

## GLOSSARY

**Accounting:** The process of summarizing, analyzing, recording, and reporting business and financial transactions. Accounting is guided by detailed principles and procedures.

**Accounts payable:** A line on the balance sheet that is a liability, this figure is money the company owes to a supplier for a good or service purchased, but for which has not yet been paid.

**Accounts receivable:** A line on the balance sheet that is an asset, this figure is money owed to the company such as from the sale of a good or service for which funds have yet to be collected.

**Adam Smith:** A father of modern economics and the author of *The Wealth of Nations*, which argues that by operating out of self-interest individuals and firms inadvertently benefit others.

**Advertising value equivalence (AVE):** A controversial media metric that attempts to place a financial value on “earned” media coverage based on the cost to buy ad space in that publication.

**Agency problem:** Also known as “agency costs,” this problem arises when the interests of an organization’s board of directors and/or management diverge from that of stakeholders.

**Agency theory:** Theory that conceptualizes shareholders as the “principals” of an organization and the board of directors as the “agents” that act on behalf of shareholders in creating value.

**Agenda-building theory:** A theory that explores the role of organizational information subsidies in influencing how information is used and interpreted by influencers and stakeholders.

**Agenda-setting theory:** A theory that examines how the media's presentation of topics in the news over time focuses and shapes the public's perceptions of the world around them.

**Al Golin:** The founder of the global public relations firm GolinHarris and the originator of the "trust bank" concept in which companies build up deposits of goodwill through giving back.

**Amortization:** In corporate accounting, the deduction of capital expenses over the useful life of an intangible asset, such as a copyright, trademark, patent, or other intellectual property.

**Analyst/investor day:** A half- or full-day event held in a major city or at a company facility in which management provides the financial community with a detailed look at its business.

**Analytics:** A collection of numeric metrics or indicators that help track the performance of a communication campaign or program in meeting a stated objective or objectives.

**Andrew Carnegie:** Late 19th century industrialist and philanthropist who wrote the "Gospel of Wealth" in which he urged the wealthy to devote their resources to bettering society.

**Annual meeting:** A meeting held by a company typically after the end of its fiscal year. Many of these meetings are largely procedural with low in-person attendance, but there are exceptions.

**Annual report:** Document published annually that reviews the company's performance in the prior year. This document typically includes a letter from the CEO. May just be a 10-K wrap.

**Applied research:** Research that is conducted by or on behalf of an organization to solve a business challenge or address an opportunity. This research may be proprietary and non-public.

**Arthur W. Page:** Served as the vice president of public relations for AT&T. The first public relations executive to serve as an officer and member of the board of a major public company.

**Arthur W. Page Center for Integrity in Public Communications:** A research center at Penn State University dedicated to the study of ethics and responsibility in public communication.

**Arthur W. Page Society:** Based in New York and founded in 1983, a professional association for senior public relations and corporate communications executives with over 400 members.

**Asset:** A source of value for an organization. In a financial context, an asset is something that the organization owns or controls which is expected to contribute to the creation of future profits.

**Association for Education in Journalism and Mass Communication:** Founded in 1912, AEJMC is the largest association of journalism and mass communication educators and students.

**Balanced scorecard:** Strategic management approach popularized by Robert Kaplan and David Norton that gauges organizational performance using both financial and non-financial metrics.

**Balance sheet:** This document tracks a company's assets, liabilities, and net worth on an accounting basis. It summarizes what a company owns and owes at the stated period in time.

**Bankruptcy:** A legal process in which an organization restructures its financial obligations to creditors (known as a Chapter 11) or liquidates its assets and shuts down (known as a Chapter 7).

**Baseline:** Used in measurement and evaluation, a baseline is an initial measure of a campaign or program indicator that is used to assess future change in the performance of that indicator.

**Basic research:** Research that is conducted with the primary purpose of developing theory and contributing to the general body of knowledge. Academicians often conduct basic research.

**Basis point:** Also known as BPS, a basis point represents one 1/100th (0.01%) of 1.0%. A unit used to track percentage changes in interest rates and bond yields. A 100 BPS equals 1.0%.

**Bear market:** A market that is declining or expected to decline in value is said to be a “bear market.” This phrase refers to the symbolism of a bear’s claws pulling downward.

**Bearish:** An expression used to convey negativity about the overall stock market or a particular security. May also be used in a broader business context to convey negativity about something.

**Behavioral economics:** Sub-field of economics which studies the effect of emotional factors and the seemingly “irrational” economic decisions made by individuals and organizations.

**Behavioral finance:** Sub-field of finance which uses human and behavioral psychology to explain market behavior. Research in this field runs counter to the efficient market hypothesis.

**Best practice:** In a communication measurement context, a method or technique that has consistently demonstrated superior results compared to using other approaches.

**Blackout period:** The period around quarterly earnings reports in which company insiders cannot buy or sell shares of company stock. This limits the risk of insider trading charges.

**Blue-chip company:** A company with a high credit rating that has generated strong and predictable financial performance for years, if not decades, is said to be a “blue chip” company.

**Board of directors:** In a public company, the board of directors is elected by the company’s shareholders and provides oversight and guidance to the company’s senior management.

**Bond:** Generally considered safer than stocks, a bond is a form of debt that pays interest to the holder. Unless a convertible bond, a bond does *not* represent an ownership interest in a firm.

**Book value:** The stated net asset value of a company as carried on a company’s accounting balance sheet (aka “the books”). Many intangible assets are not accounted for in this figure.

**Bottom-line:** Refers to an organization’s net income. The name “bottom line” comes from the fact that net income is generally a line near the bottom of an organization’s income statement.

**Breakup fee:** This is a fee that an acquiring company agrees to pay the to-be-acquired company if the transaction is not approved or the acquirer decides to back out of the agreement.

**Bull market:** A market that is rising or expected to rise in value is said to be a “bull market.” This phrase refers to the symbolism of a bull thrusting its horns upward (i.e., a rising market).

**Bullish:** An expression used to convey optimism about the overall stock market or a particular security. May also be used in a broader business context to convey optimism about something.

**Business Marketing Association (BMA):** Founded in 1922, BMA is a national association of business-to-business (b-to-b) marketing and communications professionals.

**Business model:** A brief explanation of how a company intends to make money and create value for its stakeholders, and the factors that influence this value creation process.

**C-suite:** The C-level executives (e.g., CEO, president, CFO, CTO, CCO, and the like) that collectively make up the senior leadership team and top decision makers within an organization.

**Capital:** Money, property, and other assets of value that serve as the lifeblood of any organization. Investors provide capital to organizations with the goal of generating a profit.

**Capital expenditure:** Also known as “CapEx,” funds spent on buying or improving fixed, physical, long-term assets such as property, plants, and equipment to generate future value.

**Capitalized:** Under accounting rules, an expenditure is capitalized if the item’s useful life is believed to be longer than a year. Capitalized costs are amortized or depreciated over time.

**Case study:** A research approach that relies upon multiple sources of data to study a topic. This may include both quantitative and qualitative data sources as well as primary and secondary data.

**Cash flow statement:** This document literally “follows the money” and shows the amount of cash generated or spent by an organization in its course of business over the stated time period.

**Cause marketing:** A form of marketing in which a company partners with a non-profit organization and agrees to donate a portion of sales to the cause supported by the non-profit.

**Cees van Riel:** Leading scholar and consultant on corporate communication and reputation management. Co-founder and vice chairman of the Reputation Institute with Charles Fombrun.

**Chairman:** The chairman of the board serves as the leader of the organization's board of directors. The chair serves as a key conduit between the board and senior management.

**Charles Fombrun:** Leading scholar on corporate reputation, founded Reputation Institute and led the development of the Reputation Quotient<sup>®</sup> and RepTrak<sup>®</sup> corporate reputation measures.

**Chief communication officer:** A member of the C-suite, the CCO is tasked with managing the internal and external communications of the organization. Often serves as an advisor to the CEO.

**Chief executive officer:** The CEO is the top executive in an organization's C-suite, tasked with setting and implementing firm strategy. Often sits on the company's board of directors.

**Chief financial officer:** A member of the C-suite, the CFO is increasingly tasked with not just overseeing an organization's finances, but other executive level functions like firm strategy.

**Chief operating officer:** A member of the C-suite, the COO is tasked with the day-to-day management of an organization's operations. This person may also carry the title of president.

**Classified board:** For companies that have a classified or "staggered" board of directors, all directors do not come up for shareholder vote annually, but rather over a multi-year period.

**Clawback provision:** A provision included in an employment contract which allows the company to "clawback" previously paid compensation upon certain circumstances occurring.

**Closely held:** A closely held company refers to the fact that a company only has a small number of shareholders and is likely privately owned. The opposite would be a public company.

**Commission on Public Relations Education:** With representatives from 15 societies in PR and communication, the commission provides recommendations on standards in PR education.

**Common stock:** Security that represents an ownership interest in a firm and holds voting rights. In the event of a liquidation, creditors and preferred holders get paid before common holders.

**Company insider:** As defined by U.S. federal securities laws, company insiders are executive officers, members of the board of directors, large shareholders, and potentially outside advisors.

**Consent solicitation:** Some public companies allow corporate actions to be taken outside of the annual meeting format if a written consent solicitation receives majority shareholder support.

**Consumer confidence:** Survey-based measures of how the public feels about current and future economic performance. Consumer confidence can be predictive of future economic behavior.

**Consumer Price Index (CPI):** A popular gauge of the rate of inflation. The U.S. CPI measures changes in the average value of a basket of goods and services purchased by urban households.

**Content analysis:** A research method that may be quantitative or qualitative depending upon the approach. The analysis of the frequency and contents of textual and image-based messages.

**Corporate finance:** Concerned with the raising and managing of funds (i.e., capital) with the goal of maximizing value for stakeholders, particularly shareholder and investor interests.

**Corporate gadfly:** Individual investor that attempts to affect change at public companies. Pioneering gadflies have included the Gilbert brothers and Evelyn Davis among others.

**Corporate governance:** The system of checks and balances that attempts to make boards of directors and management more accountable and better aligned with stakeholder interests.

**Corporate reputation:** An overall assessment of a company by its stakeholders using a company's various dimensions as the evaluative criteria. The *attitude* held towards a firm.

**Corporate social responsibility:** The voluntary actions taken by a company to fulfill perceived obligations to stakeholders that go beyond maximizing profits and following the law.

**Cost of capital:** A concept in corporate finance, cost of capital is the cost of obtaining funds to grow a business. Generally speaking, a lower cost of capital helps improve profitability.

**Cost of goods sold:** Also known as "COGS" or "COS" (for cost of sales), these are the *direct* costs that go into producing a good or service. Indirect costs are excluded from this figure.

**Council of Institutional Investors (CII):** Founded in 1985, this association of investment funds with combined assets of \$3 trillion dollars is a driving force in corporate governance.

**Council of Public Relations Firms:** With more than 100 public relations agencies as members, the Council advocates for and advances the business of public relations firms.

**Credit:** Entered on the right-hand side of an accounting ledger, a credit entry is made to record changes in value due to a business transaction. A debit is the opposite of a credit.

**Cumulative voting:** At some public companies, shareholders have the right to pool their votes all for one director nominee, thereby amplifying the voice of minority shareholders in elections.

**Currency exchange rate:** The rate at which one currency will be exchanged for another. Exchange rates fluctuate based on shifts in the economic conditions of the various countries.

**Debit:** Entered on the left-hand side of an accounting ledger, a debit entry is made to record changes in value due to a business transaction. A debit is the opposite of a credit.

**Debt:** A bond, loan note, mortgage, or other obligation, which states repayment terms on borrowed money and, if applicable, the interest owed as a condition of the borrowed money.

**Declassified board:** A board of directors in which all board of director seats come up for vote annually rather than a classified board where there is a staggering of terms for directors' seats.

**Deflation:** The opposite of inflation. Deflation is when prices for goods and services decline. Deflation leads to consumers delaying purchases and the value of assets declining.

**Depreciation:** In corporate accounting, the deduction of capital expenses over the useful life of a tangible asset, such as fixtures, equipment, vehicles, buildings and improvements.

**Depreciation and amortization:** Also known as "D&A," these related "non-cash" expenses on the income statement take into account the wear and tear of assets over the life of the asset.

**Depression:** A severe, long-term downturn in the economy. A depression is much worse than simply a recession. The most well-known U.S. depression is the Great Depression of the 1930s.

**Depth interview:** A qualitative research technique in which a researcher conducts a detailed interview with a subject one participant at a time. Also known as a one-on-one interview.

**Diffusion of innovation theory:** Theory that seeks to explain how, why and at what rate innovations are communicated through certain channels over time through a social system.

**Disclosures:** In an organizational and communication context, the release of organizational information that aids stakeholders in decision-making and reduces information asymmetry.

**Dow Jones Industrial Average (DJIA):** Often known as simply “the Dow,” the DJIA is a widely followed stock market index comprised of 30 large, well-known U.S. companies.

**Dual class stock:** A type of ownership structure in place at some companies in which there are two or more classes of stock with one class having greater voting rights than the others.

**Earnings:** Terminology usually used with public companies, refers to the amount of money a company made or loss over a set time period. Earnings are the same as net income or net profits.

**Earnings call:** Generally held quarterly, a conference call at which company management discusses the company’s latest financial performance and takes questions from investors.

**Earnings guidance:** Informational disclosures specifically focused on expectations about future company performance. The content of these forward-looking statements may vary widely.

**Earnings per share (EPS):** A measure of earnings or profits. Earnings per share is calculated by dividing the net income (i.e., net earnings) of a company by its number of shares outstanding.

**Earnings release:** A news release, typically distributed over a paid wire service, which reports the company’s quarterly financial performance. The release may also include earnings guidance.

**Economic cycle:** Economies go through natural periods of growth followed by decline and then growth again. This process of expansion and contraction is known as an economic cycle.

**Economics:** The study of the cause-and-effect relationships in an economy. While often now housed and taught in business schools around the world, economics is actually a social science.

**Economists:** Study the consequences of decisions that people make about the use of land, labor, capital, and other resources that go into producing the products that are bought and sold.

**Economy:** The total aggregate sum of all goods and services produced among market participants. An economy may be studied at a local, regional, national or even international level.

**EDGAR:** All public company disclosure documents are required to be made with the U.S. S.E.C's EDGAR system. The full name is Electronic Data-Gathering, Analysis, and Retrieval.

**Employment report:** Regular reports, often issued by government agencies, providing data on the state of employment and the employment rate for a particular region, such as a country.

**Enterprise value:** This comprehensive valuation measure is the sum of the company's market capitalization (common stock) plus debt, any preferred stock and minority interest minus cash.

**Environmental scanning:** The process of monitoring the environment in which organizations and clients operate for issues, trends and other factors which may impact future decisions.

**Environmental, social, governance (ESG):** Refers to the various disclosures and policies that comprise an organization's environmental, societal, and governance impact on its stakeholders.

**Equity:** A stock or other security that represents an underlying ownership interest in a company. More broadly, equity refers to ownership in an asset after all debts have been paid.

**Ethnography:** Drawing from anthropology, a qualitative research technique in which the researcher observes, and potentially interacts with, participants in an area of their everyday lives.

**Exchange traded fund (ETF):** An investment fund that is bought and sold on an exchange like an individual stock, but which tracks the performance of a pool of securities or other assets.

**Executive committee:** A committee comprised of the members of the C-suite, as well as senior executives and division heads across the organization. Separate from the board of directors.

**Exit, voice, loyalty:** Framework developed by Albert Hirschman that explains how individuals will engage in either “exit” or “voice” when faced with declining quality in a relationship.

**Expense:** A cost that an organization incurs to generate revenue. This includes production, labor, leases, supplies, financing, and administration. Expenses are the opposite of revenue.

**Expensed:** Under accounting rules, an expenditure in which the total cost of the item is incurred all at once on the income statement. No amortization or depreciation is allowed.

**Experimental design:** A quantitative research method that relies upon the manipulation and control of variables in a laboratory-like setting to establish causation between variables.

**Federal Open Market Committee (FOMC):** An influential committee within the Federal Reserve System that makes decisions about monetary policy, including setting the fed funds rate.

**Federal Reserve:** Created in 1913 by the U.S. Congress, the Federal Reserve is the central bank of the United States. The Fed sets monetary policy with a goal of full employment and stable prices.

**Fiduciary obligation:** When referenced in the context of corporate governance, this refers to the legal duty that directors have to act in the best interest of the organization's stakeholders.

**Financial Accounting Standards Board (FASB):** An independent private organization which sets the generally accepted accounting principles (GAAP) for U.S. financial reporting.

**Financial asset:** Assets such as stocks, bonds, and cash that lack a physical embodiment, but are not considered intangibles since they basically represent claims on organizational assets.

**Financial Communication Society (FCS):** Founded in 1967, FCS is an association of financial services marketing and communication professionals. Chapters are in major financial centers.

**Financial statements:** Documents that state the financial health of an organization. The most well-known of these statements are the income statement, balance sheet and cash flow statement.

**Fiscal year:** The 12-month period that marks one full year of operations and financial reporting for an organization. Many organizations have a fiscal year that is the same as the calendar year.

**Focus group:** A qualitative research approach in which a moderator leads a semi-structured discussion with a group of participants that is recorded and then later analyzed.

**Form 4:** This document is required to be filed with the U.S. S.E.C.'s EDGAR system whenever there are changes in an insider's ownership (i.e., a purchase or sale) of company securities.

**Form 8-K:** This document is required to be filed with the U.S. S.E.C.'s EDGAR system whenever a material current event occurs in between a periodic report (i.e., 10-Qs and 10-K).

**Form 10-K:** This document is required to be filed with the U.S. S.E.C.'s EDGAR system. The 10-K reports a company's annual results and forms the foundation for a firm's annual report.

**Form 10-Q:** This document is required to be filed with the U.S. S.E.C.'s EDGAR system. The 10-Q reports a company's quarterly results. Unlike the 10-K, these financials are unaudited.

**Form S-1:** Also known as a prospectus, this registration document is required to be filed with the U.S. S.E.C.'s EDGAR system and is used by companies planning to go public.

**FORTUNE Most Admired Companies:** Launched by FORTUNE in 1982, this annual list was the first attempt at measuring and ranking the reputations of America's largest companies.

**Forward-looking statement:** A statement made by a company about future expectations and performance (i.e., guidance). Safe-harbor language should accompany such a statement.

**Futures contract:** A standardized agreement where both parties agree to buy and sell an asset, such as a physical commodity, of a specified quantity at a specified future date and price.

**General and administrative expenses:** Also known as "G&A," these are expenses related to the day-to-day operations of a firm rather than expenses related to the direct production of goods.

**Generally Accepted Accounting Principles:** Set by the Financial Accounting Standards Board (FASB), these principles help guide and provide consistency in U.S. financial reporting.

**Glass, Lewis & Co.:** Founded in 2003, this organization is a provider of proxy advisory services and shareholder voting recommendations to institutional investors.

**Global Reporting Initiative (GRI):** A non-profit organization that develops and promotes one of the most widely used sustainability reporting standards and frameworks for CSR reporting.

**GMI Ratings:** A research firm that provides advisory services to institutional investors on environmental, social, and governance-related (ESG) issues to help them manage risk.

**Goal:** A general statement rooted in the organization's mission and vision, stating what the organization intends to achieve; a goal tells stakeholders "*where* it is trying to go."

**Golden handcuffs:** Special incentives provided to top executives that encourage them to remain with a company and not to go to work for a competitor. Also called golden handshakes.

**Golden parachute:** An agreement, typically with a top executive, that the individual will receive certain significant benefits upon termination, often following a change in control.

**Goodwill:** In a corporate accounting context, an asset that is based on the amount paid for a company over its stated book value. This figure places a value on the acquired firm's intangibles.

**Greenwashing:** Derogatory term for when a company is perceived as spending more resources promoting and touting sustainable business practices than actually engaging in such behavior.

**Gross Domestic Product (GDP):** Widely followed economic indicator of a country or region's economic health. GDP represents the market value of all goods produced over a certain period.

**Gross profit:** Also called gross income, gross profit is a company's revenue minus its cost of goods sold. In other words, it is how much money is left over after deducting the direct expenses.

**Guidance:** The widespread practice of public companies attempting to improve transparency and manage investor expectations by releasing forecasts about future company performance.

**Harold Burson:** Called the most influential public relations leader of the 20th century, Burson is the founder of Burson-Marsteller, one of the world's largest communication agencies.

**Harris Interactive:** Best known for the Harris Poll on public opinion, this market research firm also co-developed the Harris Reputation Quotient (RQ)<sup>®</sup>, which is used in the reputation field.

**Historical analysis:** A qualitative research method that seeks to learn from and about the past through the collection and analysis of historical artifacts related to the topic of study.

**Human capital:** Term that recognizes that an organization's employees are a key source of future benefits. Human capital is typically viewed as a specific type of intangible asset.

**Imperfect information:** In an economics context, situations in which one party to a transaction has superior information than the other party, resulting in negative pricing and other actions.

**Income statement:** Also known as a profit & loss statement, this document tracks how much money an organization made or lost, and spent, on an accounting basis for the stated time period.

**Independent director:** Also known as an outside director, this is an individual who is not an employee of the company and does not have a material relationship with the company.

**Individual investor:** A small private, non-professional investor that typically buys small blocks of stock when making investments. Individual investors are sometimes known as retail investors.

**Inflation:** The opposite of deflation. Inflation is when the prices for goods and services increase. Inflation decreases the value of money and reduces its purchasing power.

**Information asymmetry:** A gap that occurs when one party to a potential transaction (i.e., the insider) is in possession of more and better information than the other party (i.e., the outsider).

**Information intermediary:** Any entity that reports, interprets, and analyzes information for broader consumption. In corporate finance, this includes financial journalists and analysts.

**Information subsidy:** Organizational communication vehicles and pre-packaged materials that lower the cost of information thereby increasing consumption by influencers and stakeholders.

**Initial public offering (IPO):** An IPO marks the first time that a company sells stock to the public and its shares are listed on a stock exchange and widely available for purchase.

**Insider trading:** The illegal practice of a company insider (i.e., executive or director), consultant or related party trading on and profiting from non-public, material information.

**Institute for Public Relations:** Located at the University of Florida and founded in 1956, this independent non-profit foundation is dedicated to the science beneath the art of public relations.

**Institutional investor:** A professional investor, such as a mutual fund, hedge fund, pension fund, or endowment, that typically buys large blocks of stock when making investments.

**Institutional Shareholder Services (ISS):** A subsidiary of MSCI Inc., ISS is a provider of proxy advisory services and shareholder voting recommendations to institutional investors.

**Intangible asset:** An asset that provides a source of future benefits, but lacks a direct physical embodiment. Examples include a firm's intellectual property, reputations, and relationships.

**Integrated reporting:** A “one report” approach to company reporting in which financial and non-financial performance metrics are presented in a format conducive to all stakeholders.

**Intellectual property:** A class of intangible assets that is generally the result of research and development (R&D) activities. This includes patents, trademarks, copyrights, and trade secrets.

**Interest rate:** The rate at which interest is paid by people or organizations to borrow money from lenders, such as banks. The Federal Reserve and other central banks impact interest rates.

**International Accounting Standards Board (IASB):** An independent body that is responsible for developing the International Financial Reporting Standards (IFRS) used around the world.

**International Association for the Measurement and Evaluation of Communication (AMEC):** Founded in London in 1996, AMEC is a global trade group that played a lead role in the establishment of The Barcelona Declaration of Measurement Principles and other standards.

**International Association of Business Communicators (IABC):** An association of approximately 15,000 business communication professionals based in over 80 countries.

**International Communication Association (ICA):** Founded in 1950, ICA is an academic association for communication scholars with more than 4,500 members in 80 countries.

**International Financial Reporting Standards (IFRS):** These accounting standards are overseen by the International Accounting Standards Board and used in more than 100 countries.

**Investment bank:** Financial organization that helps a company go public, sell stock or bonds, and advise it on financial transactions, such as mergers, acquisitions, or divestitures.

**Investment conference:** Typically organized by an investment bank, public companies are invited to make a presentation to professional investors and analysts. Often is webcast.

**Investor relations:** A strategic communication function in most public companies that serves as the primary interface between the financial community and company management.

**Jawboning:** The planned, purposeful use of statements by government actors, such as the Federal Reserve, to try to influence economic behavior and conditions in the financial markets.

**Jumpstart Our Business Startups Act:** Passed in 2012 and known as the JOBS Act, this legislation loosened securities regulations on smaller companies and helped promote growth.

**Key performance indicator (KPI):** A measure designed to gauge the performance of an organization or business unit at advancing or achieving a stated strategy, goal, or objective.

**Lead director:** Also called a “presiding director,” the lead director presides over meetings of the independent directors of the board; this position’s level of power varies by company.

**Leveraged buyout (LBO):** Typically associated with “going private” transactions and private equity firms. An LBO involves the use of a mix of debt and equity to acquire a company.

**Liability:** The opposite of an asset, a liability is an obligation that an organization takes on during the course of business, such as debt, accounts payable, or future incomes taxes payable.

**Liquidity:** A concept in corporate finance, liquidity is concerned with the ability to buy and sell a security, such as a stock, quickly and at a low cost with a limited effect on the market price.

**Macroeconomics:** Concerned with the study of the economy as a whole. Assesses the economy at a *macro-level* and studies the interactions of its various market participants.

**Majority voting:** In the context of board of director elections, majority voting stipulates a director must receive majority shareholder support or otherwise tender their resignation.

**Management, Discussion & Analysis (MD&A):** A section of a company’s proxy statement in which management discusses the company’s prior year performance and discusses future plans.

**Market capitalization:** Also known as “market cap,” this valuation measure is calculated by multiplying the company stock price times the total number of shares of stock outstanding.

**Market maker:** Specialists that stand ready to buy and sell a particular stock on a regular basis at the publicly quoted price. Market makers are essential to the functioning of stock exchanges.

**Market-to-book ratio:** A valuation ratio calculated by taking a public company’s total market capitalization and dividing it by the company’s accounting book value (i.e., net asset value).

**Materiality:** In a public company context, information is considered material if a typical investor would likely view such information as important in affecting their investment decision.

**Media clipping:** Also known as a media placement or hit. The term goes back to when strategic communicators would “clip” articles and maintain records of media coverage in clip books.

**Media impressions:** The maximum size of an audience that might have been exposed to a communication message as the result of a placement. Based on the publication’s circulation size.

**Media placement:** Also known as a hit or a clip. A placement is a news item or story that is attributed to strategic communication efforts, such as interactions with a journalist or influencer.

**Metric:** An informal term for a campaign or program measure or indicator. More specifically, a numeric value that should help determine whether a stated objective is being met.

**Microeconomics:** Concerned with the study of individual firms and households. Approaches economics from a *micro-level*, assessing the economic decisions of specific organizations.

**Milton Friedman:** A winner of the Nobel Prize in Economic Sciences, this free market economist is most closely associated with shareholder theory and shareholder primacy.

**Mission:** A brief description of why an organization exists and how it creates value for stakeholders. The organizational mission may be codified in a mission statement.

**Mixed methods:** A research approach in which multiple research techniques, specifically both quantitative methods and qualitative methods, are used to study and evaluate a topic of interest.

**Multiple-step flow theory:** Also known as the two-step flow theory, identifies the role of opinion leaders in the spread of information from the mass media to the general public.

**Multipliers:** The disputed notion that earned media coverage is worth more than or a “multiple of” paid advertising space in the same publication. Often used with ad value equivalencies.

**NASDAQ:** Founded in 1971, the NASDAQ is the second largest stock exchange in the United States and the world, behind only the NYSE. The NASDAQ is owned by the NASDAQ OMX Group.

**National Investor Relations Institute (NIRI):** Founded in 1969 and based in the United States, it is the world’s largest professional association of corporate investor relations officers and consultants.

**Need for orientation:** Concept which finds that news media reporting has the greatest impact on shaping perceptions when people have high *relevance* and high *uncertainty* regarding a topic.

**Negative equity:** Also known as negative shareholders’ equity, this occurs when total liabilities exceed total assets at a company. This indicates the firm may have trouble funding its operations.

**Net income:** Also known as net profit, net earnings or the “bottom line,” this figure shows how much money a firm made after taking into account both operating and *non*-operating expenses.

**Net margin:** A ratio of profitability calculated as net income or net profit divided by *all* expenses (both operating- and non-operating expenses, such as interest and taxes).

**New York Stock Exchange:** Also known as “the Big Board,” the NYSE is the oldest and largest stock exchange in the world. The NYSE is operated by NYSE Euronext.

**Non-deal road show:** A series of meetings held in various financial center cities in which company management meets with current and prospective large shareholders.

**Non-financial information:** Information that companies are generally not required to disclose, but which provides insights into the management and performance of intangible assets.

**Non-governmental organization (NGO):** An organization that operates independently of government and has a mission committed to advancing environmental or social issues.

**Non-organic growth:** In a business context, “non-organic” refers to business growth that is generated through acquisitions rather than through ownership of existing business operations.

**Non-random sample:** A sample in which every member of a target population *does not* have an equal chance of being selected. Also known as a non-probability sample.

**Objectives:** Specific statements emerging from a goal presented in clear, measurable, realistic, and time-bounded terms; tells us “how we will know *if* and *when* we have gotten there.”

**Open outcry:** Also called pit trading, this form of trading relies on verbal bids, offers, and hand signals, unlike electronic trading which is fully computerized. The NYSE still has open outcry.

**Operating income:** Also called operating profit or income from operations, this figure shows how much money a firm made or lost after taking into account all of its operating expenses.

**Operating margin:** A ratio of profitability calculated as operating income or operating profit divided by net revenue. This measure does not take into account non-operating expenses.

**Options contract:** A contract that offers the buyer the right — but not the obligation — to buy (“call”) or sell (“put”) a security at a specified future date and price during a certain time period.

**Organic growth:** In a business context, “organic” refers to growth that is generated internally via a company’s existing operations rather than growth that comes through acquisitions.

**Outcome:** The most sophisticated level of evaluation; measures the establishment, change or reinforcement in stakeholders’ opinions, attitudes, or behaviors based on campaign messages.

**Output:** The most basic level of evaluation; measures the distribution of and possible exposure to campaign messages by stakeholders. Media analysis of third party content falls under outputs.

**Outtake:** An intermediate level of evaluation; measures whether targeted stakeholders actually received, paid attention to, understood and/or or retained the campaign messages.

**Over the counter (OTC):** A security, such as a stock, that is available for purchase, but is not listed on a formal stock exchange. Stocks traded “over the counter” are usually of higher risk.

**P&L:** An informal name for a profit and loss statement. The P&L is simply another name for the income statement, which tracks a company’s revenue and expenses on an accounting basis.

**Page Up:** Affiliated with the Arthur W. Page Society, this organization is for Page members’ most senior staff leaders. It is committed to developing the next generation of CCOs.

**Pink sheets:** Originally a list of securities printed on sheets of pink paper, the securities quoted on the pink sheet system are not listed on a formal exchange and generally are speculative.

**Plank Center for Leadership in Public Relations:** Named after Betsy Plank, this center housed at The University of Alabama supports leadership in PR education and practice.

**Poison pill:** A type of anti-takeover provision, a poison pill limits the amount of stock that any one shareholder can own beyond a certain threshold, thereby giving more power to the board.

**PR Return on Investment (PR ROI):** The impact of a public relations program on business results. The outcome variable which demonstrates the impact of a PR investment on business.

**Preferred stock:** A special class of stock that has priority over common stock holders in the event of liquidation. Preferred shares generally have a fixed dividend, but no voting rights.

**Private company:** A private company is a company whose shares are *not* listed on a stock exchange and has a small number of shareholders. May also be called a closely held company.

**Private equity firm:** A type of professional investor that invests in large, more established companies using a mix of debt and equity. May hold ownership stakes in public companies.

**Profit margin:** A measure of operational efficiency which shows how much a company makes (i.e., earnings) on a percentage basis for each dollar of sales it generates after various expenses.

**Property, plant, and equipment (PP&E):** This line on the balance sheet records the estimated value of this broad category of physical assets, ranging from company real estate to equipment.

**Prospectus:** A legal document that offers for sale securities, such as stock in a company. The prospectus outlines the business, its financial performance, risks factors, and the use of funds.

**Proxy adviser:** A specialized investment research firm hired by institutional investors to advise them on how to vote on corporate ballot issues, such as elections for board of director seats.

**Proxy contest:** Also known as a proxy fight, such situation typically occurs when there is a contested election between a dissident investor and the company for one or more board seats.

**Proxy solicitor:** A specialized communication and research firm hired by public companies or large shareholders to predict and influence the voting outcomes on corporate ballot issues.

**Proxy statement:** Formally known as a DEF14A filing with the S.E.C., this governance-oriented document is distributed annually in advance of a public company's annual meeting.

**Public company:** A public company is a company whose shares are listed on a stock exchange and is widely available for purchase by the public. May also be called a listed company.

**Public Relations Society of America (PRSA):** With 21,000 members across the United States, it is the world's largest professional association for public relations and communication professionals.

**Publicity Club of Chicago (PCC):** Founded in 1941, it is the nation's largest independent public relations membership organization with a focus on Chicagoland and the Midwest.

**Qualitative research:** A general research approach that collects non-numeric textual or image-based data (i.e., soft data) from relatively small samples to uncover deep, rich insights.

**Quantitative research:** A general research approach that collects numeric data from random samples often with a goal of using statistics to generalize findings to a larger population.

**Quiet period:** As mandated by U.S. federal securities law, a company that has registered to sell stock (e.g., IPO) is limited in the public statements it can make. Many public companies also choose to voluntarily adopt “quiet periods” around the release of quarterly earnings.

**R. Edward Freeman:** Business philosopher that is most closely associated with stakeholder theory, the concept of stakeholders, and the moral responsibility the firm has to stakeholders.

**Random sample:** A sample in which every member of a target population has an equal chance of being selected. Also known as a probability sample. Statistics assume random samples.

**Recession:** A period of economic decline and contraction during an economic cycle. A recession is officially defined as two consecutive quarters (six months) of negative GDP growth.

**Regulation Fair Disclosure:** Also known as Reg FD, this federal regulation adopted by the S.E.C. in August 2000 promotes the full and fair disclosure of information by companies.

**RepTrak<sup>®</sup>:** Launched in 2005, an annual measure of corporate reputation designed by scholars Charles Fombrun and Cees van Riel of Reputation Institute, a research and consulting firm.

**Reputation management:** The strategic communication and actions taken by a company to manage its reputation an intangible asset that is co-owned by the company and its stakeholders.

**Reputation Quotient (RQ)<sup>®</sup>:** Launched in 1999, the RQ<sup>®</sup> is an annual measure of corporate reputation designed by scholar Charles Fombrun and market research firm Harris Interactive.

**Research and development (R&D):** An expense line on the income statements that tracks spending on the development of new products, processes, procedures or related innovations.

**Retained earnings:** Also known as retained profits or retained income. The profits left in an organization's bank accounts to invest back in the business after paying out any dividends.

**Return on Expectations (ROE):** A metric that assesses the combined impact of financial and non-financial variables on stakeholder expectations, which leads to public relations ROI.

**Return on Investment (ROI):** An indicator of net financial performance based on an ratio of how much profit or cost savings is realized from an activity against its actual cost.

**Revenue:** The amount of money received for the sale of a good. Also known as sales, revenue is referred to as the "top-line" since this figure appears near the top of the income statement.

**Road show:** A series of meetings held in financial centers in which a company's management team, investment bankers, and other advisors meet with prospective large shareholders.

**Rule 14(a)8:** A rule passed by the S.E.C. in 1943, which allowed shareholders for the first time to submit some shareholder proposals for inclusion in public company's proxy materials.

**Russell 2000:** A widely followed stock market index, the Russell 2000 is comprised of 2,000 small capitalization U.S. companies. This index is a key measure of "small cap" performance.

**Safe harbor language:** As part of the Securities Litigation Reform Act of 1995, firms may list current risk factors when making forward statements to protect against frivolous lawsuits.

**Say-on-frequency:** A provision in the Dodd–Frank Act of 2010 gives shareholders the right to cast an advisory vote on how frequently shareholders should vote on executive compensation.

**Say-on-pay:** A provision in the Dodd–Frank Act of 2010 gives shareholders the right to cast an advisory vote on executive compensation packages. This non-binding vote is known as say-on-pay.

**Schedule 13D:** A filing that is required to be made with the U.S. S.E.C.'s EDGAR system within ten days of whenever anyone acquires a more than 5% voting stake in a public company.

**Schedule 13G:** An alternative to the Schedule 13D, the 13G filing connotes that the investor tends to have only a passive (rather than active) ownership position in the public company.

**Secondary offering:** Occurs when an already public company decides to sell additional shares of stock in order to raise money for the company and/or allow company insiders to sell shares.

**Securities:** Financial instruments that represent some type of financial value such as an ownership interest in a company (stock) or money that is borrowed and must be repaid (bond).

**Securities laws:** The laws that govern the offer and sale of securities. This includes the mandatory and voluntary disclosure of material, non-public information to the market.

**Selective disclosure:** Illegal practice in which select market participants are made aware of material, non-public information about a public company ahead of the broader market.

**Selling, general, and administrative (SG&A):** Broad expense category line that appears on a company's income statement. Spending on strategic communication falls under SG&A.

**Shareholder activism:** Attempt by one or more company shareholders to affect change at an organization through a variety of strategies, ranging from private meetings to proxy contests.

**Shareholder primacy:** A perspective embedded in classic agency theory in which the board of directors first and foremost makes decisions based on how such actions affect shareholder value.

**Shareholder proposal:** A proposal submitted by a shareholder for inclusion in a public company's proxy statement. Votes on shareholder proposals are typically advisory/non-binding.

**Shareholder theory:** Most closely associated with economist Milton Friedman, this theory posits that a company should maximize profits for shareholders, while following the rules.

**Shareholders' equity:** Also known as net worth or book value, this line on the balance sheet is equal to total assets minus total liabilities. This is share capital invested plus retained earnings.

**Shares outstanding:** Shown on a company's balance sheet, this figure represents the total number of shares currently outstanding and owned by shareholders, including insiders.

**Signaling theory:** A theory into the process of how and why market participants engage in costly and observable behaviors, known as "signals," which reduce information asymmetry.

**Socially responsible companies (SRC):** Moving beyond corporate social responsibility (CSR) initiatives and programs towards embedding CSR into the very core of a firm's business model.

**Sovereign wealth fund (SWF):** A government owned investment fund or entity that is funded by a country's foreign currency reserves. These funds invest in securities and other assets.

**Special meeting:** When a major corporate event occurs, such as a pending merger or acquisition, a special meeting of shareholders may be called before the next annual meeting.

**Spin-off:** In a corporate context, refers to when a company separates off one or more of its operating units into a newly established standalone business. This is also known as a “spin-out.”

**Staggered board:** A board of directors is said to be “staggered” when board seats come up for vote over a multi-year period rather than all seats coming up for vote on an annual basis.

**Stakeholder:** Individuals or groups that have a shared interest or “stake” in the performance of an organization. This includes customers, employees, suppliers, investors, and the community.

**Stakeholder theory:** Most closely associated with business ethicist R. Edward Freeman, this theory posits that firms have a responsibility to all stakeholder groups, not just shareholders.

**Standard:** In a communication measurement context, an agreed upon approach, process or idea used as a norm or model that facilitates comparative evaluations against and across campaigns.

**Standard & Poor’s 500 (S&P 500):** A widely followed broad measure of the U.S. market, the S&P 500 stock market index is comprised of 500 large capitalization or “large cap” companies.

**Statistics:** A field of mathematics concerned with the collection and analysis of numeric data, often for purposes of making inferences from a sample data set onto the population of study.

**Stock:** A security that represents an ownership interest in a company and its future earnings. The two main classes of stock are common stock and preferred stock.

**Stock exchange:** A market where securities, such as shares of stock in a company, are bought and sold. A company must meet listing requirements to have its stock listed on an exchange.

**Stock index:** A collection of stocks that represent the change in value of a particular industry, sector or the overall stock market. The DJIA and S&P 500 are widely tracked indexes.

**Stock option:** An instrument that gives someone, whether a company employee or an investor, the right to buy a specific number of shares of stock at a particular price on a future date.

**Stock split:** An action in which a company divides its existing shares outstanding into additional shares. A stock split in itself does not change the total dollar value of the company.

**Stock ticker symbol:** In the U.S. market, a series of unique letters (or single letter) used to identify the publicly traded stock of a company. Goes back to the days of ticker tape machines.

**Strategic communication:** The purposeful use of communication to advance an organization's mission. Strategic communicators employ persuasion, relational, and informational approaches.

**Strategy:** An overall plan or method employed to achieve an organizational goal; not to be confused with *tactics*, which are specific elements implemented in support of a strategy.

**Supermajority voting:** In the context of corporate governance, a provision that states that proposed bylaw amendments must receive a high percentage (67% or greater) of total votes.

**Supply-and-demand:** A core tenet of economic theory and the pricing of goods and services. In a free market environment, shifts in supply and demand play a key role in affecting prices.

**Survey:** A quantitative research method that uses a standard series of questions to collect data from respondents to gauge the sample and/or population's beliefs, attitudes, and/or behaviors.

**Sustainability:** In a corporate context, refers to business practices and performance that meet current needs, while not compromising the environment and society for future generations.

**Sustainability reporting frameworks:** Standards developed by non-profit organizations to guide company sustainability reporting practices so that they are comparable across firms.

**Tangible asset:** An asset that has a direct physical embodiment such as real estate, factories and fixtures, equipment, vehicles, or product inventory. Also known as “hard” assets.

**The Barcelona Principles:** A set of seven measurement principles agreed to at a meeting of communication measurement and evaluation experts held in Barcelona, Spain in summer 2010.

**The Dodd-Frank Wall Street Reform and Consumer Protection:** Passed in 2010 in the wake of taxpayer-funded bailouts of Wall Street, this landmark legislation tightens and places new regulations over corporations, particularly those operating in the financial services sector.

**The Great Depression:** Severe worldwide economic depression that started in 1930 for at least a decade. In the United States, the Great Depression sparked the first wave of federal securities laws.

**The Sarbanes–Oxley Act:** Nicknamed “SOX” or “SarbOx,” this U.S. federal accounting reform and investor protection legislation was passed in 2002 in response to corporate scandals.

**The Securities Act of 1933:** Also known as the Truth in Securities Act, this U.S. federal legislation regulates the offer and sale of securities. The Act promoted better disclosures.

**The Securities Exchange Act of 1934:** This landmark U.S. legislation governs the secondary trading of securities. The Securities and Exchange Commission was formed through this Act.

**Third-party endorsement:** Recommendation, verification, or similar action provided by a seemingly independent, objective third-party, whether the news media or another influencer.

**Top-line:** Refers to an organization's revenue or sales. The name "top line" comes from the fact that revenue is generally the first line at the top of an organization's income statement.

**Transparency:** In a communication context, the proactive efforts taken by an organization to be open, visible, and accessible to stakeholders about organizational policies and actions.

**Triple bottom-line:** A core concept of corporate social responsibility; companies have a responsibility to profits, people, and the planet rather than solely the traditional bottom-line.

**Trust Barometer:** An annual global survey conducted by public relations firm Edelman into the concept of trust by country on institutions, industry sectors, and informational sources.

**Underwriter:** An investment bank that is responsible for the distribution, pricing, and sale of securities by a company, such as during an initial public offering of a company's stock.

**Unemployment rate:** A percentage calculated from employment report data, which represents the ratio of unemployed people looking for work versus those that are currently employed.

**USC Center for Public Relations:** Housed at the University of Southern California (USC), the center seeks to bridge the gap between the PR profession and academia.

**U.S. Securities and Exchange Commission (S.E.C.):** U.S. federal government agency tasked with enforcing federal securities laws and regulating the securities industries and stock market.

**Values:** In an organizational context, these are the guiding ethical ideals and principles that an organization holds as important. Should guide the organization's mission and vision.

**Venture capital firm:** A type of professional investor that typically invests in private, fast-growing companies. Venture capital firms are often investors in pre-IPO companies.

**Vesting period:** In the context of corporate finance, refers to the time that an employee must wait until they are able to exercise stock incentives. Vesting encourages loyalty by employees.

**Vision:** The core tenets and values driving what an organization hopes to become and achieve.

**Wall Street:** A street in Lower Manhattan that is the heart of New York's financial district. Wall Street or simply "the street" is used to refer to the U.S. financial industry as a whole.

**Warrant:** Similar to an option, only that a warrant is a longer-dated instrument that gives the holder the right to purchase a security, usually a stock, at a specific price within a certain time.

**Warren Buffett:** Known as "the Oracle of Omaha," Buffett, the CEO of Berkshire-Hathaway, is regarded as one of the greatest investors of the century; also co-created "The Giving Pledge."

**Written consent:** In the context of corporate governance, written consent allows shareholders to take various corporate actions without having to wait for voting at the next annual meeting.