

2018

GLOBAL COMMUNICATIONS REPORT

the
evolution
of **ethics**

USC Annenberg

2018 Global Communications Report

Every year, the USC Annenberg School for Communication and Journalism takes a fresh look at the topics and trends shaping the future of the public relations industry. Each time we survey professionals working in the field, we discover new insights into what makes PR one of the most dynamic professions in the universe. This year was no exception.

Looking Forward

Fred Cook

Director

USC Center for

Public Relations

In early 2018, we asked public relations leaders from agencies and corporations around the globe to predict where the communications field is headed. We also asked PR students to tell us what they think about the profession they will lead someday. Some of the questions track existing trends in marketing and media. Others explore new territory, like ethics.

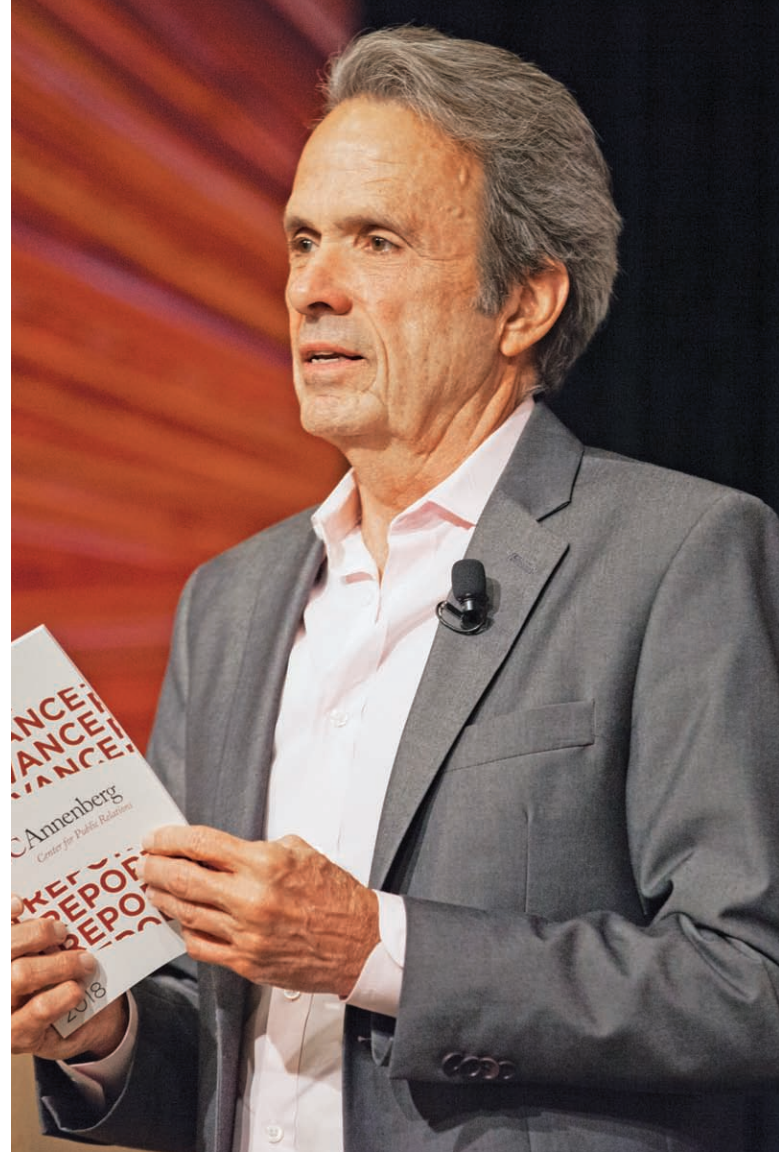
Ethics have always been a constant in communications, but the difference between right and wrong has come into sharper focus recently due to changing attitudes about technology, transparency and even truth. Today, the public scrutinizes the behavior of every individual and every business, and delivers real-time feedback through social media. Even the hint of unethical behavior can result in getting fired, being arrested or going bankrupt.

Communicators regularly find themselves in the middle of complex ethical situations, promoting controversial clients or defending divisive positions. Just last year, a prominent

British PR firm was forced to shut down after being sanctioned by an industry association for unethical behavior. How communicators handle these sensitive topics impacts the images of their organizations—and their profession.

The changing media terrain complicates the problem. The prevalence of fake news, branded content and paid influencers raises ethical questions that aren't going away. Nowhere is this more evident than our nation's capital, where the distortion of truth has become a daily diet. Despite the proliferation of fact checkers, the average person finds it increasingly difficult to differentiate between what's real news and what's a reality show. This blurring of fact and fiction impacts everyone whose career is centered on building credibility.

I want to thank all our partners for distributing our survey, and Edelman for sponsoring our report. And our dedicated team at the USC Center for Public Relations for making it all happen. We hope you will find the results illuminating.





**The pace
of change**

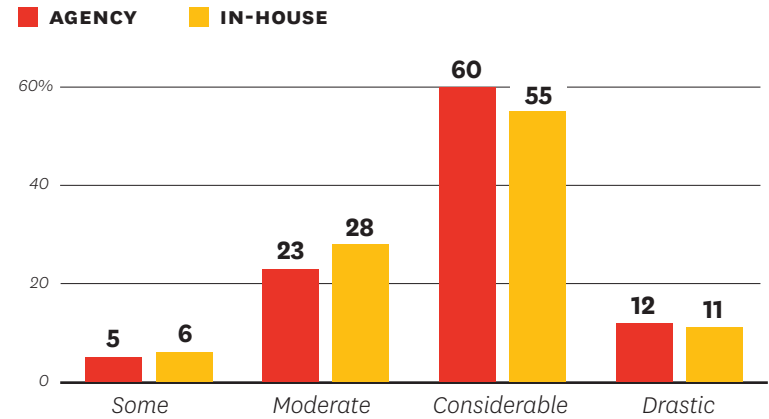
If you think the PR profession has changed, you're right. If you think it will stop changing, you're wrong. Seventy percent of all PR professionals believe the PR industry will change considerably or drastically over the next five years. Eighty percent of students feel the same way.

Brace yourself, because only 36% of in-house professionals who expect change think their companies are prepared to adapt to that level of change, while 61% of agency executives are confident their firms are ready for the future. Students are a little more adaptable. About half (53%) say their classes have prepared them to manage dramatic change. Let's hope they're right.

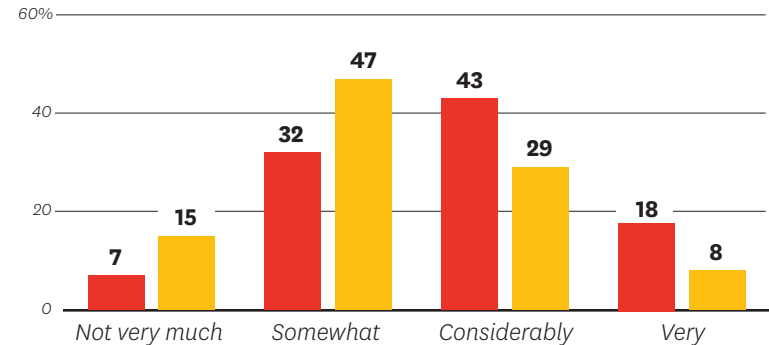


of students believe their courses have prepared them for change

Expected change in the PR industry



Prepared to adapt to this level of change

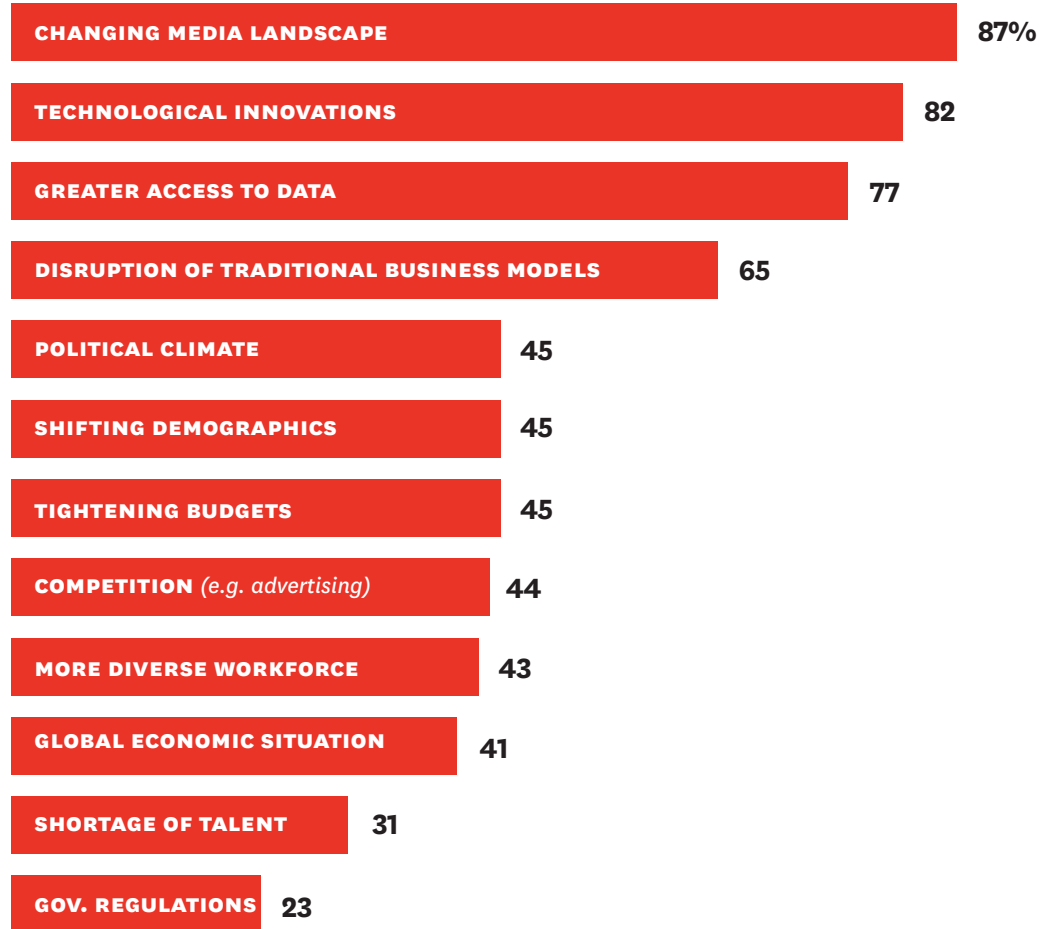




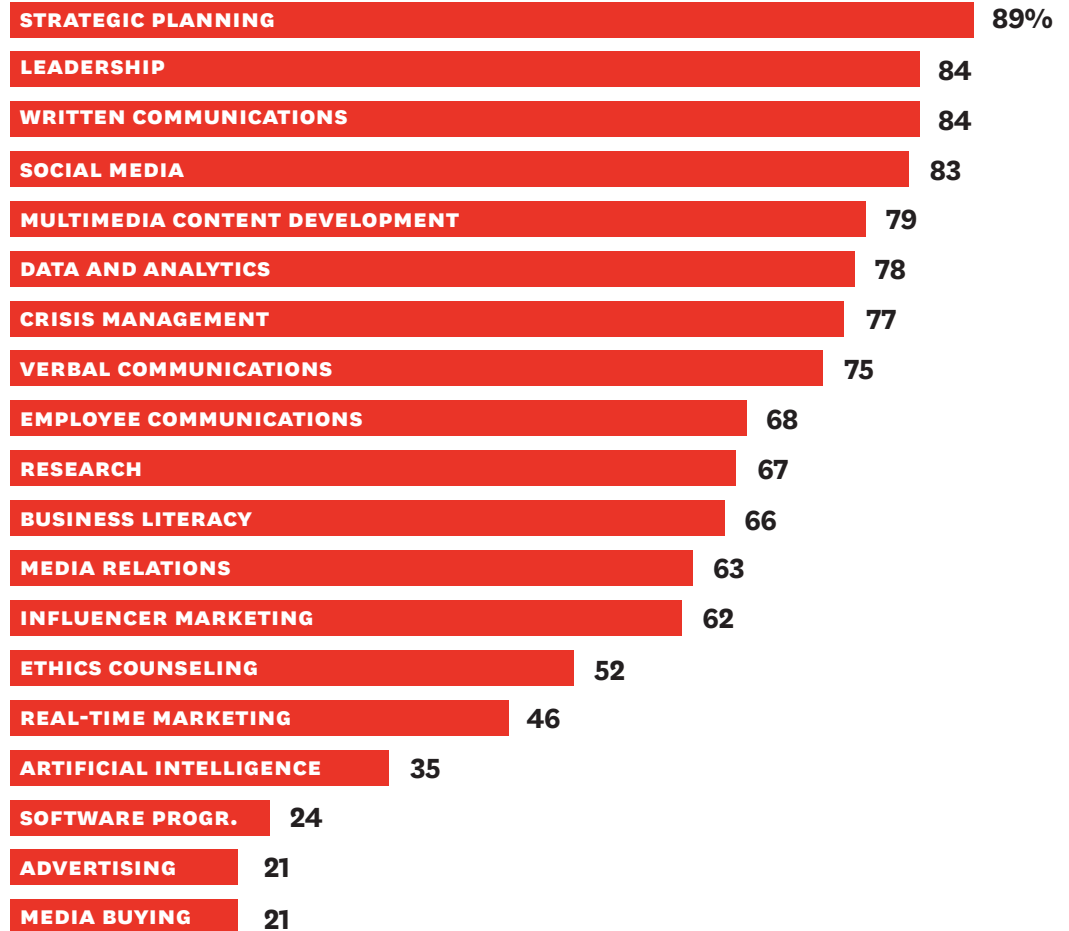
The changing media landscape (87%) and new technology (82%) are the major drivers of change. Followed by greater access to data (77%) and the disruption of business models (65%). Demographics (45%), politics (45%) and economics (41%) are further down the list. Tightening PR budgets (45%) and competition from other disciplines like advertising (44%) are also seen as major drivers by some, while changes caused by a more diverse workforce (43%) and a shortage of talent (31%) are noted by fewer. Government regulation ranks dead last (23%).

To adapt to these changes, PR professionals say they are going to need new expertise in social media (83%), multimedia content development (79%) and data and analytics (78%). They also perceive they will need to be strong in traditional skills such as written (84%) and verbal (75%) communications, as well as crisis management (77%). The most critical skills required to ensure future success are strategic planning (89%) and leadership (84%).

PR professionals believe the following factors will drive the change in the industry:



PR professionals believe, in the next five years, the following skills will be necessary for their organization's success:

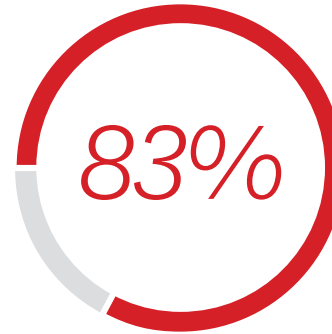


Leadership is especially critical in a world where PR becomes more important inside the organization, which is exactly what the majority of in-house (86%) and agency (81%) executives believe will happen.

Last year, 47% of agency and 45% of in-house professionals predicted that PR would become more integrated with Marketing in the next five years. This year, that number jumped to 90% for agency and 82% for in-house professionals, with half of all PR professionals stating that this integration will be driven by senior management.

As a result of this merging of disciplines, the percentage of in-house communications teams reporting into Marketing increased to 26% from 18% in 2017, while the percentage of agencies reporting into marketing increased 5% year-on-year.

PR PROFESSIONALS



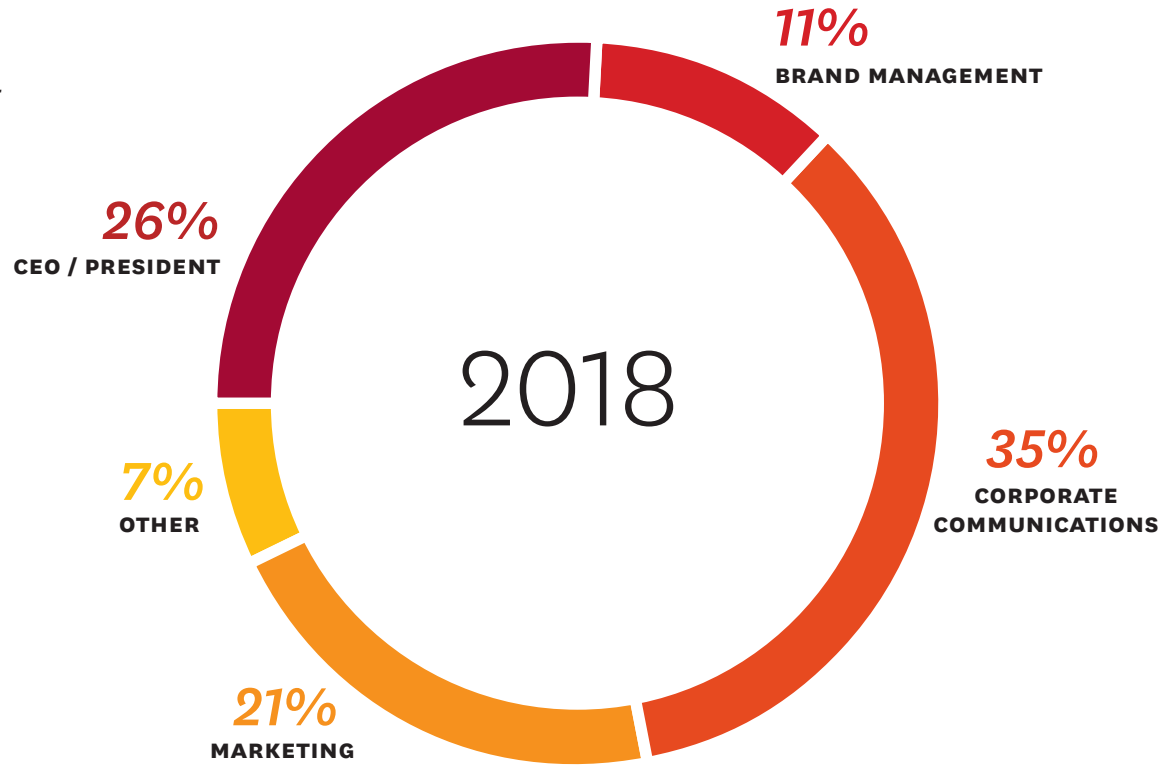
believe the importance of the communications function will become somewhat or a lot more important in the next five years



believe the relationship with marketing will become somewhat or a lot more integrated in the next five years

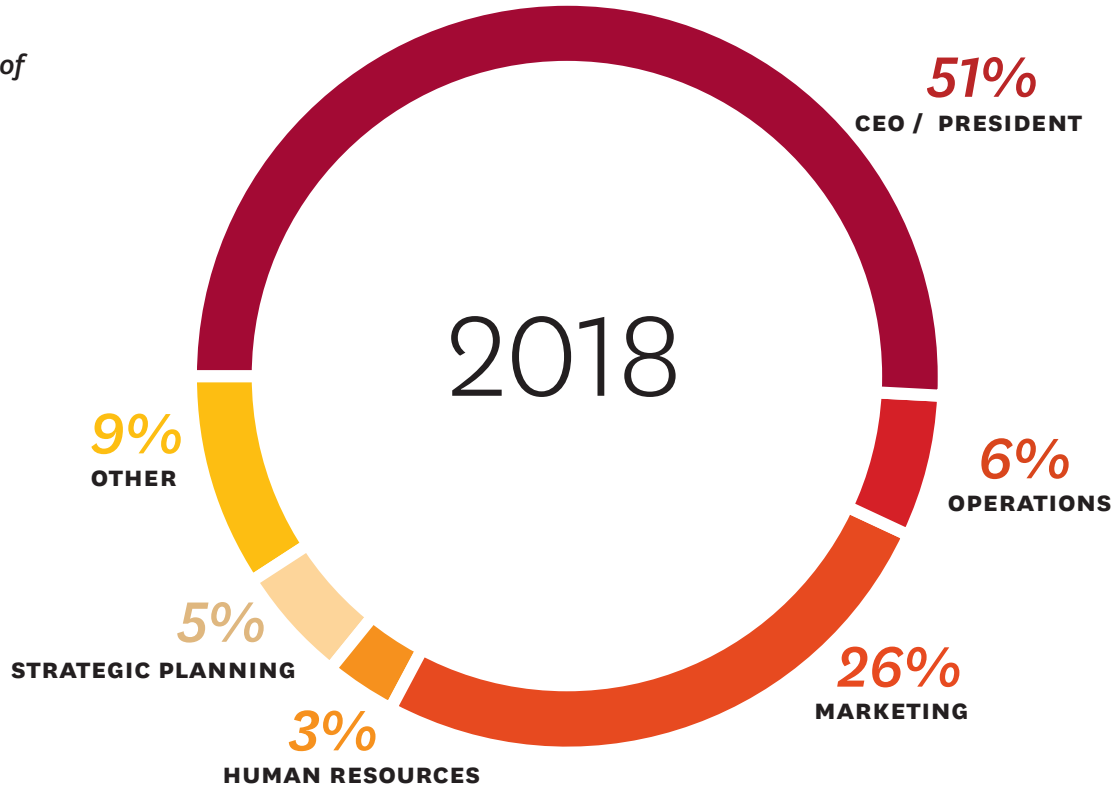
AGENCY:

What person or division does your agency/consultancy normally report to inside of your clients' organizations?



IN-HOUSE:

Which of the following best describes the reporting line of your PR or Communications department?





**The expectation
of growth**

Despite what was perceived to be a tough 2017, PR executives are very optimistic about the future, especially those who lead and work at agencies. A whopping 86% of agencies are forecasting revenue growth for their firms in 2018. Half of those respondents expect growth to be under 15%, but the other half are expecting higher levels. This robust level of growth will require new sources of revenue, most likely from marketing.

While in-house communicators' glasses are less rose-colored, half are counting on budget increases for their departments – at an average growth rate of 19%. While about one-fourth expect budgets to remain the same, another fourth see them shrinking.

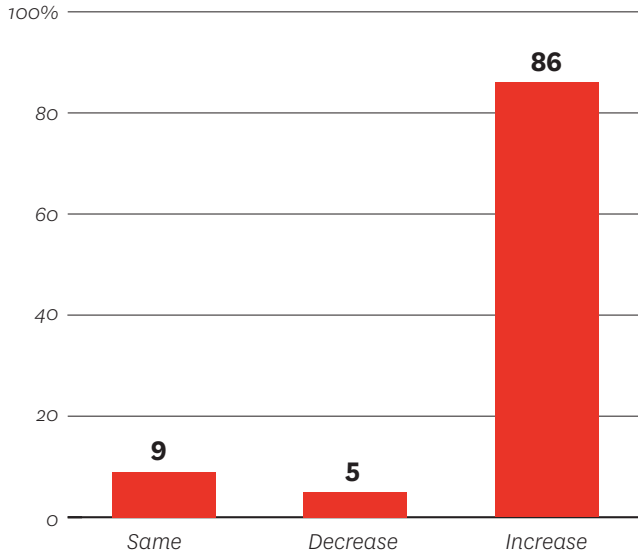
This is all very good news for those entering the field, because 70% of agency leaders say they will be increasing their staff size in the coming year – by an average growth rate of 14%. While 48% of their corporate counterparts will be adding people to their departments – by an average of 16%. Few other industries are projecting this level of expansion.

Over half of agency respondents believe growth will be more than

15%

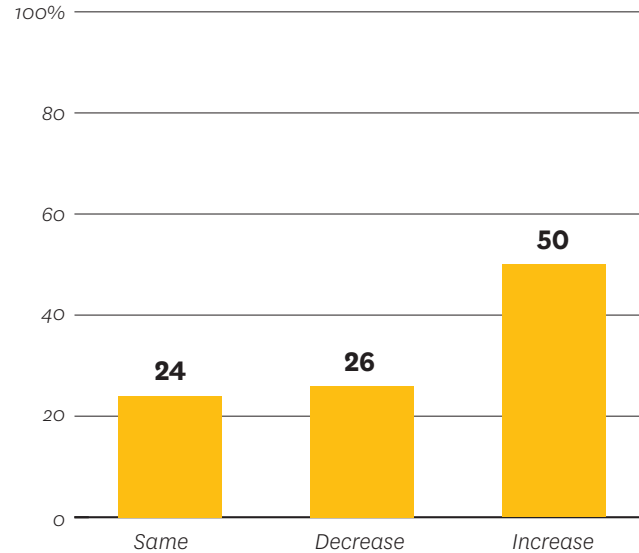
AGENCY:

How do you predict the net revenue for your agency/consultancy will change in total over the next twelve months?

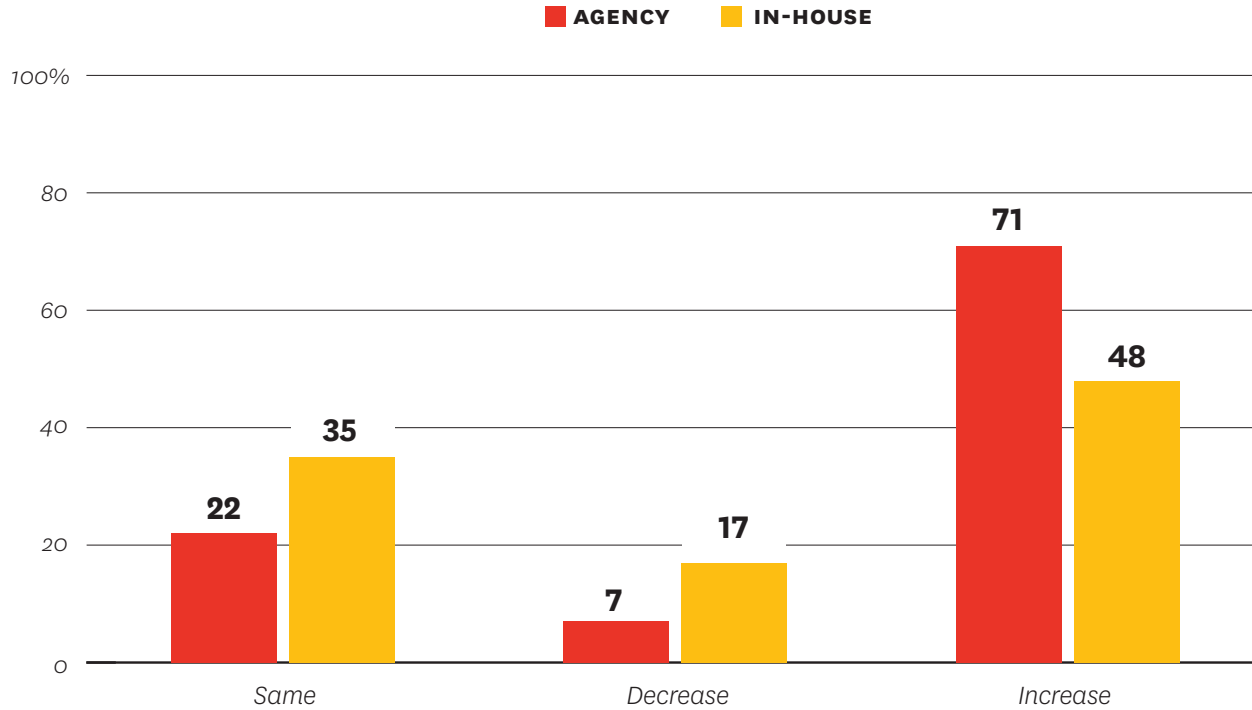


IN-HOUSE:

How do you predict the budget for your department will change in total over the next twelve months?



How do you expect the number of full-time employees to change over the next twelve months?





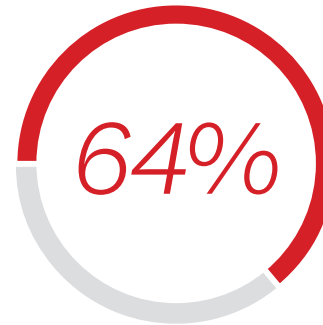
The metamorphosis of media

The media landscape continues to evolve in 2018. How does this impact consumers? Last year, we asked PR professionals if the average consumer would be able to distinguish between paid, earned, shared and owned media in the next five years. Fifty-one percent said consumers would not. In 2018, the percentage who believe consumers will not be able to tell the difference leaped to 64%.

Even more frightening, for the profession and perhaps the human race, almost 60% of PR people believe that in five years the average consumer will not care if different types of media are distinguishable. That percentage increases to 65% when you ask students. Remarkably, these numbers don't vary much from country to country. Imagine the implications for communications if no one knows or cares where the information they receive comes from.

PR PROFESSIONALS

In five years...



agree that the average person will not be able to make a distinction between paid, earned, shared and owned media when they are consuming information



agree the average person will not care whether paid, earned, shared and owned media are clearly distinguishable



The shift from earned to owned, shared and paid we identified in 2017 continues. Today, earned media remains the dominant source of revenue for agencies at 50%, but it is predicted to drop to 37% over the next five years, with shared (23%), owned (23%) and paid (17%) picking up the difference.

In the corporate world, the difference is even more dramatic. Only about one-third of their budgets are currently devoted to earned media. And in the next five years, owned will become just as important as earned.

Students seem to be heading in the same direction. Only 51% claim they are moderately or completely prepared to work in earned media, while 77% profess they are ready to work with social media.

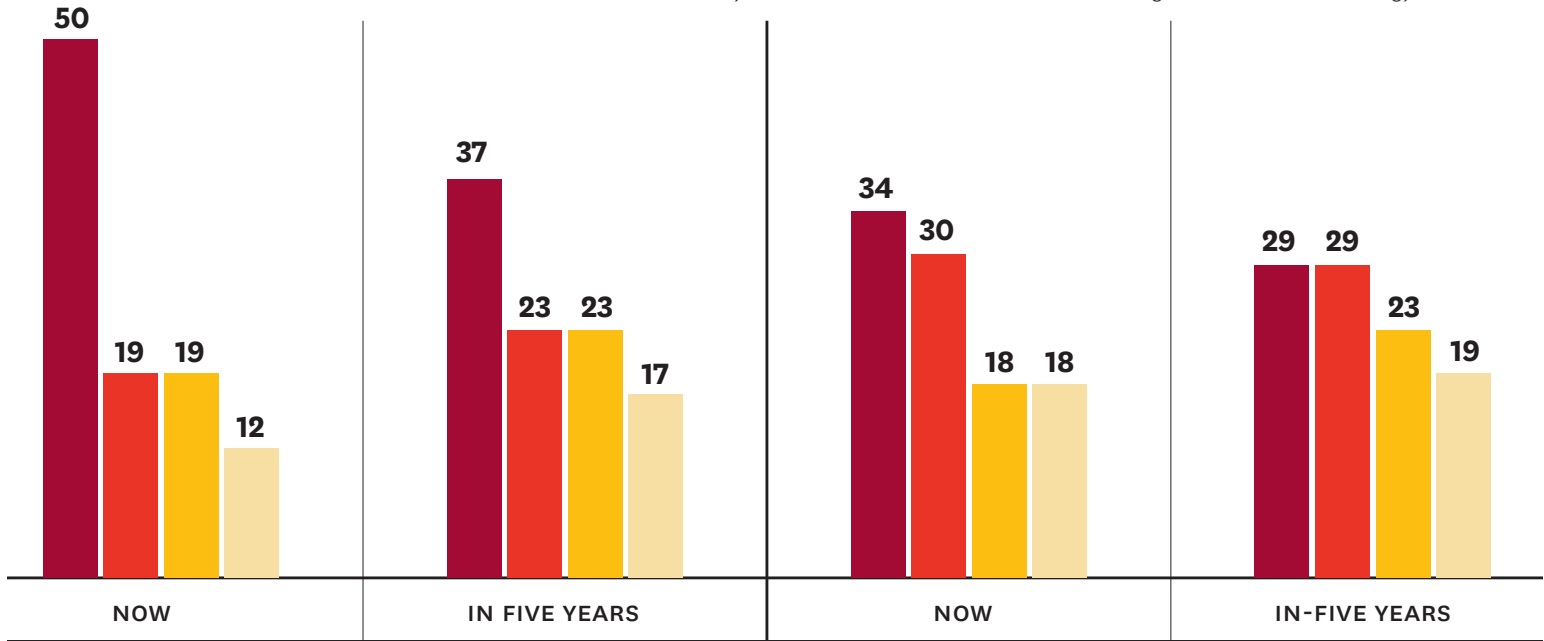
77% *of students say they are prepared to work with social media*

EARNED
(i.e. media relations)

OWNED
(i.e. website development
and content creation)

SHARED
(i.e. social media)

PAID
(i.e. branded content, paid
integrations and advertising)



% AGENCY

What percentage of your media revenue is generated from work in these channels?

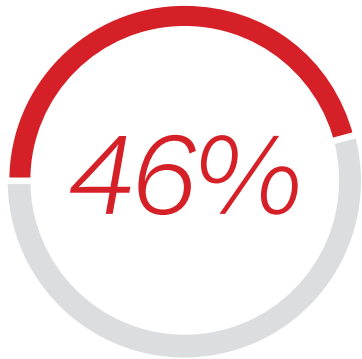
% IN-HOUSE

What percentage of your media budget is devoted to work in these channels?



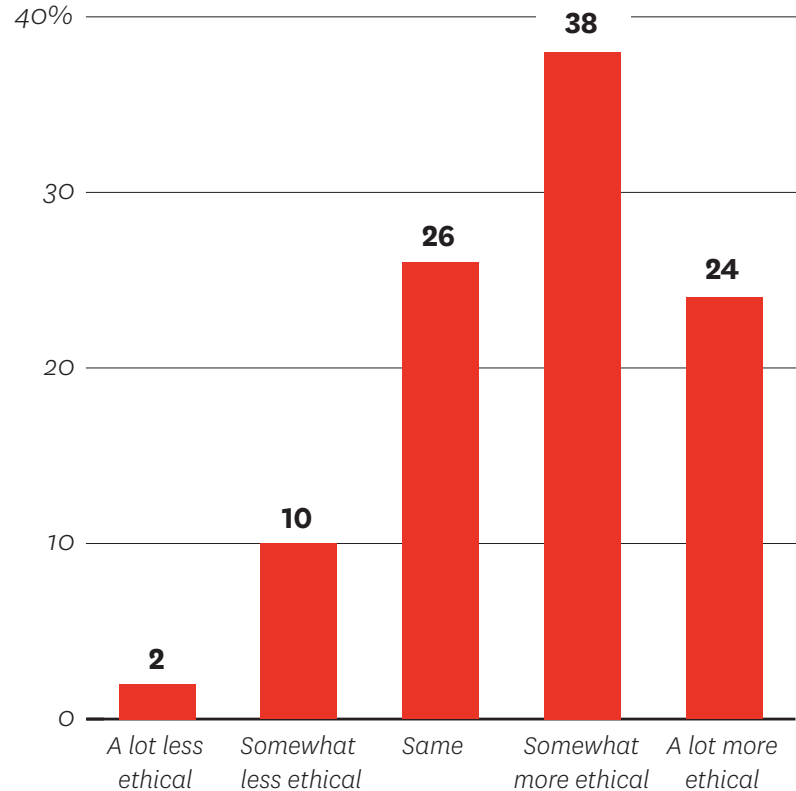
The evolution of ethics

The topic of ethics has never been more relevant to business. But are businesses becoming more or less ethical? Encouragingly, 62% of PR professionals predict more and only 12% predict businesses will become less ethical over the next five years.

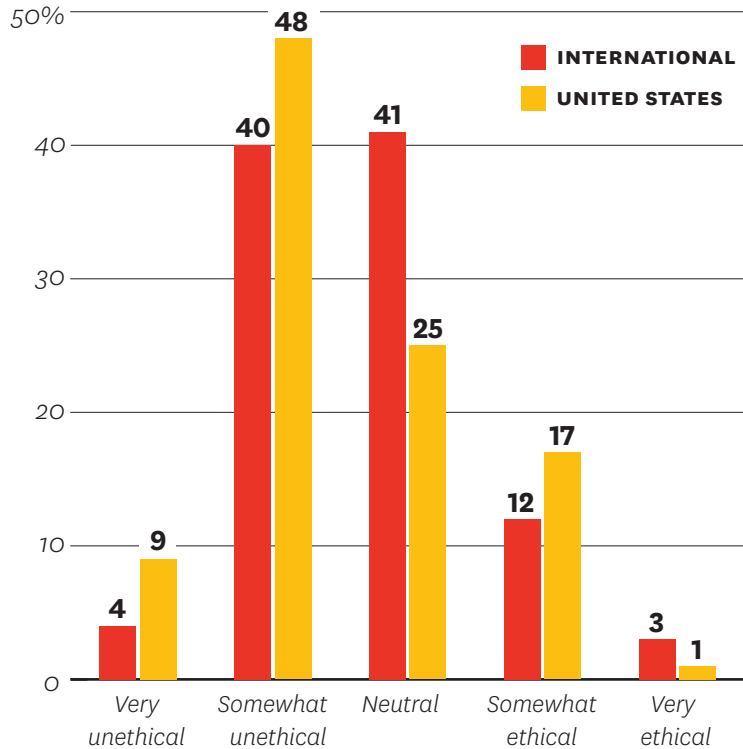


46% of PR professionals say business in their countries has become more ethical over the past five years

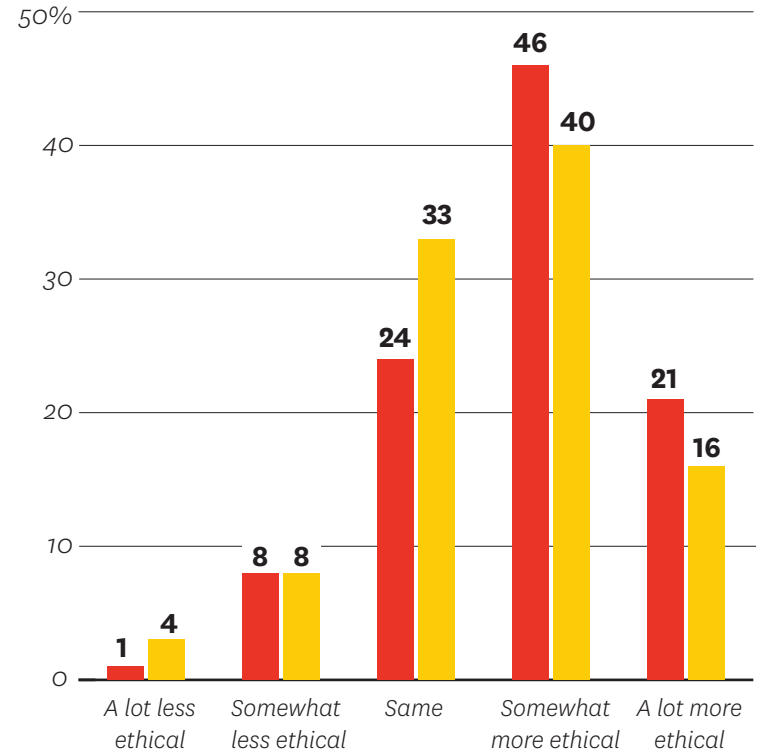
Over the next five years, businesses in my country overall will become:



In your opinion, what is the general public's image of the PR industry in your country with regards to ethics?



Over the next five years, the PR industry in my country will become:



However, their view of the PR business is a little less positive. Fifty percent of all professionals surveyed state that the PR industry in their country has an unethical image. That number is even higher among U.S. pros at 57%. Looking forward, 67% of international and 56% of U.S. PR professionals anticipate the PR industry in their country will become more ethical over the next five years.

Ethics could be an obstacle for those entering the field, because 75% of students report that the PR industry's ethics are important in determining their future careers. About 50% of students think the public perceives the PR industry to be somewhat or very unethical. On the other hand, 69% of the up-and-comers believe the PR industry will become more ethical in the coming years. Only 14% predict the opposite.

75%

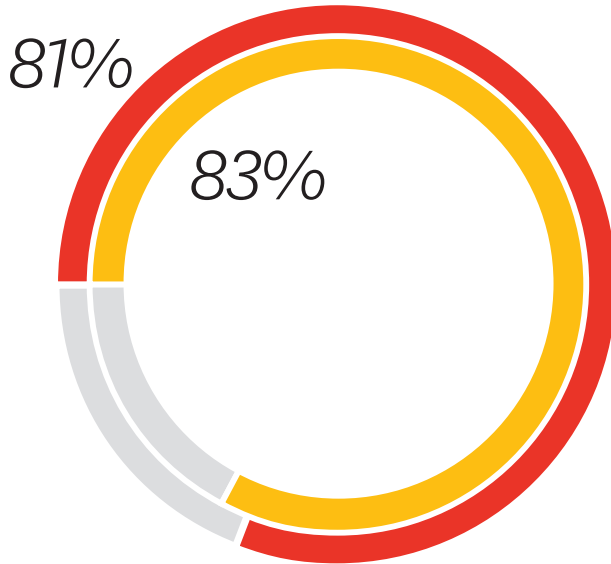
of students say ethics play a very or extremely important role in their choice of PR as a career



PR PROFESSIONALS

■ ORGANIZATION HAS ETHICS CODE

■ ETHICS CODE COMMUNICATED EFFECTIVELY



Eighty-one percent of the PR professionals state their agency or their department has a code of ethics, and 83% of these professionals say their code of ethics is effectively communicated. Seventy-four percent believe the CEO should drive the ethics conversation – versus 7% who think it is the responsibility of the communications department.

A huge majority (92%) feel the PR industry needs a generally accepted code of ethics and 59% believe a dedicated organization should enforce that code. Also, 62% think the industry needs a certification program, like the accounting profession. Who is going to do all that? According to the 58% of the respondents, the answer is an industry association, like PRSA or the PR Council.

74% *believe the CEO should drive conversations about ethics within an organization*

The PR industry needs a generally accepted code of ethical standards



The PR industry needs a dedicated organization to enforce PR ethics

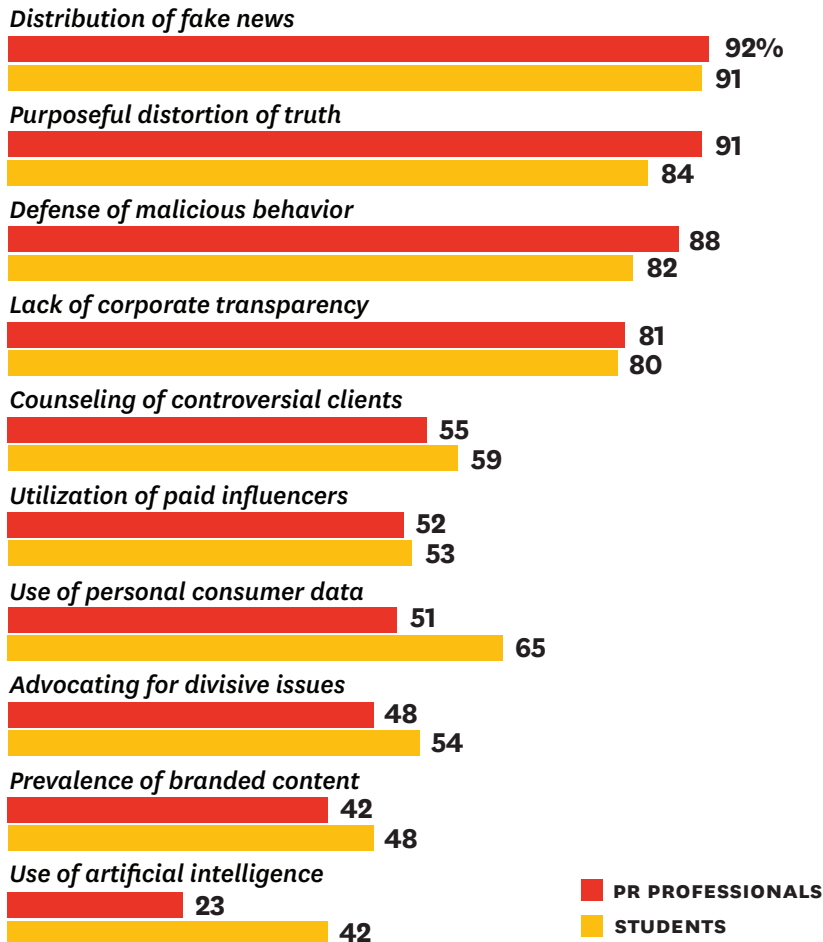


The PR industry needs certification programs (similar to industries like accounting)



58%

of respondents say an industry association like PRSA, PRCA, PR Council, Global Alliance, or ICCO should be responsible for establishing ethical standards for the PR industry



Digging further to the root of the ethics question, the survey asked PR executives which issues presented potential ethical problems for the PR industry. Fake news (92%) tops the list, followed closely by purposeful distortion of the truth (91%). International professionals feel just as strongly about these topics as those in the U.S.

Defense of malicious behavior (88%) and lack of corporate transparency (81%) are also viewed as ethical issues by the vast majority of global communicators. For the most part, PR students agree, but they are more worried about the use of artificial intelligence (42%) and personal consumer data (65%) than the older generations working in the profession.

To what extent do the following represent potential ethical issues for the PR industry?

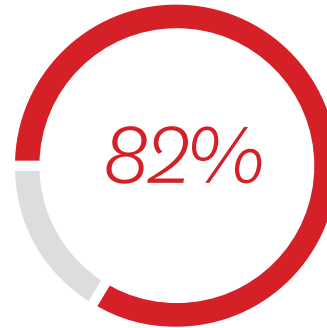
Even though about half of PR professionals rank counseling controversial clients and advocating for divisive issues as ethical concerns, 82% believe all individuals, organizations and governments have the right to PR counsel.

However, on an individual basis, 95% would refuse to work for certain organizations, individuals or governments due to ethical concerns. Eighty-two percent of students feel the same way.

18%

Of students answered no, when asked if there were individuals or organizations they would not represent or work for due to ethical reasons

PR PROFESSIONALS



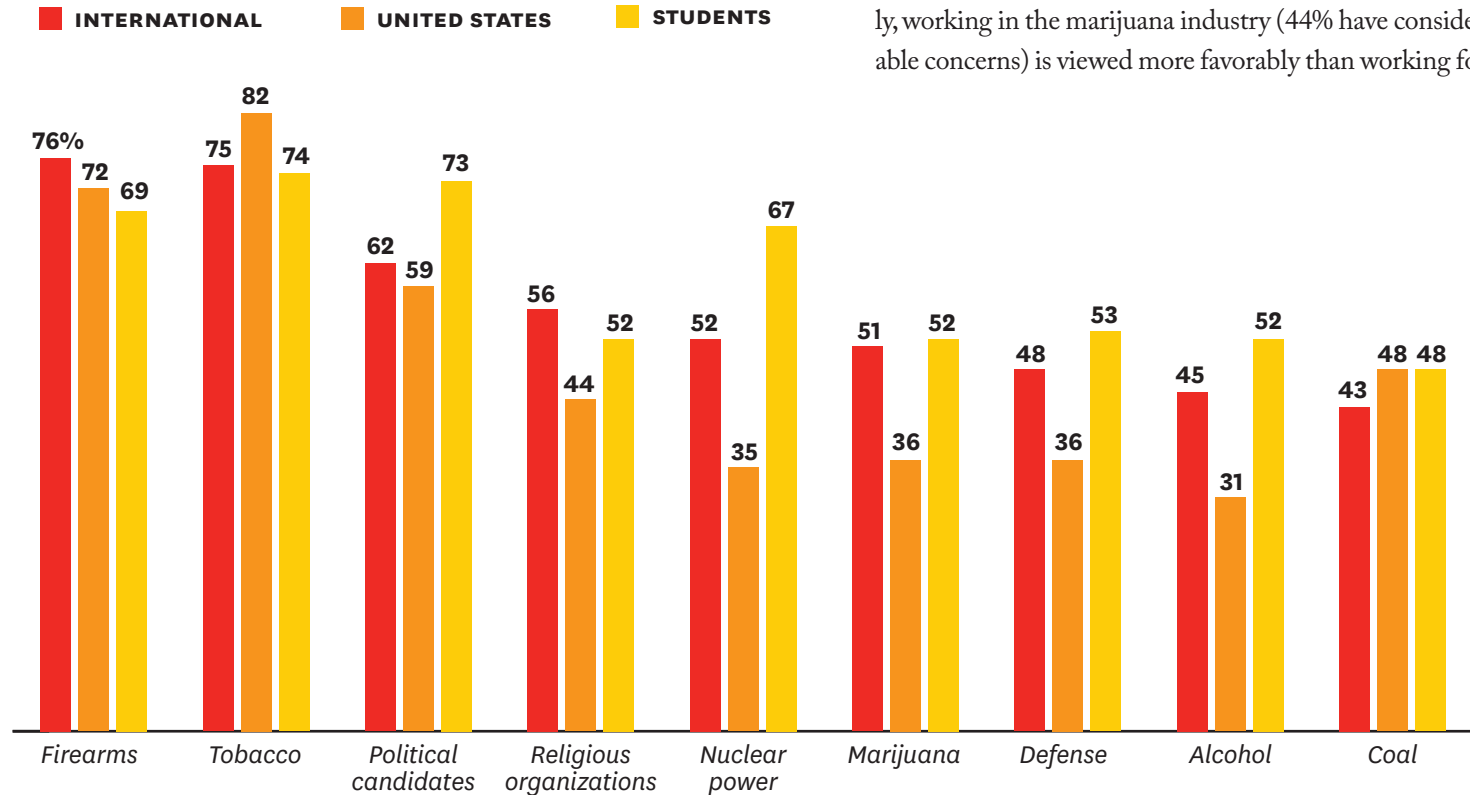
agree that all organizations, individuals and governments have a right to public relations counsel

But...



said there are organizations, individuals or governments they would personally not represent or work for due to ethical concerns

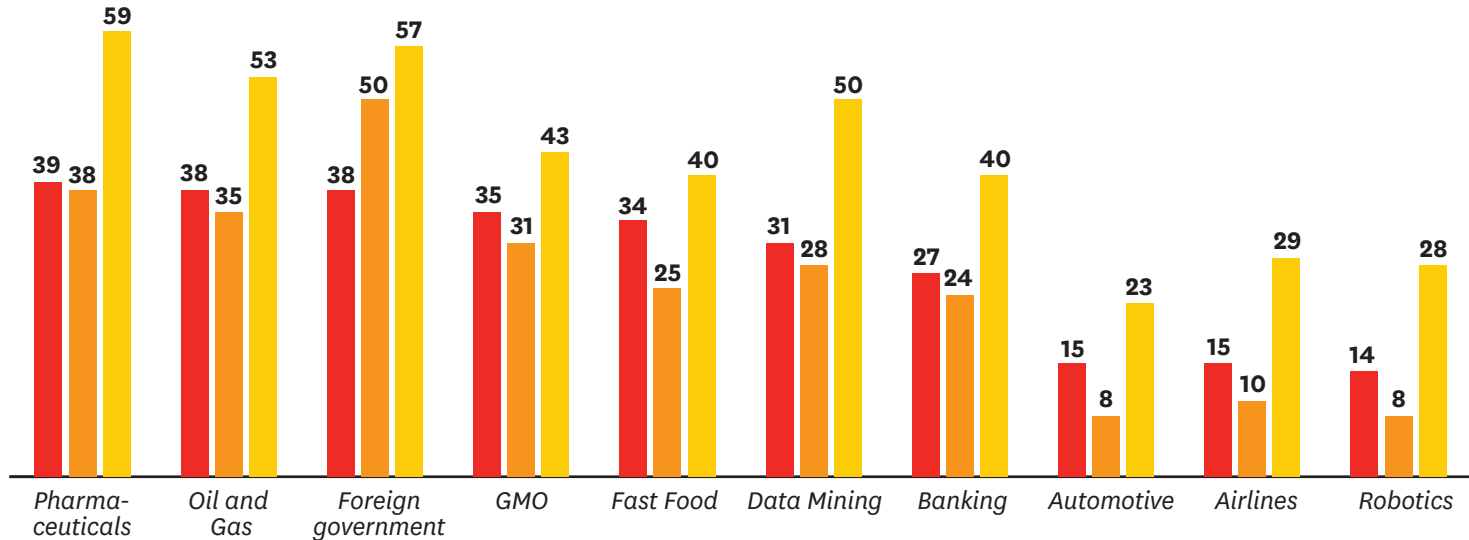
In your opinion, to what extent does representing/working for the following industries/organizations represent potential ethical issues?



On an industry specific basis, tobacco (79%) and fire-arms (74%) top the list of areas that most PR professionals worldwide associate with having considerable ethical issues. Political candidates (60%) are not far behind. Interestingly, working in the marijuana industry (44% have considerable concerns) is viewed more favorably than working for

religious organizations (50%). Students are also higher on marijuana (52%) than they are on pharmaceuticals (59%). It also appears that the alcohol, oil and gas, and defense industries may have a challenge recruiting future talent, because more than half of the students surveyed believe these fields have significant ethical issues.

Fewer international PR professionals (75%) have concerns regarding tobacco compared to their U.S. counterparts (82%), while significantly more international PR pros worry about representing defense, nuclear power, and religious organizations, as well as alcohol, marijuana and fast food.

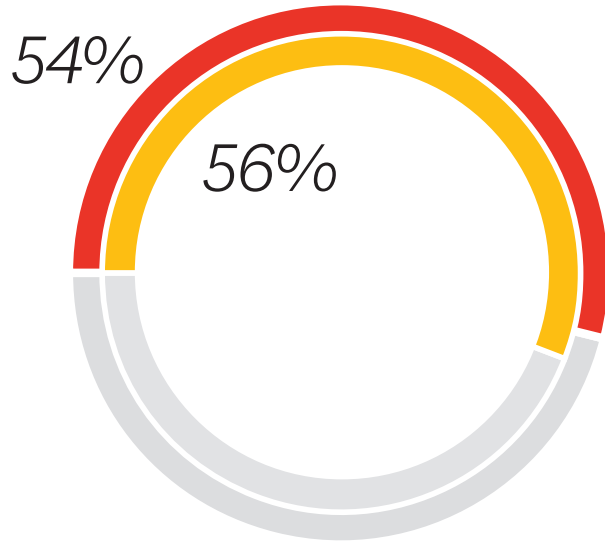


PR PROFESSIONALS

Have you had formal training related to ethics in PR?

■ FORMAL ETHICS TRAINING

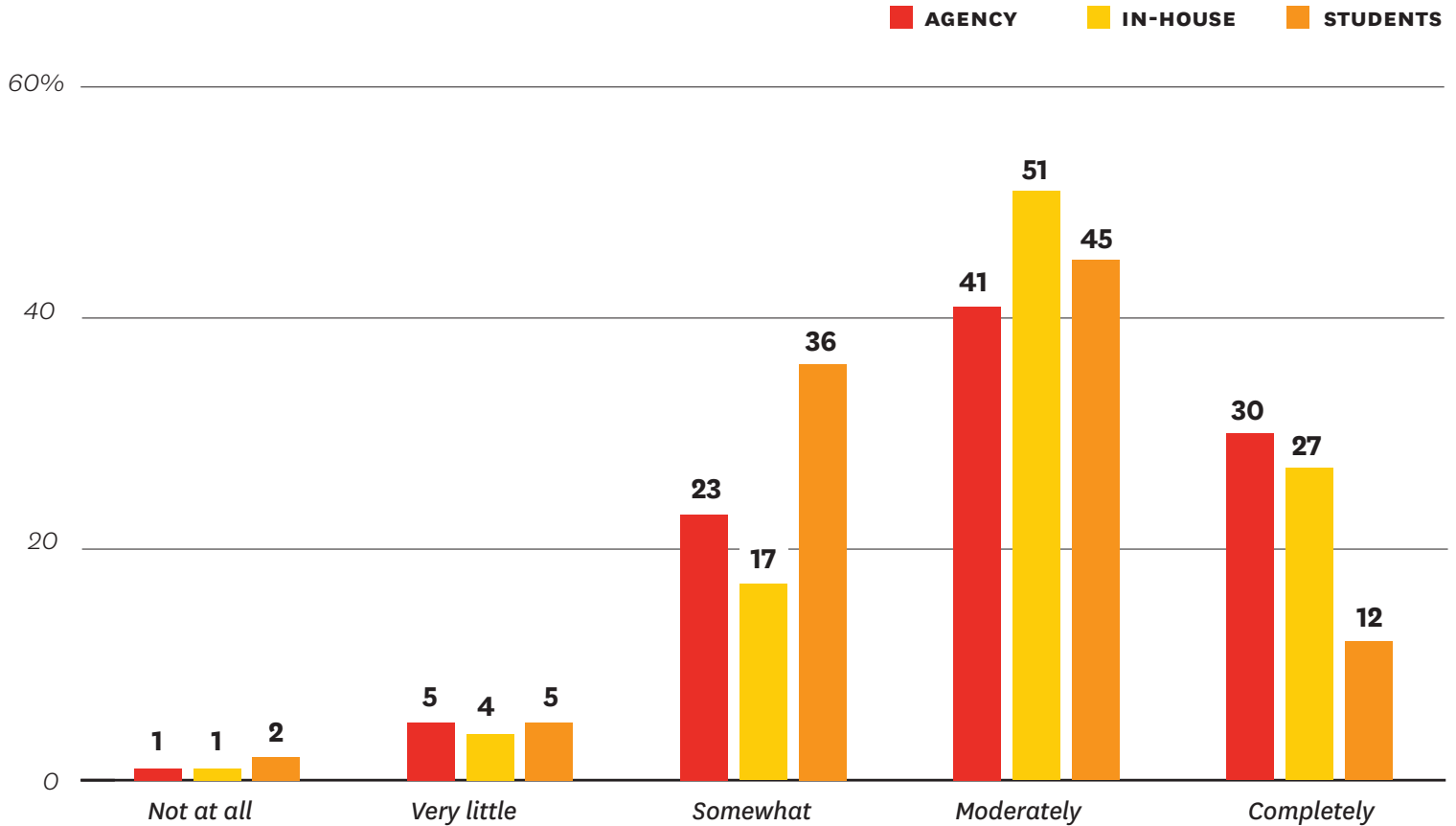
■ FORMAL ON-THE-JOB TRAINING



Only slightly more than half of all PR executives have had formal ethics training. Most of them (56%) got their training on the job, while many (47%) received training through an industry association. Fifty-eight percent of students received ethics training in school. Overall, most PR professionals (71% agency and 78% in-house professionals) feel moderately or completely prepared to handle ethical dilemmas in the workplace, while only 57% of students feel the same level of preparedness. This is important because more than half of all PR professionals believe ethics counsel will be a critical skill for the future.

58% *of students say they have completed courses related to public relations ethics*

How prepared do you feel you are to handle ethical dilemmas in work environments?





Forecast for the future

Public relations will evolve. The industry has changed dramatically in the last five years, and will change even more in the next five – driven by new technology and changing media. The scope of services provided by a PR firm or a communications department will expand exponentially, while the skills required to be a successful communicator will multiply, creating new opportunities for specialization.

Despite these dramatic changes, the profession will continue to grow as it becomes more aligned with marketing and more vital to business. Faced with complex societal issues, the PR industry will become increasingly ethical, which will positively impact society and attract diverse new talent.

While this outlook is promising, it isn't preordained. Like other fields, PR will have challenges. Competition will be fierce and issues will be complex. PR executives will need to be bold in their thinking, analytical in their counsel and confident in their value.

In the end, one prediction about the future of the PR industry is obvious. It will be unpredictable.

The Case for Ethics

Paul Holmes

Founder

The Holmes Report



When British PR man Lord Tim Bell told *The New York Times* earlier this year that “morality is a job for priests, not PR men,” he demonstrated just how far the PR profession – or at least an element of it – had fallen from its true purpose.

Lord Bell belonged to a generation of PR people – and a school of PR, with its roots in rough-and-tumble, anything-goes politics – for whom morality took a back seat to pragmatism. But these days, morality and pragmatism are no longer in conflict; they are, instead, synonymous. Or, to look at the issue from a slightly different perspective, good public relations provides the pragmatic justification for ethical decision-making.

Interest in ethical decision making has increased over the past five decades. Almost unheard of the '60s, by the mid-1980s at least 500 courses in business ethics were being taught in American schools. European schools came to the topic a few years later. Today, with growing interest in corporate social responsibility and sustainability, most schools incorporate business ethics into their courses.

An Aspen Institute survey showed that between 2002 and 2007, more MBA students expressed a desire to work in a way that makes a positive contribution to society. The survey also found a decline in the belief that a company's only social responsibility is to maximize shareholder value. Other research found that graduates want to work for companies with strong ethical standards, and consumers want to buy from socially responsible marketers.

The reasons are pragmatic as much as idealistic. The likelihood of unethical behavior going undiscovered has decreased as the scrutiny under which corporations operate – from government, media, and NGOs – has increased. And the market's willingness and ability to punish corporate malfeasance has grown too, amplified by social media.

In other words, the need for ethics is all about public relations in the most basic sense: the need for organizations to maintain relationships with the public based on trust and credibility and honesty and integrity.

Those concepts might have been negotiable a couple of decades ago, when Lord Bell was at the height of his powers, but his insistence that “morality is for priests” is quite simply no longer viable. We are living in a world in which any attempt at obfuscation, distortion or mendacity will be discovered swiftly – transparency imposed by media both mainstream and social, NGOs, competitors, or whistleblowers – and punished severely.

In this world, there is little daylight between good ethical advice (“don't lie, don't cheat, don't inflict unnecessary harm”) and good public relations advice (“don't do anything that will damage the relationship between your organization and those upon whom it depends for success”).

The equation here is simple: good relationships between an organization and its stakeholders are built on trust; trust is gained by acting ethically, and lost by acting unethically; therefore, ethical decision-making is good public relations. And, good public relations is dependent on ethical decision-making.



Methodology

The data for the 2018 Global Communications Report was collected through an online survey fielded by the USC Center for Public Relations (CPR) and distributed through PR-related email lists and social media groups. The survey was live between January 3, 2018, and February 12, 2018.

The survey asked questions regarding changes relevant to the PR industry and ethics in PR aimed at PR professionals (agency and in-house professionals) and PR students. Responses were subjected to extensive data cleaning to eliminate dubious response patterns and respondents who had misclassified themselves.

The sample for this survey is a “convenience sample.” Consequently, we cannot say that the responses are representative of the respective populations. Nevertheless, we believe this data offers numerous directional insights into the attitudes and beliefs of PR professionals and students.

Description of the PR Professionals sample:

The sample included in the analyses encompasses 1,001 responses from PR professionals, of which 590 were PR professionals working in agency/consultancy establishments and 411 working as in-house PR professionals. 53% of the PR professionals were from the United States and the remaining 47% from other countries.

Of those working for agencies/consultancies, 43% indicated that they headed the organization and 26% had significant management responsibilities within the organization. Of the in-house PR professionals, 37% indicated that they were the most senior communication professional in the organization and an additional 20% indicated that they had significant management responsibilities.

The PR professionals in the sample were mostly between 45-54 years old (32%), followed by 35-44 years (28%). 44% indicated that they were male, 54% female and 2% other or preferred not to answer. Over half (51%) had 20 years or more of working experience in the PR industry.

Description of Student sample:

The student sample encompasses 168 respondents. The student respondents were 19% male, 79% female and 2% identified as other or preferred not to answer. 76% were between 18-24 years old and 20% between 25-34 years. 91% were from the United States. 59% were undergraduate or honors students. 67% had work experience in the PR industry.

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