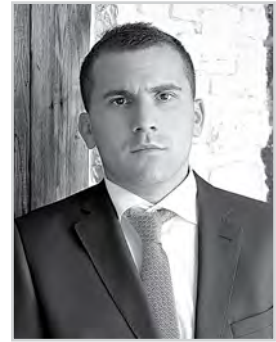




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Researching the application of public relations in Montenegro

Abstract. This paper researches the application of public relations (PR) in terms of running a business in modern conditions. The study is focused on public relations in Montenegro in order to view the main reasons why many companies and institutions still do not understand the need to apply this managerial function. This paper is a field research in the area of PR in Montenegro. Apart from Montenegrin companies, this research considers foreign companies that do business in Montenegro. Montenegrin PR is at the beginning stage, which is shown in the results of the research. The results of our research reflect that there is a direct positive correlation between managing public relations on the one hand and the achieved business results on the other hand. Based on the results of the integral research, owners and managers are given certain recommendations which can be used to encourage efficient business operations of Montenegrin companies.

Keywords: Public Relations; Image; Publicity; Consumer; Crisis Communication; Managing Public Relations

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Дослідження практики використання PR у Чорногорії

Анотація. У статті досліджується використання PR у Чорногорії з точки зору ведення бізнесу в сучасних умовах. Увагу зосереджено на суспільних відносинах з метою визначення причини того, чому багато компаній та установ Чорногорії не усвідомлюють необхідність застосування цієї управлінської функції. У проведеному авторами дослідженні, крім чорногорського, взято до уваги досвід іноземних компаній, які ведуть бізнес у Чорногорії. Як показали результати дослідження, практика використання суспільних відносин у Чорногорії перебуває на етапі свого становлення. Окрім цього, виявлено пряму позитивну кореляцію між використанням PR з одного боку та результатами ділової діяльності – з другого. За результатами інтегрального дослідження власникам компаній та менеджерам запропоновані рекомендації, які містять повну інформацію щодо практики ефективного ведення бізнесу в Чорногорії.

Ключові слова: PR; імідж; публічність; споживач; кризові комунікації; управління відносинами.

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Исследование практики использования PR в Черногории

Аннотация. В статье исследуется практика применения общественных отношений в Черногории с точки зрения ведения бизнеса в современных условиях. Внимание сосредоточено на общественных отношениях с целью определения причины того, почему многие компании и учреждения не осознают необходимость применения этой управленческой функции. В проведенном авторами исследовании, помимо черногорского, рассмотрен опыт зарубежных компаний, ведущих бизнес в Черногории. Как показали результаты исследования, практика применения общественных отношений в Черногории находится на этапе своего становления. Кроме того, была выявлена прямая положительная корреляция между использованием PR с одной стороны и достигнутыми результатами – с другой. Согласно результатам интегрального исследования, владельцам компаний и менеджерам предложены рекомендации, которые содержат полную информацию касательно практики эффективного ведения бизнеса в Черногории.

Ключевые слова: PR; имидж; публичность; потребитель; кризисные коммуникации; управление отношениями.

1. Introduction. The image of a certain company, its market strength and success are the key factors of competitiveness, and it is even more important that a company positions itself with a good image rather than modern technology for making high quality products. If a company has a good reputation among customers and possesses «good will», it may also show its strength in the process of cooperation and negotiation with mediators and buyers, which additionally contributes to its business success. Total effects of that process finally reflect the overall positive financial result of a company.

From the theoretical point of view, the basic task of public relations is to create an organisational atmosphere in a company which will enable it to be significantly accepted by the broad public (consumers, community, government, employees and financial institutions), which leads to business success. Public

relations are a very important way of communication for modern companies which aims at a better understanding of its potential and actual consumers in order to achieve mutual satisfaction in the most efficient way. PR as a managerial function is expected to follow and analyse public opinions of the company with regard to its relations with the internal public, developing and increasing corporate culture (loyalty towards the company, satisfaction with the job, sense of belonging to the company, identification with the company).

The complexity of public relations requires a strategic approach of the company so that it could gain maximum business results. This enables us to formulate a thesis that their realisation in the company requires time.

2. Brief Literature Review. Despite the availability of various literature sources related to the development and the role

of PR in the developed markets, the domestic literature which deals with the problems of PR in less developed countries is limited. Such a fact gave us an additional motive to write this paper. More scientists and managers who deal with marketing define PR as «managing relations» (Ledingham, Brunning, 1998) [5]. The earlier theories advocated the attitude that PR activities are «random and reactive» (Smith, 2013) [7]. Unlike that opinion, the majority of existing theories connected with public relations support the opinion that public relations perform a managerial function (Grunig, 1992) [2]. This approach is tightly connected with our hypothesis in this paper. However, it will take some time for our managers in Montenegro to realise all benefits of adequate management of public relations.

By studying the contemporary literature, we can conclude that there are two different approaches among the authors regarding the relations between marketing and public relations (Koetler, 2012) [4]. One group of authors thinks that public relations is a marketing instrument. Koetler, for example, emphasises that PR is one of the important means of marketing. The other group of authors think that public relations is a fundamental activity of a certain company within which marketing is a function, too. According to this approach, all marketing activities are treated as instruments of public relations.

Public relations enable companies to create a contact with buyers who are getting more and more informed by means of modern media with the aim of achieving profit and promoting partnership with other stakeholders at the same time (Rodriguez-Salcedo, 2015) [6]. Werder (2005) indicated that perceived attributes of publics significantly influence public relations strategy use in organisations [10]. Those companies who have recognised the significance of traditional modern media in communication achieve much better business performance than those who are directed only towards one type of media (Terek, et al. 2015) [9]. The influence of public relations is primarily determined by two factors: managing the image, and relations with the stakeholders (Springston and Lariscy, 2005) [8]. It is important to mention that there is a strong correlation between the reputation which the company possesses and the level of investment into communication activities (Hutton, et al. 2001). Public relations is an unavoidable function in each organisation and it is not brought into question if they have a PR function or not, but the way they will be approached: whether they will respect the planned approach or they will bring all decisions on the go, randomly and unplanned (Dyer, 1996) [1].

3. The purpose of this paper is to define the level of the development of public relations in Montenegro based on the above mentioned statements and to identify interdependence between PR on the one hand and the market position and market success on the other hand.

Basic research hypotheses are the following:

H1: Adequate managing of public relations contributes to the overall reputation of companies and, hence, to better business results.

H2: PR in Montenegro are at the beginning stage.

H3: Public relations are an irreplaceable means of overcoming crisis situations both within a single company and economy as a whole.

In order to confirm or refute the above mentioned hypotheses, we have carried out our own research based on a questionnaire. The results of the research will be presented in the third part of this paper. The basic aim of our research is to focus on the role of managing public relations in improving of the overall company's business activities. Apart from what has already been mentioned, we think that this paper can help companies in Montenegro to create a good image in the public eye in a unique way by developing and encircling this business function. Our presentation and the results of the empirical research will show that the application of PR is a global trend. Montenegro is facing a noticeable increase of quality of all aspects of public relations, but the process is not being carried out with the necessary dynamics. Still, the development and the intensity of that development are mostly dictated by foreign companies which apply world standards in the area of communication both in PR and in marketing. This trend is also present in the public sector of our country.

4. Results. In order to get objective results on the development of public relations in Montenegro, we have carried out a special research. The research started at the end of 2014 and it was based on an intentional sample of 100 companies and other subjects. The research was carried out throughout Montenegro so that the sample would be more representative with 61% of the companies subject to this research located in Podgorica. This percentage is justified by the fact that the headquarters of all commercial banks, insurance companies and state institutions situated in our capital city. Since there is no secondary data, collecting the primary data was finished in the first quarter of 2015. All questions in our questionnaire (which are given in the integral form) are a result of a detailed previous analysis and they were chosen with the intention to obtain information on the functioning of this managerial position in Montenegrin practice in a real way. Most of the questions were mainly formulated to with suggested answers. Besides, there were a few questions of the open type so that we could get complete answers. The majority of the interviewees were contacted directly, but some companies got the questionnaires via electronic means. Each formulated question had a short interpretation and recommendation for the future period. The present research on the significance of PR for business operations of Montenegrin companies is well accepted by the interviewees. They stated that they took part in research on PR functioning in Montenegro for the first time. This research gave some useful results, primarily in the qualitative analysis for assessing the position and functioning of this managerial function in the Montenegrin practice. Apart from that, the primary data obtained in this research served as a means to confirm the basic hypotheses of this paper. The results of the poll were analysed question-by-question according to the order of the above mentioned questionnaire, which is reflected in the paper.

1. *Basic activity of your company (organization) is:*

The majority of subjects that we polled were banks and insurance companies. Hotels and restaurants took the second place. With regard to state institutions, we polled the Ministry of Traffic, Ministry of Finance, the Ministry of Justice and the Ministry of Internal Affairs. Knowing that a fewer number of trading companies apply PR, their participation in our sample is less and regards the percentage of their participation in the Montenegrin economy. In terms of communication, we polled three mobile operators in Montenegro. The subjects of our analysis were also two leading companies in the area of transport and traffic and these are Montenegro Airlines and Railway Transport of Montenegro.

2. *Your company employs:*

The sample comprised various company categories, from micro, small, medium and up to big companies. The results of the research showed a positive correlation between the size of a company and the level of importance which is given to public relations.

3. *Do you really need PR?*

The negative answer (36% of them) was given mainly by the representatives of organisations which employ less than 100 people. Besides, the companies that gave the negative answer were those whose headquarters are in the north of Montenegro. They justified the lack of free financial funds and understanding of PR as something that was of secondary importance for their business success. It is important to point out that almost half out of 36% of those companies were not familiar with the very term of PR!

On the other hand, it should be pointed out that the majority (64%) claimed that PR was necessary for their business activities on the market. In order to make sure that their claims were objective, we considered the answers to the fourth question: «*Why do you need PR?*»

This question was posted in the form of an «open ended» question so that we could objectively consider the reasons why the representatives of companies think that PR is necessary. Based on the analysis of the given answers, we have concluded that 45% of the researched subjects stated creating and maintaining reputation in the public eye. Apart from that, they think that PR is an efficient means to inform the public about important events taking place in the company. It should also be

pointed out that 24% stated that the consumers are more and more demanding every day, and thus they insist on a two-way communication, which is basically possible only through PR.

Based on the above mentioned answers, we can conclude that there are companies in Montenegro that are aware of PR contributions, but it takes time for PR to be applied in an appropriate manner.

5. How often do you communicate with the public?

The majority (72%) answered that communication is done continuously. Those companies who answered that they set up communication with target groups (9%) during a month, stated that communication is a very important factor of their daily business. However, they also noted that the lack of financials was the basic reason why that was not done more frequently. 15% of the polled gave the same reason and said that they communicate with the public only when a problem comes up.

On the other hand, we have information that only few companies (4%) stated that they avoid addressing the public. The explanation to such an answer is that their target segment is not the final consumer, but that they sell their products to retail companies. Based upon that attitude, it is easy to identify the philosophy of their business activities and applying the marketing concept. According to their opinion, all efforts should be directed towards the production and production processes, and consumers' affection will be a result of such a strategy.

6. The content of the message is based upon:

There was a possibility for the interviewee to state more criteria based upon which they create the content of their message. The results of the research show that 72% of the companies stated that the message content is based upon the consumers' request. Having such a result, it was logical to conclude that, unfortunately, there are few companies in Montenegro who adequately understand the significance of PR with regard to success in business.

Almost a third of the polled companies stated that the owner's decision is a crucial factor for the choice of a promotional message. The majority (80%) are the companies that deal with trade, and employ less than 100 people. The obtained results are shown in the Figure 1.

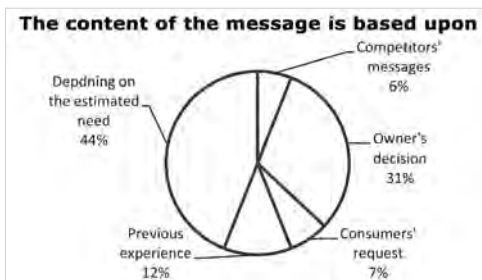


Fig. 1: Content of the promotional message
Source: Based at authors' own survey (2014-2015)

Bringing decisions to the area of management and marketing based at personal experience of an individual (an owner, manager) is characteristic of underdevelopment. That statement has proved to be true in this research. Almost 54% of the interviewees stated that they created messages which are based on their personal situation. Such an answer was given by the companies which are not ready for the marketing competition with global rivals and whose survival was put into question.

7. Since when have you applied the public relations in your business activities?

The statement that 73% companies do not use public relations in their business activities is sad but objective. 18% of companies whose headquarters are in the developed European countries and have only their subsidiaries or subsidiary banks in our country state that they have used public relations since they started the business.

Only 5% of the companies stated that they started applying PR upon the influence

of foreign competition. This matches with the percentage of the given answers to the previous question, i.e. that the message is created upon the model of the rival's message. This proves that the emergence of foreign competition is one of the initiators of PR development in Montenegro.

8. Is there a special department of personnel who deals with public relations in your organization?

All companies (73%) who stated that they do not use PR, circled the option that they had not developed public relations yet. (For such companies, that question was final in the questionnaire because we thought that they were unable to give us relevant details in our further research).

Among the companies that use PR in their businesses, the most numerous were those (17% of the polled companies) who had only one PR manager in charge. The management of such companies considers PR to be a subfunction of the marketing sector. The fact that more than 60% of PR managers in Montenegro are not economists but mostly journalists proves the statement that public relations in Montenegro are at the beginning stage. There are few companies in Montenegro (6% according to our sample) who have a separate department for public relations in their organisational structure. Apart from that, we can often hear the name «sector for corporate communication». PR departments in Montenegro exist only within the companies that have more than 200 employees and are market leaders at the same time.

Our research has shown that apart from the economic sphere, some state institutions (the Ministry of Finances, the Ministry of Transport, and the Ministry of Justice) have departments that deal with public relations. Unlike individual PR managers, educational profile of the economists is dominant in the departments, but we can also find other specialists such as: journalists, linguists, teachers of literature and foreign languages, computer experts... On average, there are three employees in each PR department in our country. With regards to the gender structure, mostly women promote PR in Montenegro.

The fact that only 4% of the interviewed companies use the services of specialised agencies is just one in the range of evidence that PR in Montenegro is at a low level of the development. The basic reason for such a condition is the lack of confidence in the work of PR agencies and belief that «we know best how to solve our own problems».

Note: The percentage of answers in the following questions is calculated upon the number of the interviewees who continued filling in the questionnaire after answering the previous question.

9. What is the general aim of your PR?

That was an open-ended question. Regardless the scope of action and the size, the companies circled from four to five of the offered answers. The most common answers are related to overcoming crisis situations, creating and maintaining the image of the company. It confirms the hypotheses defined in this paper.

10. Means which are mostly used in PR are the following:

The questionnaire provided a possibility to circle more options; therefore, mostly all companies, regardless the scope of activities and the size, circled from four to five of the offered answers (Figure 2).

Based upon the previous graph, we can conclude that celebrities and sponsorships are the least used. The basic reason for that is not the inefficiency of the means aimed at the realisation of PR activities, but the financial funds that they require.

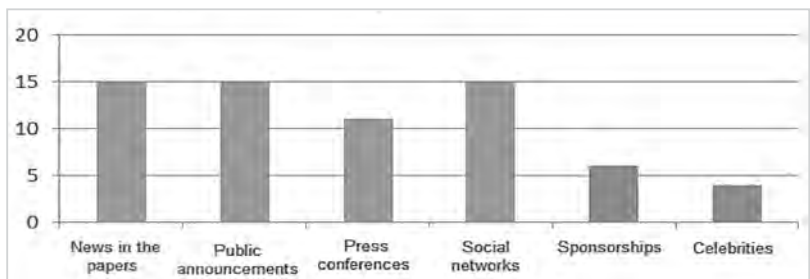


Fig. 2: Widespread PR means in Montenegro
Source: Based at authors' own survey (2014-2015)

While we were carrying out this research, the companies stated that they started using social networks as a PR means more intensively from day to day. When asked what the companies needed that for, we got the answer that they set up a two-way communication with the target groups with minimal costs.

11. *Do you have a PR activities plan for the following year?*

Only a fourth of the companies (out of those who somehow promote PR) gave a positive answer. This is one of the main indicators that a great number of organisations do not approach public relations from the strategic aspect. Besides, the fact that none of the questioned circled that their plan was in the phase of creating is worrisome, which means that it is not realistic to expect some changes in the near future! Two thirds of the companies stated that they did not possess a plan of PR activities and that they think of them on the go. One of the reasons is that PR is within the marketing sector and according to that, the plan is not necessary. The question on financing the funds follows.

12. *Annual budget allocated for PR activities:*

All the subjects who answered the previous question that they did not have a plan of PR activities, responded that they did not allocate special funds for PR, which is the index of objectivity of the interviewees. It is wrong to conclude that these companies do not spend money on PR. The amount of funds that they spend on public relations on the annual level primarily depends on the size of the marketing budget, but generally it is around 10,000 Euros. The companies (11%) who stated that they allocate more than 20,000 Euros per annum to realise PR activities, have a special department for public relations and for that purpose they hire PR agencies.

13. *On what basis is the budget for PR determined?*

When they were answering the question, the interviewees could give more answers, which indicates a possibility to combine a bigger number of methods in order to obtain an appropriate amount of the funds (Figure 3).

The results of the research show that the subjective evaluation of the chiefs is still a crucial factor for defining the PR budget. That is, according to our research, a strong indicator that public relations in Montenegro is at the beginning stage of development. It is important to point out that no company stated that the amount of their PR budget depends on the volume of sales. The reason for that can be found in the insufficient knowledge of the effects of PR on the business success. 31% of the companies answered that the aim they want to achieve is the most important factor to determine the budget. The companies where PR is applied appropriately gave such an answer to the question.

14. *Does PR help in overcoming the crisis situations?*

95% of the polled confirmed that a crisis is a component of the public relations. Such opinion once again confirms the third hypothesis of this paper which states that public relations is an irreplaceable means to overcome crisis situations.

The interviewees state that the cause of most crises can be found inside the companies. The existence of adequate communication, both with the outer public and within organisations, is necessary in overcoming crisis situations. The research has shown that employees want to be informed about all future decisions of the company. Apart from that, all employees, regardless of the organizational level they belong to, expect to be informed about all important business problems. Such attitude contributes to the satisfaction of employees who are an important target audience for the company.

15. *Do you hire specialised agencies for PR?*

Answering this question, 92% stated that nobody knows better than themselves, thus nobody but them can solve the

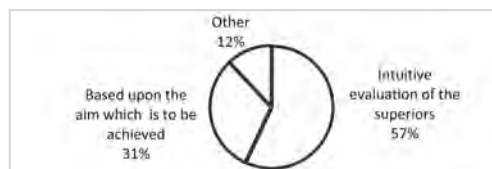


Fig. 3: **Basis for PR budget determination in Montenegro**
Source: Based at authors' own survey (2014-2015)

problems of PR application. This proves that Montenegro does not have a great number of real PR professionals who are specially educated for this area. Conducting this research, we concluded that there is a concern of the employed in the PR sector related to cooperation with the relevant agencies. They think that the agencies would take advantage of what they can access and thus make it accessible to other competitive companies and the broad public.

Finally, those employees who deal with public relations in Montenegro think that the contribution of PR is very significant so far. Thus, we can conclude that they are aware of the role of PR as a factor of success.

5. Conclusions. Based upon the results of the research, we have concluded that there are three groups of companies in the Montenegrin market which understand the role of PR and their business activities in a different way. The first group is formed by companies which professionally communicate and whose management understands the importance of public relations. Those companies whose management understood that successful rivals have public relations managers and are trying to transfer that practice into their companies belong to the second group. PR managers in such companies are directly surrounded by the top management, and a great number of PR activities are delegated to specialised agencies. The third group comprises companies who have not precisely determined and positioned PR, but improvise public relations. The results of our research showed that this last group is unfortunately the largest in Montenegro. The general conclusion is that the atmosphere in which public relations function is under a strong influence from the top management or the company owners. The general problem is that PR is understood as an expense rather than a business function. The results of the research have also shown a direct positive correlation between the achieved business success on the one hand and adequate public relations management on the other hand, which confirms our basic research hypothesis. There are few companies in Montenegro which approach public relations appropriately, and thus the hypothesis that public relations in Montenegro are at the very beginning of their development is shown as a correct one. However, regardless the way PR is organised in a company, based upon the results of our research, we can conclude that companies expect PR to research and help in finding an adequate solution to overcome crisis situations, which confirms the third hypothesis. Starting from the current situation of applying PR in Montenegro, we think that a special subject should be introduced at universities so that future employees would acquire the necessary knowledge of public relations. When it comes to forecasts for 2016, we think that significant changes will not happen in the application of PR in Montenegro because such a process takes time. Finally, we conclude that further development of foreign competition and foreign investors in the Montenegrin market brings to creation PR as a managerial function, and is only a secondary support to the modern business activities which is the case at the moment.

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