."

The director of corporate communications at a global company said that stakeholder relationship management is increasingly becoming part of the department's function, but

it's a responsibility that is shared with the government relations and the investor relations departments. But this organization, like the others participating in this research, does not attempt to measure the value of relationships.

Question 5: Management of Reputation

In your organization, who is responsible for managing the company's reputation? Do you report to a senior-level officer who has a good understanding of the public relations and marketing functions and the roles they play in reputation development?

Some executives interviewed for this study reported that their department has sole responsibility for managing organizational reputation. Others reported that reputation management was a collaborative effort involving a few key departments. All participated in some manner that enabled them to affect management behavior and the reputation development process.

However, only one company had a formal process for reputation management. This global corporation has a department that focuses on reputation and that reports to the chief communications officer. The executive who lead the reputation management effort said that the company's CEO felt that reputation was so important, it was listed as one of three corporate objectives.

The executive at a global business services company said that its CEO also viewed reputation management as extremely important, but added that because everything a company does becomes part of its reputation, all employees bear some responsibility for it.

The vice president of public relations at another company said that reputation management was a collaboration between corporate communications and marketing. The executive explained that “marketing is the steward of the brand, but how that brand is perceived outside the marketing channel is a corporate communications function.”

Two directors explained that their departments took over the role of reputation management because the public relations/communication function touches virtually all areas of the organization. The responsibility for these organizations was never formalized, but more understood.

Questions 6 & 7: Measuring the Public Relations/Communication Function

6. How do you measure the value of the public relations/communication function in your organization?

7. How does your organization’s senior management measure the value of the public relations/communication function in your organization?

Public relations and communication executives at Fortune’s Most Admired Companies have the opportunity to contribute to strategic management functions, such as strategic planning and responses to major social issues, which can affect the company’s reputation. Those interviewed for this study are responsible for management of that reputation. The final two questions of the qualitative interviews asked how the interviewee and their senior management measure the contribution of the public relations/communication function. Most reported strong support from senior management and little pressure to provide a financial value for the function.

The senior vice president of communications for a global business services company reported that it takes steps to measure the return on investment of every initiative. “What you don’t measure will never be consequential to anyone in the long run and you’re just a nice group to have,” the vice president said. “If you’re not generating value for an organization, I don’t know how you survive budget cuts. These are soft dollars and if you can’t prove what you bring to the table, I think you run the risk of being reduced.”

The director of corporate communications for a global company said the organization requires all departments to demonstrate performance. This director used metrics such as share of voice versus the competition, but said the main measure is anecdotal...what external people say and write about us. We’re still searching for the Holy Grail of return on investment.”

The vice president of public relations at a top 20 company said the department employs several measurement tools including analyzing news media stories for tone and penetration of key messages; auditing key journalists every 2 years; tracking how the company is represented in various geographic markets; embedding source codes in news releases to track any sales that may result. The department also attempts to quantify community relations and government relations efforts; for example, it estimated that the defeat of proposed tax legislation in one state saved the company \$9 million.

The vice president of public relations for a retail company said the function is measured by helping to drive customers into stores and helping the company avoid a crisis. But it is not asked to attach a dollar value to the function.

Executives at smaller companies with more limited resources reported less of an attempt to measure the contributions of their departments. One has used an equivalency measure, but added that “senior management doesn’t worry about the value of public relations.”

The director of public relations for the global business services company stated that because the CEO and senior executives “really get” public relations and communications, they have not been asked to place a financial value on the function. However, the director added that a balanced scorecard is used to measure the public relations department’s progress and the company’s share of voice in the marketplace is measured against other competitors.

Conclusions

Academic research during the past 15 years has helped to refine theories put forth in the IABC Excellence Study – that the public relations or communication function makes an organization more effective by “building quality, long-term relationships with strategic constituencies.” The development of those mutually beneficial relationships provides value for an organization, sometimes in immediate, concrete financial terms but more often over the long term by affecting how stakeholders think about a company and, subsequently, helping to determine its reputation.

As corporate reputation has become recognized as a valuable asset, the public relations-communication function has developed into a more strategic and holistic discipline that contributes to the development and management of that asset. By following the template of excellent management laid out in the Excellence Theory, public relations and communication practitioners actively and strategically attempt to build and maintain relationships with stakeholders, and those relationships will eventually affect the company’s reputation among those stakeholders and others.

This study focused on the management of the public relations-communication function among companies considered to have a good reputation – those on the Fortune Magazine Most Admired Companies list, the oldest and most well-known ranking of corporate reputation. This study examined whether companies ranked highly on the list followed the template for management laid out in the Excellence Theory and how public relations-communication executives at these companies manage organization reputation.

The results of the quantitative and qualitative research in this study demonstrated that public relations and communication executives at companies rated highly on the Fortune Magazine Most Admired Companies List generally follow the managerial theory of public relations. The programs exhibit many (though not all) of the characteristics of excellence, which include:

- Having the function report to a senior-level officer who understands the function's role and value.
- Integrating the function with a matrix connection to other management functions.
- Getting practitioners to recognize the training, qualifications, and experience they must have.
- Bringing opinions of various stakeholders to the organization's leadership.
- Understanding that the function is valued and can be measured, within limits.

Managers use these programs to help their organizations manage relationships with multiple constituencies. They also use the programs, with access to a variety of stakeholders, to take the lead in oversight of corporate reputation.

The public relations/communication function at Fortune Most Admired Companies appears to be managed strategically. Three-fourths of the executives who participated in this survey said the function reports to the CEO or to a senior manager who in turn reports to the CEO. That provides the function with the access it needs to have an impact on organization strategy and decision-making. In addition, those executives who have a direct reporting relationship said they receive more positive support from senior leadership than those who do not have a direct reporting relationship.

Nearly 60 percent of executives in the online survey reported having an integrated communication function. In addition, all executives interviewed for the qualitative research said the function is integrated, though that integration evolved over several years. At one global company, the communication function was fragmented until recently, making the communication function ineffective and inefficient, with inconsistent messaging. Integrating the communication areas into one department gave the function “the right credibility to make sure everyone understood expectations, responsibilities, and accountabilities,” the official said.

For those companies with separate communication units for marketing and public affairs, 60 percent said the two areas have equivalent budgets. Global companies with operations worldwide typically have communicators working at those operations who report directly to the head of business unit or geographic division, then indirectly to the head of public relations or communication.

Senior practitioners at the Fortune Most Admired Companies were not familiar with the definition of two-way symmetrical communication, but appear to strive for that model. Results of the quantitative and qualitative research showed that most departments follow a variety of public relations models, but primarily move between the two-way asymmetrical and two-way symmetrical models. The executives understand the importance of symmetrical communication, but many organizations still employ more resources on outgoing communication than on bringing information into the organization. Communication executives also expressed the opinion that the dominant coalition is more

concerned with getting a message out to stakeholders than establishing a dialogue with them.

The managerial theory suggests that activist pressure pushes organizations towards excellence by using more two-way symmetrical communication and relationship management. Two-thirds of survey respondents said their organizations have experienced pressure from activist groups, but only one-quarter reported a great deal of pressure. L. Grunig et al. (2002) have suggested that activist pressure pushes organizations towards more two-way symmetrical communication and relationship management.

A woman is just as likely as a man to lead the public relations/communication function at these companies, and the organizations provide leadership opportunities for women and have implemented policies to prevent discrimination. No matter the gender of the person, the senior practitioner is responsible for a program's success or failure. They consider themselves important advisors to senior management and represent the organization in various venues. They assume responsibility for developing and managing relationships with key stakeholders.

Senior-level communication executives lead reputation management efforts for the Fortune Most Admired Companies, though they often share the process with legal, government affairs, and other executives. Most are responsible for relationships with multiple stakeholder groups, but have not attempted to quantify the value of those relationships. Their departments regularly perform research with various stakeholder groups, but the extent of that research varies significantly – from traditional methods like

number of clips or ad equivalency ratios to more sophisticated measures, such as models that measure reputation across stakeholders, countries, and industries.

Limitations and Further Research

For this study, letters were sent to two public relations/communication executives at each of the 63 companies rated as most admired in their industries, as well as the top 20 Most Admired Companies not rated as number one within their industries. A total of 79 companies were involved. See Appendix A for a list of survey companies.

E-mail and online surveys, particularly those without an incentive, risk a low response rate. In addition, this study focused on high-level executives at 79 companies, guaranteeing a small sample size. Attempts were made to contact two executives at each company, making the potential list of respondents 158. Fifty executives responded to the survey; however, some respondents did not answer every question. For some questions, as few as 33 executives filled out a response. A small sample size makes it harder to find significant relationships and may favor the null hypothesis that no relationship exists.

In the Excellence Study, L. Grunig et al. concluded that organizational culture and symmetrical internal communication offer a “hospitable environment” for excellent public relations. However, in the interest of brevity, questions related to organizational culture and internal communication were eliminated from the quantitative survey. The question was raised in the qualitative interviews and the limited results were discussed in that section.

Qualitative research for this study faced two primary limitations. The first was gaining the participation of corporate executives. Most had demanding schedules and limited time to participate in research projects. In addition, some were reluctant to share

information about their companies and operations, even though they were guaranteed anonymity. For these reasons, phone interviews were limited to about 20 minutes in length, making it difficult to probe too deeply.

Future research in this area should focus on the development of models that practitioners can use to help them design effective programs and demonstrate their value to the dominant coalition in their organizations. Additional research should also help practitioners learn how to measure relationships with stakeholders and how those relationships can eventually lead to an enhanced reputation.

Appendix A – America’s Most Admired Companies 2007

Source: Fortune Magazine

Company	Industry	Score
3M	Diversified	NA
Accenture	Information Technology Services	7.63
Alcan	Metals	7.89
American Express	Megabanks & Credit Cards	7.56
Anheuser-Busch	Beverages	7.78
Apache	Mining, Crude-Oil Production	7.16
Apple Computer	Computers	7.44
Auto Nation	Automotive Retailing, Services	7.27
BMW	Motor Vehicles	7.40
Bank of New York Co.	Super-regional Banks	7.83
Bell South	Telecommunications	7.32
Berkshire Hathaway	Insurance, Property & Casualty	8.06
Bunge	Food Production	7.14
CHS	Wholesalers: Food & Grocery	8.70
Cardinal Health	Wholesalers: Health Care	7.66
Centex	Homebuilders	7.39
Cintas	Diversified Outsourcing Services	7.20
Cisco Systems	Network Communications	7.73
Continental Airlines	Airlines	7.36
Con-Way	Transportation & Logistics	7.51
Costco Wholesale	Specialty Retailers	7.19
Dupont	Chemicals	7.01
Dun & Bradstreet	Financial Data Services	7.22
Exxon Mobil	Petroleum Refining	8.09
FPL Group	Electric & Gas Utilities	7.47
FedEx	Delivery	8.53
Genentech	Pharmaceuticals	7.88

Company	Industry	Score
General Electric	Electronics	8.04
Goldman Sachs	Securities	6.24
Google	Internet Services and Retailing	7.95
Graybar Electric	Wholesalers: Diversified	7.51
Herman Miller	Furniture	8.08
IAC/Interactive Corp.	Internet Services and Retailing	8.23
IBM	Computers	7.46
Illinois Tool Works	Industrial & Farm Equipment	7.49
Ingram Micro	Wholesalers: Electronics	6.88
International Paper	Forest & Paper Products	7.60
Intuit	Computer Software	7.55
Johnson & Johnson	Pharmaceuticals	7.48
Johnson Controls	Motor Vehicles Parts	7.18
Kinder Morgan	Energy Pipelines	8.10
LandAmerica Financial Group	Mortgage Services	7.49
Lehman Brothers Holdings	Securities	6.92
Manor Care	Health Care: Medical Facilities	7.59
Marriott International	Hotels, Casinos, Resorts	7.25
Microsoft	Computer Software	6.73
Nestle	Consumer Food Products	7.82
Network Appliance	Computer Peripherals	8.10
Nike	Apparel	7.82
Nordstrom	General Merchandisers	7.44
Northwestern Mutual	Insurance: Life, Health	7.31
Oneok	Energy	7.40
Pactiv	Packaging, Containers	7.02
Peter Kiewit Sons	Engineering, Construction	7.20
ProLogis	Real Estate	7.62
PepsiCo	Consumer Food Products	7.59
Procter & Gamble	Household and Personal Products	8.48
Robert Half International	Temporary Help	7.40
Schlumberger	Oil & Gas Equipment, Services	7.34

Company	Industry	Score
St. Jude Medical	Medical Products & Equipment	7.83
Simon Property Group	Real Estate	8.03
Starbucks	Food Services	8.09
Southwest Airlines	Airlines	7.08
Target	General Merchandisers	6.66
Texas Instruments	Semiconductors	7.73
Toyota Motor	Motor Vehicles	7.10
Union Pacific	Railroads	7.20
United Parcel Service	Delivery	8.26
United Technologies	Aerospace and Defense	7.37
Vulcan Materials	Building Materials, Glass	7.75
Wal-Mart Stores	General Merchandisers	5.51
Walt Disney	Entertainment	8.08
Washington Post	Publishing	7.83
WellPoint	Health Care: Insurance & Managed Care	7.68
Whole Foods Market	Food & Drug Stores	7.91
YRC Worldwide	Trucking	7.80

Appendix B – Letter to Prospective Survey Respondents

Dear [INSERT NAME]

RE: New Research in Reputation and Public Relations/Communication Management

A recent survey by Fortune magazine and The Hay Group has recognized [INSERT COMPANY NAME] as one of the most admired within its industry. The survey evaluated companies in eight criteria they believe contribute to reputation – from financial soundness to social responsibility.

But what about the function you manage? Is there a connection between the public relations/communication function and reputation? How do top companies like yours manage their reputation and measure the contribution of public relations or communication to reputation development?

A new study will examine these issues and attempt to answer these questions. As an industry leader, your input is critical to the success of this research. The findings will benefit you and other industry professionals by demonstrating how excellent public relations and communication programs add value to their organizations.

You can access the anonymous survey for this study at _____. Enter the address into the address bar of your Internet browser and hit the “Enter” key. The survey that will appear in your Internet browser window. The 40-question survey should take no more than 20 minutes to complete.

I know your time is very valuable and I appreciate your attention to this research. Please note that results for individual companies will not be reported. A final report will be available for all participants upon conclusion of the study. If you have any questions or concerns, please contact me at 717-682-1227 or e-mail me at dbernardini@comcast.net. Thanks in advance for your participation.

Sincerely,

Dario Bernardini
M.S., Communication Management
Independent Study Degree Program
S.I. Newhouse School of Communication
Syracuse University

Appendix C – E-Mail Solicitation for Survey Participation

Your company was recently named by Fortune Magazine as one of the Most Admired Companies in America. The survey evaluated companies in eight criteria they believe contribute to reputation -- from financial soundness to social responsibility.

But what about the function you manage? How do top companies like yours manage their reputation and measure the contribution of public relations or communication to reputation development?

This study will examine the connection between the public relations/communication function and reputation. As an industry leader, your input is critical to the success of this research. The findings will benefit you and other industry professionals by demonstrating how excellent public relations and communication programs add value to their organizations.

To begin the survey, please click on the link below. The survey will appear in your Internet browser window. The 40-question survey should take no more than 20 minutes to complete.

We appreciate your time and attention to this research. The results will be available for all participants upon conclusion of the study. If you have any questions or concerns, please contact me at 717-682-1227 or e-mail me at dbernardini@comcast.net. Thanks in advance for your participation.

Appendix D – Survey of Public Relations/Communication Department

Your company has been recognized by peers as one of the most admired within your industry. This survey is part of a study attempting to determine whether there is a correlation between reputation as measured by the Fortune magazine survey and how companies manage public relations/communications and reputation.

By completing this survey, you are agreeing to participate and are doing so voluntarily. Please be assured that the data you provide in this survey will be kept strictly confidential. No company or individual names will be revealed to anyone and all reports using this data will combine the results of all participants. You can request a copy of the results upon completion of the project.

The first series of questions asks about your relationship as head of a public relations or communication department to senior management.

1. Does your department report directly to the most senior manager in your company?
 Yes No
 (Go to Q4) (Go to Q2)

2. **(If your answer to Q1 was no)** Does an indirect reporting relationship exist, then, from your department to the most senior manager (for example, in which the department reports directly on some matters but not all?)
 Yes No
 (Go to Q4) (Go to Q3)

3. **(If there is no direct or indirect reporting relationship to the senior manager)**
 Does the department report, then, to:
 - A senior manager who in turn reports to the most senior manager?
 Yes No

 - A more junior level of management?
 Yes No

4. Please use the scale below to describe the extent to which your department makes a contribution to each of the following functions of your organization.

Function	None	Below Average	Average	Above Average	Major
	1	2	3	4	5
Strategic planning					
Response to major social issues					
Major initiatives (e.g., acquisitions, major new programs, movements into new markets, launches of new products or services)					
Routine operations (e.g., development and maintenance of employee comm., community relations, or media relations programs)					

If your department makes no contribution to strategic planning and decision making, go to Question 6.

5. Please use the same scale to estimate the extent to which your department makes its contribution to strategic planning and decision making through each of the following activities.

Function	None	Below Average	Average	Above Average	Major
	1	2	3	4	5
Routine research activities					
Specific research conducted to answer specific questions					
Formal approaches to gathering information for use in decision-making other than research					
Informal approaches to gathering information					
Contacts with knowledgeable people outside the organization					
Judgment based on experience					
Other _____					

6. Today’s organizations are so complex that many of them require more than a single leader to operate effectively. Instead of a single powerful person, then, many organizations are controlled by a *group* of powerful people – often called the “dominant coalition.” In your organization, who is represented in this power elite? **Please check all that apply.**

- Chief executive officer
- Chief financial officer
- Chief operating officer
- Chief public relations, public affairs, or communications officer

Other top managers specified below.

_____	_____
_____	_____
_____	_____
_____	_____
_____	_____

Representatives of groups specified below.

- Owners/stockholders
- Employee associations
- Clients
- Suppliers
- Competitors
- Activist groups
- Other external group specified _____

Any others specified below.

_____	_____
_____	_____
_____	_____

7. Please indicate the extent to which you believe the “dominant coalition” or power elite that you just identified supports the public relations or communication function in your organization.

No Support	Little Support	Fair Support	Good Support	Strong Support
1	2	3	4	5

8. Does your organization have two separate units: one for marketing-related public relations and another for public affairs (or public policy)?

- Yes
- No (**Go to Question 10**)

9. Which unit has the larger budget?

- Marketing-related public relations
- Public affairs
- Budgets are approximately the same.

10. Regardless of whether you have separate units, which function – public affairs or marketing-related public relations – receives more support from senior administrators (the dominant coalition)?

- Marketing-related public relations (or do not have public affairs)
- Public affairs (or do not have marketing-related public relations)
- Approximately equal support

11. Regardless of whether you have separate units, which function – public affairs or marketing-related public relations – is responsible for managing the reputation of your organization?

- Marketing-related public relations (or do not have public affairs)
- Public affairs (or do not have marketing-related public relations)
- Each has some responsibility
- Neither is responsible

12. The senior administrators who run an organization (dominant coalition) generally have a prevailing idea about how public relations, public affairs, or communication management should be practiced. Sometimes that idea differs from that of the public relations department. For the following items that describe the way your department practices public relations, choose the ratings you believe most closely match the practiced behavior and the extent to which you think the dominant coalition in this organization believes public relations should be practiced.

The purpose of public relations is, quite simply, to get publicity for this organization.

	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree
Practiced Behavior					
Dominant Coalition					

After completing a public relations program, research should be done to determine how effective this program has been in changing people's attitudes.

	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree
Practiced Behavior					
Dominant Coalition					

In public relations, nearly everyone is so busy writing news stories or producing publications that there is no time to do research.

	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree
Practiced Behavior					
Dominant Coalition					

In public relations, the broad goal is to persuade publics to behave as the organization wants them to behave.

	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree
Practiced Behavior					
Dominant Coalition					

The purpose of public relations is to develop mutual understanding between management of the organization and publics the organization affects.

	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree
Practiced Behavior					
Dominant Coalition					

Before starting a public relations program one should look at attitude surveys to make sure the organization and its policies are described in ways its publics would be most likely to accept.

	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree
Practiced Behavior					
Dominant Coalition					

In public relations accurate information should be disseminated but unfavorable information should not be volunteered.

	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree
Practiced Behavior					
Dominant Coalition					

Before starting a public relations program, surveys or informal research should be done to find out how much management and our publics understand each other.

	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree
Practiced Behavior					
Dominant Coalition					

In public relations, one mostly attempts to get favorable publicity into the media and to keep unfavorable publicity out.

	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree
Practiced Behavior					
Dominant Coalition					

Before beginning a public relations program, one should do research to determine public attitudes toward the organization and how they might be changed.

	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree
Practiced Behavior					
Dominant Coalition					

The success of a public relations program can be determined from the number of people who attend an event or who use our products or services.

	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree
Practiced Behavior					
Dominant Coalition					

For this organization, public relations and publicity mean essentially the same thing.

	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree
Practiced Behavior					
Dominant Coalition					

The purpose of public relations is to change the attitudes and behavior of management as much as it is to change the attitudes and behaviors of publics.

	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree
Practiced Behavior					
Dominant Coalition					

Tracking clips is about the only way there is to determine the success of public relations.

	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree
Practiced Behavior					
Dominant Coalition					

Public relations should provide mediation for the organization to help management and publics negotiate conflict.

	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree
Practiced Behavior					
Dominant Coalition					

Public relations is more of a neutral disseminator of information than an advocate for the organization or a mediator between management and publics.

	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree
Practiced Behavior					
Dominant Coalition					

13. Think about the value that you think your department has to this organization and about the value that members of the dominant coalition think it has. Using the scale below, estimate the value that you think the department has in comparison with a typical department in this organization and the value that you think members of the dominant coalition would choose.

Description	None	Below Average	Average	Above Average	Well Above Average
	1	2	3	4	5
Your rating of the value of your department					
The dominant coalition's rating of the value of your department					

14. Using the scale below, list how your department demonstrates to the dominant coalition the value that it brings to the organization (choose all that apply).

- Advertising equivalency
- Media analysis or clip evaluation
- Quantity of news releases, brochures, white papers, etc. produced
- Outcomes-based research
- Surveys of key stakeholders
- Quantifying impact on the organization
- Other _____

In the next series of questions, you will turn from your relationship with senior management to items that ask about your role in the public relations or communication department and the kind of expertise that your department has.

15. Please rate how well each of the following items describes the work that you do as a public relations or communications practitioner. Do not score items highly if others in the department do them, but you do not.

Description	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree
I produce brochures, pamphlets, and other publications.					
I create opportunities for management to hear the views of various publics.					
I take responsibility for the success or failure of communication or public relations programs.					
I am the person who writes communication materials.					
I represent the organization at events and meetings.					
I maintain media contacts for my organization.					
I make communication policy decisions.					
Others in the organization hold me accountable for the success or failure of communication or public relations programs.					
I keep others in the organization informed of what the media report about our organization and important issues.					
Although I don't make communication policy decisions, I provide decision-makers with suggestions, recommendations, and plans.					
I do photography and graphics for communication or public relations materials.					
I am responsible for placing news releases.					

I edit or rewrite for grammar and spelling materials written by others in the organization.					
Because of my experience and training, others consider me the organization's expert in solving communication or public relations problems.					
I am senior counsel to top decision makers when communication or public relations issues are involved.					
I use my journalistic skills to figure out what the media will consider newsworthy about our organization.					

16. The next series of items list tasks requiring special expertise or knowledge available in some public relations or communication departments but not in others. Choose the extent to which you feel that your department or someone in the department has the expertise or knowledge to perform each task listed.

Description	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree
Determine how publics react to the organization.					
Coordinate a press conference or arrange media coverage of an event.					
Get publics to behave as your organization wants.					
Negotiate with an activist group.					
Manage people.					
Conduct evaluation research.					
Provide objective information about your organization.					
Produce publications.					
Convince a reporter to publicize your organization.					
Use theories of conflict resolution in dealing with publics.					
Write an advertisement.					
Take photographs.					
Understand the news values of journalists.					
Get your organization's name into the media.					
Write speeches.					
Keep bad publicity out of the media.					
Develop goals and objectives for your department.					
Produce audio/visuals (graphics, slide shows, videos, radio spots).					

Prepare a departmental budget.					
Use attitude theory in a campaign.					
Manipulate publics scientifically.					
Get maximum publicity from a staged event.					
Perform environmental scanning.					
Write news releases and feature articles.					
Develop strategies for solving public relations and communication problems.					
Prepare news stories that reporters will use.					
Create and manage a speakers' bureau.					
Help management to understand the opinion of particular publics.					
Use research to segment publics.					
Manage the organization's response to issues.					
Perform as journalists inside your organization.					
Persuade a public that your organization is right on an issue.					

The next series of questions asks about the environment of your organization and about some of its internal policies.

17. Using the scale below, estimate the extent to which your organization has experienced pressure from activists groups. If your answer is none, go to Question 26.

None	Little	Some	A Great Deal
1	2	3	4

18. Think of the typical case when your organization has been pressured by an activist group. Using the scale, indicate how successful that activist group was in achieving its goals in its dealings with your organization. Then indicate your opinion on how successful was your organization's response to the group.

The activist group's level of success was...

None	Little	Some	A Great Deal
1	2	3	4

My organization's level of success was...

None	Little	Some	A Great Deal
1	2	3	4

19. Where do you tend to find out about activist pressure on your organization?
(Check any that apply)

The pressure group itself.
 Media coverage.
 Others in your organization.
 Other source _____
 Other source _____
 Other source _____
 Other source _____

20. Does your organization have a standing committee to deal with issues created by activist groups?

Yes
 No

21. Who within the organization is responsible for dealing with activist groups?
(Check any that apply)

The CEO.
 The head of public relations or public affairs.
 Attorneys.
 A special department or committee dedicated to activist affairs.
 Other _____
 Other _____
 Other _____

22. Please estimate the extent to which the entire organization, both senior management and other employees, were involved with the response to the activist group.

None	Little	Some	A Great Deal
1	2	3	4

23. On the same scale, estimate the extent to which your organization researched the activist group.

None	Little	Some	A Great Deal
1	2	3	4

24. Was a special program developed to respond to the group?

_____ Yes
 _____ No

25. Estimate the extent to which activist groups have a direct involvement in planning your organization’s response to them. If your answer is none, go to Question 26.

None	Little	Some	A Great Deal
1	2	3	4

26. How does your organization typically involve the activist group (check any that apply)?

_____ Informal conversation.
 _____ Part of a special committee
 _____ Inclusion on the board of directors.
 _____ Other _____
 _____ Other _____
 _____ Other _____

27. The next set of items moves from the external to the internal environment of your organization – specifically with the way your organization deals with its women

employees. For each item, estimate how your overall organization, not just the communication department, compares with a typical organization.

Description	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree
Enacts specific policies or programs designed to promote an understanding of the concerns of female employees.					
Provides a supportive climate for women at work.					
Monitors use of sexist language in all realms of the organization's communication.					
Provides opportunities for women who must relocate or who have relocated.					
Allows flex time for employees.					
Avoids 'perks' that divide employees on the basis of gender and tenure, such as all-male clubs or executive dining rooms.					
Establishes effective policies to deal with sexual discrimination.					
Has specific guidelines for handling problems of sexual harassment.					
Has a system of maternity and paternity leave.					
Provided child-care services.					
Built a system of multiple employment centers that allows mobility for employees.					
Furthered the talents of women through mentoring programs.					
Reviewed organizational policies for their effect on women.					
Nurtures women's leadership abilities.					
Funds or reimburses employees for work-related travel.					
Includes membership in professional associations as an employee benefit.					
Provides opportunities for women to take risks.					
Encourages women who may seem less 'serious-minded' about their careers than men.					
Grooms women for management positions.					

Includes women in the informal informational network.					
Makes available comparable data to help women in salary negotiations.					
Pays men and women equally for equal or comparable work.					

The next two questions apply specifically to the public relations or communications department.

Description	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree
Includes women in all communication roles; managerial as well as technical.					
Promotes women from within the department rather than hire men from outside communication or public relations to manage the function.					

28. Please estimate the following:

The percentage of female professional employees in the public relations or communications department. _____%

The percentage of the employees who produce brochures, pamphlets and other publications, write public relations material presenting information on issues important to the public, and edit or rewrite for grammar and spelling the materials written by others in the organization who are women? _____%

The percentage of women employees who take responsibility for the success or failure of public relations programs, make communication policy decisions, and keep management informed of public reactions to organizational policies, procedures, or activities. _____%

Finally, there are a few demographic questions about you and your organization.

29. Approximately how many people are employed by your organization? _____

30. Approximately how many public relations or communication professionals are employed by your department? _____

31. You are:

_____ Male
 _____ Female

32. Your ethnic background is:
 Black or African-American
 Asian
 Caucasian
 Hispanic or Latino
 Other
33. Your age is _____
34. Your highest level of education in any field is:
 No college.
 Some college.
 A bachelor's degree.
 Some graduate courses.
 A master's degree.
 A doctoral degree.
35. The highest level of training you have completed in public relations is:
 No training in public relations.
 Some continuing education courses.
 Some college level courses.
 A bachelor's degree.
 A master's degree.
 A doctoral degree.
36. Check any of the following professional associations to which you belong.
 International Association of Business Communicators
 Public Relations Society of America
 Council of Communication Management
 American Marketing Association
 Arthur W. Page Society
 Other _____.

If none of the above has been checked, go to Question 38.

37. You attend meetings of professional associations about _____ times a year.
38. You have served as an officer of a professional association about _____ times in the last 10 years.

39. You have presented a program for a professional association about _____ times in the last 10 years.
40. You subscribe to the following public relations periodicals:
- _____ BtoB Magazine
 - _____ Communication World
 - _____ Communications Briefings
 - _____ Marketing News
 - _____ O'Dwyer's Newsletter
 - _____ PR News
 - _____ PR Strategist
 - _____ PR Tactics
 - _____ PR Week
 - _____ Public Relations Quarterly
 - _____ Public Relations Review
 - _____ Ragan Report
 - _____ Other _____
41. The title of your position is _____

To complete the questionnaire, please click the submit button. Thank you for participating.

Appendix E – Protocol for In-Depth Interviews

Introduction

Hello, I'm Dario Bernardini. This research project is the completion of my thesis work to fulfill the requirements for a master's degree in communication management from Syracuse University. I know your time is valuable and I'll attempt to keep the conversation as brief as possible. It should take no more than 30 minutes.

This project attempts to determine whether a connection exists between the public relations/communication function and reputation. As an executive with one of Fortune Magazine's Most Admired Companies in America, your input is critical to the success of this research. The findings will benefit you and other industry professionals by demonstrating how excellent public relations and communication programs add value to their organizations.

I'm going to be taping our conversation and will prepare a transcript of your comments. Rest assured that what you say is strictly confidential and will not be revealed to anyone. Unless you have any questions or concerns, we'll begin the interview.

Interview Questions

6. The International Association of Business Communicators' (IABC) landmark Excellence Study found that the public relations or communication function is most effective when it's centralized or integrated as a separate management function, with a matrix connection to other management functions. How is it the function structured in your organization?

7. According to the IABC study, public relations and communication professionals follow excellent practices by employing symmetrical, two-way communication to bring information into the organization and communicate organization decisions to various stakeholders. They also evaluate and monitor the organization's environment, raising strategic issues that need to be addressed, and can urge the organization to act in a more ethical manner. Does this sound like to way it's practiced within your organization?

8. Which of the following descriptions of organizational culture more closely fits your organization?
 - Authoritarian: More centralized control; resistance to ideas from outside the organization; little flexibility; lack of teamwork.
 - Participative: Teamwork a common value; departments work well together; more open to ideas from employees and outside the organization.

9. The IABC Excellence Study found that the public relations function contributes to organizational effectiveness through development of quality, long-term relationships with strategic publics. Is your department responsible for the development and management of these relationships? How do you measure the quality of those relationships?
10. In your organization, who is responsible for managing the company's reputation? Do you report to a senior-level officer who has a good understanding of the public relations and marketing functions and the roles they play in reputation development?
11. How do you measure the value of the public relations/communication function in your organization?
12. How does your organization's senior management measure the value of the public relations/communication function in your organization?

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