

# Public Relations Society of America

Board of Ethics and Professional Standards

Code of Ethics Case Study Series

## Public Relations Ethics Case Study #1

### Free Flow of Information

Assume that you are the director of public relations for Megabucks Energy Company, a Houston-based Fortune 500 oil and gas exploration and production company. Megabucks has been experiencing declining profits due to drops in oil and gas prices. Recent drilling on one of the company's properties in the Java Sea has produced promising results of a significant new oil and gas reservoir. Although geological testing is incomplete, rumors are flying in the marketplace about the potential of this new well to significantly increase Megabucks' profits. Senior management asks you to prepare a news release that responds to these rumors and downplays the significance of the find. As part of your research, you discover internal reports that show that this new well is, indeed, a major discovery and that further testing is planned simply to determine the size of the reservoir. What do you do?

1. Define the specific ethical issue and/or conflict.

Is it ethical to disseminate deceptive information regarding the financial condition of my company on which a number of key publics may rely?

2. Identify internal/external factors that may influence the decision.

What does the SEC require in such instances?

Do federal/state laws require a particular decision?

What do company values, policies and/or procedures require?

3. Identify key values.

*Loyalty* – As a professional, my commitment to my employer comes before other obligations.

*Advocacy* – As a *responsible* advocate, I must consider both my company's interests and the interests of those affected by my decision.

*Honesty* – I am obligated to tell the truth in advancing my company's interests and in communicating with the public.

*Independence* – I must retain my objectivity in counseling my employer on the course of action that is in the company's best interest.

4. Identify the parties who will be affected by the decision and define the public relations professional's obligation to each.

Company/employer, Board of Directors, shareholders (and potential shareholders), SEC, financial analysts (community), financial media, employees, public, profession, self

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### 5. Select ethical principles to guide the decision making process.

How does the PRSA Member Code of Ethics inform the decision making process?

A core principle of the PRSA Code is: “Protecting and advancing the free flow of accurate and truthful information is essential to serving the public interest and contributing to informed decision making in a democratic society.” The stated intent of this provision is “to maintain the integrity of relationships with the media, government officials and the public.” The Code guidelines that address this situation require that members: “preserve the integrity of the process of communication” and “be honest and accurate in all communications.”

### 6. Make a decision and justify.

The public relations professional’s greatest loyalty is to his/her client/employer. The professional is obligated to provide counsel and communication support that serves the best interest of the organization. At the same time, *responsible* advocacy requires that the interests of those affected by the decision be considered. The fact that numerous publics might rely to their detriment on this information must be considered.

Although the potential for conflict between loyalty to employer and honesty exists, the value of independence helps resolve any conflict. Sound, objective counsel would require the public relations professional to refuse to write the release and advise the company on a more appropriate course of action that does not deceive the public or other parties. This decision would, in fact, serve the company’s best interest since the release of deceptive information could contribute to declining public(s) trust in the organization, not to mention potential legal liabilities associated with SEC disclosure requirements. This decision would preserve the integrity of processes of communication and also help the company (and the public relations professional) maintain important relationships with the financial community, financial media, government officials, and others.

This decision is supported by principles of ethics, as outlined in the PRSA Member Code of Ethics, which prohibits the dissemination of deceptive, i.e., dishonest information and requires members to advance the free flow of accurate and truthful information.