

# Linking Public Relations' Practices with Corporate Reputation and Trust: An Evidence from Automobile Industry

Sahar Aslam Khan<sup>1</sup>  
Dr. M. Zaki Rashidi<sup>2</sup>

## ABSTRACT

*In today's competitive environment, creating reputation and establishing trust among public is most important for any organization. It has become pertinent for organizations to be innovative and use effective tools of communication for promotion of the company as well as its products. The main purpose of this study is to obtain a better understanding of the PR mechanism which automobile manufacturing industry adopts to communicate with its publics (stakeholders) through utilizing PR services. Describing various tools and techniques as used by these companies through qualitative analysis and deductive approach, the research explores how the roles and objectives of PR are defined and how the PR functions & tools used by these companies help them in building corporate reputation and trust. The research is based on exploratory as well as descriptive analysis to help understand the mechanism of PR in general and describe various aspects of Public Relations in Automobile industry respectively. Semi-structured interviews are conducted from 13 respondents who are PR experts belonging to four wheeler local passenger car manufacturing companies of Pakistan which are three in total and PR agencies. Results show that media plays a significant role in influencing and changing perceptions of the target audience, including general public as well as decision makers. The controlled, semi-controlled and uncontrolled PR tools used by companies play a pivotal role in improving graph of these companies to transparently communicate with the audience. Further, findings indicate that PR activities are successful in building trust and reputation with the public and the built-in trust it creates results in increased customer loyalty and satisfaction.*

*Keywords: Public relations, corporate reputation, trust building, promotional mix, PR practices, image building, publics, etc.*

## INTRODUCTION

Nowadays, in order to promote goodwill between the company and public (customers, community, etc) organizations have been greatly emphasizing on Public Relations, abbreviated as PR, which Jefkins (2006) defined as a planned efforts by organizations to educate the public to inform them rather than to persuade them, the latter being an aim of advertising. He stated that as per an old adage, the 'P' and 'R' stand for performance and recognition respectively. He further added that the letters are often used to mean either "public relations" or "press relations" whereas the latter is the part of the former.

With the ever increasing competition in business these days, Sandin and Simolin (2006) stated that the focus of promotion mix has been shifted and Public Relation has now become a popular promotional tool all over the world. In order to devise a successful promotional

<sup>1</sup>Sahar Aslam Khan is a Mphil student, SZABIST, sahar\_akhan@hotmail.com

<sup>2</sup>Dr. M. Zaki Rashidi is a Professor, Managent Science, SZABIST, Karachi, zaki@szabist.edu.pk

mix, he added, it is important to analyze what public knows about the organization and research about the position where both organization and public stands in knowing each other. On the other hand, Ball et. al. (2004) explained that PR could be used as a relationship enhancer through which well-structured communication can be done to build customer trust and enhance corporate reputation. Different researchers (Dolphin, 2000; Sandin & Simolin, 2006) found that corporate reputation can help companies win competitive advantage over others in crowded market place. Hutton (2001) researched that reputation management now rests on foundation of PR. As per Beavers-Moss (2001) demand for organization's products can be enhanced by building credibility through PR services.

PR has been presented as one of the emerging science disciplines by many researchers; the recently conducted researches are moving PR towards the management discipline. Lages & Simkins (2003) argued that concrete measurement tools are needed to be developed for PR research to identify its driving forces and helps in empirical evaluation of the discipline. In past very little work has been done on the subject. In Pakistan, Public Relations stemmed its roots in the beginning of the twenty first century and can be considered as a new component in the promotion process. In automobile industry, organizations contain multiple publics which must be kept in mind when analyzing organization-public relationship. In today's competitive environment, creating reputation and establishing trust among public is most important for any organization. In automobile industry of Pakistan, competition is intense and increasing day by day. Earlier researches have emphasized upon PR as an important part of promotion mix in automobile manufacturing industry. Fortunately; in Pakistan, we find some organizations, usually large scales, who utilize PR services in order to attract positive media attentia but their knowledge about the benefits of PR is limited. Yet, it remains a question whether they consider PR as important as it should be considered in building corporate reputation and trust and whether the role & objectives of PR are cleared to them? Very little light has been shed on PR practices in manufacturing industry in addition to this no one has researched on Pakistan's automotive manufacturing industry. Due to the obvious importance which PR practices hold in reputation and trust building while keeping in view the research problem, the main purpose of this study is to obtain better understanding regarding how the automotive manufacturing industry communicate with their publics through utilizing PR services.

The following research questions are addressed in this study: How to describe the roles and objectives of Public relations as viewed by automobile industry? What are the functions and tools of PR utilized by automobile industry and how they can be described? How Public relations practices helps in building automobile industry's reputation and trust among publics? Further, this study also highlights the importance of PR in today's business environment where competition is intense. The research objectives are: to understand different types of publics to be considered for devising effective PR strategy by an automobile company; to understand what role public relations play in automobile sector; to understand the purpose/objectives of PR defined by automobile sector; to find the most common functions of PR used by automobile companies; to describe PR tools used in automobile industry and how these serve the PR objectives; to describe how the practices of PR helps in building corporate trust & credibility among different types of publics in automobile industry; and to understand the corporate reputation as viewed by automobile sector and how PR helps in building it.

This study helps in understanding the mechanism of PR that it is more than just releasing a press release about the company in newspapers but it's a short term strategy to overcome barriers in media and build trust among public in the long run. Also, the interviews that were conducted with PR experts of automobile industry will be useful for companies to understand that there are many ways to develop good relations in media and portray positive image among the public. Time limitation was the constraints during this research due to which interviews are conducted from car manufacturing companies only, named Pak Suzuki Limited, Indus Motor Company Limited and Atlas Honda in order to understand the mechanism of PR. Moreover, in order to remain focused, perspective of companies is taken into account and not that of customers.

## LITERATURE REVIEW

Many scholars, including Lages and Simkin (2003) proposed that PR is now being conceptualized as a management discipline rather than been viewed as a traditional communication tool. They further explained that PR is described by marketers as a promotion mix ingredient whereas people associated with PR activities consider these to have a strategic impact. They agreed with Hutton (1999) who equated Public Relations with management of communication by defining PR as managing communication of organizations with their publics and establish and maintain mutual relationship which is beneficial for both parties. They further added that PR identifies and manages relations between organization and public through commonly known four steps management process: analysis, planning, implementation of plan and evaluation of the outcomes.

Thus, organizations use PR for strategic communication in this context whereas Jefkins (1978) defined PR as a planned communication by an organization with its publics so that specific objectives could be achieved to establish mutual understanding. Thus, this definition points out that PR should be treated such as programs of advertising, sales and marketing are devised. He further explained that mutual understanding is thus a principle objective which implies that organization tries to understand its publics and what kind of attitude they have so that it can create an understanding for them to comprehend the organization's people and policies as well as its different products and services. According to him, PR is planned and sustained deliberately through the implementation of system of management. He also emphasizes simultaneous to marketing, PR requires a separate strategy to be budgeted, planned out and executed.

### Objectives and Strategies of PR

As indicated by Dolphin & Fan (2000), corporate management should view PR as a strategic function where for any organization such strategies deem to be essential. They pointed out that while formulating a PR strategy, organization's objectives, mission, vision, etc. must be given due consideration along with the nature of organization itself. PR as they stated, is a part of strategic planning and thus, plays a pivotal role in building and sustaining corporate reputation and trust. Nakra (2000) showed consensus with this view and stated that PR must be considered in early stages of the image building process whereas PR department must be treated as a separate entity.

Lages & Simkins (2003) in their research highlighted that media relations must not be termed as part of management discipline as it broadens up its scope and techniques of communication and specialized PR programs could be ignored. As rightly pointed out by Wells & Spinks (2009) that customer relations should be an essential part of PR as the opinion of public is dynamic and it is important to manage the response actively and proactively. Some organizations link their PR objectives with marketing ones by communicating with public to enhance their sales. On the other hand, many organizations particularly in automobile industry associate its objectives with image building, enhancement of corporate reputation and dissemination of positive messages. Moreover, he added, most companies have their PR goals & objective defined in black and blue and quantified although this system has only been developed recently.

Adding to these views, Wells et. al. (2003) came up with concrete objectives of PR in general in his research:

- Developing or repositioning brand of corporate
- Building or restructuring corporate reputation
- Releasing news about company, its products/brands/services
- Disseminating information about a product update
- Informing or clarifying publics about different issues to change stakeholders' attitudes or opinion
- Creating word of mouth.

Every automobile manufacturing company must undertake a careful analysis to prioritize the public in the order they want them to be targeted. Since, the automobile manufacturers are manufacturing both luxury and economy class vehicles; therefore, targeting public for different products is different. Moreover, public based on government and industrial levels also hold significant importance as they could and do hugely influence organization's policies, decisions and revenues. Expenditure decisions can be depended upon this practice to decide whom to target first. Beavers-Moss (2001) stated that first needs of each group must be identified according to which relationships are established with them.

Researchers are of different opinion, on establishing a communication pattern with various publics. Wells and Spinks (1999) recommend that organizations must establish ongoing communication with every public as a whole. On the other hand, Schultz and Barnes (1999) emphasized upon establishing relationships with specific public. After understanding the public, organizations can divide them in segments on the basis of demographic, geographic and psychographics. In addition to it, tools such as covert power segmentation could be used which involves identifying those within a community who create impact on various issues and decisions of the organizations; identifying those who exert influence within social network calls for reputation segmentation (Gardberg & Fombrun 2002).

#### Public Relations as per Hutton's Framework

In order to analyze PR roles, Hutton in 1999 provided a framework by developing a cube consisting of three dimensions: initiatives, interests and image, all explaining substantive

differences among various PR definitions and orientations. He described 'interest' as the "balance of intended effects" which analyzes if the organization's PR activities' focus is on its direct customers or public in general. Second dimension, i.e. 'initiative' describes whether an organization is reacting proactively by taking measures in advance to counter any prevailing situation or does it act reactively by shaping strategy as per the current situation. As the name represents, 'Image' which is the third dimension is linked with either the perception of the organization i.e. focus of PR is on company's thoughts, philosophies & actions or focusing on the reality. Hutton (1999) explains six orientations when analyzing public relations activities under the cubic framework: advocacy, persuasion, information for public, managing image reputation, public relations related to cause, and managing relationship.

#### Tools & Functions of PR

Most importantly, PR calls to develop and sustain *relations with media* persons, particularly those who would be interested in publishing organization's story. Wells et. al (2003) elaborated it by explaining that since people associate public relations with publicity; therefore, media function is important for this purpose as organization shares information with media who in turn helps in spreading this information to targeted public (government authorities, customers, industry people, etc.) through different mediums of print & electronic channels. However, reputation of PR person for professionalism and honesty plays a pivotal role in achieving this. Maintaining healthy *relations with the employees* of the organization is also significant for which PR people have to work closely with human resource department. Building *financial relations* with the financial community must also be part of PR, so communication efforts are aimed at things such as press releases for publications in business pages, meeting with investors and analysts and developing financial reports for stakeholders and government review.

Public relations also focus on bringing organization's image into positive media stream and in the eyes of public and thus, as Wells (2003) quoted a PR expert, Fraser Seitel, includes programmes of *corporate relations* management, focusing upon organization's reputation building, image enhancement and develop trust among stakeholders. This program, as Wells explained, also includes crisis management strategy which means to take organization out of negative press. Another purpose of using public relations is to deal with *public affairs* which include regulatory affairs and governmental issues which are to be communicated to government as well as public through an Issue management strategy. Besides relations with government, opinion of public related to organization centric issue is also monitored in public affairs programs and decide on activities to communicate about these issue with the concerned public to express organization's views, demands from higher authorities, actual facts, industry statistics, etc.

#### Evaluating effectiveness of PR

While beginning to plan, Wells et. al. (2003) described measurable objectives are set for PR effectiveness and evaluation. These evaluations, according to them, are important in order to know the outcome of the PR campaign like change in behavior and attitude and fine-tune the practices as per the requirement. Phillips (2001) added that in order to gain competitive advantage, it is critical that organization have the ability to measure and evaluate its PR practices and content is planned in its relevant context. Schmitz (2004) states that in fact

monitoring, measuring and evaluation activities of PR are as important as their implementation. It was pointed out by Xavier et.al. (2005) that there is no particular method used for evaluating the effectiveness of a PR practice but there is an array of different methods and models available out of which PR practitioners select one which deemed fit as per their policies and processes and demonstrate of PR practices' effectiveness (Wheeler 2001).

Wells et. al. (2003) provided following guidelines commonly used in PR to measure evaluation:

Produced outcome: Number of PR activities generated such as release of news, etc.

Distribution: Number of channels (media outlets like electronic and print media channels, radio, etc.) targeted to receive PR products to provide coverage to the activity.

Coverage: Number of publications in which the news is managed and their sizes in terms of number of cm/column. On electronic channels, coverage is measured through seconds or minutes of time.

Impressions: Multiplying media placements with the circulations of the publications or broadcast reach.

Value of Advertising: Ad equivalent cost is estimated, i.e. how much it would have cost the organization for time or space if they had opted to pay for publication or broadcast of that news.

Systematic content analysis: Whether the published content is positive or negative and whether it carries the message organization wants to convey and checking the sources mentioned and prominence. Objectives achieved will be in form of awareness created among the masses, change in their attitude i.e. perception and intention of buying. Moreover, organizations will achieve the objective if they are able to change behavior.

Beavers-Moss (2001) explained that it is appropriate for organizations to be cleared about what they expect to gain from PR activities. If the goals are defined explicitly and are measurable, it becomes easy to achieve them (Wakefield 2000).

#### The Effectiveness Yardstick Model

Lindenmann (1993) provided a set of standards or guidelines which could be followed by PR practitioners clearly defining how organizations can measure their effectiveness for the activities they do to build PR. He named the guideline "Public Relations Effectiveness Yardstick" which involves process consisting of two steps explained below:

##### Step One - Setting of PR Objectives

This step requires the PR practitioners to answer what are the objectives/goals of the PR activities they are set to undertake and what would PR program seeks to accomplish. This Lindenmann (1993) defines could either of the four objectives: the company wishes to convey

a certain message or an idea to the masses; a certain group of audience is targeted for receiving of this message or idea; a specific preselected channel of communication is selected to reach the targeted audience; short term & long term goals are associated with every activity due to which the organization decide how it wants to convey the message and decides the content to be conveyed (Regester, M. 2001).

#### Step Two - Determining PR Measurement Level

Once objectives are set, it is also pertinent to decide what company exactly or specifically wishes to measure. This measurement could again be based upon three levels: The first level is the 'basic level' in which organization measures how many placements in publications it managed, how much exposure it received in media, etc. The company could also conduct a public opinion poll to check how much their PR activities have impacted the opinion of targeted public (Regester, M. 2001).

The second level according to Lindenmann (1993) is 'intermediate level' which is more sophisticated. At this level PR practitioners try to measure if the targeted audience received the message, understood it and in some way retained it. Focusing on both qualitative and quantitative data collection techniques, practitioners try to measure 'outgrowth' by conducting in-depth interviews, focus groups, face to face interviews, polling via email and telephone and etc.

The third level was later added to the effectiveness measurement yardstick which is the most advanced level as it requires PR practitioners to do psychological analysis which includes measuring changes in behavior and attitude of the public and how much their opinion is impacted. This could include various techniques; however, these are not elaborated here as they are not focused in this research (Ledingham, 2003).

#### PR and corporate reputation

The area of corporate reputation, trust and credibility gained with the help of PR lacks thorough research; therefore, it is difficult to find models & theories from existing literature. Related theories to answer our research questions are described below. As explained by Seal (2008), trust does not only mean having information about each other but to have a history of reliability enacted upon relationship dependent on other. He described that in an organizational setting there are three types of trust:

- Partners keeping each other promise with or without a written agreement, i.e. contractual agreement.
- Building competence trust by fulfilling business obligations, e.g. paying loans on time, etc.
- Goodwill trust is built when the client could have its company act for hi without details explanations or instructions.

It is a matter of immense sensitivity when it comes to managing corporate reputation, as stated by Budd (2001) since the firm is dealing with intangible product which is associated with attitude, judgment, and a feeling deeply rooted in the mind of a person. Moreover, he explained, building reputation is extremely difficult but one can lose it in a minute; hence, it is fragile and must be dealt with extreme care and shrewdly (Lancaster, 2001).

Hutton et. al. (2001) in his study highlighted that extensive communication strategies and focus on "reputation management" is what helps gain strong reputation, whereas, losing it is easier and this loss is greater for the organization than losing money. On the other hand, Dolphin (2004) argued that the more transparent communication is, the stronger the reputation of the organization will be. However, due to intangibility, reputation is difficult to measure and difficult for other companies to replicate. Organization's future performance is indicated by its reputation which provides visible signal of its reliability and capabilities (Kitchen & Laurence, 2003).

Many researchers, including Dolphin (2004), further explained that reputation plays a significant role in corporate success. Communication strategists use reputation building as a tool in value creating strategy to gain audiences' support and approval. It has been given importance due to the advantages it brought to the company. He also cleared the difference between reputation and image building explaining that the former is clearly built without any manipulation over time, whereas the later could be created and manipulated when & where required with short time period (Gardberg & Fombrun, 2002). Hutton et.al. (2001) also expressed view on reputation management whose foundation is rested on what being traditionally termed as 'public relations' and is a rising business function. As per Nakra (2000) for reputation management, '360 degree' review must be undertaken by organizations' PR strategists in order to effectively communicate unified message with all stakeholders.

With increasing competition and used cars import flux in the country, local automobile company's PR strategists must know how to protect and maintain the reputation. Beavers-Moss (2001) explained that overall competitiveness of a firm is increased by a good PR. Reputation management through PR becomes important when pricing and products in the market are similar and difficult to be differentiated (Johan & Noor, 2013).

## RESEARCH METHODOLOGY

Based on the problem discussion stated above and research questions, the methodology structure employed for this research is exploratory as well as descriptive in order to help understand the mechanism of PR in general and describe various aspects of Public Relations in Automobile industry respectively. In order to achieve objectives, a qualitative study has been conducted with a deductive approach as the researcher has based the results on existing theories and empirically investigates them.

Automobile industry in Pakistan is a vast industry constituting of organizations which manufacture two, three and four wheelers vehicles; therefore, our potential target population could include employees of all these companies operating in Pakistan who are responsible for devising PR strategies & activities in these companies. However, to shrink our scope of research, four wheeler local passenger car manufacturing companies of Pakistan have been



contacted which are three in total. Since the purpose behind this study is to gain insight into an automobile industry with respect to PR practices employed by them, our target population includes all those employees working in the Corporate Planning division/PR unit who are decision makers and liable for deciding and undertaking appropriate PR activities for these companies respectively. Moreover, to understand if the industry utilizes the service up to its capacity our target population also includes experts (CEOs & Account Managers) from different PR agencies operating in Pakistan who are providing services and PR consultancies to all or either of the three car manufacturing companies and also contribute significantly in the planning and execution of PR. For carrying out qualitative research, semi-structured interviews from 13 respondents have been conducted. Initially the target was 15 to 20 respondents; however, the desired number of respondents in the market is not available.

The respondents' group includes employees who are senior officers (Directors, Managers & Assistant Managers) of corporate planning or Public Relations department of each analyzed organization who were able to provide us relevant data for our research. Due to small number of respondents present in these companies, the researcher also included experts (CEO, Account Managers) from the company's current PR agencies who also play a significant role in devising PR strategies of these companies and to strengthen our results and provide recommendations. Purposive sampling method has been adopted in this research in which the officials who could have served our purpose have been asked to respond to our questions. Moreover; for this research, both primary & secondary data is collected. Existing literature is searched from different research journals, papers & books on Public relations & from internet. Primary data is collected from local passenger car manufacturing companies in Pakistan and their employed PR agencies through semi-structured interviews from the chosen sample in order to get useful information.

With the help of existing literature available, researcher has tried to define public relations, its roles and objectives and highlight important concepts related to it in general and why it is gaining importance. Later, the researcher has shed light upon different kinds of publics which are important for automobile industry for consideration in communication with them. On the basis of secondary research, conceptual framework has been devised. The answers of objectives are given through logical analysis of the qualitative data Results and conclusion have been drawn based on the interviews conducted from the chosen sample and analyzed their view to answer the three research questions.

## DATA ANALYSIS

In this section, responses collected from PR experts of car manufacturing companies and their PR agencies are analyzed, describing six themes with respect to Public relations, including roles, objectives, functions, tools, trust building and reputation management through PR. Also, input has been taken from respondents to define PR as per their view and to understand public of car manufacturing companies which are to be considered while devising PR strategies.

### Defining PR

PR experts at automobile companies define PR as, "Promotional & awareness tool. It holds a lot of importance these days and is majorly used to support business functions and influence

main policy makers." In other words, "PR is all about reputation management and building public opinion; however, as a function it is an external communication tool."

This may not be exactly the same but is very much in line with the definition stated in theory by Jefkins (1978) and Hutton (1999), defining PR as part of promotional mix and a strong communication tool used to create a liaison between company and its various publics. However, in Pakistan PR is used to communicate one way message (from Company to Public) and is not widely used to understand public and its attitude. Also as per the respondents, PR is not confined to their own one particular department but mostly it needs to take other departments on board as well and functions closely with various other departments, such as marketing, automobile spare parts manufacturing department, and with senior management.

### Defining Publics

One of the most important tasks to be performed by PR practitioners is to identify those who affect the business directly or indirectly and understand where they stand with respect to knowledge and the gap between company and its audience. Respondents of different companies defined their public in three stages; customers, regulators (government including all relevant ministries) and decision makers (PR partners); nevertheless, the media being the primary opinion maker could be mentioned as the most important public. PR activities are mainly targeted at general public when it is not policy specific, whereas, activities such as press releases on companies' initiatives or products are aimed at existing as well as potential customers; regulator's becomes the main focus in case of policy specific issues. Thus, the target audience could vary from campaign to campaign.

However, experts added up that media officials (journalists) are also a significant part of this domain as they help in passing on the knowledge to the targeted public, as their reports are read by government officials, policy makers, customers and other relevant stakeholders and masses. They believe that publics lack knowledge regarding the products and are never hundred percent aware of even the highly purchased products. With the help of shrewd PR strategies, they tend to target potential customers and general public as well for the purpose of awareness building among them regarding various issues. Also one of the reasons for targeting general public is that government and regulatory bodies are most influenced by the general public.

PR activities are planned such that message could be communicated with publics in most effective way. With respect to a particular issue, series of activities are undertaken, using personal channels, third party endorsement, relevant associations such as Pakistan Automobile Manufacturers Association, and media relations. When asked about public opinion about the local car manufacturing companies, respondents explained that public does not hold very high opinion as they compare locally produced cars with international ones and think that local companies charge exorbitant prices, their products do not match international standards and delivery time is late. Whereas on the other hand they think of Toyota, Atlas and Suzuki brand names as big and have brand recognition due to which many people are persuaded to buy local cars.

## Role of Public Relations

Main role of public relations practice in automobile companies is to change the opinion of company's various publics and to influence them in an effective way to make them aware them, update them or mold their perception as per organizational intentions. PR activities actually support the company's reputation. It shows that the company is socially involved especially through CSR. Using different activities, public opinion could be changed on various issues or company itself. According to the respondents, this could be done very effectively. However, it could only be done to certain extent as it is next to impossible to completely change the view of any public.

The role of PR practitioners is to act as a bridge between company and its publics to manage and sustain corporate reputation and image. They need to manage and formulate it in accordance to the intensity of the situation and issue. PR activities (plans and strategies) are very flexible and are subject to amendment as per the requirement to meet changes in the public opinion. This flexibility is required as public opinion is quite dynamic in nature and never static. All the publics do not think in one direction and their opinion can be quite diversified; therefore, PR practitioners are always in efforts to undertake right PR activity at right moment by being flexible to meet changes in public opinion. They devise strategies as such that most of the public is affected and their opinion is changed. In past, these companies have always adapted those PR activities which they believe would be most effective in a particular situation and alter the strategy when they believe the change is required to match with the public opinion.

Nakra (2000) and Dolphin & Fan (2000) explained that while formulating a PR strategy, consideration must be given to the organization's vision, mission and goals in addition to the organization's nature and its key audiences. Organization's agree with theory and stated that in the organization's strategic planning; PR plays a significant role and thus, is linked with organization's board via information director.

The role of PR becomes restricted when the PR executive is positioned in marketing or other relevant departments such as sales or advertising. Respondents suggest that in order for effective role playing by PR, the department must be liable to report directly to CEO like any other department. However, they contradict with the theory and informed that cooperation between departments is required at various levels while planning and executing the PR plan since the purpose of PR activity is not always image building. PR division works in close cooperation with marketing and other relevant department to ensure that right activity is executed at right time. This makes PR a management discipline rather than just a simple communication tool.

## Objectives of PR

Companies generally jot down every medium and channel of communication defining overall public relations goals and actions as how many articles, independent stories, interviews are to be published, number of media visits to be arranged to companies' plants, press releases as per need in order to improve company's overall image and to support other business functions, ultimately maximizing company's profits. These policies are devised by head of communication department in coordination with the top management and PR experts/consultants

who help in achieving the day to day goals of the organization, thus these organizations are in line with theory.

On a broader level, numerous objectives associated with the PR strategies as per the theory include positive image building, information delivery and developing credibility. Automobile companies' objectives of relationship building and finding new customers very well fits with those defined in theory. The goal is to create a demand for the product and counter any negative sensationalism created by vested interest is effectively handled with PR activities and smooth sales afterwards is the measurement yardstick. The PR goals & objectives, in these companies, are directly tied with the overall mission of the company. This again is in line with the theory that PR objectives must be strategic to support overall company's goals & objectives. However, none of the company has a system to quantify the output. Most common measure to analyze the impact of PR activities is to compare positive publications with negative ones during a particular period. If the number of positive publications exceeds, this means that company's PR activities have been effective and vice versa.

Companies also agree with the theory that their main interest in the PR activities is trust and reputation building, to persuade public and/or to inform and educate them regarding various issues which keep prevailing from time to time related to the company or the industry as a whole. At times, PR activity is also undertaken to serve any cause related to corporate social responsibility.

#### Proactive Versus Reactive PR

Public relations characterized as proactive means that company seeks opportunity to promote its products and services thus is an offensive approach, whereas reactive PR is defensive and tends to solve problems. When asked whether the companies employ proactive versus reactive strategy for PR, all the companies were of the view that mostly they try to adopt proactive strategy but in a politically influenced economic scenario like Pakistan, the absence of long term consistent policies does not allow the company to have a fully proactive approach but rather most of the time they have to act reactively to counter change in government decision. Therefore, companies are somewhere in between reactive and proactive with more emphasis on proactive approach.

#### Functions of PR

Automobile companies use the following five types of relations in their PR activities: Media Relations; Employee relations; Financial relations; Corporate relations; Public affairs;

As per the PR practitioners of these companies, the most common type of relation they use to influence their target audience is media relations as they are being briefed on different issues and help in media placement in various publications. They use media not as a goal but rather as a channel to convey their message to customers and other stakeholders. On second priority companies place both corporate and financial relations. On the other hand, employee relations are least dominant in playing an active role in PR of the company.

In each organization considered in this study, PR function works closely with marketing function. Actually, the marketing success is supplemented by PR in sales and reputation

spheres. In fact as standard of operation, the former needs to be fully synchronized with the latter. This was also stated by Philipps (2001) that both functions should be closely coordinated with each other. PR practitioners explained that the PR activities are to drive and support the marketing activities such as launch of new models, etc.

#### Tools of PR

PR tools as contributed by Wells et. al. (2003) are either controlled, uncontrolled or semi controlled. The automobile companies utilize tools from all three categories in order to effectively reach to the target audience/public. The tools used by companies under the category of controlled PR consist of annual reports, photographs and staged events such as annual functions, anniversary celebrations, etc. Automobile companies also exhibit their products at mega exhibitions as well. For example, in 2011, all three car manufacturing companies had effectively participated in Pakistan Automobile Pakistan Show (PAPS) which was a display event of international level as many foreign car and parts manufacturing companies vigorously participate in it.

From the uncontrolled category, the tools used by these companies include news or press releases, by-lined articles in various publications including newspapers and magazines, interview in print and electronic media channels, participation in talk shows, release of captioned photographs and press conferences as per the need. At various events where media is present for its coverage, senior management of automobile companies also give On-spot interviews to different channels (TV, print & radio) to give their comment on the occasion, or answer media queries. If the issue could be well addressed by semi-controlled PR tools then at times the companies also go for these tools, depending upon the intensity of the issue. This includes meetings (on or off the record) with beat reporters from print and electronic media, organizing special events or sponsoring them.

These tools play a pivotal role in improving graph of these companies to transparently communicate with the audience as using the above mentioned tools, the desired message reaches to the targeted stakeholders. All three companies believe that the overall information sharing process of each company has been improved with the help of PR tools and their purpose of creating awareness among the masses has been supported as well. Various issues of the overall automobile industry are also addressed using these tools with clear communication process and reaching the right audience at right time using the right channel and PR tool.

#### Trust and credibility

The ultimate purpose of well-structured communication by organizations, as defined by Kangis (1997) is to influence the perception of public positively, influencing them in terms of quality and to influence their loyalty. In automobile industry, the importance of trustworthiness is well understood and to achieve such trust automobile companies have been keenly adopting PR function making it as an integral part of their strategy.

Through PR, automobile companies are able to improve situations, trust and credibility. At times, companies even make use of third party endorsement or convey their message from the platform of relevant associations, such as Pakistan Automobile Manufacturers Association (PAMA) or Pakistan Association of Automotive Parts and Accessories Manufacturers

(PAAPAM) which help the public trust what companies are communicating with them.

PR activities help build trust and credibility with public because through these activities, PR experts try to present fact based content, articulated in simple manner which leaves no room for publics to disagree or doubt the story or statement thus, building credibility and trust. PR is an integral part of the keeping people informed, to present industry's side of the story to customers, regulators and other stakeholders. Though, it has not been long since these companies started using PR function; however, it is turning out to be very effective in terms of trust and credibility building.

According to the PR practitioners of these companies, PR activities are successful to a greater extent to build trust with the publics. Step by step PR campaigns have resulted in increased trust, for example, through PR activities companies have established trust among public that they believe that the local car manufacturing companies are concerned with customer safety when they are driving. Similarly, with an issue of used cars import in the country from foreign countries, local auto manufacturing companies built trust of the government that a level playing field should be provided to local industry to boost it so that economic growth can be observed.

According to the PR experts, in a country like Pakistan, people very much believe what they read in newspaper rather than what they see in advertisement. They believe that if executed properly, PR activities are the cornerstone for trust-building as the public usually prefer what a journalist writes himself over an advertisement. They have also experienced that this built-in trust lead to increased customer loyalty and satisfaction as well.

They also have been experiencing the policies change and decisions reversed in favor of automobile companies because of their PR activities. This has strengthened the belief that PR activities are successful when building trust with the publics. PR activities also help in clarifying many of the misperceptions due to which the companies have more loyal and satisfied customers.

### Corporate Reputation

According to the PR experts, good corporate reputation is a key to success without which a company cannot exist in the market in an prevalent cut throat competition. Highlighting its importance, they stated that it gives the company competitive advantage over the others particularly over the import segment which is pertinent for these companies as all of the three companies are listed on stock exchange. They believe that the corporate reputation gives your publics signals of your future performance. At one of the companies, holding corporate reputation is even a part of the organization's vision.

When asked from PR practitioners if they believe that PR functions and tools build corporate reputation, hundred percent of the respondents replied in affirmative. They explained that through PR functions, companies get engaged with stakeholders, keep them informed, receive their feedback and measure public opinion. They take media into confidence by showing transparency of their system and processes; thus, creating a good corporate image which builds reputation.

However, building reputation is a long term process and cannot be built within a short time span by utilizing PR activities. It has to be more than just PR activities. According to PR experts, PR is only a tool to create awareness but companies have to get engaged with stakeholder using many other ways to build up reputation. PR; however, helps in sustaining and enhancing the reputation to another level.

When asked to describe PR strategy as holding importance to protect and uphold the corporate reputation regarding company's specific market, PR practitioners replied that if the PR activities are not planned properly then there companies could have a problem. PR has to flow out of overall strategy; if there is no synergy between the two than there is no result. It is important that PR strategy is strong enough to achieve the desired objectives of trust building and reputation management.

Opinions are built over years while reputations are destroyed in a minute. Therefore, there is no room for flimsy strategies that could fire back at your reputation. The effectiveness of PR strategy is not only if it is executable or not, but it also includes the impact created on publics specially when the reputation of the company is being challenged by negative press or potential negative press in wake of incidents or misleading information being spread by vested interest.

## CONCLUSION

After analyzing the data collected from the three local car manufacturing companies, it can be concluded that the roles and objectives defined by the PR practitioners at each of the company are quite similar. They define PR as a promotional and awareness tool. PR, they defined, is a management discipline rather than just a communication tool because PR practitioners work closely with other related departments to ensure that right message is conveyed to the right audience through the right channel at the right time. The main purpose of employing PR services is to build trust & reputation through effective and transparent communication by making PR as an integral part of their strategic planning. All the companies define their public broadly dividing them into three stages; customers, government and regulatory bodies. The PR activities are so devised that each of the public's opinion becomes positive about the industry and particularly about the company. Their PR activities target general public when the matter is not policy specific in which case government and regulatory bodies becomes the main focus of the company's PR goals.

Narrowly, the written objectives of each company differ depending upon their situation and standing in the market. However, on a broader level their objectives synchronized with each other which include positive image building, information delivery and developing credibility. Their objectives also focus on catalyzing sales and create demand of the product and persuade the public. They also tend to inform and educate the audience regarding various issues, whilst awareness creation remain the main target of companies as people as well as government and regulatory authorities have usually little knowledge about issues. Besides that, in industry like Pakistan with inconsistent policies and unpredictable economic conditions, clearing misperceptions of the target publics is also a major goal of PR practitioners.

Due to this uncertainty, PR practitioners are unable to effectively adopt a proactive approach in their PR strategy and most of the time has to react to the prevailing situation. Therefore, companies are somewhere in between reactive and proactive with more emphasis on proactive approach. These companies understand the importance PR plays today in conveying message to the public. The ways companies structure their PR activities also differ in each organization but their expectations with the outcome of each activity are similar, i.e. to support other business functions. The relationship utilized by car manufacturing companies for PR are similar with main focus on media relations and least focus on relations with employees. Thus, it can be concluded that in car manufacturing companies, media plays a significant role in influencing and changing perceptions of the target audience including general public as well as decision makers.

Regarding the tools used by car manufacturing companies, it can be concluded that the most common and easier to adopt are controlled tools. Followed by there are uncontrolled tools which include news or press releases, by-lined articles in various publications including newspapers and magazines, interview in print and electronic media channels, participation in talk shows, release of captioned photographs and press conferences as per the need. Semi-controlled tools which include one to one meetings with reporters and organizing or sponsoring special events are only used when needed. For the purpose of updating the media which held significant importance in conveying message to public, this is considered to be the most effective one.

There is no specific evaluation process employed by the companies to quantify the output. No evaluation theory or framework is available for automobile industry. They measure the effectiveness of PR via media placement and positive coverage. At each of the organization, PR works closely with the market function and is fully synchronized with it. Organizations do not have separate PR department, instead PR falls under the corporate communication department. These tools play a pivotal role in improving graph of these companies to transparent communicate with the audience as using the above mentioned tools, the desired message reaches to the targeted stakeholders. All three companies believe that the overall information sharing process of each company has been improved with the help of PR tools and their purpose of creating awareness among the masses has been supported as well. Various issues of the overall automobile industry are also addressed using these tools with clear communication process and reaching the right audience at right time using the right channel and PR tool.

In automobile industry, the importance of trustworthiness is well understood and to achieve such trust, automobile companies have been keenly adopting PR function making it as an integral part of their strategy. PR activities are successful in building trust with the public by keeping people informed presenting industry's side of the story to customers, regulators and other stakeholders. Within the short time span these companies have been using PR; it has turned out to be very effective in terms of trust and credibility building. Through PR, they have established themselves as a customer focused companies whereas they have gained trust of the government that a level playing field should be provided to local industry to boost it which ultimately results in economic growth. PR has been more effective than advertising and the built-in trust it creates results in increased customer loyalty and satisfaction. Reputation is not easy to build and PR function help in building it and giving companies a competitive edge over others. Though, it cannot be done in short time period and is a long term and



consistent process. PR; however, is not solely responsible for corporate reputation but is an integral part of the process and takes the reputation to another level. Proper planning and timely execution of the PR plan is required to achieve the ultimate goal of gaining good credibility and reputation among the public.

## RECOMMENDATIONS

In large scale companies, PR strategies must be devised at top management level at the time and in synchronization with the overall strategy of the organization. Companies must treat PR as a separate department and must have a proper structure of carrying out and navigating the PR activities and communication strategy. It is also recommended that companies must adopt some way of measuring and evaluating the effectiveness of a PR activity; otherwise, they might continue to use ineffective PR tools.

PR practitioners must realize the need to keep their PR strategy highly flexible as due to dynamic public opinion they must mold their strategy to keep up with the market situation. Moreover, Companies must plan the PR strategy as mainly proactive; even in case of crisis management where companies usually react to the situation some proactive measures can be taken. With the increasing use of social media, companies must consider and make use of this channel to reach the public.

Input from top level management, including CEO's and directors of other departments can also be taken which will provide a wider picture of PR and its importance in each company. Based on the same methodology further research can be carried out to understand the PR implications in other industries to understand the role of PR in these industries.

## REFERENCES

- Argenti, P.A., and B. Druckemiller (2004). 'Reputation and the corporate brand,' *Corporate Reputation Review*, 6(4), 368-374.
- Ball, D., Coelho, P., & Machas, A. (2004). The role of communication and trust in explaining customer loyalty: An extension to the ESCI Model. *European Journal of Marketing*, 38(9), 1272-1293.
- Barnes, D., & Schultz, D. (1999). *Strategic brand communication campaigns*. Illinois: NTC Business Books.
- Beavers-Moss, D. (2001). The Credibility Enhancer. *Bank Marketing*, 1(1), 27-31.
- Black, E., T. Carnes, and V. Richardson (2000). 'The market value of corporate reputation,' *Corporate Reputation Review*, 3(1), 31-42.

- Broom, G. M., Casey, S., & Ritchey, J. (1997). Towards a concept & theory of organization-public relationships. *Journal of Public Relations Research*, 9(2), 83-98.
- Budd, J. (2001). How to manage corporate reputation. *Public Relations Quarterly*, 39(4), 11-15.
- Dolphin, R. (2000). Is corporate communications a strategic function? *Management Decision*, 38(2) 99-106.
- Dolphin, R. (2004). Corporate reputation - a value creating strategy. *Corporate Governance*, 4(3), 77-92.
- Gardberg, N. A., and C. J. Fombrun (2002). 'For better or worse - the most visible American corporate reputations,' *Corporate Reputation Review*, 4(4), 385-391.
- Hutton, J. (1999). The definition, dimension and domain of public relations. *Public Relations Review*, 25(2), 199-214.
- Hutton, J. G., M. B. Goodman, J. B. Alexander, and C. M. Genest (2001). 'Reputation management: The new face of corporate public relations,' *Public Relations Review*, 27, 249.
- Hutton, J., Goodman, M., Alexander, J., & Genest, C. (2001). Reputation management: The new face of corporate public relations? *Public Relations Review*, 27(1), 247-261.
- Jefkins, F. 2006, *Public Relations for your business*. Mumbai, India: Jaico Publication.
- Johan, M. & Noor, M. (2013), The Role of Corporate Communication in Building Organization's Corporate Reputation: An Exploratory Analysis, *Interdisciplinary Journal of Contemporary Research in Business*, Vol 4, and Issue NO 12
- Kitchen, P. J., and A. Laurence (2003). 'Corporate reputation: an eight-country analysis,' *Corporate Reputation Review*, 6(2), 103-117.
- Kotler, P. (1999). *Kotler on marketing: how to create, win and dominate market*. London, UK: Simon and Schuster.
- Lages, C., & Simkin, L. (2003). The dynamics of Public Relations: Key constructs and the drive for professionalism at the practitioner, consultancy & industry levels. *European Journal of Marketing*, 37(1), 200-227.
- Lancaster, G. (2001). 'Global campaigns and communications,' in Jolly, A. (Ed.), *Managing corporate reputations*, Kogan Page, London.
- Ledingham, J.A. (2003). 'Explicating relationship management as a general theory of public relations', *Journal of Public Relations Research*, 15, 181-198
- Nakra, P., (2000). Corporate reputation management: CRM with a strategic twist. *Public Relations Quarterly*, 45(2), 35-42.

- Phillips, D. (2001). The Public Relations evolutionists. *Corporate Communications: An International Journal*, 1(4), 225-237.
- Regester, M. (2001). 'Managing corporate reputation through crisis,' in Jolly, A. (Ed.), *Managing corporate reputations*, Kogan Page, London.
- Sandin, D., & Simolin, T. (2006). *Public Relations as perceived and practices by commercial banks*. Sweden: Lulea University of Technology.
- Seal, W. B. (2008). Relationship banking and the management of organizational trust. *International Journal of Bank Marketing*, 16(3), 102-107.
- Springston, J., & Keyton, J. (2001). *Public relations field dynamics*. R. L. Heath, Handbook of Public Relations, Thousand Oaks, CA: Sage.
- Wakefield, R. I. (2000). 'World class public relations: A model for effective public relations in the multinational,' *Journal of Communication Management*, 5(1), 59-71.
- Weis, A., Anderson, E., & MacInnis, D. (1999). Reputation management as a motivation for sales structure decisions. *Journal of Marketing*, 63(4), 74-89.
- Wells, B., & Spinks, N. (2009). Communicating with the community. *Career Development International*, 4(2), 108-116.
- Wells, W., Burnette, J., & Moriarty, S. (2003). *Advertising: Principles & Practices (6th ed.)*, New Jersey: Pearson Education.
- Wheeler, A. (2001). 'What makes a good corporate reputation?' in Jolly, A. (Ed.), *Managing corporate reputations*, Kogan Page, London.
- Williams, E. (1998). Product publicity: Low Cost and High credibility. *Industrial Marketing Management*, 17(1), 355-359

## APPENDIX

### INTERVIEW GUIDE

#### Basic facts and company background

- Industry/Company/products?
- Respondent's name?
- Respondent's position (role, department)?

#### Defining PR:

1. How does your company define PR?
2. How do you organize the PR activities? Own department or part of many other departments?

Publics:

3. How does your company define the "publics"?
4. How does your company segment the "publics" broadly? Please list them. How PR activities are targeted to affect them and why?
5. Who do you mainly aim at with your PR activities; existing customers or the general public?
6. What is the public opinion about your organization?

Roles:

7. In what way do the PR activities provide value in your organization?
8. Are you able to change the view and opinion through utilizing PR activities?
  - Can your PR activities easily be changed to meet changes in the public opinion?
  - Do you believe that the publics' opinion is dynamic in general?

Objectives:

9. What written goals and objectives does your organization have for the PR activities?
  - Are these goals measurable?
10. To what degree is your organization utilizing reactive versus proactive PR?
11. What interest does your organization have in the PR activities;
  - To build an image, trust & reputation?
  - To inform and educate?
  - To persuade public?
  - To serve any cause?

Functions:

12. What type of relations are you using in your PR activities?
  - Media Relations
  - Employee relations
  - Financial relations
  - Corporate relations
  - Public affairs
13. Which of these relations is the most/least dominant within your organization to help meet your PR goals?
14. Within your organization, how close to the marketing function is the PR function operating?

Tools:

15. What types of PR tools do you use?
  - Which tools are most common?
16. How do you follow-up publicity in media?
17. How these tools help achieve your PR objectives?

Trust:

18. How do you consider your PR activities & tools to build trust & credibility with your publics?
  - Do you experience that the trust can lead to increased customer loyalty and satisfaction?
19. To what degree do you consider your PR activities to be successful when building trust with the publics?

Reputation:

20. Describe the importance of corporate reputation for your organization?
21. How do you believe that your PR functions and tools/activities build corporate reputation?
22. Do you believe that the corporate reputation can be built and changed in a short period of time utilizing PR-activities?
23. Do you believe that your corporate reputation gives you advantages compared to your competitors?
  - Do you believe that the corporate reputation gives your publics signals of your future performance?
24. How do you describe PR strategy as holding importance to protect and uphold the corporate reputation regarding your specific market?