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An Exploratory Study of Television Advertising Practices: Do Profitability and Organization Size Affect Clearance Formality?

Jan LeBlanc Wicks

The Federal Communications Commission relaxed commercial television licensee obligations regarding deceptive advertising in 1985. Local broadcasters may now decide which clearance policies to use to determine if advertisements are deceptive. A national mail survey of commercial television station sales managers was conducted to determine whether advertising clearance policies vary by station profitability or organization size. The proposition that clearance policies may be used to make a station's airtime more attractive to viewers was also given a preliminary test. Results suggest that clearance policies are affected by profitability level and organization size. The implications of study findings are discussed.

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Introduction

Local television station managers have more responsibility for advertising clearance due to the demise of the National Association of Broadcasters Television Code (U.S. v. NAB 1982) and the relaxation of the Federal Communications Commission's deceptive advertising policies (Elimination 1985). But what factors might temper the advertising clearance decisions individual broadcasters make? A national mail survey of commercial television sales managers was conducted to examine if clearance formality varies by organization (or station) size and profitability level. Clearance formality is defined in this study as the number of advertising policies or standards (e.g., political advertising) a station has, the number of sources (e.g., the Better Business Bureau) it usually consults when making advertising policy decisions, the types of ads a station bans and the form (e.g., written or verbal) in which these policies are usually communicated.

The FCC formerly expected stations of greater size and resources to make a correspondingly greater effort to screen deceptive ads (Center 1971), so these stations may still utilize more formal practices. Also, stations in large markets (e.g., the top 25), which are often quite profitable, sell more of their commercial time inventory to national or regional spot advertisers (Wirth 1977). Large market stations may have more types of advertising standards because they deal with more types of advertisers, so their clearance practices may be more formal.

A second goal of this study was to test the preliminary proposal that different types of stations manipulate clearance practices to make their commercial airtime more attractive to viewers (and ultimately advertisers). Advertising may represent one part of the image a station presents to viewers to keep them watching. Broadcast managers believe it is important to maintain an overall vehicle content that produces the largest audience to sell to advertisers (Rotfeld 1990). They consider how well the style of a commercial matches the surrounding program. Managers also find it important to avoid ads which mislead or offend viewers, because such ads might potentially cause a station to lose loyal viewers (Rotfeld, Parsons, Abernethy & Pavlik 1990).

Management concern about viewers' responses appears valid. Viewers notice when the number of spots in a break increases (especially VCR owners, cable subscribers and viewers between 18 and 34) and develop

negative attitudes about ads as a result (Mord & Gilson 1985). If viewers notice changes in commercialization levels, they may also notice if a station begins to accept potentially "offensive" ads for contraceptives or infomercials for baldness or impotence cures (Federal Trade Commission 1990; FTC vs. California Pacific 1989). Preliminary evidence provides support, as the residents of one state apparently noticed increases in commercialization, the number of infomercials (or program-length commercials) and the number of "dishonest" ads (Wicks 1990). Experimentation with clearance may make a station less attractive to viewers in relation to cable and VCR. It may also make a station less attractive to advertisers because of the possible loss of a desirable segment of viewers.

A third goal of this study was to build upon previous research and set findings in a theoretical context. Maddox and Zanot (1984) noted that the NAB TV Code's demise shifted the clearance burden from the Code Authority to the network clearance departments, advertising industry and local stations. It thus seems useful to find out which clearance standards are used by stations nationwide. Linton (1987) reported that stations used written and verbal means to communicate advertising policies, most stations have standards for certain advertising problem areas and some still consult the former NAB Code as a policy source. This study replicates Linton's categorization of how ad policies are communicated in a national study. It also expands the number of advertising policy standards and sources local stations were polled about, using the regulatory and self-regulatory literature and former FCC requirements as a base. Zanot (1985) explained the clearance procedures used by major advertisers who use agencies and national media. This study examines local station ad clearance. It complements contemporary ad clearance research (Rotfeld, Abernethy & Butler 1990; Rotfeld, Abernethy & Parsons 1990; Rotfeld, Parsons, Abernethy & Pavlik 1990) by examining different clearance measures and polling sales managers rather than station managers. The study also attempts to explain findings using organizational theory and broadcast policy research.

Literature Review

Review of the Organizational Literature

Organizational theory suggests why and how differences in clearance formality may exist. Because the sales manager is responsible for reviewing all ad copy and recorded commercials and the traffic manager is responsible for monitoring ad content (McCavitt & Pringle 1986), both may be defined as bureaucrats. Bureaucrats are the members of management who stand between top policy makers and workers (Dubin 1958). Bureaucracy refers to an organization's administrative component, which is responsible to top management for coordinating and executing policy (Beetham 1987).

Size is the most important cause of bureaucracy. As organization size increases, more types of tasks are carried out by more specialized staffs (Dubin 1958). So, the clearance process is diffuse and employees such as the operations manager, legal counsel or clearance officer may be involved. However, sales and traffic are always involved in clearance, because these two departments are primarily responsible for reviewing ad content. Sales personnel negotiate changes in ad content with clients (Rotfeld, Abernethy & Parsons 1990), and the traffic manager (who is supervised by the sales manager) must always be told whether to schedule an ad for broadcast (McCavitt & Pringle 1986). Ultimately, the general manager decides whether to accept an advertisement for broadcast.

Communication becomes more difficult as more employees are involved in ad clearance (Dubin 1958). A system of official rules may be developed to standardize operations and limit direct supervision to unusual situations (Blau 1974). Larger organizations probably use formal rules like detailed, written descriptions of job duties. Control by rules seems efficient and less costly for larger organizations, because job routinization makes it easier to supervise more employees. This is especially true when supervisors and subordinates are separated by several hierarchical levels. Smaller organizations probably use surveillance, such as close supervision of employees or personal inspection of the quality of work. Surveillance seems better suited to smaller organizations where supervisors and employees often work side by side (Rushing 1980).

Stations communicate by codifying policies in a manual, using mostly written policies or memoranda, conveying policies verbally or using the last NAB Code (Linton 1987). Stations typically favor one form of communication, although they may use more than one method (Wicks 1989b). Rotfeld, Abernethy and Parsons (1990) found that stations having written clearance standards were more likely to request substantiation and reject ads than stations without writ-

ten standards. Stations adhering to the old NAB Code were also more likely to reject ads. Written policies thus appear to represent more formal rules, and verbal communication appears to represent surveillance.

Review of the Broadcast Policy Literature

Classifying Stations by Profitability. Differences in station profitability level may also explain differences in advertising clearance formality. Stations affiliated with ABC, CBS and NBC which broadcast on the VHF band (hereafter called more profitable stations) have historically earned higher profits than other stations, especially independent, UHF stations (hereafter called less profitable stations) (Owen, Beebe & Manning 1974). Perhaps more profitable stations can afford to turn down potentially controversial ads, while less profitable stations cannot. As a result, the on-air image of more and less profitable stations may vary.

But station image may not vary as much as in the past. Less profitable stations have made some financial gains recently due to improvements in signal quality and airing competitive programming like "Star Trek: The Next Generation." Yet independents' average pretax profit has been shrinking for several years. The latest figures show that "independents on average lost over $406,000 while the affiliates made about $3.8 million" (Berry 1990, p. 58). Independents have to purchase more syndicated programming, which is often less attractive to viewers than that offered by affiliates. UHF stations use transmitting equipment that is more expensive to operate than VHF equipment (Hull 1990; Ferrall 1989). Bates (1988) found that cable penetration appeared to benefit VHF stations more than UHF stations, noting that this "runs counter to most hypotheses about the impact of cable" (p. 18-9). So, the evidence suggests that network affiliation and broadcast band may still affect station profitability.

Yet Rotfeld, Abernethy and Parsons (1990) found that network affiliation did not affect ad substantiation or rejection. As other broadcast policy researchers have used multiple measures of profitability (Bates 1988; Litman 1980; Wirth 1977; Wirth & Wollert 1984), it may be useful to test this relationship again using multiple measures.

Advertising Clearance Literature. Broadcast policy research illuminates FCC expectations and previous ad clearance findings. Although the FCC had higher expectations for larger and more profitable stations, all licensees were directed to take reasonable measures to eliminate deceptive ads (Elimination 1985; En Banc 1960; Licensee 1961). Broadcasters were also expected to investigate potential advertisers (KMPC 1939) and exercise special care when deciding whether to accept advertising which is the subject of an FTC action (Elimination 1985). The FCC expected more diligence when a station employee prepared ad copy or directly examined ad claims. The FCC also acted when a station neglected to implement adequate clearance practices (NAB Legal Guide 1984).

Most of these clearance requirements were eliminated in 1985. Although licensees are still responsible for all material they air, they may decide how to fulfill this responsibility. And licensee discretion is essentially "penalty-free," as violations of the deceptive advertising policy are now considered only in character proceedings (Elimination 1985), which rarely result in meaningful action.

The demise of the NAB TV Code (U.S. vs. N.A.B. 1982) also enhanced licensee discretion because it shifted clearance responsibility from the Code Authority to the commercial networks and local stations. The code was an important self-regulatory tool because it provided guidelines about the acceptability of advertising (e.g., banning hard liquor ads) and the proper presentation of ad claims. The Code Authority Board also cleared commercials for national and regional advertisers (NAB TV Code 1982). Some stations still adhere to the code (Rotfeld, Abernethy & Parsons 1990) and most still have mechanisms for clearing deceptive ads. Many stations still have political advertising, product and copy acceptability, issue advertising, product protection and time standards (Linton 1987). Larger stations may also have other standards banning specific sales techniques like bait and switch or regulating direct selling accounts (Center 1971).

Stations are beginning to exercise their discretion by airing infomercials, which were formerly banned by the FCC and NAB Code. The FTC has begun prosecuting some infomercial producers, charging that the format and/or content of their ads are deceptive (FTC 1990; FTC vs. California Pacific 1989).

Hypotheses

It is assumed that advertising represents one part of the image a station presents to viewers. It is also assumed that the more formal a station's advertising

clearance practices are, the less likely it is that a station will accept controversial advertising. As a result, a station's airtime is more attractive to viewers. The literature review suggests that more formal clearance practices prevent offensive ads from airing on a station. Loyal viewers will not be lost as a result. So, when a station improves the attractiveness of its airtime, it can expect to maintain and/or possibly increase its audience. And when it increases its audience, it can expect to attract more advertisers.

However, managers at different types of stations have different reasons for deciding which ads to clear. Managers at less profitable stations in a market may find it necessary to accept a potentially offensive ad due to economic necessity. Managers at more profitable stations in this same hypothetical market, which employ more formal clearance practices, could afford to turn down such an ad. As a result, the airtime attractiveness of more and less profitable stations differs. Stations in each class accept or reject the same types of ads, so the airtime within each class appears similar to viewers. The "damage" to relative airtime attractiveness within each class is minimized. Consequently, the prediction based upon station profitability level is:

1. *The more profitable a station is, the more formal its clearance practices will be.*

Organization size may also affect clearance practices. Organizational theory suggests that larger organizations are more likely to formalize their practices as standards or policies. They appear more likely to use more formal written rules than smaller organizations, which probably use verbal forms or surveillance. Larger stations may also use more policy sources. Therefore, the prediction based on organizational theory is:

2. *The larger the organization (or the larger a station's sales and traffic departments), the more formal its clearance practices will be.*

Methods

Survey Methods

All commercial television stations listed in the *Broadcasting Cablecasting Yearbook* (1988) were included in this study. Procedures for personalizing mailed materials were used, and two follow-up mailings were conducted in the summer of 1988 in order to minimize non-response. Four pretests were conducted in the spring of 1988 to ensure that questionnaire items were understood correctly (Dillman 1978). Pretest results also indicated that although other employees may be involved in ad clearance, the sales manager was best suited for answering the study questions. A mail questionnaire was used to make it easy for respondents to reply at their leisure, as pretest nonrespondents indicated that they would not complete a questionnaire taking more than five minutes to fill out. As a result, some topics of interest had to be eliminated.

Statistical Techniques Employed

Regression analysis was used to test Hypotheses 1 and 2 in order to assess the effect of each independent variable while controlling for the other (Lewis-Beck 1980). If the regression indicated that profitability or organization size had a significant effect on the number of policy areas or sources a station had, a table was generated to show the direction of that effect on each of the individual policies and sources themselves. Chi-Square tests were used to examine differences in individual policy areas and sources, the types of ads a station bans and the form in which ad policies are communicated.

Stations were categorized as more profitable (ABC, CBS and NBC affiliates ranked first to third in their markets and broadcasting on the VHF band) or less profitable (all other stations). Smaller organizations included all stations up to and including the mean number of employees (14) and larger organizations all larger than average stations (15+).

Operationalization of the Independent Variables

Station Profitability. Proxy variables are used to measure station profitability because such data are proprietary. Commonly used profitability proxies include potential audience size (e.g., net weekly circulation), broadcast band, and network affiliation (Bates 1988; Litman 1980; Wirth 1977; Wirth & Wollert 1984). The original intent was to use these three proxies as the profitability measure. However, established procedures were used to test for multicollinearity (Tabachnick & Fidell 1983), because it is often found in broadcast policy research (Bates 1988). Results suggested that net weekly circulation was highly correlated with cable penetration (.59), VCR penetration (.61) and organization size (.63). Net weekly circulation had a relatively weak correlation with broadcast band (.15) and a negative correlation with network affiliation (-.03).

One may deal with multicollinearity by dropping the offending variable(s) or by combining highly intercorrelated and conceptually related variables into a single indicator (Tabachnick & Fidell 1983; Lewis-Beck 1980). A principal components analysis and a factor analysis (or principal factors extraction) were run using varimax rotation. This was done to discover whether the predicted theoretical relationships between independent variables were supported in order to decide which variables to drop or combine. Finding similar solutions in both procedures suggests that the factors are stable or reliable. The sample size of 476 was acceptable for factor analysis and established rules were used to evaluate the factor loadings (Comrey 1973; Tabachnick & Fidell 1983).

Predictors including net weekly circulation (factor analysis factor loading = .91) and organization size (.64) loaded on one factor (Eigenvalue = 3.7), while broadcast band (.61), network affiliation (.75) and market rank (.80) loaded on another (Eigenvalue = 2.4). Organization size was retained because it was the size predictor of theoretical interest. Network affiliation, broadcast band and market rank were used to create a profitability index. Market rank represents another way of measuring audience size, because the number one station has a larger audience than the number two station, and so forth.

The profitability index was developed as follows. Affiliation status was scored by assigning independents a score of 0 and affiliates a score of 1. For broadcast band, UHF was scored as 0 and VHF was scored as 1. Station market share rank was measured using station shares in early fringe (Arbitron 1987), with a ranking of 4 or higher scored as 0 and a ranking of 1 to 3 scored as 1. Evidence from the trade press suggests that competition from cable may make being the number three station in any market dangerous (Mitchell 1983), so this danger may be greater for stations ranked fourth or higher. Early fringe shares (Monday-Friday, 3:00 p.m. to 6:30 p.m. or 4:00 p.m. to 7:30 p.m., depending on time zone) were used because both affiliated and independent stations clear and schedule ads and programming themselves in this daypart.

Internal consistency was tested by computing a reliability coefficient based on the observed correlations of the items with each other. The Kuder-Richardson (KR-20) test is the appropriate reliability test to use when dichotomous items form a scale (Nunally 1978). The reliability coefficient for the profitability index was .83, and it was entered as a continuous variable in the regressions.

Organization (or Station) Size. Organization size has been operationalized as assets, revenue, value of products or services, or the number of employees (Litterer 1980), as well as the number of departmental employees (Walton 1981). There is a strong correlation between the size of an organization and the size of its structural components (Blau 1970). The combined size of the sales and traffic departments was used as the measure of organization size because these two departments are typically responsible for clearance. Traffic is a sub-unit of the sales department, so sales managers could provide an accurate count of employees. Responses were included as a continuous variable.

Operationalization of the Dependent Variable

Formality of Clearance Practices. Four measures of clearance formality were developed:

1) the number of policy areas;
2) the number of policy sources;
3) the types of ads a station bans; and
4) the form in which advertising policies were most often communicated.

Previous research was examined to determine which policy areas and sources stations might utilize. Practices used in other countries (Miracle & Nevett 1987), as well as those used by major advertisers who use agencies and national media (Zanot 1985), were reviewed. Practices used by trade and media associations (LaBarbera 1983; 1980b) and magazines (Rotfeld & Parsons 1989; LaBarbera 1981) were also examined. Self regulatory groups like Better Business Bureaus and/or the NAD/NARB might also provide information and advice to broadcasters (Armstrong & Ozanne 1983; Zanot 1980; LaBarbera 1980a). Old NAB Code standards (Linton 1987; Maddox & Zanot 1984; NAB TV Code 1982), as well as the ABC (Capital Cities 1986), CBS (1984) and NBC (1986) codes, were examined. Broadcast clearance research also reveals station practices (Rotfeld, Abernethy & Butler 1990; Rotfeld, Abernethy & Parsons 1990; and Rotfeld, Parsons, Abernethy & Pavlik 1990).

Questions were then developed listing the possible policy areas stations might already have standards for and policy sources stations might consult for advice. Stations were also asked if they used other standards or sources in open-ended questions. Presumably, the more policies a station had and the more sources it consulted, the more formal its practices.

Table 1
Regressions (Standardized Beta Coefficients)

Dependent Variables	Independent Variables: Profitability Index	Organization Size	Adjusted R Square
Policy Areas	.225*	.241*	.122*
Policy Sources	.240*	.078	.055*

N=476 (Minimum pairwise number of cases = 418.)
*p < .001.

Summed scales were created for the number of policy areas and sources. The Kuder-Richardson reliability coefficient was .87 for the sum of the number of policy areas and .71 for the sum of the number of policy sources (Nunally 1978). Responses were entered as continuous variables.

Stations were asked whether they air infomercials. Stations were also asked to indicate which types of ads, if any, were not accepted for broadcast in an open-ended question. That way, one could test whether more or less profitable stations and larger and smaller organizations tended to reject ads as a group. Form of policy communication was operationalized by asking which one of the policy formats from Linton's 1987 study was used most for communicating advertising policies. An open-ended option was included to determine if other formats predominate, as a check. (See Tables 2-5 for the categories of the clearance formality measures.)

Results

A 62.6 percent response rate (482 of 769 stations) was achieved. Stations used in pretests, no longer on the air, included in the small markets edition and undeliverable surveys were excluded. Six of these questionnaires were unusable. Responses represent about 47 percent of all commercial television stations in this country and were generally representative of network affiliation and broadcast band. The average station has 12 standards and consults five sources for advice when making advertising policy decisions. Most stations ban X-Rated movie trailers (340 of 476); however, very few stations ban any other ads outright, preferring to review ads on a case-by-case basis.

Discussion of the Hypotheses

Hypothesis 1. Hypothesis 1 stated that the more profitable a station is, the more formal its clearance practices will be. Results are as expected and significant (see Table 1). As profitability increases, the number of policy areas and sources increases.

Chi-square results show how those policies break down between profitability classes. Profitability did not appear related to the likelihood of stations in each class having standards for product protection (e.g., separating competing advertisers by a specific time period), mail order/direct selling, children's advertising and guarantees. More profitable stations, as a class, were more likely to have standards for all other policy areas (seeTable 2). Fewer differences are found for policy sources consulted, with more profitable stations being more likely to consult the last NAB TV Code, station policies, a network, a network code, a group code, a BBB Ad Review Committee and Federal Trade Commission publications (see Table 3). More profitable stations appear more likely to stay abreast of FTC policy as the FCC required before deregulation.

There are a few differences in the types of ads banned by profitability classes. More profitable stations were more likely to ban ads advocating a particular stand on an issue, contraceptive ads and infomercials (see Table 4). Although there were too few responses for statistical analysis, more profitable stations appeared more likely to ban ads for financial/investment services (11 of 14 stations banning such ads were more profitable), hair restoration products (9 of 10), adult products and services (15 of 20) and firearms and fireworks (14 of 18).

Most stations communicate advertising policies verbally. Yet over one-third of more profitable stations used a manual or the former NAB Code most often for communicating policies. More profitable stations appear more likely to use a more formal means of communication, as expected (see Table 5). Considering all of the clearance formality measures, Hypothesis 1 is generally supported.

Hypothesis 2. Hypothesis 2 stated that as organization size increases, the formality of clearance practices increases. Regression results were significant only for the number of policy areas (see Table 1). Organization size did not affect the likelihood of having policy areas or standards for product protection, political advertising, free offers and guarantees (see Table 6). Larger stations were more likely to have standards for all other areas. Chi-square results provide some support for the notion that larger and smaller organizations ban different types of ads (see Table 7). Larger stations appear more likely to ban 900 phone number ads, advocacy ads, contraceptive ads and infomercials. Smaller stations were more likely to restrict X and/or R rated movies to certain day parts.

Table 2
Chi-Squares: Profitability by Policy Areas (N=476)

Policy Area/Standard	Number (Proportion) of Stations In Each Profitability Class Having Policy Area/Standard: Less Profitable (n = 228)	More Profitable (n = 248)	χ^2	df	p
Interruption (limits the number of commercial breaks per hour)	127 (55.7%)	172 (69.4%)	9.48	1	.0020*
Product Protection (separates competing ads by a certain amount of time)	192 (84.2%)	213 (85.9%)	.26	1	.6080
Political Advertising	215 (94.3%)	245 (98.8%)	7.37	1	.0066*
Mail Order/Direct Selling	174 (76.3%)	207 (83.5%)	3.80	1	.0511
Contests & Games	179 (78.5%)	224 (90.3%)	12.76	1	.0003*
Demonstrations	46 (20.2%)	77 (31.0%)	7.32	1	.0067*
Copy Acceptance (general guidelines regarding unacceptable copy techniques)	164 (71.9%)	209 (84.3%)	10.67	1	.0010*
Children's Advertising	149 (65.4%)	180 (72.6%)	2.90	1	.0880
Contraceptive Advertising	162 (71.1%)	209 (84.3%)	12.07	1	.0005*
Time Standard (limits the amount of commercial time sold per hour)	133 (58.3%)	188 (75.8%)	16.51	1	.0000*
Product Acceptance (restrictions or bans on ads for certain products, like incontinence ads)	166 (72.8%)	210 (84.7%)	10.08	1	.0014*
Issue Advertising	156 (68.4%)	218 (87.9%)	26.77	1	.0000*
Bait & Switch	142 (62.3%)	179 (72.2%)	5.29	1	.0213*
Free Offers	93 (40.8%)	140 (56.5%)	11.66	1	.0006*
Guarantees	104 (45.6%)	132 (53.2%)	2.75	1	.0970
Medical Products	87 (38.2%)	134 (54.0%)	12.03	1	.0005*
Movie Trailers	171 (75.0%)	223 (89.9%)	18.54	1	.0000*
Substantiation (station reserves the right to request substantiation for any ad)	85 (37.3%)	120 (48.4%)	5.97	1	.0145*

*Denotes significance at the indicated level.

Chi-square results were not significant for organization size and form of policy communication used most (see Table 8). Stations of all sizes tend to communicate policies verbally. Larger stations represented the largest proportion using a manual and the last NAB Code and the smallest proportion using the verbal form, as expected. Hypothesis 2 is partially supported.

Discussion

The amount of variance explained by the regressions was low, so results must be considered with this limitation in mind. Also, response bias is always a possibility in studies based upon self-reports, so a few randomly selected respondents and non-respondents were telephoned after each pretest to discover whether the questions were understood as intended, whether any were considered sensitive and why they did not respond. Time constraints appeared to be the cause of non-response: either the questionnaire looked like it took more than five minutes to complete or respondents "didn't have time to think about" an item (e.g., which form of communication they used most). Rotfeld, Parsons, Abernethy and Pavlik (1990) also found that non-response was a function of busy schedules. They may have found a socially desirable response bias for one item, possibly impelling respondents to claim they adhered to the NAB Code. Respondents to this study may have inflated the number of policy areas and sources they use, as this would be a desirable response. This possibility should be kept in mind when evaluating results.

Results support the preliminary proposal that sta-

Table 3
Chi-Squares: Profitability by Policy Sources (N=473)

Policy Source	Number (Proportion) of Stations In Each Profitability Class Consulting Source: Less Profitable (n = 225)	More Profitable (n = 248)	χ^2	df	p
Local or State Consumer Agency	70 (31.1%)	92 (37.1%)	1.876	1	.1706
National Association of Broadcasters	119 (52.9%)	145 (58.5%)	1.48	1	.2224
Last NAB Code	120 (53.3%)	173 (69.8%)	13.50	1	.0002*
Station Policies	161 (71.6%)	199 (80.2%)	4.89	1	.0269*
Network (station personnel have contacted network personnel for advice)	35 (15.6%)	91 (36.7%)	26.97	1	.0000*
Network Code (station personnel reviewed a network code for guidance)	24 (10.7%)	68 (27.4%)	21.13	1	.0000*
Group Owner (station personnel contacted group management or owner for advice)	86 (38.2%)	114 (46.0%)	2.90	1	.0885
Group Code (station personnel reviewed a group code for advice)	30 (13.3%)	55 (22.2%)	6.25	1	.0123*
Better Business Bureau (station personnel contacted the local BBB for advice)	70 (31.1%)	79 (31.9%)	.03	1	.8619
BBB Code (station personnel reviewed the BBB Code for guidance)	28 (12.4%)	40 (16.1%)	1.30	1	.2540
BBB Ad Review Committee	10 (4.4%)	23 (9.3%)	4.24	1	.0394*
NAD/NARB Case Reports	13 (5.8%)	19 (7.7%)	.66	1	.4153
FCC Publications	146 (64.9%)	169 (68.1%)	.56	1	.4533
FTC Publications	74 (32.9%)	114 (46.0%)	8.42	1	.0037*

*Denotes significance at the indicated level.

tions manipulate ad clearance practices to develop a quality image to make their airtime more attractive to viewers. Image may vary by profitability class, because more profitable stations seem to have more formal clearance practices. They also ban some different types of ads than less profitable stations. Future research should confirm these preliminary findings and examine whether other types of advertising vary by profitability class.

Results partially support the notion that as station size increases, the formality of advertising practices increases. Qualitative analysis, such as Zanot (1985) used, may reveal why stations of various sizes do not appear to differ on the form of communication used most. Perhaps managers and employees are not separated by enough hierarchical levels to justify the use of written policies. Other ways of measuring policy communication methods should also be explored.

Future research should examine whether using more formal ad clearance policies prevents the broadcast of deceptive ads. If a significant number of deceptive or objectionable ads are found on less profitable stations, for example, their clearance practices may also be less formal or strict. The airtime attractiveness of the national commercial television networks could be compared to the cable networks to see whether findings mirror those for profitability classes at the local market level. Results may reveal which practices are effective in preventing the broadcast of deceptive ads. Results may also suggest whether more and less profitable stations, and commercial TV and cable networks, should be regulated differently.

Studies to discover other factors which affect ad-

Table 4
Chi-Square: Profitability by Types of Ads Banned (N = 476)

Type of Ad or Restriction	Number (Proportion) of Stations In Each Profitability Class Banning Type of Ad: Less (n = 228)	More (n = 248)	χ^2	df	p
Ban X/R Rated Movies	156 (68.4%)	186 (75.0%)	2.54	1	.1108
Restrict X/R Movies	40 (17.5%)	52 (21.0%)	.89	1	.3446
Bad Taste	33 (14.5%)	33 (13.3%)	.13	1	.7127
Direct Response	16 (7.0%)	23 (9.3%)	.80	1	.3698
Alcohol	27 (11.8%)	33 (13.3%)	.23	1	.6306
Lotteries/Gambling	19 (8.3%)	23 (9.3%)	.13	1	.7177
900 Phone Numbers	20 (8.8%)	16 (6.5%)	.91	1	.3388
Advocacy Ads	6 (2.6%)	22 (8.9%)	8.35	1	.0038*
Specific Techniques (e.g., ads that simulate newscasts or news programs)	8 (3.8%)	19 (7.7%)	3.82	1	.0503
Contraceptive Ads	45 (19.7%)	79 (31.9%)	9.05	1	.0026*
	Less (n = 223)	More (n = 247)			
Infomercials	26 (11.7%)	78 (31.6%)	26.98	1	.0000*

*Denotes significance at the indicated level.

Table 5
Chi-Squares: Profitability by Form of Policy Communication Used Most (N = 455)

Form of Communication Used Most Often	Number (Proportion) of Stations In Each Profitability Class Which Uses Form Most: Less	More	Row Total	χ^2	df	p
Manual	24 (11.2%)	42 (17.5%)	66	17.36	4	.0016*
Mostly Written	30 (14.0%)	29 (12.1%)	59			
Mostly Use Memo	66 (30.7%)	48 (20.0%)	114			
Verbally	73 (34.0%)	71 (29.6%)	144			
Use Last NAB Code	22 (10.2%)	50 (20.8%)	72			
Column Total	215	240	455			

*Denotes significance at the indicated level

vertising clearance formality and airtime attractiveness are needed. Other station image components such as program type (action/adventure, situation comedies, etc.) and time period (early fringe, prime time) should be included with ad clearance measures in future studies. A broadcast manager's personal philosophy may also have an effect on clearance formality. Indeed, the findings of this study and the future research it recommends complement the typology of ad clearance concerns Rotfeld and Parsons (1989) proposed. Mounting evidence suggests that vehicle image and personal ideology should be considered in future research.

Finally, the commercial broadcasting industry should consider the "counterintuitiveness" of allowing sales managers to remain responsible for advertising clearance (Boddewyn 1989). Sales managers must meet sales goals to keep their jobs and earn

Table 6
Chi-Squares: Organization Size by Policy Areas (N=476)

Policy Area/Standard	Number (Proportion) of Stations In Each Size Category Having Policy Area/Standard: Smaller Stations (n = 287)	Larger Stations (n = 189)	χ^2	df	p
Interruption (limits the number of commercial breaks per hour)	164 (57.1%)	135 (71.4%)	9.95	1	.0016*
Product Protection (separates competing ads by a certain amount of time)	239 (83.3%)	166 (87.8%)	1.86	1	.1722
Political Advertising	274 (95.5%)	186 (98.4%)	3.03	1	.0813
Mail Order/Direct Selling	220 (76.7%)	161 (85.2%)	5.19	1	.0227*
Contests & Games	225 (78.4%)	178 (94.2%)	21.86	1	.0000*
Demonstrations	61 (21.3%)	62 (32.8%)	7.93	1	.0048*
Copy Acceptance (general guidelines regarding unacceptable copy techniques)	210 (73.2%)	163 (86.2%)	11.48	1	.0007*
Children's Advertising	175 (61.0%)	154 (81.5%)	22.44	1	.0000*
Contraceptive Advertising	207 (72.1%)	164 (86.8%)	14.21	1	.0001*
Time Standard (limits the amount of commercial time sold per hour)	178 (62.0%)	143 (75.7%)	9.65	1	.0018*
Product Acceptance (restrictions or bans on ads for certain products, like incontinence ads)	215 (74.9%)	161 (85.2%)	7.24	1	.0071*
Issue Advertising	204 (71.1%)	170 (89.9%)	24.09	1	.0000*
Bait & Switch	181 (63.1%)	140 (74.1%)	6.28	1	.0121*
Free Offers	131 (45.6%)	102 (54.0%)	3.15	1	.0754
Guarantee	132 (46.0%)	104 (55.0%)	3.71	1	.0537
Medical Products	112 (39.0%)	109 (57.7%)	15.93	1	.0000*
Movie Trailers	218 (76.0%)	176 (93.1%)	23.54	1	.0000*
Substantiation (station reserves the right to request substantiation for any ad)	97 (33.8%)	108 (57.1%)	25.32	1	.0000*

*Denotes significance at the indicated level.

raises. Should they be expected to keep the interests of the public foremost in their minds? For example, with the growing controversy surrounding infomercials (Hayes & Rotfeld 1989; Wicks 1989a), critics might argue that earning higher revenues is more important to sales managers than protecting viewers. Industry action to separate ad clearance responsibility from sales performance before criticism mounts would demonstrate a genuine concern for the public interest. Researchers might also examine how other organizations handle ethical decisions that are related to performance. Do organizations separate managers from tasks which affect assessment of their job performance? If so, can these techniques be used by commercial television stations?

Conclusion

A number of important issues have been raised by this exploratory study of clearance practices. Are there meaningful differences in the airtime attractiveness of more and less profitable stations? Will these differences affect the ability of each class to attract viewers and advertisers? Are less profitable stations more likely to air deceptive ads out of economic necessity? And should sales managers be responsible for clearing ads? How the commercial television industry chooses to address these questions will surely affect the long-term perceptions viewers and regulators have of the broadcasting industry.

Table 7
Chi-Squares: Organization Size by Types of Ads Banned (N = 476)

Type of Ad or Restriction	Number (Proportion) of Stations In Each Size Category Banning Type of Ad: Smaller (n = 287)	Larger (n = 189)	χ^2	df	p
Ban X/R Rated Movies	208 (72.5%)	134 (70.9%)	.13	1	.7083
Restrict X/R Movies	66 (23.0%)	26 (13.8%)	6.23	1	.0124*
Bad Taste	43 (15.0%)	23 (12.2%)	.75	1	.3848
Direct Response	23 (8.0%)	16 (8.5%)	.03	1	.8604
Alcohol	34 (11.8%)	26 (13.8%)	.37	1	.5390
900 Phone Numbers	12 (4.2%)	24 (14.3%)	11.82	1	.0005*
Advocacy Ads	11 (3.8%)	17 (9.0%)	5.48	1	.0191*
Specific Techniques (e.g., ads that simulate newscasts or news programs)	13 (4.5%)	14 (7.4%)	1.76	1	.1841
Contraceptive Ads	63 (22.0%)	61 (32.3%)	6.30	1	.0120*
	Smaller (n = 284)	Larger (n = 186)			
Infomercials	45 (15.8%)	59 (31.7%)	16.43	1	.0000*

*Denotes significance at the indicated level.

Table 8
Chi-Squares: Organization Size by Form of Policy Communication Used Most (N = 455)

Form of Communication Used Most Often	Number (Proportion) of Stations In Each Size Category Which Uses Form Most: Smaller	Larger	Row Total	$\chi 2$	df	p
Manual	33 (12.0%)	33 (18.2%)	66	6.561	4	.1609
Mostly Written	38 (13.9%)	21 (11.6%)	59			
Mostly Use Memo	67 (24.5%)	47 (26.0%)	114			
Verbally	96 (35.0%)	48 (26.5%)	144			
Use Last NAB Code	40 (14.6%)	32 (17.7%)	72			
Column Total	274	181	455			

*Denotes significance at the indicated level.

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