Corporate Governance and Quality of Information in Marketing Communications: Reality versus Perception

James P. Neelankavil
Professor of Marketing and International Business

Merrill Lynch Center
Third Annual Roundtable on
“Corporate Governance and Responsibility
Wednesday, December 1, 2004
Hofstra University
GOVERNMENT AGENCIES

FOR PROFIT

NOT FOR PROFIT

GOVERNMENT AGENCIES

FINANCIAL REPORTS

PRESS BRIEFINGS & PUBLIC RELATIONS

ADVERTISEMENT & PROMOTIONAL CAMPAIGN

DIRECT COMMUNICATIONS

CONSUMER

GENERAL PUBLIC

STOCK HOLDER

INVESTOR

SUPPLIER & DISTRIBUTOR

OTHER BUSINESSES

INFORMATION

PUBLIC

ORGANIZATIONS
Roles in Information framework

- Message sender → Individuals and Organizations
- Messenger → Spokesperson (s)
- Vehicle → Media, telecommunications, web, internet
- Message
- Message recipient → Consumers, public
Purpose of Information

- Inform the public about issues
- Modify/change opinions and views
- Persuade and or convince
- As a sales pitch
- For image building
- To report on performance
- To report on news worthy items
- For damage control
Problems in Information

- Partial truths
- Puffery
- Use of confusing phrases
- Misinformation/misrepresentation
- Omission
- Deception [Exists when information is introduced into the perceptual process of some audience and the output of that perceptual process differs from the reality of the situation and affects behavior to the detriment of the audience]
Consequences of misinformation, omission, and deception

- No harm done
- Selection of a second best alternative
- Aggravation, stress, anxiety, dissonance
- Small financial loss
- Major financial loss (e.g., loss of pension)
- Minor physical harm
- Major physical harm
- Death
Underlying reasons for accepting false or deceptive information

**Organizations**
- Competitive pressures
- Greed
- Misguided objectives
- Dishonesty

**Public**
- Most people are trusting
- Some are naïve
- Some people hope for better things and situations/circumstances
- Some people are cynical
- Some people are greedy
Whose responsibility is it?

- Organizations
- Public
- Industry
- Government
- Watchdog agencies/consumer advocates