

UNIVERSITY OF SWAZILAND

FACULTY OF COMMERCE

DEPARTMENT OF BUSINESS ADMINISTRATION

MAIN EXAMINATION PAPER

MAY, 2013

TITLE OF PAPER : PUBLIC RELATIONS

COURSE CODE : BA 523

TIME ALLOWED : THREE (3) HOURS

- INSTRUCTIONS :**
- (1) TOTAL NUMBER OF QUESTIONS IN THIS PAPER IS SIX (6)**
 - (2) THE PAPER CONSISTS OF SECTIONS A AND B.**
 - (3) ANSWER THE QUESTION IN SECTION A WHICH IS COMPULSORY AND ANY THREE (3) QUESTIONS IN SECTION B.**
 - (4) THE MARKS ALLOTTED FOR A QUESTION /PART OF A QUESTION ARE INDICATED AT THE END OF EACH QUESTION / PART OF QUESTION.**
 - (5) WHERE APPLICABLE, ALL WORKINGS / CALCULATIONS MUST BE CLEARLY SHOWN.**

NOTE: MAXIMUM MARKS WILL BE AWARDED FOR GOOD QUALITY LAYOUT, ACCURACY, AND PRESENTATION OF WORK.

THIS PAPER MUST NOT BE OPENED UNTIL PERMISSION HAS BEEN GRANTED BY THE INVIGILATOR.

SECTION A: COMPULSORY

Read the case and answer the questions that follow:

CASE: Wendy's Fingers a Hoaxer

Just as airlines must be prepared for the dreaded day when crisis arrives in the form of a crash or hijacking, so, too, the public relations professionals at fast-food restaurants must be prepared for crises involving robberies or tainted food. Little, however, could have prepared the executives at Wendy's restaurants, one of the nation's leading fast-food purveyors, for the shocking report they received in March 2005.

A woman named Anna Ayala, dining at a Wendy's in San Jose, California, reportedly discovered a portion of a human finger in a bowl of beef chili. Ayala went public immediately, threatening suit, and Wendy's became embroiled in a five-alarm crisis, face-to-face with the nation's and the world's media

No Public Relations Finger-Pointing

After the San Jose franchise owner notified management, Wendy's corporate executives leapt into action with a multipronged public relations initiative.

- Wendy's President Tom Mueller quickly stepped into the public spotlight, responding initially to the media.
- The company offered a \$50,000 reward to the first person providing verifiable information leading to the identification or origin of the finger.
- A toll-free number was established to receive leads.
- A comprehensive internal investigation was undertaken to ensure that the finger didn't come from an employee.
- The company and its president made themselves available to the media to reaffirm that "Nothing is more important to us than the quality of food we serve."

The results of the internal investigation indicated that no Wendy's personnel seemed to be involved. No restaurant employees or chili suppliers had suffered hand injuries. The employee who prepared the chili was a 10-year veteran of the San Jose restaurant. Wendy's personnel appeared clean.

Nonetheless, the company was careful not to blame anyone, most of all Ayala. The company was circumspect in its public statements about the alleged victim. It never even suggested the possibility that Ayala might be involved in the crime. Even after Ayala's lawyer quit and she mysteriously dropped her threat to sue, Wendy's kept its distance from pointing fingers

The Finger Lingers

Over the next month, the police investigation proceeded and Wendy's continued to make itself available to the media. A month to the day after the finger fracas began, Wendy's public relations director allowed the *New York Times* to follow him through damage control duties, meeting with the reporter at the restaurant scene of the crisis.

A nearly full-page, generally sympathetic story resulted, analyzing all aspects of Wendy's public relations dilemma. The story even speculated as to where the found finger may have originated, including a woman who recently lost a finger in a leopard attack. Among other things, the public relations chief acknowledged that the picture of the finger in the chili "was a gruesome image ... and it spread across the country in no time."

Meanwhile, late-night comedians were having a field day. Jay Leno on the *Tonight Show* admitted he hadn't been aware that "Wendy's sold finger food." Leno then referred to the company's late founder: "I guess we know what Wendy's did with their founder, Dave Thomas."

Also busy on the airwaves was Ayala, who willingly told **ABC's *Good Morning America***, "Suddenly I chew something that's kind of hard, crunchy ... I spit it out."

As the month wore on, the Wendy's finger incident refused to go away. Sadly summarized the company's public relations director to the *New York Times*, "We can't put this behind us until we get a third party to exonerate us, if that's possible. And it may never be possible."

Fingering the Finagler

A little more than a month after Wendy's nightmare began, it ended. Just like that.

Police in Las Vegas arrested Anna Ayala at her home and charged her with attempted larceny in perpetrating a hoax against Wendy's. According to police, Ayala had been involved in other legal disputes, lots of them. She filed at least 13 civil actions in California and Nevada involving her and her children, most of the time settling for cash rather than going to trial.

When asked if police had suspected Ayala of committing a hoax, the head San Jose's police department's investigations unit answered yes.

In January 2006, Ayala and her husband pleaded guilty to the scheme to extort money from Wendy's. Ayala's husband had purchased the mysterious finger from a coworker, who lost it in an industrial accident. Ayala was sentenced to nine years in jail and her husband to 12 years. They were ordered to pay \$21 million.

As for Wendy's, President Mueller said, "We're thrilled the arrest has been made."

Less thrilling was the fact that the hoax forced Wendy's to lay off dozens of workers and cost the company \$2.5 million in lost sales.

Questions:

- a) How would you assess Wendy's treatment of Ayala in a public relations sense? **[5marks]**
- b) Was the public relations director's interview with the *New York Times* helpful or harmful to Wendy's? **[10 marks]**
- c) Discuss the general instant warning signs that invariably appear when crises strike and what would be the best thing to do in a crisis. **[10 marks]**
- d) All companies facing crises should develop a clear straightforward **position** on communicating with publics. What advice would you give? **[15 marks]**

[Total 40 marks]

SECTION B

Answer any **three (3)** questions from this section.

QUESTION 2

In dealing with Issues Management, public relations practitioners must understand that while it involves both crises and other various public issues, it is also a five-step process and encompasses seven elements. Discuss **[20 marks]**

QUESTION 3

- a) When dealing with ethics and public relations, corporate social responsibility has certain advantages and limitations. Discuss. **[15 marks]**
- b) Explain the activities that an employee communication strategic programme should have. **[5marks]**

QUESTION 4

Hardley Cantril developed fifteen laws of public opinion that must be understood by public relations practitioners. Discuss **[20 marks]**

QUESTION 5

As public relations practitioner, you will be required to write speeches for top management. Explain the process you would normally follow in all the stages. **[20 marks]**

QUESTION 6

- a) Appearing on television can be both risky and effective. It can only be effective if adequate planning is done before going on air. Discuss the pros and cons of handling television interviews. **[15 marks]**
- b) Most public relations programmes aim at persuading their publics to either change their attitudes towards the company and its products or continue doing business with it. What factors would you consider in the persuasion process? **[5marks]**