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分析公關行業的商業模式和競爭策略 – 愛德曼公關個案

Analyzing the business model and competitive strategy in public relations industry

– benchmarking Edelman Public Relations

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Abstract

Public Relations an umbrella term, with a wide range of functions from investor relations to lobbying has started as powerful political weaponry back in nineteenth century. Through modernization and liberalization, public relations function is shifting from the role of being just a function towards the symmetrical communication. James E. Grunig's study of public relations as a strategic management has led public relations to a brighter future. If public relations can involve in organizational decision making, it creates value to organizations. In reality, pure public relations firms cannot be survived in the highly competitive public relations industry, especially when they are facing competition and threats from the conglomerates and consequently being acquired as their subsidiary companies. But sadly, they lost the core value of public relations because they became public relations of someone's advertising agency. However, Daniel Edelman's adhere to his core believe in public relations has never stop for the past six decades and still moving forwards to become the first public relations centered holding company and the world's biggest public relations firms. Due to the difference cultural background, the practice of public relations is founded with a gap in Western and Asian countries. Most importantly, we notice that the symmetrical communication will complement with the growth of public relations in the future.
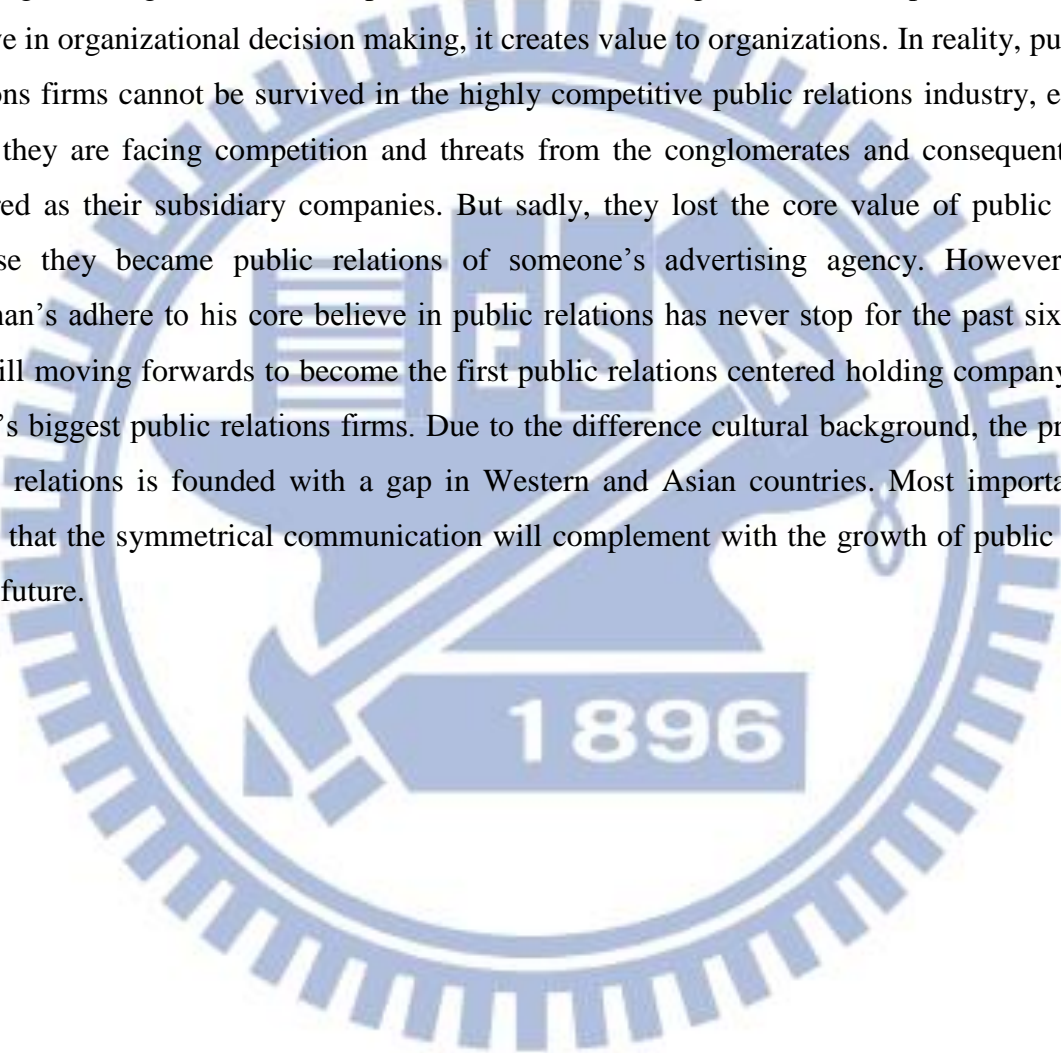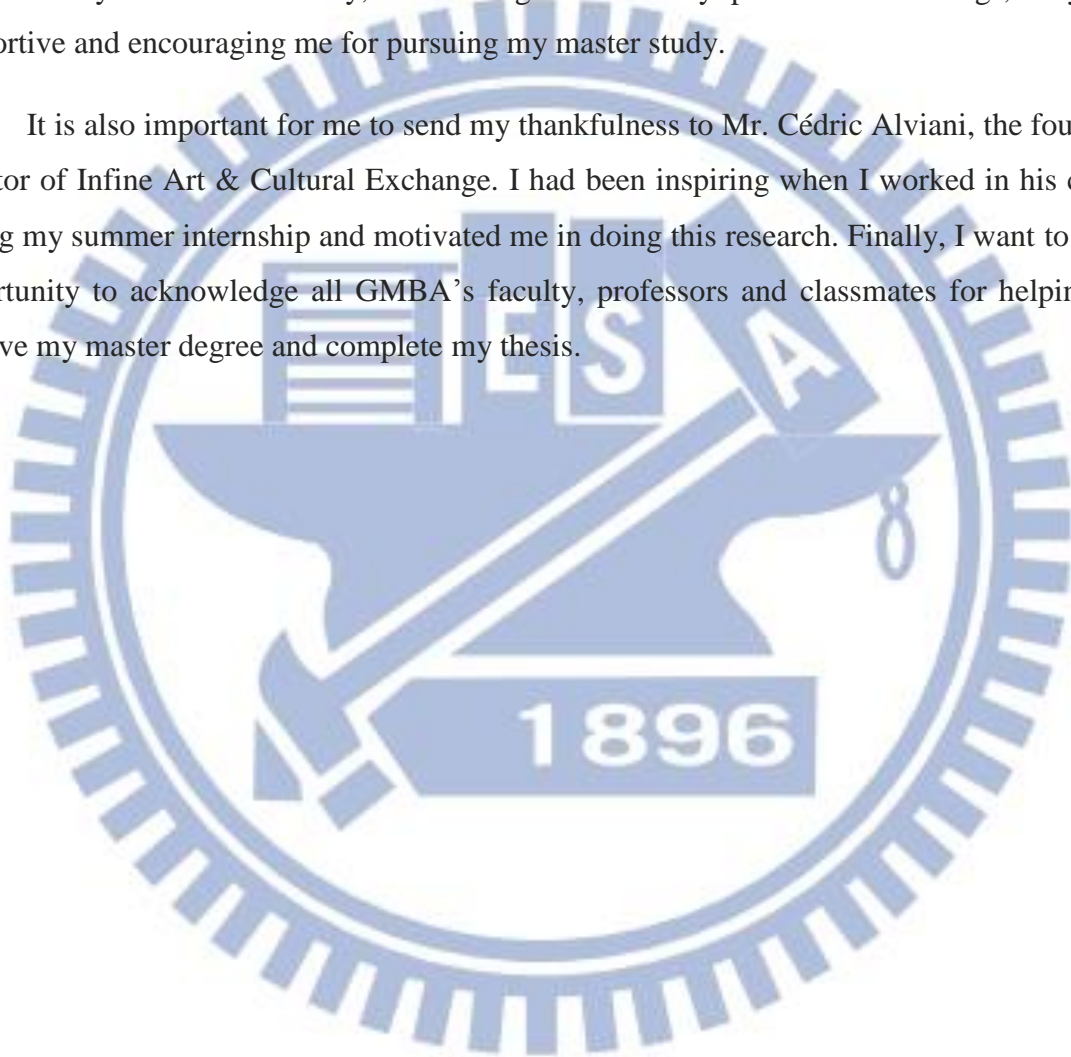
Chinese Abstract

　　公共關係，一個總稱，從投資者關係至遊說，其功能非常廣泛。早在十九世紀開始，公共關係被視為強大的政治武器。隨後經過現代化和自由化的演變，公共關係從只是功能演化成為一個對稱通信功能。詹姆斯.格魯尼格 (James E. Grunig) 在過去四十年對公共關係議題的研究，他指出公共關係應作為一種戰略管理。如果公共關係可以涉及組織的決策，它也許會創造更高的價值。在現實中，純公關公司很難存活在競爭激烈的公關行業，尤其是當他們面對的競爭對手是龐大的企業集團，結果就是被收購成為他們旗下的附屬公司。可悲的是，這些公關公司一旦被收購了就會失去其公共關係的核心價值，因為他們成為了其他廣告代理公司的公關。然而，丹尼爾·愛德曼 (Daniel Edelman) 堅持了他對於公關的信仰，經過了六十年也從來沒有改變，繼續往目標前進，因而成為了第一家以公關為核心的控股公司，也成為了全世界最大的公關公司。基於文化背景的差異，公共關係在西方和亞洲國家的實踐上有一些差距上的不同。但是最重要的是，我們發現對稱通信與公共關係在未來的增長將有互補的作用。

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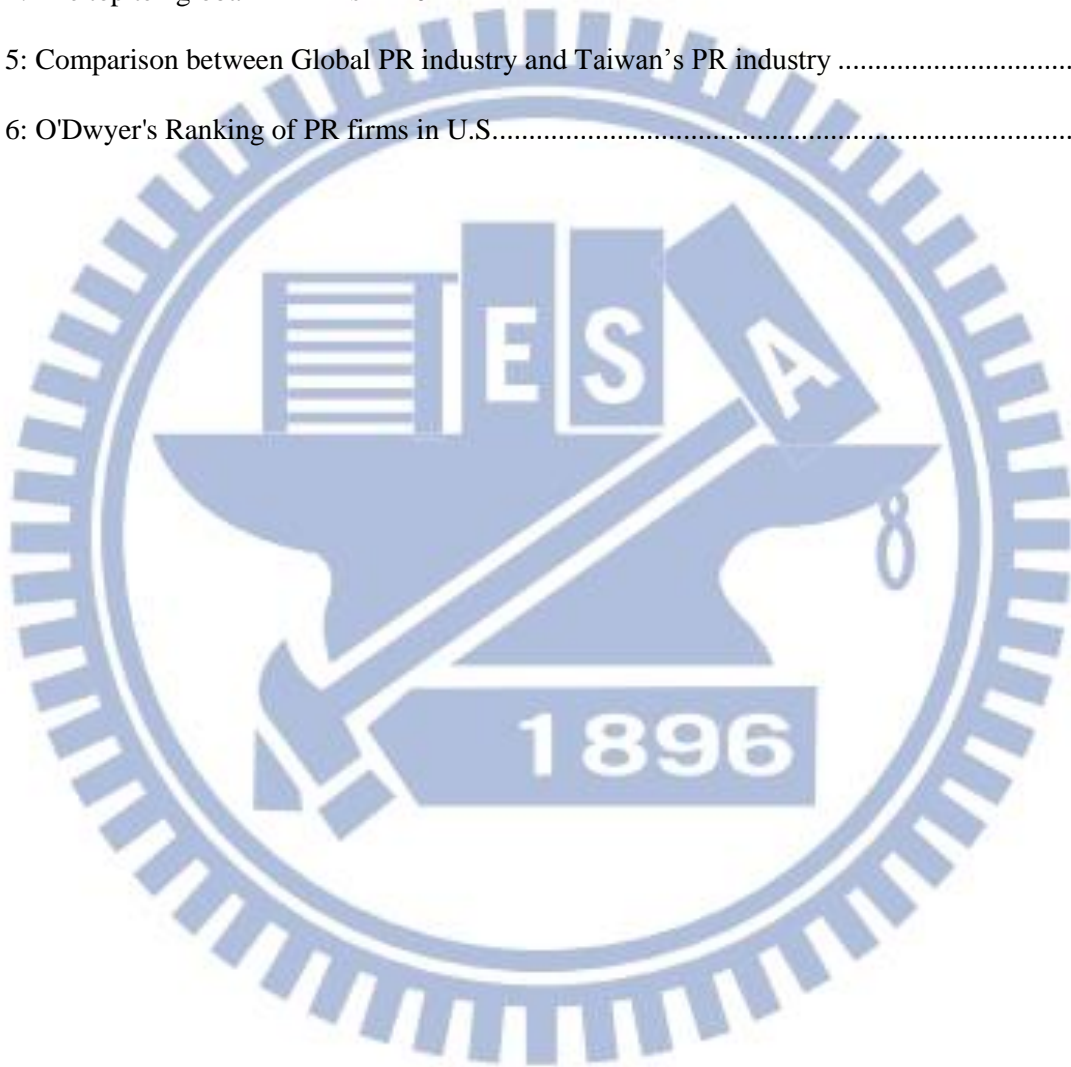
Table of Contents

List of Tables

List of Figures

1. Introduction

There is great influence of public relations in our daily life. Ranging from daily mass media influences to government lobbying is related to public relations. The term public relations carried a wide range of definitions and functions. A lot of scholars have studied about public relations for the past decades and the most influential public relations scholar is James E. Grunig. He had developed the main framework for public relations studies and theories in his over 45 years of research and studies in public relations. Thus, I am keen to explore the public relations industry and its business model.

Unlike the public relations in the United States, public relations in Taiwan is perceived as lower status industry compare to advertising and marketing industry. Therefore, PR professionals are considered as labor intensive rather than professional intensive because I have met a lot of people who had worked as PR practitioners but never want to go back to PR industry again because they were found with low salaries if compared to the time contributed for executing projects.

For my study, I begin my thesis with literature review. Chapter one is composed of the main concept of public relations and definitions. Then, we will review the literature used to analyze the role of public relations as strategic management and public relations strategy. Chapter three will focus on public relations models that developed by James E. Grunig, the well-known public relations scholar and researcher. With more than 40 years in observing public relations practice around the world, he classified public relations models into asymmetrical model (press agentry, public information and two-way asymmetrical models) and symmetrical model. From his early research and ongoing research on excellent public relations which emphasized on public relations as strategic management is crucial to organization effectiveness. By understanding the fundamental and development of these four business models, it will be helpful for the industry analysis in the following chapter.

Furthermore, we will find out the effect or difference of public relations practice by comparing the global public relations practice with local practice (targeted Taiwan as local). In this part, my audience will have an overview of the history and evolution of public relations industry. The history of public relations can be traced back from the nineteenth century where it started in United States and spread to United Kingdom in the 1920's. Most of the public relations

companies in the United States were owned by postwar communication veterans. The leading public relations companies like Hill & Knowlton and the postwar start-up agencies like Burson-Marsteller and Edelman, still successfully operating their business in the intense competitive public relations industry. These public relations firms were ranked on top ten in the Holmes Reports 2012.

Finally, in Chapter five, to have a better case study of a successful public relations firm, we have chosen Edelman (top ranking company in the Holmes Report for two years, consecutively) as the benchmarking PR firm to analyze its business model as well as the competitive strategy. Using these implications, we shall be able to give some propositions for the public relations practitioners in Taiwan.
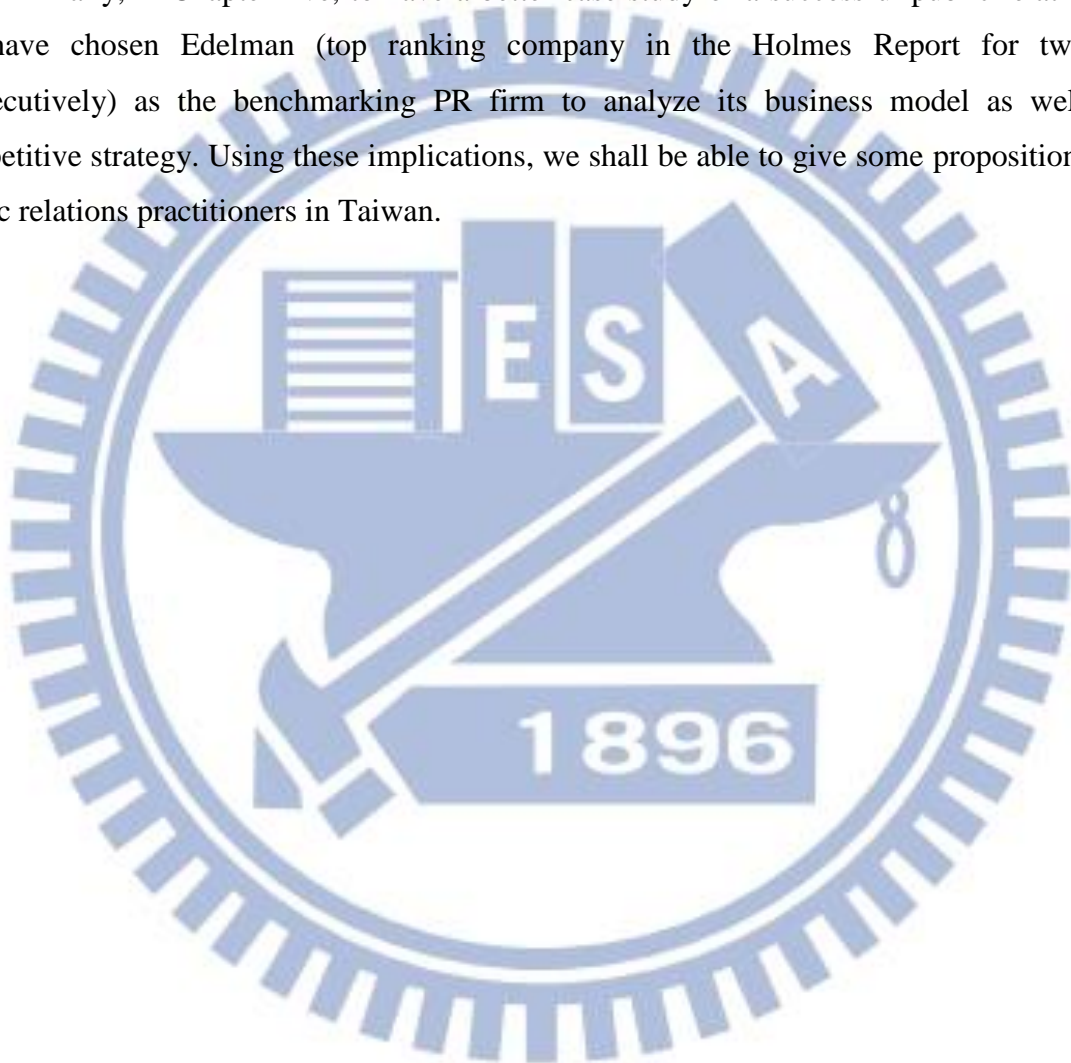
Part I: Exploring the Importance of Public Relations
2. Chapter 1: Concept Definitions

2.1 Public Relations

When we mentioned the term of public relations (PR), it carries a lot of definitions because PR is actually an umbrella term. Most of the people have misconception for the term as people always confused between PR and marketing. For example, Paul Holmes, the president and editor of Holmes Group with more than 15 years in writing about PR business has come up with the explanation in PR Week, "Someone once told me he was changing his firm's name from XYZ Public Relations to XYZ Marketing Communications because we have broadened our portfolio of services."[1] Based on his experience, he thought marketing has much narrow aspect than PR because marketing is building the relationship between an organization with its customers, on the other hand, PR is building the relationship between an organization with all the stakeholders. [2]

According to Public Relations Society of America (PRSA), the earliest definitions of PR were focused on publicity or press agentry but the modern definitions of PR move towards the concepts of "engagement" and "relationship building". In 2011, PRSA came up with a new modern concept of PR by defining PR as "a strategic communication process that builds mutually beneficial relationships between organizations and their publics." Most importantly, the word "process" is refers to "management function" which can raise the ideas of control and top-down, one-way communications.[3]

James Grunig and Hunt (1984) also characterized PR as the management of communication between an organization and its publics. The definition from Public Relations News "Public relations is the management function which evaluates public attitudes, identifies the policies and procedures of an individual or an organization with the public interest, and plans and executes a program of action to earn public understanding and acceptance . [4]

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[1] http://www.prweekus.com/paul-holmes-to-overcome-its-identity-crisis-the-industry-has-to-define-and-defend-public-relations/article/46697/
[2] Effective Public Relations, p.7
[3] http://www.prsa.org/AboutPRSA/PublicRelationsDefined/
[4] Effective Public Relations, p.4

Institute of Public Relations (IPR), the leading professional public relations organization in UK defined PR (1987) as the planned and sustained effort to establish and maintain goodwill and understanding between an organization and its publics. The word 'planned' and 'maintain' were emphasized that the relationships are not form automatically or without effort. Thus, they have to be 'established' and 'maintained'. Public relations work exists in time and they focus on goodwill and mutual understanding between organization and the publics.[5]

2.2 Public

Public is the target audience in the communication relationships. According to James E. Grunig and Hunt (1984), public can be segmented. They pointed out that a crucial distinction for segmenting a population of people into publics is the extent to which they passively or actively communicate about an issue and the extent to which they behave in a way that supports or constrains the organization's pursuit of its mission. They identified three types of publics:

(1) *Active publics* have detected a problem regarding the organization or an issue important to the organization. Members of an active public have communicated about the problem or issue and are organizing to do something about it.

(2) *Aware publics* have detected a problem, but have not communicated with each other nor have they organized for action.

(3) *Latent publics* are people affected by consequences of organizational actions, and therefore are linked to the organization. However, latent publics are unaware of these consequences; such publics have not detected a problem.

J. Grunig's (1978) theory of publics underscores the dynamic nature of defining publics according to concepts of open-systems theory. Following J. Grunig's theory, publics are not viewed as fixed or constant. Moreover, publics are defined by the consequences of organizations' actions and issues. They are monitored as they pass from non-publics status to latent, aware, and active publics. Action and communication strategies are implemented to change publics and adapt the organization to those publics.[6]

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[5] The Handbook of PR, p.5
[6] Excellence in Public Relations, p.125

2.3 Communication

Windahl and Signitzer (1992) point out that there are two main traditions in defining communication, the one-way transmission model and the two-way exchange concept. In contrast, Rogers and Kincaid define communications as 'a process in which the participants create and share information with one another in order to reach a mutual understanding'.

Moreover, Berger (1995) identifies four levels of communication: intrapersonal (thoughts), interpersonal (conversations), small group communication (like a lecture) and mass communication. He points out that talking to another or others uses the airwaves to carry the verbal message, as well as non-verbal communication, like body language, facial expression and so on. Mass media communication uses print, broadcast or phone wires to communicate with a wide range of geographically scattered people.

2.4 Relationships

According to Grunig, relationships is a way to evaluating the contribution of public relations programs and the overall function to organizational effectiveness in the long-term and short-term. Huang (1997) and Grunig and Huang (2000) began to identify trust, control mutuality, satisfaction, and commitment as key components of high-quality relationships that can be measured for both planning and evaluation of public relations (Grunig 2006).

Hon and J.E. Grunig (1999) also identified two types of relationships, exchange and communal relationships. They argued that public relations makes a unique contribution to strategy when it helps organizations develop communal relationships with the publics, where the relationships that benefit publics but not necessarily the organization. However, Hung (2002, 2005) founded six types of relationships after the study of the relationships of multinational companies in China. They were mutual communal, covenantal, contractual, symbiotic, manipulative, and exploitive relationships. As a result, she found that covenantal relationships helped reach a win-win situation while mutual communal relationships benefitted multinational companies the most.

2.5 Stakeholders

In his book, Grunig mentioned that the terms stakeholders and publics are used synonymously. However, they are still difference by definition. People are included in stakeholders because they will be affected by organizational decisions or vice versa. If

stakeholders are more aware and active can be described as publics. Furthermore, J.E. Grunig identified the eight most common categories of stakeholders in his Excellence Study, they are employees, media, investors, community, customers, government, members of associations, an donors. (Austin and Pinkleton 2006)

2.6 Public Relations Functions

As mentioned in previous section, public relations (PR) is an umbrella term. Now, we would like to look at the PR functions to have a clear concept about PR activity. Questions like "What is PR", "When is PR being used", "Who is PR practitioners", "Why PR is needed" and "How can PR functioning" can be answered from this section by explaining the activities and techniques of PR. The practice of public relations includes publicity, lobbying, internal relations, advertising, press agentry, public affairs, issues management, and investor relations. These public relations functions act differently in every organization because it depends on the need or situation occurs. (Cutlip, Center et al. 2000)

Internal Relations

Before any relationship can be maintained with customers, consumers, neighbors, investors, and others outside the organization, management must attend to those who do the work, which are the employees. Hence, employees should be treated as "the organization's most important asset", and organization culture plays an important role. Organizations will need to plan and implement programs of internal communication to keep employees informed and motivated, and to promote the organization's culture.[7]

Publicity

The earliest definition of PR is focused on publicity. Publicity is information provided by an outside source that is used by the media because the information has news value. Back in the old times, publicity is an uncontrolled method on information being used because the source does not pay the media for placement. Therefore, a lot of misused by the media.[8]

Advertising

Unlike the publicity model, advertisers control content, placement, and timing by paying for media advertising time and space. Both publicity and advertising are mediated

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[7] Effective Public Relations, p.9
[8] Effective Public Relations, p.10-11

communication, but advertising is using a controlled method over the source and information that being advertised.[9]

Press Agentry

Press agency is creating newsworthy stories and events to attract media attention and to gain public notice. They focus on gaining attention more than to build public understanding and most of the time they use publicity as their major strategy. Commonly, press agentry plays a major role in the music recording industry, professional sports, tourist attractions, motion picture studios, television, concert and theater performances and companies headed by celebrities.[10]

Public Affairs

"Public Affairs" is commonly used in the military services, many governmental agencies, and some corporations as a substitute for public relations. Public affairs is a specialized part of public relations, which refers to build and maintain governmental and local community relations in order to influence public policy. Corporate public affairs specialists serve as liaisons with governmental units, implement community improvement programs, encourage political activism, campaign contributions and voting, and volunteer their services in charitable and community development organizations.[11]

Lobbying

Lobbying carries the meaning of public affairs, but refers to an even more specialized and criticized part of public affairs because lobbying attempts to influence legislative and regulatory decisions in government. Lobbying involves much more than persuading legislators.[12]

Issues Management

Issues management is the proactive process of anticipating, identifying, evaluating, and responding to public policy issues that affect organizations' relationships with their publics. There are two points to capture the essence of issues management: (1) early identification of

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[9] Effective Public Relations, p.12

[10] Effective Public Relations, p.14

[11] Effective Public Relations, p.15-16

[12] Effective Public Relations, p.16-19

issues with potential impact on an organization, and (2) a strategic response designed to mitigate or capitalize on their consequences.[13]

Investor Relations

Investor relations are very important to corporate public relations because it helps to build and maintain mutually beneficial relationships with shareholders and others in the financial community to maximize the market value. The specialists work to enhance the value of a company's stock. This reduces the cost of capital by increasing shareholder confidence and by making the stock attractive to individual investors, financial analysts, and institutional investors.[14]

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[13] Effective Public Relations, p.19-20
[14] Effective Public Relations, p.20-21

3. Chapter 2: Literature Review

3.1 Public Relations as a Strategic Management

3.1.1 The "Edifice"

In James E. Grunig research article, *Furnishing the Edifice: Ongoing Research on Public Relations as a Strategic Management Function*, conceptualizes public relations as strategic management rather than just acting as publicity function. As publicity function is information provided by an outside source that is used by the media for the news value.[15] He had spent over 40 years in public relations and developed an "edifice", which provides a framework for public relations practice and have become the important role in the development of public relations theory and research.

The first part of the edifice was the situational theory of public that renamed by James E. Grunig from the cognitive dissonance theory which focus on information seeking. According to the theory, it explains the communication behavior points out that people were likely to selectively expose themselves to messages that supported their attitudes. In other words, people are more likely to be subjective and bias to such information. With the early intention of wanted to know the reason of why people seeking information and explain why messages have effects, James E. Grunig had brought in the critical element in theory of public relations and strategic management for today's practice. He then found out that the situational theory can become a tool to segment stakeholders into publics, to isolate the strategic publics with whom it is most important for organizations to develop relationships to be effective, and to plan different strategies for communicating with publics whose communication behavior ranged from active to passive.

From the situational theory to the organizational theory, James E. Grunig did his study of communication behavior of organizations and found that most of them were likely to give information rather than to seek information from the publics. This means organizations also using the same types of communication behavior identified by the situational theory. This is so called the one-way communication. By his later extended research to many organizations that doing

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[15] Effective Public Relations, p. 10

public relations in the United States, he followed Thayer (1968) idea of synchronic and diachronic communication to explain one-way and two-way communications. Later, he revised these two concepts into the major four models of public relations, (1) press agentry/publicity, (2) public information, (3) two-way asymmetrical and (4) two-way symmetrical (J.E. Grunig, 1984). The research suggested that the relationship among the models of public relations and these organizational variables (organizational structure, environment, technology, size, age, culture, worldview, and power structure) was normative rather than positive. He thinks the knowledge of public relations practitioners had a major effect on practicing the two-way symmetrical public relations model.

When the International Association of Business Communications (IABC) Research Foundation issued a request for proposals in 1984 for research on "How, Why, and to What Extent Communication Contributes to the Achievement of Organizational Objectives", James E. Grunig considered it was a good opportunity for him to move further from the program level of AT&T research back in the late 1970s. Therefore, through the Excellence study he gained the possibility of building a grand theory to explain the value of public relations. For the IABC's research, the most important part was to explain the value of public relations. From Grunig's literatures review on organizational effectiveness, first it showed that public relations has value when it helps the organization achieve its goals. However, to reach those goals need to go through the interaction with strategic constituencies, which are the stakeholders and publics. Secondly, public relations can add value when using the symmetrical communication to build and maintain the relationships with strategic publics.

However, for today's public relations practitioners, they pay much more attention on showing the positive financial return on investment (ROI) in public relations. The Excellence study did a great job in explaining the value of public relations in a more logically and satisfying way. Although J. E. Grunig concluded that it is difficult to measure the relationships with public in monetary value, refers to measure ROI. But, the interviews done with CEOs and senior public relations practitioners gave them some useful examples of how good relationships had help to reduce the costs of litigation, regulation, legislation, reduced the risk of making decisions that affect different stakeholders, negative publicity was caused by poor relationships and so on, all

these turned out to be the powerful evidence to show the value of good relationships with strategic publics.

More importantly, the Excellence study provided solid theory and empirical evidence of how the public relations function should be organized to maximize its value. J. E. Grunig (1984) indicated that public relations must be organized in a way that makes it possible to identify strategic publics as part of the strategic management process and to build quality long-term relationships with them through symmetrical communication programs. Firstly, the involvement in strategic management was the critical characteristic of excellent public relations and public relations must be empowered, if not public relations will have little effect on organization decisions making. Secondly, the adoption of horizontal public relations function in an organizational structure will be better than vertical structure because it allows them worked with other management functions such as marketing will collaborate more than just competed for resources and this will turn out to be an excellent public relations function. Therefore, he concluded that if the role of public relations in strategic management is to bring the voices of publics into the decision-making process, public relations should be able to improve the ethics and social responsibility of organizational behaviors.

3.1.2 Strategic Management of Communication

The term 'strategic management' is included the concepts of issue management and corporate communications where the word 'strategic' is means to achieve goals and solve problems. Therefore, strategic public relations starts when PR practitioners identify potential problems that might happen in the relationships between organization and stakeholders (Plowman 2005).

Grunig and Hunt (1984) propose that organizations typically develop a formal communication function 'when the organization or its publics behave in a way that has consequences upon the other'. If these consequences are adverse, then a public relations problem or issue is created. Grunig and Hunt's depiction of the role of the public relations department is shown in the figure below. This relationship holds good for both internal and external publics. The contribution of public relations in the strategy-making process is helping to collect and

interpret information from the social environment so that strategic decision can be made. Next, PR involves in the communication of the strategic vision (Theaker 2004). [16]
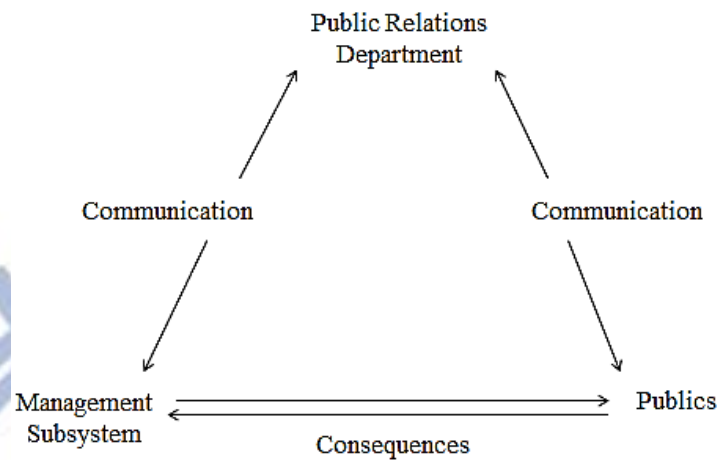
Figure 1: The role of public relations as strategic management of communication

Van Riel (1995) identifies three forms of corporate communication:

(1)*Management communication* is essential about obtaining co-operation and support; organizational managers need to obtain understanding and consent from internal stakeholders for organizational objectives to be achieved. Externally management communication is about communicating organizational vision to win the support of external stakeholders.

(2) *Marketing communication* is used to support the selling of goods or services.

(3)*Organizational communication* is general term that covers public relations, public affairs, investor relations, internal communication and corporate advertising. Most of these activities Van Riel states to be within the remit of public relations.

However, Varey and White (2000) narrow this down to two inter-related communication systems.

Internal systems aim to enable the organization to meet its goals by gathering and interpreting data on expectations, attitudes and conditions from the external environment via external communication channels.

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[16] The PR Handbook, p.49-50

External systems aim to present information about the internal processes of the organization to the external environment in an attempt to influence the behavior of various publics.[17]

3.2 Public Relations Strategy

3.2.1 Perspective of Strategy

(Grunig 2006) had mentioned that the relationship perspective on public relations suggests that the purpose is to manage relationships with publics. However, the logic suggests that it is not really possible to 'manage' relationships, or reputation, images, or brands. The possible way we can do is influence outcomes by managing the processes. Therefore, J.E. Grunig had chosen the term "cultivation" for the strategies used in ongoing relationship processes.

Hon and J.E. Grunig (1999) identified several of these cultivation strategies in the literature on interpersonal communication and conflict resolution and classified them as symmetrical and asymmetrical strategies and he believed that the concept of relationship cultivation strategies is the heir to models of public relations and the two-way symmetrical model because the cultivation strategies identify specific ways in which symmetrical communication can be used to cultivate relationships. As an example, the strategy of "sharing of tasks" is a kind of symmetrical strategy. It is used in organizations to solve problems of concern to stakeholders as well as problems it is concerned with.

According to Austin and Pinkleton (2006), strategic decision making is goal directed and guided by an organization's larger purpose. According to Fred Nickols (2000), "strategy is the bridge between policy or high-order goals on the one hand and tactics or concrete actions on the other." Tactical decision making on the other hand, focuses more day-to-day actions and therefore tends to be more response oriented in nature. When practitioners respond to problems and challenges strategically instead of tactically, they have a much greater likelihood of helping organizations meet their challenges, solve or avoid protracted problems, and adjust to the expectations of key stakeholders in mutually beneficial ways (Austin and Pinkleton 2006). [18]

The concept of strategy is defined as a broad consensus exists within the management literature that strategy is essentially concerned with a process of managing the interaction

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[17] The PR Handbook, p.59
[18] Strategic PR Management, p.4

between an organization and its external environment so as to ensure the best 'fit' between the two. From this perspective, it can be argued that the public relations function has the potential to make an important contribution to strategic management through its role at the interface between an organization and its environment. For example, Grunig and Repper (1992) argue that public relations is able to contribute to organizational strategy by helping 'to manage potential conflict and assisting in building relationships with those strategic publics who may limit the autonomy of the organization 'to attain its goals'. Hambrick (1983) suggests two main reasons for this lack of consensus: first, strategy is a multidimensional concept; and secondly, strategy is inherently situational and will, as a consequence, tend to vary by industry (Kitchen 1997). [19]

3.2.2 Levels of Strategy

Conceptually, strategy has been considered in terms of a hierarchically organized structure in which the essential layers of any formal strategic planning process are seen to comprise the corporate, business and functional levels of strategy (Hax and Majluf, 1991). Johnson and Scholes (1993) draw the following distinctions between corporate, business and operational or functional strategies.[20]

Corporate strategy is concerned with what type of business a company as a whole should be in and is therefore concerned with decisions of scope. It may also be concerned with decisions regarding the acquisition or divestment of businesses or with the allocation of resources between a company's different businesses. Corporate strategy is also likely to be concerned with questions about the financial structure and organizational structure of a company as a whole. In other words, corporate strategy addresses issues which by their very nature affect the totality of the organization.

Business or competitive strategy is concerned with determining how a company should compete in particular markets. Thus, while corporate strategy is concerned with decisions about the organization as a whole, competitive strategy is more likely to be concerned with various business units within the organization. Here, decisions may focus on such issues as whether to compete across a market as a whole or whether to focus on particular segments of the market.

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[19] A Strategic Perspective for PR, p.45
[20] Public Relations Principles and Practice, p.52-53

Competitive strategy decisions may also be concerned with how best to enter new markets, or how best to combat the threat from competitors in the markets in which the organization operates.

Operational or functional strategy is concerned with how the various functions of an organization – marketing, finance, personnel, manufacturing, and so on – contribute to the success of other levels of strategy. As Johnson and Scholes (1993:11-12) point out 'in most businesses, successful business strategies depend to a large extent on decisions which are taken, or activities which occur, at the operational level. The integration of operations and strategy is therefore of great importance'.

Overall, it is generally recognized that all three levels of strategy need to be integrated closely together in order to ensure that an organization is able to make optimum use of its resources and is able to compete effectively in its markets.

3.2.3 Competitive Strategy

Competitive strategy has been described as 'the core level of strategy' because it is at this level that most competitive interaction occurs and where competitive advantage is ultimately won or lost (Montgomery and Porter, 1991:xiv).[21]

Perhaps the most important and influential contribution to thinking about competitive strategy in recent years has been that of Harvard Business School Professor, Michael Porter, whose texts Competitive Strategy: Techniques for Analyzing Industries and Competitors (1980) and Competitive Advantage: Creating and Sustaining Superior Performance (1985) have undoubtedly had a pervasive influence on thinking in this field. For Porter (1985:1), the emphasis on competition is all important:

Competition is at the core of the success or failure of firms. Competition determines the appropriateness of a firm's activities that can contribute to its performance, such as innovations, a cohesive culture, or good implementation. Competitive strategy is the search for a favorable competitive position in an industry, the fundamental arena in which competition occurs.

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[21] Public Relations Principles and Practice, p.53

Competitive strategy aims to establish a profitable and sustainable position against the forces that determine industry competition.[22]

Therefore, competitive advantage lies on 'upstream' of product markets and depends on firm's characteristic and most importantly the firm's resources are difficult to imitate by competitors (Teece, Pisano et al. 1997).

3.2.4 Corporate public relations and marketing public relations

When defining marketing, McCarthy (1960) argued that its basic task was to combine the four main elements into a marketing program to facilitate the market exchange, known as the marketing mix or 4P's (product, price, place, and promotion). Likewise, promotion was traditionally divided into four elements, known as the promotional mix: advertising, sales promotion, personal selling and public relations. In recent times, this promotional mix has been extended to include direct mail, sponsorship and the Internet (Dibb et al., 2001). In this context, public relations is seen as a communication tool that will be coordinated with the others (e.g. advertising) to achieve a previously defined marketing objective. Therefore, when seen in relation with marketing, public relations is incorporated within its aims. According to Goldman (1984) "while all public relations is concerned with strategy, marketing-oriented PR is concerned with marketing strategy" (Lages and Simkin 2003).

Public relations academics trying to build a specific theoretical framework for the discipline reject marketing PR as a limited and misleading view of the practice. Public relations academics consider that when deployed solely as a marketing tool, public relations is reduced to a short-term, non-strategic technical task, far from its managerial potential (Grunig, 1992). Most underline that marketing and public relations are completely different managerial function (Cutlip et al., 1999). Additions to the theoretical discipline of PR, may well encourage marketers to reconsider and acknowledge the longer-term strategic input possible from public relations.

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[22] Public Relations Principles and Practice, p.54

4. Chapter 3: Public Relations Models

4.1 "Communication" in the conceptual framework of PR

From previous literature reviews, we could say that "communication" is the key of public relations. Scholars used a lot of communication theories to developed approaches to public relations. Before J. Grunig developed the PR models during his first study of PR relations behavior, He used Thayer's (1968) concepts of synchronic and diachronic communications as the idea of one-way and two-way models of communication. In Thayer's concepts, he pointed out that the purpose of synchronic communication is to "synchronize" the behavior of a public without changing organization behavior so that the organization can continue to behave in the ways they want. On the other hand, diachronic communication is to negotiate a state of affairs that benefits both the organization and the public.

Later, J. Grunig (1984) concluded that the term synchronic and diachronic literally means "at one time" and "at two times", cannot point out the difference in purpose. As an ongoing process, he elaborated the idea of one-way and two-way models of communication by including the purpose of communication as well as the direction. He replaced the terms with the terms asymmetrical and symmetrical to describe the purpose of PR as balanced and unbalanced communication and the effects.[23]

4.2 Research Process

We will begin the research process by understanding the four models of public relations developed by James E. Grunig. Using the fundamental of these four models, we will then start to look at the global public relations industry and Taiwan's PR industry. By studying the two different markets, we will be able to review the differences between them and find out the implications. Next, we will narrow down our scope of study to Edelman Public Relations as a case study. We benchmarked Edelman PR because it is the biggest PR firm in the world and we hope that we could study the uniqueness of the company, at the same time to reveal its competitive strategy. Finally, we should be able to come up with some propositions after the long process of study.

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[23] Excellence in PR, p.287
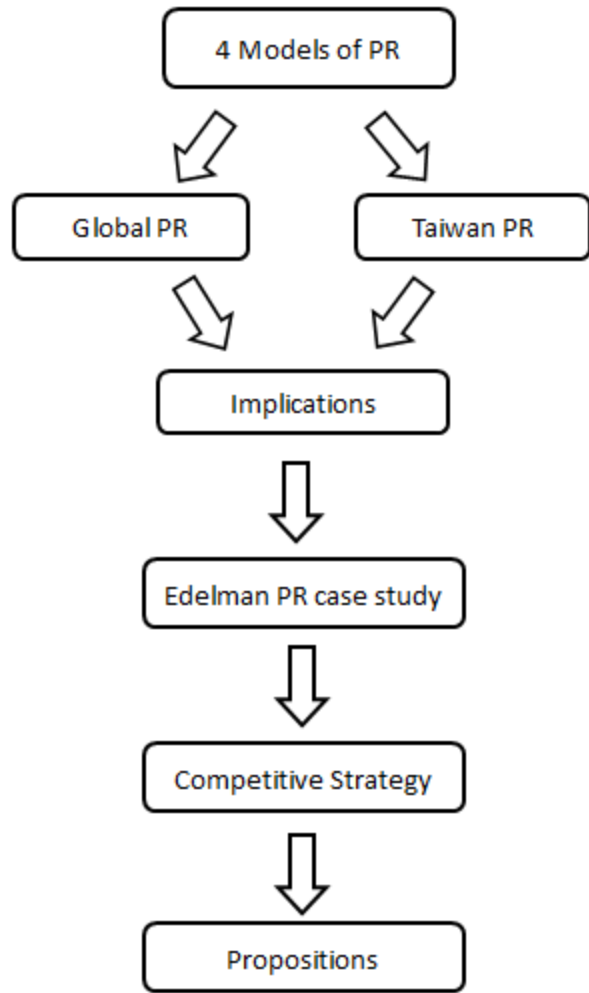
Figure 2: Research process

4.3 The Rise of Public Relations

To have a better understanding with the models of public relations, we will begin with the rise of public relations. Basically, the growth of public relations can be traced back in seven major periods of development since the nineteenth century.[24] In table 1, it shows the summary of the history and development of public relations models. Although the development of PR models is not clearly defined by historical year, these models were developed to fit into the purpose during the seven periods. The purpose or usage of each PR models is important because it represents the growth and evolution in public relations industry. Still, the process of developing PR theories and models still ongoing and we can only distinguish by using the literature reviews from scholars.

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[24] Effective Public Relations, p.94

Table 1: History of PR and Development of PR Models

History of PR (7 periods)	Development of PR models
Seedbed Era (1900-1916)	Press Agentry / Publicity - P.T. Barnum
World War I (1917-1918)	Public Information Model - Ivy Lee
Booming Twenties (1919-1929)	Two-way Asymmetrical Model - Edward L. Bernays
World War II (1930-1945)	
Postwar Era (1946-1964)	Many PR firms came in during this period: - Edelman (1952) - Burson-Marsteller (1953)
Period of Protest & Empowerment (1965-1985)	
Digital Age and Globalization (1986-present)	Two-way Symmetrical Model

Seedbed Era (1900-1916)

During this period, PR was about muckraking. The muckraking journalists effectively exploited the newly developed national forums by popular magazines, national wire services and feature syndicates.[25] According to Regier, muckraking was the inevitable result of decades of indifference to the illegalities and immoralities attendant upon the industrial development of America (Regier 1932). To overcome this issue, big companies hired former reporters to deal with the muckrakers using whitewashing press agentry. The historical key person at that time was Ivy Lee. He was the one started to use the term publicity to describe public relations.

World War I Period (1917-1918)

Before World War I, the contemporary practice of public relations emerged as a defensive measure, but during this period PR became a great offensive motive power.

Booming Twenties Era (1919-1929)

After World War I, the booming era began. During this period, PR specialty was widely spread due to the wartime developments and the used of PR advertising as a tool started to increase. It is used in government, business, education and others. The most influential figure appeared in the twentieth century, Edward L. Bernays, people also called him the "father of public relations". He was a propagandist during that period.

World War II (1930-1945)

World War II created a lot of dramatic changes in the environment and hence brought up the development of public relations. Furthermore, the paid advertising appeared to be a major tool for public relations.

Postwar Era (1946-1964)

A lot of new opportunities and new demonstrations of the utility of PR was driven by World War II. For example, using PR in motivating war production, military morale, and civilian support, also brought in new techniques and channels of communication. Furthermore, those

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[25] Effective Public Relations, p.96

major PR firms that dominate the market today were established back in this postwar era, such as Edelman Public Relations (1952) and Burson-Marsteller (1953).

Period of Protest and Empowerment (1965-1985)

This era put "consumerism", "environmentalism", "peace", "racism", "sexism" at the top of the public agenda. A new breed of investigative muckrakers and powerful new advocacy groups pushed for social change, new social safety nets, and increased government oversight of business and industry. During this period, organizations became more responsive to public concerns and values. [26]

Digital Age and Globalization (1986-present)

The digital age and globalization period is the last but still ongoing period because it still has great influence on every business industry nowadays, not to mention only public relations industry. With the causes like accelerating technology or increasing in global competition, a lot of businesses need to change the way of operating business.

4.4 Development of PR models

In early section, we have gone through the history of public relations. We have also mentioned that the development of PR models was complementary to the history. The evolution of history has brought up the increasing needs of public relations in modern society. According to James E. Grunig, he classified PR models into four types: (1) press agentry/publicity model, (2) public information model, (3) two-way asymmetrical model, and (4) two-way symmetrical model.

4.4.1 Press Agentry/ Publicity Model

This is the first model among the four and probably the kind of activity that most people associate with public relations. A press agent or publicist aims to secure coverage for a client, and truth is not an absolute requirement. This type of PR is most common in show business like celebrity PR, where individuals are promoted through media coverage. Grunig and Hunt point out that 'practitioners in these organizations concern themselves most with getting attention in the

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[26] Effective Public Relations, p.110

media for their clients'. Understanding is not necessary for this kind of PR, which is likely to measure success.[27]

4.4.2 Public Information Model

Public information model is the second model being developed after publicity model. The key person for this model was Ivy Lee, who is This model provides information to people, where accuracy is now important, indeed essential. It does not seek to persuade the audience or change attitudes because its role is similar to that of in-house journalists, releasing relevant information to those who need it. This practitioner may not know much about the audience, and tends to rely on one-way communication, from sender to receiver.[28]

4.4.3 Two-way Asymmetric Model

The third model is called two-way asymmetric model. This model introduces the idea of feedback or two-way communication. However, it is asymmetric or imbalanced because the intended change is in the audience's attitudes or behavior rather than in the organization's practices. It is also described as persuasive communication and can be demonstrated in health campaign, for example. Persuasion communication relies on an understanding of the attitudes and behavior of the targeted publics, so planning and research are important to this kind of public relations.[29]

4.4.4 Two-way Symmetric Model

Two-way symmetric model is the fourth model, it is sometimes described as the 'ideal' of public relations. It describes a level of equality of communication not often found in real life, where each party is willing to alter their behavior to accommodate the needs of the other. While the other models are characterized by monologue-type communication, the symmetric model involves ideas of dialogue. It could lead an organization's management to exchange views with other groups, possibly leading to both management and publics being influenced and adjusting their attitudes and behaviors. Communication in this model is fully reciprocal and power

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[27] The Handbook of Public Relations, p.12
[28] The Handbook of Public Relations, p.13
[29] The Handbook of Public Relations, p.14

relationships are balanced. The terms 'sender' and 'receiver' are not applicable in such a communication process, where the goal is mutual understanding.[30]

4.5 Asymmetrical versus Symmetrical Models

The four PR models can be categorized into asymmetrical model and symmetrical model. Press agentry, publicity and two-way asymmetrical are considered asymmetrical models because these models carry the intention to change the behavior of public without changing the behavior of the organization. In contrast, symmetrical model will influence both organization and publics to change their behavior. For example, symmetrical model may adopt by organizations to deal with conflict, enhance better understanding, and build good relationships with publics.[31]

The difference between symmetrical and asymmetrical communication was highlighted in papers presented by J. Grunig (1989b) and Miller (1989) and the debate that ensued at the conference on public relations theory at Illinois State University. At the conference, J. Grunig argued that the asymmetrical worldview steers public relations practitioners toward actions that are unethical, socially irresponsible, and ineffective. He argued that practitioners with an asymmetrical worldview presuppose that the organization knows best and publics benefit from "cooperating" with it.[32]

In reality, public relations units cannot be isolated in organizations, the presuppositions guiding their activities are a part of the social structure and culture that integrates the organization. No one public relations practitioner or even a single public relations department is accountable for the approach that an organization takes to communication. Thus, to develop excellence in public relations, one must look at the cultural presuppositions of the organization as well as the presuppositions of public relations. J. Grunig (1989b) came up with several presuppositions that he believes explain the asymmetrical and symmetrical worldviews. By looking at Table 2, we will be able to distinguish organizations that fall in the characteristic of being asymmetrical or symmetrical worldviews because these presuppositions will appear in their organization culture. From the table, we can see that the symmetrical worldview's presuppositions of autonomy,

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[30] The Handbook of Public Relations, p.16
[31] Excellence Public Relations and Communication Management, p.39
[32] Excellence Public Relations and Communication Management, p.40

innovation, decentralization of management and others are so important to public relations businesses.

Table 2: Presuppositions between Asymmetrical and Symmetrical Worldviews

Asymmetrical Worldview	Symmetrical Worldview
Internal Orientation, Closed System, Efficiency, Elitism, Conservatism, Tradition, Central Authority.	Interdependence, Open System, Moving Equilibrium, Equity, Autonomy, Innovation, Decentralization of Management, Responsibility, Conflict Resolution, Interest-Group Liberalism.

Part II: The Effect of Public Relations Theory and Practice
5. Chapter 4: Public Relations Industry Overview

5.1 Background

In Chapter four, we will have a global PR overview since PR originated from the United States back in the nineteenth century. By looking the evolution and development of PR in United States then spread to other countries, we will compare the impact of PR in organization level as the insight of PR industry. At the very beginning, Public relations appeared in the American Revolution's struggle for power between the patriots' grassroots movement and the commercial, propertied Tories. In the PR history, the tools and techniques of public relations have long been used as an important part of political weaponry. Thus, the developments in public relations are strictly tied to the power struggles evoked by political reform movements. Later on, public relations grew at that time when there was a need to gain public acceptance and utilization of swiftly advancing technology (e.g. the Bell Telephone System switched to all-number telephone dialing). Followed by the first corporate public relations department, it was established in 1889 by George Westinghouse for his new electric corporation for the purpose of promoting his revolutionary alternating current system of electricity.[33]

Up to now, the utility of PR is being widely used by most of the corporations, government or even non-profit organizations in the United States. Especially for government, PR is the most powerful weapon to get the popularity among the publics during the presidential campaign. The historic victory happened in 2008 when the first African-American, Barak Obama being elected as the 44th president of the United States.[34] Obama's slogan "We want change" and "Yes, we can" urged the public desire for change and improvement in issues like economic crisis, unemployment. On May 2009, President Obama launched office of public engagement that will serve as the front door to the White House, the purpose is to give information and let Americans to participate in the work of the President.[35]
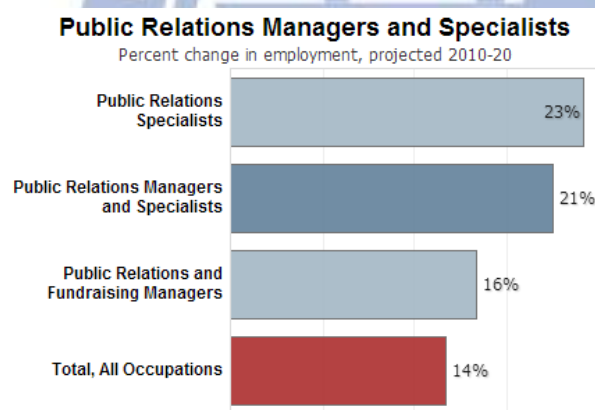
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[33] Effective Public Relations, p.88-93
[34] http://www.usnews.com/news/campaign-2008/articles/2008/11/04/barack-obama-elected-president
[35] http://www.veteranstoday.com/2009/05/12/president-obama-launches-office-of-public-engagement/

5.2 Trends in Public Relations Industry

5.2.1 Fast Growing Industry

In 2010, there was about 258,100 public relations specialist and 61,900 public relations managers working in the United States. Their job tasks include deliver speeches, meetings with clients, community activity and travel. Public relations managers and specialists need to work in high pressure environment and often executing several events at the same time. According to the U.S. Bureau of Labor Statistics, the employment of public relations managers and specialists is expected to grow 21% from 2012 to 2020. The PR occupation is faster growing than the average for all other occupations.[36] The importance of public relations is increasing as organizations are emphasized on enhancing the corporate image and visibility in the public. The public opinion which is a big threat to most of the organizations because it can be changed very quickly in a way of good and bad information spreading through the internet, especially through social media. Thanks to the growth in social media usage, the needs of PR specialist also increase respectively.

Public Relations Managers and Specialists
Percent change in employment, projected 2010-20

Public Relations Specialists	23%
Public Relations Managers and Specialists	21%
Public Relations and Fundraising Managers	16%
Total, All Occupations	14%

Note: All Occupations includes all occupations in the U.S. Economy.
Source: U.S. Bureau of Labor Statistics, Employment Projections program
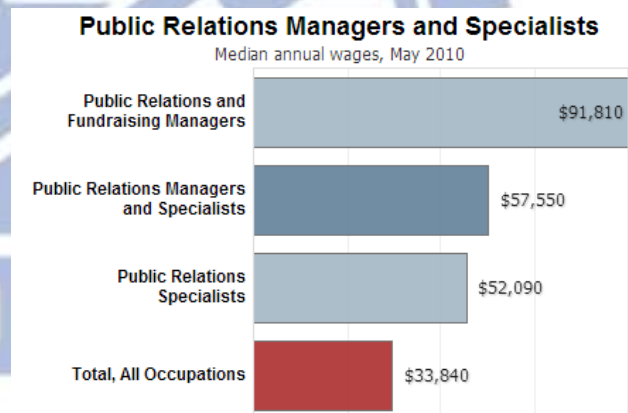
Public Relations Managers and Specialists
Median annual wages, May 2010

Public Relations and Fundraising Managers	$91,810
Public Relations Managers and Specialists	$57,550
Public Relations Specialists	$52,090
Total, All Occupations	$33,840

Note: All Occupations includes all occupations in the U.S. Economy.
Source: U.S. Bureau of Labor Statistics, Occupational Employment Statistics

Figure 3: Percentage change in employment, projected 2010-2020

Figure 4: Median annual wages, May 2010

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[36] http://www.bls.gov/ooh/management/public-relations-managers-and-specialists.htm#tab-6

Table 3: Industries with the highest levels of employment in occupation

Industry	Employment (1)	Percent of industry employment	Hourly mean wage	Annual mean wage (2)
Colleges, Universities, and Professional Schools	6,530	0.23	$47.25	$98,280
Management of Companies and Enterprises	5,120	0.26	$59.55	$123,860
Advertising, Public Relations, and Related Services	5,060	1.17	$61.56	$128,050
Business, Professional, Labor, Political, and Similar Organizations	4,080	0.97	$54.05	$112,420
Grantmaking and Giving Services	3,240	2.53	$48.88	$101,660

The above figure is the research findings about the pay for public relations professions in the United States. In order to collect more accurate data and distinguish the difference, the U.S. Bureau of Labor Statistics categorized PR professions into three categories as it includes all the standard occupational classification (SOC) code related to public relations. If we look at the salary of public relations managers, the median annual salary was $91,810 in May 2010. The median salary shows that fifty percent of the PR managers earned more than $91,810 while another fifty percent earned less. The top ten percent was capable to earn more than $166,400 but the lowest ten percent earned less than $49,720. If we look at the category of Public relations specialists, the annual median pay was $52,090 much lower than PR managers with a gap of $39,720.37

Nonetheless, the pay is depend on which city or which company you work for. As shown in the table above, the hourly mean wages in advertising, public relations industry was $61.56 higher than people working in College, University or Management Company.38 However, the bad part of working in public relations industry is overwork. According to the findings, almost one-third of public relations managers and specialist worked more than 40 hours per week in 2010.

5.3 Industry and Market Forces

5.3.1 Global Market Players

There are several market players within the public relations industry, in-house PR departments, big PR firms, the "Big Four" conglomerates, and PR Associations. These market

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37 http://www.bls.gov/ooh/management/public-relations-managers-and-specialists.htm#tab-5
38 http://www.bls.gov/oes/current/oes112031.htm

players have their own role in the market and the interestingly part is to see the relationships between them and the impact on the PR market.

In-house PR departments

Almost every organization from big companies to small companies, even for university will have their in-house PR departments. Sometimes it is not named public relations but public affairs. For example, for most of the university will set up a department like foreign students affair as a way to deal and manage the issues related to foreign students. As for most of the company, the in-house PR department is being set up for the purpose of internal communication and also taking responsibility of filtering the incoming and outgoing information within the company.

Big PR firms

The top 10 global PR firms 2012 were ranked by the Holmes reports according to the fee income from 2011 and company growth. Among these ten big PR firms, Edelman is placed at the top with the annual fee income of $614 million and about 16% in revenue growth. Others big PR firms includes Weber Shandwick, Fleishman-Hillard, MSL Group and others. Interestingly, we can see that the ranking for these ten firms in 2011 was the same as 2012. These could be applied to top ten always remain on place where these ten companies have their own sustainable advantage to stay the best at the marketplace. However, most of these top ten companies are not independent PR firms except Edelman. Most of them are tied to the conglomerates in PR industry.

Table 4: The top ten global PR firms in 2012

THE TOP 10 GLOBAL PR FIRMS 2012

Rank	Rank 2011	Agency Name	HQ	Fee Income 2011 ($)	Growth
1	1	Edelman	USA	614,900,000	15.7%
2	2	Weber Shandwick	USA	590,000,000	12.4%
3	3	Fleishman-Hillard	USA	520,000,000	3.0%
4	5	MSLGroup	France	474,000,000	13.4%
5	4	Burston-Marsteller	USA	450,000,000	3.4%
6	6	Hill + Knowlton Strategies	USA	390,000,000	4.0%
7	7	Ketchum	USA	385,000,000	8.5%
8	8	Ogilvy Public Relations Worldwide	USA	280,000,000	12.0%
9	9	EuroRSCG Worldwide	France	208,000,000	1.5%
10	10	FTI Consulting	USA/UK	200,900,000	4.0%

Conglomerates

WPP began in 1985 as a UK based manufacturer, Wire and Plastic Products. The company shortened its name to WPP Group and began to acquired companies to expand their global network. Now, WPP owns 30 PR companies including three of the top ten big PR firms, Burson-Marsteller, Hill+Knowlton Strategies and Ogilvy Public Relations Worldwide. With this large network, WPP becomes the world leader in communication services, with more than 150 companies within the Group. The revenue of WPP in 2012 was £10 million. With their tailor-made range of integrated communications services provided to their clients, they are capable in serving those client companies that came from 350 of the Fortune Global 500, 30 of the Dow Jones 30, 63 of the NASDAQ 100 and so on. Their core strategy is to focus on the fast growing markets like Asia-Pacific regions, also to achieve "horizontality" where a large number of employees can work together primarily under two integrators (clients leaders and country managers).

Omnicom Group, the second largest communication service conglomerate. Omnicom owns two of the top 10 big PR firms, Fleishman-Hillard and Ketchum. Omnicom is a leading global advertising and marketing communications services company. They have 175 companies within the Group and more than 63,000 employees. Omnicom is a leading global advertising and marketing communications services company. They are serving more than 5,000 clients from 100 countries in different industries. The major business segments are advertising, CRM, public relations and specialty communications. According to Omnicom CEO, John D. Wren, their core

strategy came from the excellence practice in all aspect of business management. With more than a decade invested in formalizing and disseminating their collective business knowledge through advanced education programs, seminars and conferences.39

Publicis Groupe, a France-based company and the third largest communications group worldwide. Publicis owns MSL Group, ranked number 4 at the top ten lists. Also, Publicis is the leader in digital and interactive communication, which accounted 33% of total revenue in 2012. They have offices operate in more than 220 cities and 108 countries with 58,000 employees. In 2012, there were 11 acquisitions in emerging countries, particularly India, China, Brazil and others. They segmented the business into three categories, advertisng, specialized agencies and marketing services (SAMS), media advice and purchasing. However, pure digital operations have become Publicis' most important segment. Publicis has formed global partnerships with Microsoft for development of digital media and IBM to enhance their utility in e-commerce. With the collaborations, Publicis has developed the capacity to anticipate the market changes and for continuous growth.

Interpublic Group (IPG) was first formed in 1930 under the name McCann-Erickson Incorporated but later using the name IPG since 1961. IPG has 95 companies with the Group and around 43,300 employees work in offices in more than 100 countries. IPG is the holding company for Weber Shandwick, second largest PR firms worldwide. They are actively developing offices in the BRICs and other fast growing economies like Africa, Southeast Asia and others. In 2012, IPG reached the record of 12 acquisitions in critical business including digital, healthcare, social and mobile marketing. IPG enhance their businesses through merger and strategic alliance, and develop relationships with technology and emerging media companies. One of their current strategy is re-organized the media operations into a single management structure.

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39 http://www.ceoqmagazine.com/mostrespectedceos/ceo_omnicom_johnwren.htm

Du Pont Analysis of the Top Four Conglomerates in Public Relations Industry
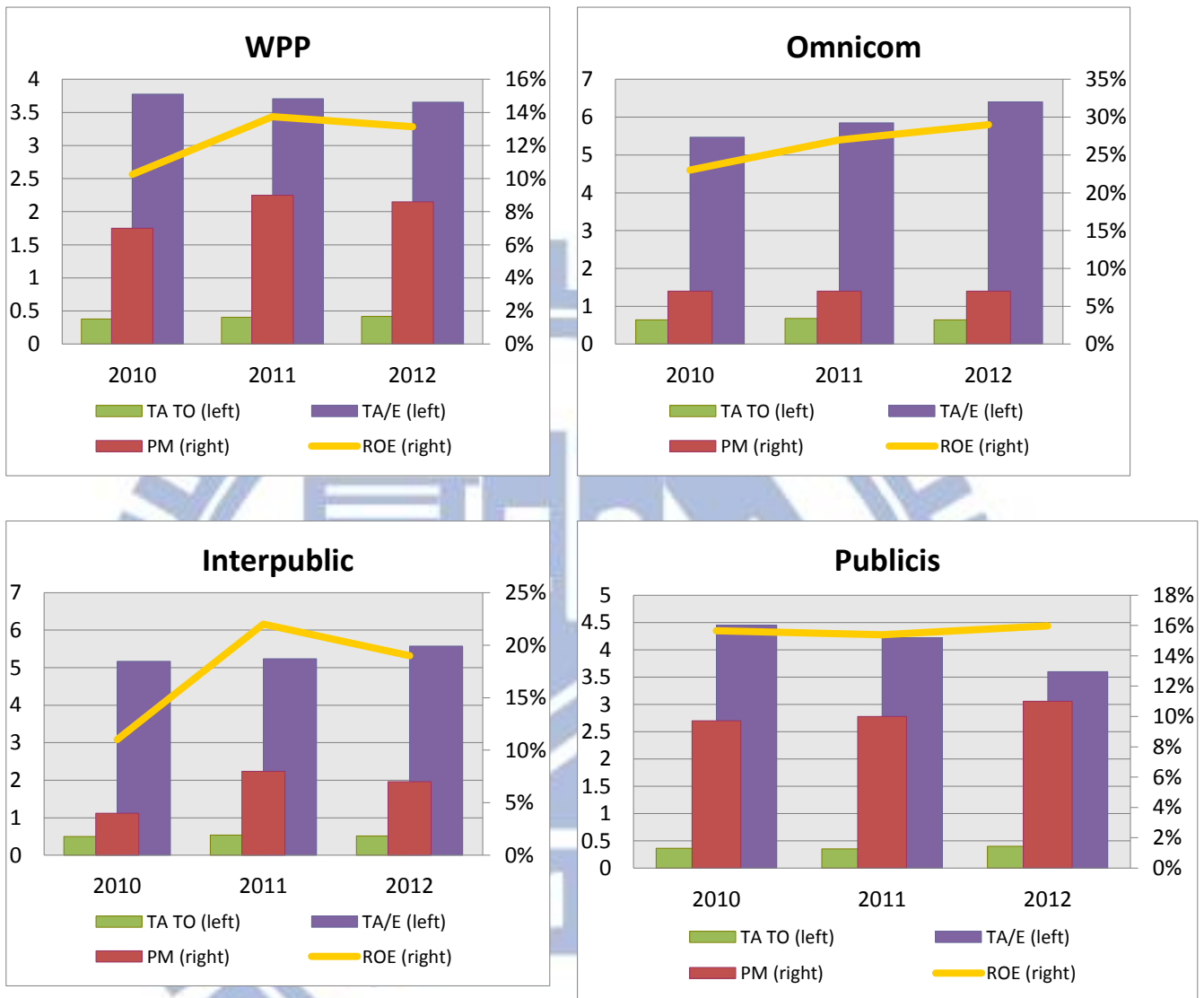
Source: The Author

These conglomerates are so huge in terms of the company size, communication networks, service provided, and others. However, by looking at the return on investment (ROE) of the Du Pont analysis, these "Big Four" groups show different perspectives. For example, Omnicom Group has the highest and increasing ROE of 23% in 2010 to 29% in 2012. While, WPP has the lowest ROE of 10% in 2010 and 13% in 2012. Besides that, Omnicom also has the highest total asset turnover (TA TO) while WPP Group has the lowest total asset turnover. Publicis has the lowest in leverage factor but still the average of leverage factor is about 4, although is the lowest compared to others but is considered risky. However, Publicis has the highest profit margin

among these conglomerates. In other words, we can conclude that Omnicom Group has good return on investment because the assets was being used efficiently but Omnicom need to watch out its leverage factor because is too high and risky, 5.4 in 2010 and 6.4 in 2012.

From the Du Pont analysis, we can see that Publicis has the highest profit margin (PM) among others followed by WPP Group. The profit margin is calculated from net income divided by revenue. In other words, these two conglomerates have high and increasing revenue although they were actively involved in M&A activity. WPP's increasing revenue growth was impacted by the strength of pound against the Euro and good performance in regions like Asia Pacific, Latin America, Africa. On the other hand, Publicis successfully launched Vivaki, an innovation platform in 2008 has strengthen its business. Vivaki was created to accelerate the digital transformation of Publicis and its agents, and initiated the partnerships with Google, Facebook, Microsoft and other players by providing innovative products and services such as The Pool and Audience on Demand (AOD).[40]

PR Associations

Public Relations Society of America (PRSA). The PSRA was formed in 1947, New York City. PRSA is a community of more than 21,000 public relations professionals across the United States, from recent college graduates to the leaders of leading PR firms. Their mission is to promote greater understanding and adoption of public relations services, provide professional development, set standards of excellence and upholds principles of ethics for its members or even for global public relations practitioners.[41]

International Public Relations Association (IPRA). IPRA, London was founded in 1955 with the objective of raising standard of public relations practice. Currently, IPRA has 700 members from 0 countries worldwide.

Public Relations Consultants Association (PRCA). PRCA began in 1969, represents many of the major consultancies in UK. Currently, PRCA has over 317 agency members around the world, including the majority of the top 100 leading consultancies in UK.

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[40] http://www.prnewswire.com/news-releases/publicis-groupe-transforms-vivaki-a-new-step-for-growth-177658821.html
[41] http://www.prsa.org/AboutPRSA/

Institute for Public Relations (IPR). Unlike PRCA, Institute for Public Relations is an independent non-profit foundation with the mission in promoting public relations. IPR also providing professional training.

The Council of Public Relations Firms (CPRF). CPRF is a leading industry association with more than 100 of U.S. leading PR firms joins the membership. For example, all the top ten big PR firms are CPRF's members. Their mission is advocates for and advance the business of PR firms by building the market and the value of firms as strategic business partners.[42]

5.3.2 Market Forces

The studies in the 1990s encouraged public relations practitioners to reveal the strategic and tactical concerns for PR to progress as a profession and its value within the promotional mix to expand. The leading public relations consultancies cited a mix of internal and external business issues: (Lages and Simkin 2003)

Internationalism. The impact of internationalism is that the leading PR agencies advised their clients to use global branding and promotional information. However, if clients want something local and they will find the specialized local PR firms.

Competition. In the past decades, we can see that the public relations industry is growing rapidly and at the same time PR is perceived as a low entry barrier business. Therefore, the competition within the public relations industry is considered relatively high. The issue of competing or even surviving through specialization is a major challenge facing by many PR consultancies. The expectation was that to succeed there was only one option, but in two ways: niching either for smaller PR firms concentrating on narrowly defined market sectors, such as health , or the larger PR consultancies creating specialist teams or departments within their firms.[43]

Specialization. Most of PR agencies are claimed to be "full service" but some of them focus on specialized clients by serving the niche market. In addition, the growth in specialization is a symptom of the maturity of public relations, as it reveals the increasing solidity of its areas of expertise (Hollis Directories, 1998). As the business environment becomes more complex,

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[42] http://prfirms.org/about
[43]

consultancies find it hard to provide consistent quality in the large range of PR activities, each one demanding increasingly specialized knowledge and different approach.

Talent development and recruiting. PR practitioners were very aware of the need to improve the qualities of their skills and knowledge: better recruitment, training, assessment, motivation (Nessmann, 1995; Panigyrakis, 1994). Many practitioners seem to believe that PR cannot be taught and that the most important traits are the personal abilities the individual is born with. Most are concerned with recruiting people with good communication skills and a "bright, enthusiastic personality". Public relations education is a tool that can help achieve the professional status to which practitioners aspire (L'Etang and Pieczka, 1996). This point of view is arguable because there is a lot of universities offer related courses which help to train public relations practitioners. Education will provide fundamental skills but good communication skills may developed through experience.

Strategic expertise. As we can see that majority of the surveyed senior PR practitioners was their relevance as strategic management consultants. Their belief was that as advisors in corporate branding and in crisis management, PR consultancies generally are well informed about their clients' board level policies and plans, and frequently work alongside the senior decision-makers and planners in their clients' businesses. PR advisors perceived they were, well placed to assists their clients in corporate strategy development and long term business planning (Simkin and Dibb, 1998).

"Grey" Area of PR. PR is in the "grey" area with advertising and within marketing communications. The major issue was technology has changed the way business operated. For PR, the dominant issue was the Internet (Wiesendanger, 1994). The expectation was that as more businesses utilized the Internet to target and communicate with customers and suppliers, and as more members of the buying public accessed the Internet, the PR industry had to accept the internet or social network as an opportunity and a threat as well.

5.4 Public Relations in Taiwan

If we look at public relations in Taiwan, is interesting because of its political context, economic and media context, and societal culture. PR's originated from the Western society and later spread to other countries like Asia, thus we are eager to find out the PR model and strategy

that has been adopted by PR firms in Taiwan. Let's see if it's a ethnocentric theory (PR practice is the same everywhere) or polycentric theory (PR is different everywhere). J. Grunig pointed out that to develop a global strategy, he came up with a theory falls between ethnocentric theory and polycentric theory (Grunig 2006).

Unlike the evolution of public relations in the United States, the origin of public relations development in Taiwan first started in government and public sectors rather than in private industry (Huang 2000). The rise of public relations in the Republic of China (ROC) government can first be traced in the 1950s when the Executive Yuan established the first Office of Spokesman in 1950 and renamed it the Government Information Office in 1954, to be responsible for the public relations practice of the government.

5.4.1 The Geo-political Context

Taiwan's geography and geo-political situation is greatly influence in world affair and also actively involved in international trade. Taiwanese government imposed martial law in the early years when Taiwan facing the threats from Mainland China. When martial law was abolished in 1987, democratization started to rise in Taiwan (Wu, Taylor et al. 2001).

Taiwan political system is characterized as 'election driven' as a sense of democratization. The competitive political environment led the candidates and political parties rely heavily on public relations agencies to help them conduct election campaign to increase their popularity and build positive images. Thus, we can see that during the election period those political public relations agencies play an important role in finding ways to have more interactions with the public. For example, they will design logos, or posters.

Another big impact on the PR in Taiwan was related to the change of governmental control over the media. Before the abolishment of martial law in 1987, the media were merely a political tool and propaganda for the government. However, after 1987, the "free" press became a field that all public and private organizations tried to get in. Because of the freedom, the public relations companies started to develop rapidly. The number of public relations firms increased at the rate of seven firms per year. Until 1992, the public relations companies totaled between 35 and 45. Compared to the number of four PR firms in 1987, the fact showed that PRs firms had grown 10-fold in 5 years (Huang 2000). Up to now Taiwan's "free" press and media are so

impressive, all the political news is widely spread, even in the social media like youtube, facebook and others.

5.4.2 The Economic and Media Context

Taiwan is considered as one of the "Asian four Dragons" among Singapore, China and Korea, reported as one of the highest economic growth rates in the world during the past decade. The active international trade in Taiwan has formed an intense competitive business environment for companies to compete between each other. Thus, companies have to establish good relationships with customers to grab the market share. Along with the transformation in Taiwan, the traditional labor-intensive industries have been replaced by technology-intensive industries including bio-tech, information technology and electronics (Wu, Taylor et al. 2001). Therefore, these new industries increase the demand of public relations practitioners to help them be familiar with new technologies. For example, the high-tech clients accounted for 35% of the business at public relations agencies. Since Taiwan adopted the free market economic system, it provided PR industry the opportunity to grow faster.

If we look at the media context, the growth of media complements the development of PR in Taiwan. Taiwanese media market started to thrive because of the advanced technology and the liberalization of media policies. For example, the Cable Television Law was passed in August 1993. Since then, new cable television channels are open for public and provide different types of programs. In addition, the press market is also changing. The total number of newspapers reached 279 by 1994. There was a sharp increase in the number of newspapers because those new media companies need content from them and made the press market extremely competitive. Most importantly, PR can seek opportunity from the media boom. Furthermore, organizations started to deliver information to public through press and media.

However, the trend of modernization, globalization, and the establishment of international companies in Taiwan has given rise to serious challenges to local public relations practitioners (Huang 2000).

5.4.3 Societal Culture

Societal Culture is another important element that influences the adoption of PR practice in Taiwan. In Taiwan, we can say that the people have strong believed in Chinese culture. In PR

practice, communications bring different meaning for Western society and Asian society due to the cultural background. Scollon and scollon (1994) pointed out that communication in Western culture is to exchange information but for Asian culture, communication is the purpose to build and maintain relationships (*guanxi*). Thus, Hwang defined such a society as "relation oriented" (Huang 2000).

In Chinese culture, we cannot ignore the importance of Confucianism. Confucianism is regarded as a philosophy of human nature that considers proper human relationships as the basis of society. Regarding to the degree of relationships, Hwang's model of face and favor in Chinese society categorized human relationships into three types, (1) expressive tie, the most important relationship is between family members, (2) mixed tie, relationships among relatives, neighbors, classmates, colleagues, teachers and students. Hwang maintained that the rules of *renqing* (favor) and *mianzi* (face) are the means that people use the most in this tie to expand their human network and obtain resources from allocators, (3) instrumental tie, an individual establish temporary and anonymous relationships with people, such as customers, strangers (Huang 2007). However, the criticism arise because the Chinese further developed a unique cultural characteristic that carry a negative, unethical issue which is "*gao guanxi*" (exploitation personal relations or human network) For example, send gifts to business clients.

5.4.4 Market Players in Taiwan

Taiwan PR Associations

The first Taiwan's PR association is called the Formosan Association for Public Affairs (FAPA). FAPA was founded in 1982, it is a non-profit organization and headquartered in Washington. Their mission is about educational, by providing information related to Taiwanese issues to the American policy makers, media, scholar and the publics. [44] Following by the Foundation of Public Relations in 1990, founded by the alumni of Public Relations Department in Shih Hsin University. Their vision is to promote the understanding of public relations with the ultimate goal of eliminate the misconception of PR in people's mind. The foundation acts as a

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[44] http://fapa.org/new/index.php?option=com_content&view=article&id=19&Itemid=27

resource to the public relations industry, break down the communication barriers which help the weaker group make improvement by providing guidance and practical services.[45]

Others useful PR associations are Taiwan Public Relations Association (TPRA) and Taiwan Marcom Certificate Association (TMCA). TPRA was established in February, 2010 with the objective to promote the cultural exchange between Taiwan and Mainland China through their international trade. TPRA provides a lot of information on issues related to Mainland China, on the other hand, they also organize conference within Taiwan and Mainland China.[46] However, TMCA is an association in promoting the certificate recognition of professionalism which help to maintain the professional standard and with the professional training offered by TMCA will help to reduce the training cost for many companies.

Public Relations Agencies in Taiwan

In this section, we will try to understand the market structure of public relations agencies in Taiwan and firstly we try to find out the top ranking Taiwanese PR firms. From the findings, we found that most of the top ranking PR agencies in Taiwan are the subsidiary companies for top ranking global PR companies. For example, Edelman, Ogilvy Public Relations Worldwide, Weber Shandwick, MSL Group, GolinHarris and others. Most importantly, all these international PR firms are related to the "Big Four" media service and communications conglomerates such as WPP, Interpublic Group, Publicis Groupe and Omnicom.

For example, Edelman's Taipei office has more than 15 years of experience in Taiwan and located in Taipei 101 Tower. With seventy percent of their staffs had the experience of living or studying abroad, Edelman's Taipei claimed themselves a truly international office.[47] Others main competitors for Edelman's such as the Interpublic Group, WPP and MSL Group also set up their global offices in Taiwan. These international PR companies gain the advantage by leveraging their global network and professional capabilities to help their Taiwanese clients to expand their business in the global market.

Furthermore, local PR firms being acquired by those communications conglomerates are commonly happen in Taiwan. In 2011, a Taiwanese PR and social media consultancy named

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[45] http://www.publicrelations.org.tw/01.html
[46] http://www.pratw.org/about.php
[47] http://www.edelman.com/office/taipei/

Interactive Communication Ltd (ICL) was acquired by Publicis Groupe. Before the acquisition, ICL had been an affiliate partner with MSL Group. MSL Group is subsidiary under Publicis Groupe, the 3rd largest communications group worldwide.[48] As a result, ICL is aligns to MSL Group and renamed as "ICL MSL". [49]

However, the first and only independent privately-owned PR firm is named Elite Public Relations (EPR), established in 1987. The Elite PR Group is the mother company of ERP and own a total of twelve "specialized agencies", including ERP (Taiwan), ERP (Beijing) and ERP (Shanghai). ERP was the first-mover in Taiwan's PR history, with a lot of hard work on introducing the concept and usage of PR to the public is not an easy job especially during the early years when the martial law have just been abolished. Thus, ERP started to move towards a new era in Taiwan PR industry and published the first "PR handbook" the first guideline in Taiwan's PR history. It was about exploring the development and localization PR practice in Taiwan by using case study of local PR firms. Their service is ranging from CSR and healthcare to technology and digital marketing. Their clients include the well-known international brand like HP, Sony Ericsson and some local brands.

From the limited resources and study for the public relations industry in Taiwan, the results turned out as most of the top ranking PR firms which dominated the Taiwanese market are those international companies or which can be said that under the control of the "Big Four" conglomerates. These conglomerates are trying to build "integrated and collaborative network" more widely to spread their business network to the world. The situation is tough for local firms like ERP Group and others small medium PR firms in Taiwan because they are lack of resources and network to compete with those giant companies. Therefore, most of these PR firms which have claimed themselves to be "full-service" companies are transformed into specialized companies by serving niche market and also providing service like "integrated marketing" to their clients.

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[48] http://www.publicisgroupe.com/#/en/group
[49] http://asia.mslgroup.com/icl-taiwan-joins-the-mslgroup-family-today/

5.5 Differences in Global PR and Taiwan's PR practice

After the insight analysis of public relations as global and Taiwan's practice, we are now ready to point out the difference between this two markets. By looking at figure 1 as below, we can see that normally there are many individual PR firms within the industry but it is difficult for them to compete in the competitive market. Therefore, through integration process these small PR firms affiliate with big global PR companies to expand their market. Most of these big global PR firms are subsidiary companies to conglomerates. As you can see, conglomerates are big corporations with widely well-established business segments and the creation of synergy will become the powerful weapon, or we called it competitive advantage. Normally, conglomerates will allocate more resources on the business segment which generates higher revenue, for example advertising business. Unfortunately, once the PR firms being acquired by conglomerates, they lose the core in PR and became just a function rather than strategic management.
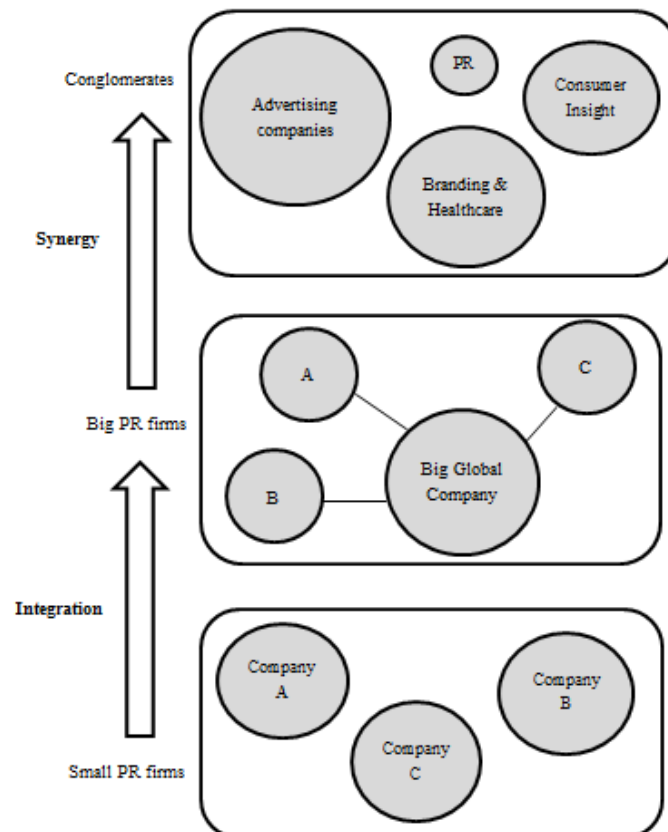
Figure 5: Phenomenon in PR industry

Source: The Author

Table 5: Comparison between Global PR industry and Taiwan's PR industry

	Global Public Relations	**Taiwan's Public Relations**
Purpose of Communication	- Exchange information	- Build and maintain relationships
Market Trends	- Fast growing industry	- Moving into the stage of maturity and specialized industry
Major Market Players	- Conglomerates - Big PR firms	- Conglomerates' subsidiary companies - - local big PR firms
Strategy	- Through M&A to grow bigger network - Shifting towards "horizontality" structure	- Affiliate with global companies but turned out to be acquired by conglomerates
Focus	- Increase investments in emerging countries	- Local market
Competitive Advantage	- Leveraging global well-established network - Tailor-made services	- Specialized industry
Criticism and problems	- Conglomerates focus more on advertising business rather than PR (PR only accounted for less than 10% of the revenue). - PR firm lose its core value in PR after being acquired.	- PR still acting like a tool rather than strategic management - Still prioritize "*gao guanxi*"

Source: The Author

6. Chapter 5: Edelman Public Relations

6.1 Company Background

Daniel J. Edelman, the founder of Edelman Public Relations is considered as a key person in establishing PR industry. His rich background from working as a military communications analyzed Nazi propaganda for U.S. Army during World War II, worked as journalism at CBS radio as PR specialist, and became PR director at Toni Company had given him the talent and technique in developing public relations. With an ambitious dream, he set up his own company, Edelman Public Relations on October 1, 1952 in Chicago. However, he faced the challenge at that time because the potential clients need to be educated about the benefits and services providing by PR firms. They have no idea about PR firms and why should they hire PR firms since they have no reputation.

Consequently, Daniel Edelman broke the obstacles by starting a partnership with his former company, Toni Company for marketing their home hair care products for women. At the beginning, Edelman PR only hire young female with journalism background because they are inexpensive and will have better understanding of Toni's products. He tried to help the clients by introducing the concept of telling story to sell the products through media and at the same time to build the company brand. Then, his first ever media tour for the campaign of Gillette with the title "Which Twin has the Toni" was so successful and PR was widely spread out at that time.

Edelman first started in consumer marketing, then diversified into health, public affairs, technology and crisis management. With the continuous success in the United States, Edelman started to expand the business and set up offices in New York (1960), Los Angeles (1965), London (1969), and then extended to Europe, Canada, Latin America and Asia Pacific. Till now, Edelman Public Relations has become the world's largest public relations company with 67 offices and more than 4,000 employees worldwide, as well as affiliates in more than 30 cities. In 2013, after the death of Daniel Edelman, his son Richard Edelman became the President and CEO of Edelman.

6.1.1 Edelman's Culture

Edelman's culture is about "Independent, Collaborative, and Global". The hierarchical structure is lesser to encourage collaborative among employees so all employees can participate with an entrepreneurial mindset. As though Daniel J. Edelman main principles, "hire the best

talent, and retain them by giving them the chance to be entrepreneurial" and "Every account is a team effort and everyone, regardless of title, should do client work. Everyone's an account executive". Their culture emphasized on "integration", "client-centered" and independent so clients always come at the first place. They tried to increase employees' satisfaction by committed to their development and success.

Since Daniel J. Edelman was the founder of the company, his strong believe in PR also impact on the culture shaping. Consequently, employees are working under intellectually curious culture, think global to create value to clients and increase willingness to work for complex problem-solving. Most importantly, this is always kept in their mind, "It's great to be the biggest PR firms. We must always strive to be the best."

6.1.2 Company Evaluation

In this part, we will look at Edelman's key financial data in 2012. Then, we will compare Edelman Public Relations with the "Big Four" holding companies (WPP, Omnicom Group, Publicis Groupe and IPG). Due to the reason of Edelman Public Relations is a privately-owned company and all the company's financial reports are undisclosed to the public, thus we decided to use others indicator to evaluate these company such as by looking at the organic growth rate. According to the definition on Investopedia, organic growth represents the true growth for the core of the company because it excludes any profits or growth from M&A. This is a good indicator to explain how well management has used its internal resources to explain profits.
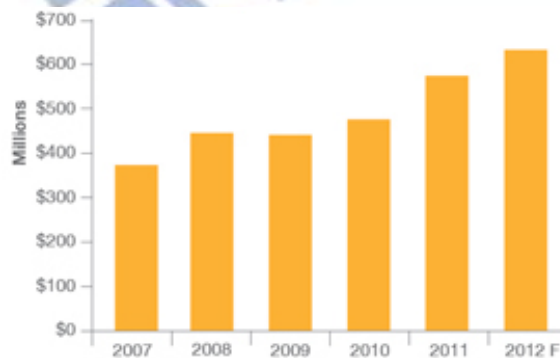

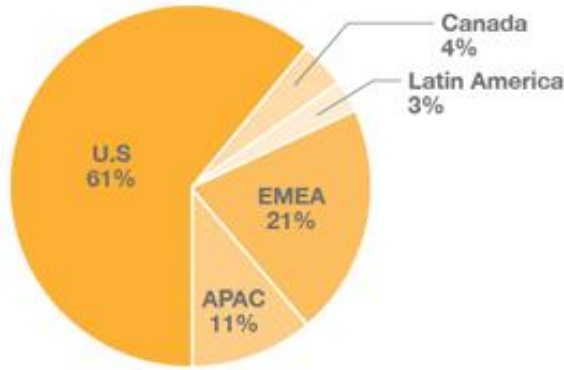Figure 6: Edelman's growth rate over the 5 years
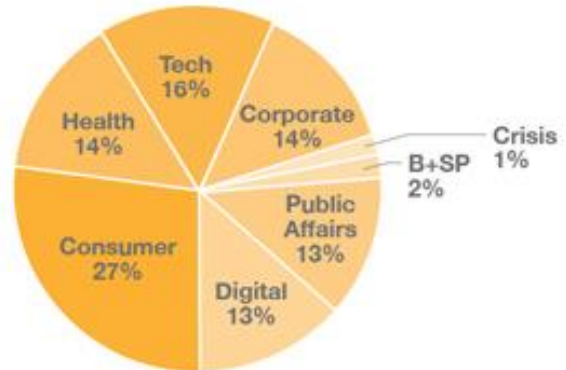
Figure 7: Edelman's revenue by practice (2012)　　　Figure 8: Edelman's revenue by region (2012)

Figure 1 shows that Edelman has remarkable growth since 2007, the company achieved 70% growth rate for the past five years. Edelman's revenue for 2012 was $637 million. We look at Edelman's revenue generated by region and practice in 2012. From figure 2, we can see that 61% of the revenue is generated from United States and followed by 21% from EMEA (Europe, the Middle East and Africa), 11% from APAC, 4% from Canada and 3% from Latin America. Figure 3 shows that revenue from consumer products accounted for 27%, tech is about 16%, health is 14%, followed by digital and public affairs 13%.

6.2 Competitors

The main competitors for Edelman Group is the "Big Four" Group, they are WPP, Omnicom Group, Publicis Groupe and Interpublic Group (IPG). These four conglomerates are the largest group dominated the global communications service. Among these "Big Four", WPP is becoming the world leader in communications services, follow by Omnicom Group, Publicis Groupe and IPG, respectively. The followings show the basic information about each of these conglomerates.

Organic Growth (2010-2012)
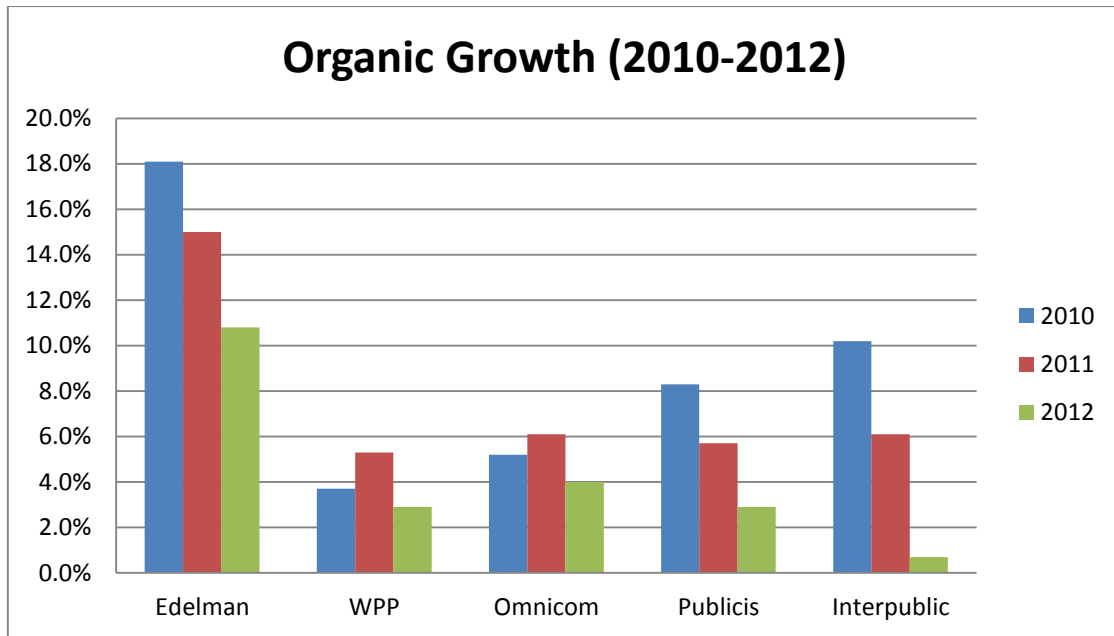
Figure 9: Comparison of the organic growth between Edelman and the "Big Four" Group

Figure 9 shows the comparison of the organic growth between Edelman Public Relations and the "Big Four" Group from 2010 to 2012. Edelman has the highest organic growth among the competitors. Richard Edelman, the President and CEO of Edelman explained that they are able to achieve double-digit rise was due to the development of the firm's digital business, the benefits of being privately-owned, and the retention and growth of their clients.50 Edelman's digital business accounts for as much as 20% in some offices, 15% across the United States and 12% globally. Currently, Edelman has around 600 out of the total 4,000 employees work on digital. For example, in the first three month of 2012 the New York office created 400 pieces content. The digital business is the business which Edelman wants to be good at and they are having advantage on it.

Richard Edelman also foreseen the big change is the technology, and it also become the second important practice in the company. He stated that the market is always consumer and health but now has changed to consumer and technology. Daniel J. Edelman Inc. is not actively involved in M&A activity like the "Big Four", for example WPP completed 65 acquisitions in 2012 while Omnicom Group had 13 acquisitions. On the other hand, Edelman was unlikely to have more acquisition because they don't want to be overextended. Daniel J. Edelman main

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50 http://www.prweekus.com/edelmans-fy-2011-revenues-rise-18-to-575m/article/209161/

principle is "to hire the best talent, and retain them by giving them the chance to be entrepreneurial." Edelman increased their staffs time by time, for example Edelman India employees went up from 90 to 220 staff in 2011. The overall staff turnover rate was around 25% in 2011. For the emerging economy like China market, the revenue doubled from $9 million to $18 million for the year 2010 and 2011. However, for U.S. business has gone down from 65% to 61%.

For the "Big Four" Groups, they have fluctuating organic growth because they are too big with large numbers of affiliate partners. For Interpublic Group, the organic growth went down sharply from 10.2% in 2010 to 0.7% in 2012 because they faced a great impact of client turnover 2011.

6.3 Competitive strategy

After evaluating Edelman and its competitors, we found that Edelman has the competitiveness to fight against the competitors. Now, we shall reveal the competitiveness of Edelman in the Public Relations industry by looking at five categories, independent, niche market, expertise, intellectual property and social communities.

Edelman has won a lot of awards and became the biggest PR firms in the world. A lot of Edelman's news can be seen in the leading PR magazines like PR Week, the O'Dwyers Magazine or the Holmes Reports. In 2012, the Holmes Reports ranked Edelman as number one at the top 250 global PR agency. (see appendix 1) In 2013, the O'Dwyers Magazine ranked Edelman as the largest independent PR firms in the United States. The Zeno group was ranked the fifteenth, its parent company is Daniel J. Edelman Holdings. Edelman Group owns two firms in the top 15.

Table 6: O'Dwyer's Ranking of PR firms in U.S.

O'DWYER'S RANKINGS OF PR FIRMS WITH MAJOR U.S. OPERATIONS

Firm		2012 Net Fees	Employees	% Change from 2011
1. Edelman	New York	$655,900,289	4,518	+12.4
2. FTI Consulting	New York	168,572,000	686	-5.4
3. APCO Worldwide	Wash., D.C.	121,800,000	606	+1.0
4. Waggener Edstrom Worldwide	Bellevue, WA	118,426,000	939	+2.2
5. W2O Group	San Francisco	62,005,000	262	+30.0
6. Ruder Finn	New York	56,148,000	485	-2.5
7. Text 100 Global PR	San Francisco	50,930,028	472	+1.0
8. MWW	E. Rutherford, NJ	42,875,000	207	+11.0
9. ICR	Norwalk, CT	36,554,283	97	+14.0
10. DKC	New York	32,896,560	154	+22.0
11. Finn Partners	New York	32,293,000	233	+35.8
12. Qorvis Communications	Wash., D.C.	29,500,000	102	flat
13. Allison+Partners	San Francisco	25,000,000	130	+29.3
14. Regan Communications Group	Boston	22,906,000	71	+10.0
15. Zeno Group	New York	20,798,925	128	+49.4

Edelman has advantage as becoming an independent privately-owned company and they focus on niche market such as digital, technology, healthcare by providing professional PR services. Hire the best talent is their strategy to build powerful teams. We would say that Edelman's intellectual property is the most critical value for them. Daniel J. Edelman was honored with Paladin Award 2013 by the Public Relations Society of America (PRSA) Foundation.[51] The event honors "Paladins", public relations champions who inspire and strive people to excellence. Following his Daniel's footsteps, Richard is now getting closer the goal to place Daniel J. Edelman Inc. as the first PR-centered holding company and first billion-dollar PR agency.[52]

6.3.1 Intellectual property

Edelman's intellectual property is a powerful weapon for them. For them, anything exists must have the ways to be measured. They partner with their research agency, Edelman Berland and came up with some thoughtful and unique design methodologies to explore and measure complex issues such as Trust and Purpose. They believe that doing research is the way for seeking solutions to complex problems by collecting data and turning it into actions as well as strategy. Leadership in public engagement brought the company to view themselves as thought

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[51] http://media.prsa.org/news-releases/prsa-foundation-honors-dan-edelman-with-2013-paladin-award.htm
[52] http://www.prweekus.com/edelman-agency-business-report-2012/article/238072/

leaders, thus investing in a lot of research projects help them to develop and add value to their strategic planning for clients.

For example, Edelman conducted the Trust Barometer with an online survey sampled of 26,000 general population respondents in two age groups of 25-34 and 35-64 across 26 countries. The Trust Barometer 2013 measures the state of trust worldwide by exploring trust level in institutions, industries, leaders and the impact of recent crises from the banking and financial institutions. Some of the examples from the results including countries like Germany, China have great shifting in trust over the year since 2008 towards companies, government institutions and others, the most trusted industry is technology and the least is financial service, also people have more trust in business rather than government. From all these findings, people will have more understanding and can help them to better grow and operate the companies.

6.4 Implications for Public Relations

After the studies and insight on Edelman Company competitiveness as well as the global public relations industry, we are excited to see the implications of PR towards the industry and be able to come up with eight propositions. Despite to the differences in Western and Asian cultures, the following proposals are excluded the main concept of public relations but focus on strategy.

6.4.1 Organization Structure
Proposition 1: Public relations as the strategic management rather than a function

What is effective public relations? Effective PR should be able to present the ideal of PR as a strategic rather than functional practice because strategic PR carries greater power to influence the decision making within the organization (Edwards 2012). This was originated from J. Grunig 's idea about the value of public relations is PR must be organized in a way that makes it possible to identify strategic publics as part of the strategic management process and to build quality long-term relationships with them through symmetrical communication programs. He pointed out that the organizational structure will influence the best practice in PR, if PR function is sublimated to marketing or other management functions, it loses its unique role in strategic management. Furthermore, as in horizontal structure which PR function worked with other management functions in a matrix type of arrangement, they can collaborated more than competed for resources (Grunig 2006).

Believe in Daniel J. Edelman's ideas - PR occupied a superior place in marketing mix above advertising because PR establishes a connection to all of the stakeholders and is a matter of great importance to the CEO and PR could help the business and society to move forward. We noted that most of the companies nowadays have in-house PR department. A question to those companies, "Is the PR manager plays a role in strategic management and being empowered to involve in organizational decisions?"

Proposition 2: Decentralization of management increase innovation (decrease the hierarchical level)

Edelman's culture is not about hierarchical level but most importantly is encourage great ideas and excellence service. They welcomed cross practice, integration and employees turn out to be working in an intellectually curious culture. Organization structure and culture will shape the work habits of employees. If a company is a type of centralization of authority, the advantages includes cost reduction, formalization, flexibility, personal leadership and so on. However, this kind of structure is not good for PR firms because it kills the most important element in PR company, which is innovation and creativity. The reason is because employees are strictly being control by rules and regulations and they will just follow what they need to do. Managers are dictating the teams, kind of a "one-man show".

In contrast, if a company with decentralization of management structure will increase autonomy, employee satisfaction and innovation. Employees will be treated equally and willing to contribute more on the daily work. According to J. Gruing (1989b) the organizations with a symmetrical and symmetrical worldviews typically have ten presuppositions in their culture, such as interdependence, open system, moving equilibrium, equity, autonomy, innovation, decentralization of management, responsibility, conflict resolution and interest-group liberalism.[53]

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[53] Excellence in Public Relations and Communication Management, p.43-44

6.4.2 PR industry ecosystem

Proposition 3: Company positioning – Stay "Independent" to grow stronger

In people's conceptions, we always think that Big" is good. For example, conglomerates are so powerful because they have the power to influence the market and most of the time they dominate the markets. However, Daniel J Edelman has different perspective. When Daniel J. Edelman set up the company in 1952, he believed that he can give a new concept of public relations to the world as he had a deep belief in the potential of PR - "PR occupied a superior place in marketing mix above advertising because PR establishes a connection to all of the stakeholders and is a matter of great importance to the CEO".[54] He foreseen PR could help the business and society to move forward and this concept has been proven in today's world as organizations will need to engage in PR. PR has become more and more important role as just acting as publicity or propaganda in the old times. Daniel has proved that "one man can change the world".

Unlike other PR firms, Edelman is an independent privately-owned company moving closer to become the first PR-centered company. As the parent company, Daniel J. Edelman Inc. is a family-owned business. In order to grow stronger, Edelman owns specialty firms such as Edelman Digital, Edelman Berland (research), Blue (advertising), BioScience Communications (medical communication), and agencies Edelman Significa in Brazil, and Pegasus in China. Edelman is not actively involved in M&A because they don't want to be overextended, or in other word, to be under control. This powerful strategy has enhanced the growth of the company since Edelman has built up its own "comfort zone" away from its enemy and create added value to clients.

Most importantly, remain an independent company, they serve no one's interest but focus on the clients. Every conglomerate tried to buy him but he refused because his motivation is to become bigger, stronger and better. In a 1987 interview, Daniel pointed out, "I have no desire to be a PR firm of someone's advertising agency. He considered but passed on the opportunity to take the company public."[55]

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[54] O'Dwyers Magazine (May 2013), p.8
[55] http://adage.com/article/agency-news/pr-pioneer-dan-edelman-dies-92/239182/

Proposition 4: "Market Driven" Strategy – focus on "niche" to increase professionalism

What is the best thing in Edelman? The answer will be "Public Relations". Edelman is adopting a market driven strategy, where the company focus on niche market but at the same time doing differentiation as well. For Edelman, this company has been doing PR for the six decades and never stops to adopt new strategy to cope with the dynamic in public relations industry. Edelman Group has the core competencies in serving the six global practices, consumer marketing (since 1952), corporate, digital, health, public affairs and technology. Edelman is focus on the local market where most of their top 50 clients are coming from. Unlike the "Big Four" conglomerates, they are focus on emerging market like Asia-Pacific regions.

As they have focusing on digital business now and they are having an advantage on it. According to the PR firms specialized in different markets ranked by O'Dwyers Magazine (May 2013) for 2012, Edelman was ranked the 1st specialized in technology, healthcare, professional service, consumer marketing products like food & beverages, beauty & fashion, home furnishing. Edelman is very insists on believes in PR as the core business and try not to compete with the "Big Four" conglomerates for advertising business. They stay out of the "advertising business war" and specialized in the business segments which reputations. Different from other competitors, Edelman's business revenue is mostly generated from the United States where it accounted for 61% in year 2012 (see figure 1).

In 2011, Starbucks unveiled a new logo during its 40th anniversary with the help of Edelman.[56] Edelman was awarded as the winner of 2012 in PRWeek campaign of the year.[57] Edelman worked with its research arm (Edelman Berland) to form strategy and executing the campaign with five months special events. Although Starbuck' new brand faced a lot of criticism from the public, the effect turned out to be successful and Starbucks revenues reached a record $11.7 billion with 11% increase from previous year. Moreover, the brand saw a 40% rise in brand favorability by customers, earned 2.7 billion media impressions and more than 70 days of sustained coverage in 24 countries.

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[56] http://money.cnn.com/2011/01/05/news/companies/starbucks_new_logo/index.htm
[57] http://awards.prweekus.com/winners/2012/154

Proposition 5: Hire the BEST from talent pool

The founder of Edelman believed in hiring the best expert is the right thing to do and encouraging entrepreneurial is very important for services industry like public relations. As a PR profession, creativity is one of the most crucial elements because clients seek something special and different from them.

On early April 2013, Edelman calls in U.S. ambassador, Louis Susman to join the company.[58] Susman was appointed to be the advisor for global team because of his business acumen as Richard admitted that the company needs someone like Susman who has great judgment to help them developing global strategy to confront the challenging and changing competitive context. His political background started from served as the U.S. Advisory Commission on Public Diplomacy in 1988, John Kerry's national finance chairman in 2004, to become the senior advisor to President Obama during his 2008 presidential campaign.

Besides of hiring the best to lead the global team, Edelman also seek talented people to head the agency in different regions or sectors. For example, the company promoted Jackie Cooper, the former owner of Jackie Cooper PR (a UK based consumer agency acquired by Edelman in 2004) as the global chair of creative strategy.[59] Edelman is utilizing Cooper's oversight over developing products, concepts, and relationships in connection with brand, content and partnerships during the time when she was in the position as the UK Creative Director. On May 2013, the company hires Red Health founder, Paul Gittins as the Managing Director of its health agency to enhance the healthcare business.[60]

6.4.3 Collaboration
Proposition 6: Set up your own platform

Using Porter's value chain theory, PR firms should set up a value chain to deliver the valuable service to clients. Collaboration could be a good strategy because it can enhance relationships between suppliers or partners. The cost can be break down by leveraging assets of both sides. Using Edelman as an example, they are the parent company for Edelman Public Relations and Zeno Group. However, to grow stronger and bigger the company needs more "back up". Thus, Edelman starts to build its specialty firms such as Edelman Digital, Edelman Berland

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[58] http://www.prweek.com/uk/news/1177144/
[59] http://www.prweekus.com/edelman-names-cooper-global-chair-for-creative/article/279473/
[60] http://www.prweek.com/uk/news/1182217/edelman-hires-red-health-founder-paul-gittins/

(research), Blue (advertising), BioScience Communications (medical communication), and agencies Edelman Significa in Brazil, and Pegasus in China. Clients can be benefited from the value chain and seek value. For example, Edelman worked with Edelman Digital to create contents for clients.

6.4.4 Symmetrical Communication

Proposition 7: Utilize the power of social network effect

There is no way for any business to ignore the power of social media. Social media are Internet sites to allow people interacting freely with each other. The activities include sharing, discussing and exchange information by using multimedia mix of words, pictures, video and audio.[61] Since the booming of social media, it became an essential weapon in mass social platform. With the help of social media, a lot companies which foreseen the opportunity have grown ever bigger and make a lot of fortune. The popularity and usage of social media is vary from country to country, so companies should do more research and beware of this.

Edelman is utilizing the advantage and social media power, the company provides professional services in social business planning, social media marketing, public affairs and others as social media exists in nowhere. Edelman's also form its social communities and welcome people to connect them through facebook, twitter, linkedln, youtube, Google+, weibo, instagram, and many others. Therefore, social media is considered a good example of symmetrical communication where companies can seek information or delivery message to the public and vice versa.

The ongoing research like determining the trends in social media or related issues still a concern for Edelman. In 2013 Edelman's Trust Barometer Report, some of the crucial finding were people trust internet and peer the most, and online community is now mandatory.[62] The fact shows that 41% of the survey groups trust in social media and 58% trust in online search engine as their resource globally. Businesses need or must have at least one online community to build trust and interact with the customers.

Proposition 8: The importance of Customer Relationships Management (CRM) - retain the "existing" clients rather than eager to look for "new" clients

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[61] http://www.uncp.edu/home/acurtis/NewMedia/SocialMedia/SocialMediaHistory.html
[62] http://www.vocus.com/blog/edelman-trust-barometer-social-media/

Customer is one of the most important assets to a company besides of employee. We can see that customer service is so important nowadays, most of the companies adopt customer relationships management (CRM) as a model to manage the current and future customers. In Chinese culture, we always say "customer is always the priority". Increase customer satisfaction has been the goal for almost every business.

Edelman is excellence in CRM and the fact shows they had never lost one of the top 50 clients since 2008. With the retained of the top 50 clients and organically grown from the top 20 significantly, the revenue has great increase ever after. Edelman's culture is applying client-centric approach to manage their global client's relationships. This approach allows them to have global perspective and give the clients a better insight of the work structure they are involved; enhance best practice and resource sharing, team integration and collaboration. Consequently, 55% of the revenue in 2012 was generated from the top 50 clients.
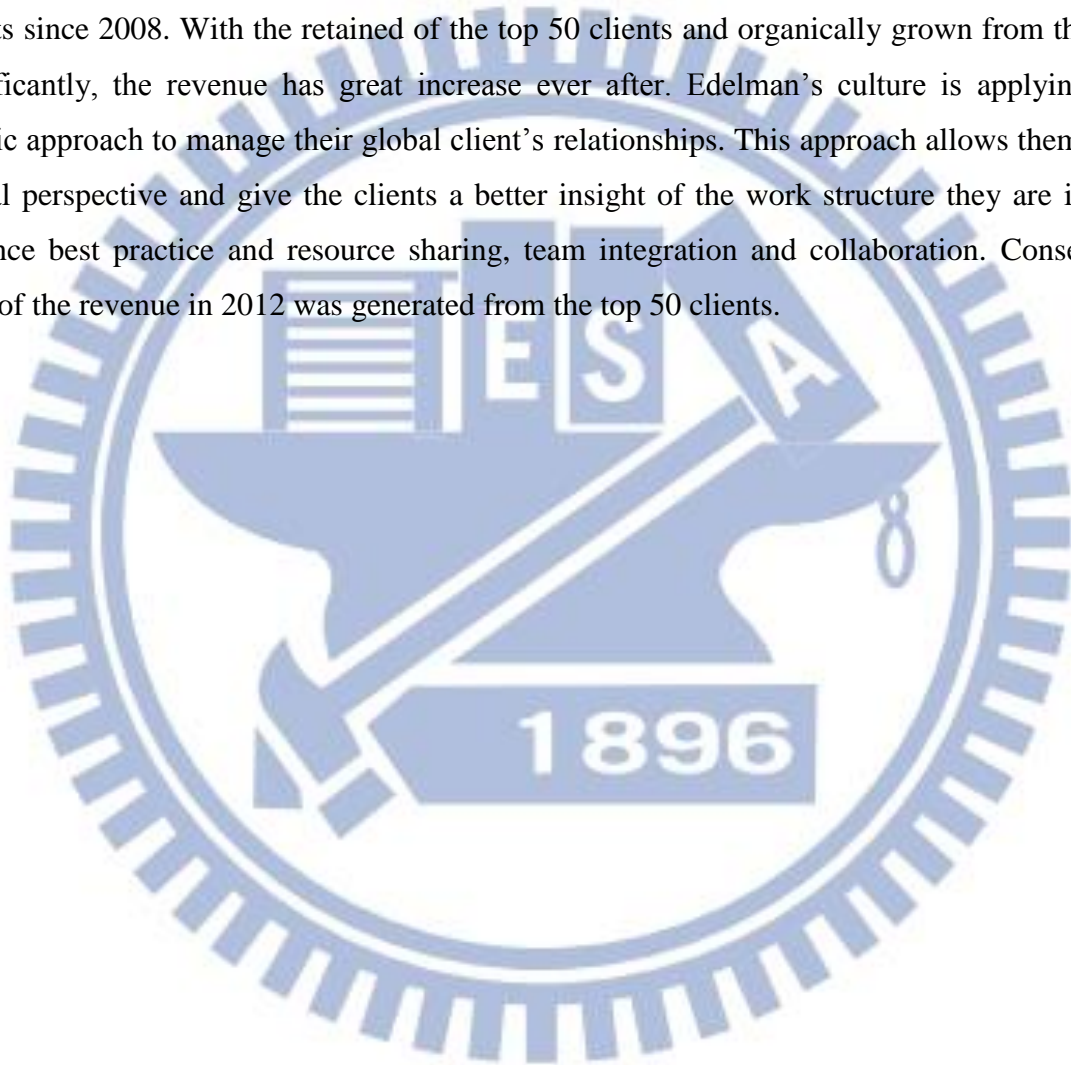
7. Conclusion and Limitations

Starting from history, we can see that the development of PR started as political weaponry to become a useful weapon in businesses. Initially, PR was being used with the intention where the truth is not the important issue but to get the attention from the public, which is the press agentry model. Through modernization and liberalization, the function of PR is changing. A lot of research and findings show that two-way asymmetrical model is still commonly used in most of the companies and organizations. However, the symmetrical communication still exists.

J. Gruing's models of public relations provide a conceptual framework as a fundamental view to public relations industry. Understanding the concept of PR is crucial and there is always a challenge for PR firms as well as PR associations to achieve the goal of changing people's misperception. This creates some challenges in the practice of PR because PR can be a powerful weapon for organizations if PR can be fully utilized as strategic management in essential way. The importance of PR could never be neglected, PR exists in nowhere.

In chapter 4, with the analysis using the models of PR as fundamental, we are able to have an insight of PR industry. We analyze R industry as global and comparing with PR in Taiwan was meant to determine the degree of PR practice, what models of PR being adopted, explore who are the market players as well as to seek the value of PR. Despite to difference cultural background, the practice of PR is founded with a gap between them.

The conglomerates have dominated the PR market through merger and acquisition (M&A). Indeed, they are so big and have the advantage on leveraging their well-established global communication networks. Small PR firms cannot be survived in this extreme competitive market unless they collaborate with partners to become bigger and stronger, or specialized in niche. Through the integration process, small PR firms grab the opportunity to expand their market by leveraging the affiliate partner relationships but consequently these small PR firms are acquired by conglomerates, therefore losing the core value as PR.

In chapter 5, we explore Edelman, the biggest PR firms in the world with the intention to reveal the uniqueness of this company in the sense of strategy. The company has a history of more than six decades, is worth to be studied and to have an insight of its successful factors.

However, we could not have a good study on Edelman's financial data because it is a private company. All the confidential data is undisclosed to the public, which brought us to the limitation of this study.

As a conclusion, we understand that if any businesses want to be sustainable or successful; develop competitive strategy is definitely a must. Especially for PR firms, they must hire the best talent to increase professionalism, build long-term relationships and leverage network to compete in the competitive market. If company can achieve "horizontality", encourage more collaboration and coordination between employees will increase innovation and creativity. Traditional type of company like centralization of authority will kill the innovation. With the right person, in the right place, the excellence PR can exist in reality. Most importantly, the symmetrical communication will complement with the growth of PR in the future. We hope that this analysis is able to give a better insight of global PR for the Taiwan's PR practitioners, so they can "think global, act local" and find a good strategy to become more successful.

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