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***Romanian Privatization
Public Awareness
Campaign
Final Report***

Prepared by Deloitte & Touche and
Sawyer Miller Group
Delivery Order No. 22

Project No. 180-0014
Contract No. EUR-0014-I-00-1056-00
Eastern European Enterprise Restructuring
and Privatization Project

U.S. Agency for International Development
EUR/RME

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May 6, 1994

Mr. Gary Maher
Agency for International Development
EUR/RME
320 21st Street, N.W.
Washington, DC 20523

**Re: Contract No. EUR-0014-I-00-1056-00, Delivery Order No. 22,
Romanian Privatization Public Awareness - Final Report**

Dear Gary,

Enclosed please find the Final Report on the Romanian Privatization Public Awareness campaign project. In addition to reviewing the activities and achievements of the "Good Morning, Romania!" campaign, this report concludes with recommendations for future efforts to expand the public's understanding of privatization. It suggests that the focus be shifted from business and political leaders to the general population and that specific privatization initiatives be highlighted.

This deliverable was prepared by the Deloitte and Touche/Sawyer Miller team that worked in Romania. If you have any questions concerning this report, please call me at (202) 879-5612.

Sincerely,

Lizann Prosser
Senior Manager
Central & Eastern Europe

**Deloitte Touche
Tohmatsu
International**

PRIVATIZATION
IN ROMANIA

A PUBLIC AWARENESS
CAMPAIGN FOR PRIVATIZATION
IN ROMANIA

FINAL REPORT

DELOITTE & TOUCHE
SAWYER/MILLER GROUP

APRIL 1994

INTRODUCTION

Deloitte & Touche and Sawyer/Miller Group were tasked with developing and implementing a comprehensive communications strategy to aid the Romanian Government in its transition to a market economy. The strategy's goal was to launch a communications campaign to increase public awareness of and support for privatization and private initiative in Romania, through coalition building, grassroots tactics and mass media vehicles. The campaign, named "Good Morning, Romania!", was designed, researched and implemented by project team members from Deloitte & Touche and Sawyer/Miller Group.

BACKGROUND

In April and May 1993, project team members initiated a benchmark research program. Our objective was to determine the attitudes of the Romanian people towards privatization, private initiative and other issues relating to the country's transition to a market economy in order to design a communications campaign best suited to the local environment.

The research showed widespread support for privatization in theory, and acceptance that the transition to a market economy was inevitable in spite of the difficulties. About 70% of those surveyed had a favorable opinion of privatization. More than half believed all or most of the state enterprises should be privatized. There was confusion, however, about the specific meaning of privatization and little understanding of the process by which it was to occur. Only 31% said that they understand something about privatization. Similarly, the research showed widespread support for private initiative. But most Romanians were reluctant to start their own businesses because of a lack of practical business skills and access to capital and credit. Media coverage of both privatization and private initiative was perceived to be inaccurate and unfavorable.

Attitudes about privatization exist in a broader framework of attitudes about the country's overall political and economic situation. The research showed that most Romanians believed there had been no real, positive changes in the country since the Revolution. Almost half (47%) believed the country was headed in the wrong direction.

Among the different groups and institutions in Romania, private companies and foreign businessmen had a favorable image, while government, state-owned enterprises and Parliament did not have favorable images. The grassroots research helped identify a number of quasi-public, quasi-private and independent groups that could serve as effective coalition partners for a public awareness campaign in Romania.

SUMMARY OF ACCOMPLISHMENTS

Guided by the research findings, the campaign team conducted a strategy session which resulted in the "Good Morning, Romania!" campaign plan. The objectives of the plan were to:

- Build Romanian public knowledge and positive perception about the transition to a market economy
- Use grassroots communications efforts to carry a positive and credible message about Romania's privatization process
- Transfer skills through implementation of the communications campaign
- Coordinate campaign efforts with government agencies, quasi-government agencies and independent organizations
- Promote the image of those agencies involved in the program by demonstrating their commitment to economic reform

D&T and SMG designed a grassroots campaign with a business and regional focus because of lack of support at the national level and slow pace of the national privatization process. This proved to be an effective approach. The campaign created a grassroots coalition of approximately 25 international and local organizations that participated in campaign events. These organizations provided the resources that the campaign team used to respond to the requests of individuals seeking information about the private sector. This approach seemed to be an effective way to distribute information and match those who seek information with those who have the resources. Essentially the campaign served as a conduit and coordination center for those from both the public and private sector who were engaged in the privatization process. The most commonly requested information related to:

- Support in starting a private business
- Information in form of books and publications about a market economy
- Availability of training
- Offers to volunteer on behalf of the campaign

Grassroots tactics were particularly effective in encouraging private initiative and creating interaction among those in the regions who were involved with the business community. The pillar events, Privatization Days, were grassroots seminars which brought together local and national government officials, public and private sector business executives and representatives from the State Ownership Fund, the Private Ownership Funds and the Labor Unions as well as other government institutions. These institutions included the Romanian Development Agency, the National Agency for Privatization and the Council of Reform. The Privatization Days were supported by other grassroots tactics such as campaign brochures and newsletters, posters, campaign collateral materials and local press events.

Planned in conjunction with the Chambers of Commerce in each city, organizations that have access to the entire business community in their regions, the Privatization Days were a huge success. Between 250-400 people attended each of the five Privatization Days in cities around the country. The cities were selected based on the findings in the initial grassroots communications report.

The Privatization Days and other grassroots tactics succeeded in stimulating discussion about the privatization process and private initiative in each of the cities where they were held. Research showed that in cities where Privatization Days were held, 40% think that the country is generally headed in the right direction, compared to 27% in a random sample of cities where Privatization Days were not held. A larger percentage of respondents favor privatization as a means to improve the economic condition of state enterprises in cities where Privatization Days were held (73% compared to 65%).

Anecdotal evidence also suggests that regional opinion leaders favor Privatization Days as a means to gain support for the economic reform process. Twelve cities around the country requested that the campaign team help them organize, under the campaign's auspices, a Privatization Day or similar event. In many cases, the Chambers of Commerce requested these events after hearing about the successes of their sister cities around the country. Other organizations, however, also requested that future campaign events take place in their cities. These organizations included: The Federation of Entrepreneurs, The Business Foundation the Town Hall, among others.

In several cities, specific initiatives developed as a result of the Privatization Day in that city. For example, the Chamber of Commerce in Iasi, a city in northeast Romania, has undertaken a number of projects as a result of the enthusiasm created by the Privatization Day:

- Privatization of three small enterprises
- Workshops on privatization arranged in conjunction with several local organizations
- Symposium on credits and insurance (with Export-Import Bank)
- Pilot center for regional business targeted at supporting valuable business concepts
- Meeting of local political leaders, and state senators in the fields of trade and tourism, to discuss improving the legal framework for privatization

In Timisoara and Bucharest, the Chambers of Commerce proposed a plan for the coming year to develop special events on the topics of privatization and economic reform. In Timisoara, the Chamber has already organized a follow-up valuation meeting for its members.

One of the primary objectives of the campaign was to transfer information, and therefore skills, to the Romanian population. This was accomplished by receiving permission to reproduce and distribute books published by a number of different organizations participating in the campaign. In addition, campaign-generated materials, such as newsletters and radio programming, conveyed important information to the general population in cities where Privatization Days were held.

To educate the population countrywide, the campaign used mass media outlets. Our benchmark research showed that 78% of respondents viewed television, and 68% listened to radio, one or more hours each day. As a result, the campaign team worked with Romania Television (RTV) to produce a weekly program about successful private enterprises that have been established around the country. This series was designed to provide an example for others about how to privatize and create a positive image for private initiative.

The campaign team also worked closely with the Romanian National Radio. The National Radio covered all campaign events and even produced a daily morning radio show. While the campaign team originally budgeted campaign moneys for a nationwide radio program, the National Radio agreed to produce these programs free of charge. The campaign team spent these moneys to produce six of its own radio programs that were sent to local public and independent radio stations around the country.

The campaign also worked closely with different government organizations, including the National Agency for Privatization (NAP), the Romanian Development Agency (RDA), the Council for Strategic Coordination and Economic Reform and the Privatization Commission of the Senate. Originally, the communications program was designed to support the efforts of the National Agency for Privatization, as that agency embarked on the privatization process. As a result of changes in the NAP leadership during the course of the campaign and the weakening of that agency's practical mandate, the campaign team coordinated more closely with other government agencies tasked with economic reform. In addition, the mandate of the campaign expanded to include private initiative and entrepreneurs instead of privatization exclusively. This broader approach served the campaign well in the final stages, since the privatization program in Romania stalled as the Government failed to privatize medium- and large-scale state enterprises.

OVERALL DESCRIPTION OF ACTIVITIES

The following reviews the main activities of the public awareness campaign in Romania. Four principal types of tactics were implemented: research, grassroots activities, mass media activities, and opinion leader seminars and special events.

Research

- **Benchmark Survey:** A research package including quantitative and qualitative surveys (1500 respondent poll and 12 focus groups) which served as the basis for strategic recommendations and message development. The survey was designed and implemented by Rebecca Magaziner and Debbie Cymbalista in conjunction with a local research company.
- **Grassroots Report:** An on-site investigation of 12 cities throughout Romania to choose target cities and local organizations for grassroots events. The report was compiled by Miles Wortman, Catalina Stan and Steve Johnson.
- **Tracking Survey:** A 1500 respondent nationwide quantitative survey designed to measure the effectiveness of the public awareness campaign.

Grassroots Activities

- Privatization Days conducted in Brasov, Iasi, Cluj, Timisoara and Bucharest. Privatization Days were day-long seminars the goal of which was to bring together local and national political leaders; public and private sector businessmen; trade union representatives; representatives from the State and Private Ownership Funds; and private citizens to discuss issues pertaining to economic reform. The Privatization Days included speeches, question and answer sessions, panel discussions and workshops on topics of local interest. The campaign staff promoted the Privatization Days by holding press conferences with local media in advance of the event and putting up posters throughout the city. On the day of the event, campaign staff encouraged local citizens to attend the activities by distributing promotional materials. Approximately 250-400 people attended each Privatization Day. The Chamber of Commerce in each city assisted the entire campaign staff in implementing the Privatization Day in its city.
- A brochure describing the campaign's activities, participating organizations and services available, with a response card for individuals who wish to be on the "Good Morning, Romania!" mailing list. Approximately four hundred individuals mailed in the response card.
- Six monthly campaign newsletters distributed to individuals on the GMR mailing list and attendees at campaign-sponsored events. Each newsletter included interviews of key officials involved in economic reform, descriptions of previous and upcoming campaign events, summaries of books and materials disseminated at campaign events and reviews of services provided by participating organizations.

Mass Media Activities

- A television series of ten episodes that promoted successful private businesses in Romania and encouraged Romanians to become involved in the private sector. The episodes covered a wide range of disciplines including: agriculture, engineering, manufacturing, medicine, construction, textiles, tourism and art. Romanian Television identified the success stories in different regions throughout the country, with guidance from the campaign staff, and produced the television series.
- Televised cartoon spots, based on famous Romanian parables, portrayed ideals of the private sector in a positive light. With the assistance of John Baskind, a local creative firm produced the fifteen spots.
- Daily coverage on the Romanian National Radio's morning program included interviews of key officials involved in economic reform and synopses of presentations given at "Good Morning, Romania!" events.
- Six radio programs produced for regional private and public radio stations summarized presentations given at the launch of the campaign, Privatization Days and campaign-sponsored seminars. Catalina Stan, in cooperation with a local production firm, produced the programs.
- Four monthly newspaper supplements appeared in the national business publication, *Capital*. The content of each supplement was determined by the campaign team and written by journalists from *Capital*. Each issue included interviews of key officials involved in economic reform, statistics about trade and investment in Romania, descriptions of successful private enterprises, editorials on economic reform in Romania and promotions for upcoming events.

Opinion Leader Seminars and Special Events

- A two week summer school course at The Black Sea University in Constinesti, sponsored by the campaign, entitled "Managing Crisis in Transition." Sessions of the course covered topics such as privatization, foreign investment, trade unions, the market economy, corruption, and credit and capital. Faculty members included Steve Johnson, Eric Olcott, the Chief Economist for the National Bank of Romania, and professors from the University of Bucharest and the National School for Political Science and Administration.
- A two day seminar on Management-Employee Buy Outs (MEBOs) was co-sponsored with the British Know-How Fund. The aim of the seminar was to bring together Western experts with Romanian leadership involved in economic reform to discuss the opportunities, benefits and implications for privatization by MEBO.
- A week long seminar for students of the Association of International Students of Economics and Commerce (AISEC) supported by the campaign on issues of management, finance, banking, marketing and privatization.
- Two displays at the Bucharest International Fair which brings together Romanian and international business executives and enterprises to promote their goods and services.

RECOMMENDATIONS AND CONCLUSION

While "Good Morning, Romania!" has stimulated the discussion about economic reform among business and political leaders, the next step is to reach the population at large. Continuing a communications effort may even result in stimulating faster reform. This result is by no means guaranteed, but it is clearly possible given the excitement generated by GMR. When asked about the usefulness of the "Good Morning, Romania!" campaign, 85% responded positively in cities where Privatization Days were held, and a full 79% in cities where they were not held. Also according to those surveyed (59%), the leading factor preventing privatization is a lack of knowledge about business in general.

"Good Morning, Romania!" was largely independent of privatization initiatives primarily due to the slow pace of reform. It will be difficult to maintain the momentum of a communications campaign in the future as a "stand alone" program. Communicating specific privatization initiatives will be critical in ensuring the successful continuation of any communications program and will help to dispel the public's skepticism about the slow pace of economic reform efforts. Since many of the Romanian reform agencies continue to experience difficulties, however, any future communications effort should not be associated too closely with any specific agency or individual.

Since GMR focused on communicating to political and business leaders, much of the information that reached the general public resulted from an overflow of information generated by these events in national radio, television and newspapers, as well as campaign produced materials placed in these mediums. In the future, efforts should concentrate on expanding the audiences in two ways:

1. Grassroots programs should be designed to attract the general population in the hopes of engaging the population at large in the discourse about economic reform and helping them to become involved in the reform process by participating in the private sector of the Romanian economy.
2. An expanded mass media project should be implemented to expand the reach of the campaign to the general public.

Mass media tactics will be critical in communicating to the population at large because these vehicles remain the most influential. More than half of those surveyed learned about GMR from television and more than one-third learned about the campaign from radio. If mass media tactics become central to a communications campaign, it is critical that the campaign team have more editorial control of radio and television programming to ensure a high quality and consistent message.

It is also important for the network of organizations already participating in the campaign to continue working together in the future on a variety of projects countrywide. Although grassroots activities should not be the main focus moving forward, it is essential to build on the momentum gained from previous activities.

The challenges of transitioning to a free market economy in Romania will be great. As Romania implements more reform initiatives, a communications campaign such as "Good Morning, Romania!" will be critical in sustaining popular support for the privatization and economic reform process.