

## **Abstract**

### Applying Risk Management to Public Relations

Theoretical underpinnings and instrumental systematic for managing media risks

by Frank Herkenhoff (2007)

Today risk management is a standard operating procedure in corporations. It is dealing with e.g. financial, legal and logistical risks and it is in place to optimize the risk/return profile in these business areas. But what about risks in communication processes? What about risks in public relations in particular? And even more important: How can these risks be systemized from the viewpoint of risk management theory, communication science and public relations theory? The objectives were set accordingly: The first step was to set up a framework to analyze PR-risks, second to transfer findings into a management model for PR-risks and third to test the model empirically.

The framework was realized combining two strings: an inductive one which scans the diverse literature focusing on the terms "risk" and "communication". The deductive one analyzed the existing paradigms in communication science (functionalistic paradigm, systems theory and constructive paradigm) focusing on risky aspects of the communication process in the light of the particular paradigm.

Public Relations has to deal with a portfolio of risks on two levels. The first level is a very generic one and refers to risks of misunderstanding etc. As such, these risks do not necessarily belong to the envelope of Public Relations. They can be found everywhere. Of much greater importance are level two risks. These risks emerge from strategic relevant communication processes between a company and its stakeholders and are four-fold: (1) media risks, due to selection routines of the media, (2) risks to induction, due to management not paying attention to the relevance patterns of the targeted stakeholders, (3) risks to image and the risk of inaccurate information. These risks result from circumstances resp. preconditions an organization faces. Finally, the fourth category of risks stem from an organization's own actions and comprise risks to image, persuasion and the risk of inaccurate information.

The dissertation only focused on media risks because of three reasons:

Management has to concentrate on risks as cause in order to prevent or to increase these risks – effects are second priority. "No theory of image exists" (Larissa Grunig 1992) – but you need to have one when you want to forecast risks. And finally, everyday PR practice shows that there is no risk management for media risks and risks to induction, but risks by action are always closely monitored.

The proposed management model for Public Relations is process-wise based on proven concepts from risk management. These include the steps of identifying,

accessing, taking action and evaluating as well as the logic of risk rating lend from political risk analysis.

The model calls for media risks to be identified via scenario writing. The accessing of the risk is based on findings of the news value theory and the more recent studies of the media framing approach. Combining these two concepts the probability of a media risk is high in situations or circumstances with a massive load of news factors for a given scenario and an intense structural similarity with dominant media frames at the same time. One can also say: the risky scenario fits well into an existing media frame. The degree of fitting can empirically be observed with rating scales as the intensity of news factors can be. Due to the very nature of risks they can be either threat or opportunity. Thus, risk management for media risks can choose from a large array of norm strategies to deal with these risks: avoid, decrease, diversify, transfer, prevent or even to intensify!

The model was tested on a fictitious asset management firm with some 16 scenarios to be evaluated. Testing included a content analysis of the 2005 media coverage of large newspapers in Germany (Frankfurter Allgemeine Zeitung, Financial Times Germany and Handelsblatt) concerning asset management topics. Also six PR consultants were asked to rate the intensity of news factors in the 16 scenarios.

Conclusion: It is possible to set up a risk management for Public Relations and report these risks as other organizational functions report their risks. This was made possible combining concepts derived from risk management in business studies with findings and theories from communication science. The overall idea delivered with this thesis will be a further step towards professionalization of Public Relations but of course needs more detailing and research.