

A Polish public relations crisis...

The need for a clear and consistent message is poorly understood inside many companies.

by Anna Murdoch

Companies in the West mostly take it for granted that they have to share information about themselves if they want to survive and flourish. But in 'transition' economies like Poland, where democratic institutions and free market conventions are still relatively new, communication strategies tend to be poorly executed or even non-existent. In part, businesses lack the technical know how; more fundamentally the very idea of visibility and transparency remains culturally obscure.

Multinational companies in Poland have, not surprisingly, introduced standard public relations and crisis management procedures of the kind found elsewhere. PR managers in such businesses undergo regular training and are instructed in the art of communicating with the media. But many local organisations in both the public and the private sectors seem to have missed this important area in the managerial shake up taking place ahead of Polish accession to the European Union.

The point is illustrated by a telephone survey of several chemical industry companies in Poland undertaken 18 months ago. The sector was chosen because of its potential for crises like accidents and environmental damage. The respondents contacted were specifically not from Marketing or PR Departments as the researcher was curious to find out how aware ordinary employees are of risky situations and what they might communicate to stakeholders about their company, notably to the media, in a time of crisis. Receptionists and technicians were among those interviewed.

The researcher introduced himself and then asked each one to help him make an 'enlightened decision'. He was looking to swap apartments and in return for his Warsaw flat was offered a place in the vicinity of the plant in question. He claimed he was allergic to chemical waste and fumes

and wanted to find out more about pollution levels in the area. No respondent hesitated to offer exhaustive – often naively direct – explanations of the quality of the air and the likelihood of accidents near the plant. Some of the answers were disarmingly open (e.g., "If accidents happen, they usually occur inside the plant..."):

"...yes, accidents did happen here, it's all because of rot and negligence. But there were other causes too."

"Well, I can't tell you exactly but to be honest there are all sorts of fumes and dust here..."

"Well, what do you expect: where there is chemical production there's chemical waste..."

Clearly most respondents were unaware of the embarrassment they might have caused their employer because of the way they articulated their thoughts (irrespective of the circumstances and conditioning that shaped them in the first place). With one exception: no one referred the caller to the PR Department. It was evident that the need for a clear, consistent and measured message is poorly understood inside these companies.

Many foreign investors in Poland have adopted a policy of only employing young people, not 'tarnished' or 'infected' by communism, in sensitive communication posts. One of the legacies of a totalitarian state is double standard communication behaviours (praising the official party directives and actions in public while criticising and ridiculing them in the privacy of home). Such habits die hard – at any age.

The totalitarian legacy can be seen most clearly in the way Polish organisations tend to switch into a mode which could be defined as 'defensiveness', 'panic' and 'covering up

just in case' in times of crisis. Not admitting anything, after all, was the classic survival mechanism in the Stalinist and communist eras. The problem now is that the sort of verbal and non-verbal language used by many company spokespeople tends to send the signal that their organisations are untrustworthy, not credible or disloyal.

The official response of a leading Polish Bank to the brutal murder of three branch employees and a guard in March 2001 by a gang which got away with \$10,000-\$15,000 is a case in point. In an interview with one of Warsaw's largest circulation newspapers at the time the spokeswoman for the bank first insisted that the premises were secured according to the bank's 'regulations', then admitted that the building wasn't connected to the monitoring network which would have alerted security people to the attack. While rightly stressing the need to look after victims' families, the spokeswoman also appeared evasive when asked if security would subsequently be improved. Anti-terrorist and violent crime crisis planning and procedures are now a must for any business, institution or public administration body.

These short cases underline the need to establish new standards for communicating in a crisis for PR communication generally. They suggest there could be interesting opportunities and challenges for Western PR experts wishing to educate or find clients in Poland.

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...as the media shows its teeth

EDITOR'S NOTE

Anna Murdoch's article on crisis public relations in Poland (or the lack of it) highlights just one of many management challenges facing the 'transition' economies of Central Europe as they prepare for EU accession. Not long after the article arrived on my desk, her message was reinforced by a lively discussion on the media at an 'Open Forum' on Building Public Trust organised by PricewaterhouseCoopers in Warsaw in mid March 2003.

Crisis PR, one could argue, need hardly be a priority for corporations if local newspapers, magazines and television stations are supine. That is sometimes the conventional wisdom about Eastern Europe (not least among smug westerners). But while journalists in Warsaw are self-conscious about corruption and worry about the impact of advertisers on editorial independence (on both counts, they are in good company with their colleagues everywhere) the local business press is far from uncritical.

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The panel in which I participated – chaired by Puls Biznesu editor Jarek Sroka, one of an eager young breed of Polish journalists – asked a number of tough questions about the media's role. And in a poll of all participants attending the event (a mix of senior executives, Government officials and stock market participants) on the performance and standing of the various 'links' in the corporate reporting supply chain the local media scored commendably high marks.

That makes PR an especially urgent issue. At one point when PR and investor relations were being discussed Sroka asked other Polish journalists on the panel to name five companies among the top 200 which had professional PR support. Most could think of no more than one and the general consensus was that most local companies were invariably attentive when they had something to 'sell' to the media, nowhere to be seen when required to comment on a more controversial story.

Sroka also recalled how in September 2002 his newspaper

sought to test reactions to the Warsaw Stock Exchange's proposed corporate governance code aimed at requiring listed companies to implement policies on investor relations and information disclosure. While the code was still being discussed, an exercise was conducted over the internet to establish current best practice.

The 50 biggest companies in terms of market value were chosen, their sites identified, and e-mail addresses dedicated specifically to investor relations noted at 48 of them. E-mails with three questions were sent to the companies as follows:

- Which of the rival corporate governance codes are you ready to implement?
- Which points of the corporate governance codes will you reject and why?
- Are you going to pay a dividend this year and what is your dividend-related policy in the forthcoming years?

"The e-mails with the questions were sent at 9am on September 30th", explains Wiktor Krzyzanowski, editor of the markets and economy section of Puls Biznesu. "The first replies came back within minutes: automatically generated e-mails informing the sender that the addresses clearly published on the Internet sites did not exist. The first real answer came back at 11.40am from Pekao SA, the biggest listed Polish bank., informing us that our questions had been forwarded to the appropriate department. The appropriate department never replied".

"After eight hours from sending the e-mails we received the first substantive answer – from Polfa Kutno. On the following day at 14.50 came another one – from bank BPH PBK. During the next five days we received another five replies. In total we received only seven (out of 48) proper answers and only two more forwarding our questions".

The journalists were left with a feeling – amply communicated on the front page of a later edition of Puls Biznesu – that their exercise had not been taken seriously. The Stock Exchange later confirmed these findings when it disclosed that only a few listed companies had responded to its own questionnaire about the corporate governance code. "Our conclusion is not that there still is a lot to do with corporate governance and investors relations (in Poland). Our finding is not that Polish listed companies do not care. They do care about it before their IPO. Then they totally forget investors, the media and the analysts".

Tim Dickson is Executive Editor of **EBF**