

FREEDOM OF PRESS EVERYWHERE
THREATENED BY UNESCO'S MAC BRIDE REPORT

Practitioners may be restricted in what they write if recommendations of United Nations Economic & Social Council's report by the MacBride Commission are adopted, warns J. Carroll Bateman, IPRA pres. (Commission is named after Sean MacBride, journalist & former foreign minister of Ireland.) In the name of assuring "balanced" flow of news and encouraging journalistic social responsibility, Third World countries may actually interfere with free flow of news and ideas. Bateman fears UNESCO action, taken at recent Belgrade meeting, would provide a "quasi-legal rationale for those governments that may wish to impose censorship & control over journalists."

Harold Banks, The Economist's Pacific Bureau ed, adds that developing nations want to control output without journalists & reporters as intermediaries. "It would be absolutely disastrous, boring & wrong, and it would be pure propaganda." He also said it would increase the conflict between rich and poor which is the greatest threat to world peace. An example: when the problems started in Iran, people went to "Mother BBC" for Iranian coverage. MacBride Report would have muzzled BBC.

At Belgrade meeting, Britain claimed Report placed too little emphasis upon freedom of the press, too much on rights of gov't. A resolution passed there requires the U.S., other Western nations to support studies: 1) development of a journalistic code of ethics that will define "responsible" reporting standards, 2) "licensing" of journalists to assure their "protection." Bateman urges practitioners to take a stand alongside those who are fighting for freedom of speech, communications and ideas.

WHO'S WHO IN PUBLIC RELATIONS

ELECTED. PRSA District chrm - 1981: East-Central, Edward Chapman (Ohio Bell Telephone, Cleveland); Mid-Atlantic, D. Brickford Rider (Reynolds Metals, Richmond, Va.); Midwest, William Spevacek (Barkin, Herman, Solochek & Paulsen, Milwaukee); Northeast, F. Lawrence Howe (Rochester Telephone, NY); North Pacific, A. Bruce Pozzi (Bruce Pozzi PR, Anchor-age); Southeast, Dorotha Willix (Decatur Federal Savings & Loan Ass'n, Ga.); South Pacific, Robert Will (Harshe-Rotman & Druck, L.A.); Southwest, Sabra Gill (Fairmont Foods, Houston); Tri-State, Howard Blankman (Impressions - A.B.A. Industries, Roslyn Hts, N.Y.).

AWARDS. Boys Town's (Neb.) family unity national media campaign receives Gabriel Award, highest award in Catholic broadcasting...Mary O'Connor, pres, Lowengard & Brotherhood (Hartford) receives Frances Felten YWCA award as Woman of the Year in Comms...G.D. Ragland, mpr, Ciba-Geigy (Greensboro, N.C.) receives "Founders Award" from Agricultural Relations Council for outstanding svc to agriculture & nation...Arthur Falconer Assocs (Englewood Cliffs, N.J.) receives JASPER Award from Jersey Shore PR and Adv Ass'n for two-phase press relations prgm which generated 4 nat'l mag covers & 100+ stories for Interox America (Houston).

Following our custom, pr reporter will not be published next week. This is the last issue in 1980 -- which prompts a reminder to order your binder now. Only \$5, big enough to hold a year's issues including our three supplements.

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CORPORATE GOVERNANCE LEGISLATION OPPOSED BY SEC CHR M WILLIAMS;
COMMUNICATIONS AUDIT NEEDED BY BOARDS OF DIRECTORS;
CORPORATE PERFORMANCE WORSE THAN FIGURES SHOW

More inquiries about and from the board of directors can be anticipated by corporate practitioners. In recent talks, Harold M. Williams, Securities & Exchange Commission chrm, has highlighted three issues: 1) proposed corporate governance legislation, 2) improved information flow to board members and 3) public disclosure of the impact of inflation on profits & need for capital.

Protection of Shareholders' Rights Act Federal legislation would require that a majority of a corporation's directors be "independent." That only such independent directors serve on audit committees. And that shareholders be given direct access to proxy material for the purpose of making nominations for directors. Williams opposes the legislative approach on the grounds that a statute would, by definition, impose one solution on all corporations within its reach and therefore cripple, rather than strengthen, boards. Although he has often stated that "outside" directors should be at least a majority of the board, he feels corporations should be allowed to examine their own needs and respond to them.

About 85% of companies have audit committees. Proposed law would mandate such committees and set forth a "laundry list" of functions that the "ideal" audit committee would perform. Again Williams believes the needs of corporations vary and that needs and duties do not remain the same over time. Existing stock exchange rules, as well as guidance set forth by private sector groups and peer pressure, "will produce the desired results without stultifying private sector initiative."

Williams sees numerous practical problems in shareholder participation in the nominating procedure. He points to progress already made by citing a Heidrick & Struggles survey which shows half of companies now have nominating committees compared to only 8% in 1976. (See prr 9/15.)

Adequate Information: Prerequisite to an Effective Board Every board should conduct a periodic and comprehensive review of the information it receives. Such a review should:

1. Define "vital issues" which affect a company's success or failure. These might be R&D expenditures, adequacy of material & resource supplies, or environmental compliance.
2. Examine the conciseness & relevancy of information flow -- and avoid being weighed down with comprehensive reports. Attention should also be given to "surprises" which indicate that management is either not in control or is not adequately keeping the board informed.

3. Consider the appropriateness of performance standards. For example, are outlays for R&D, advertising or personnel development sacrificed for the sake of looking good in the short term? Are inflation adjustments made in performance figures?

DISCLOSURE OF REAL PROFITS

Using conventional accounting methods, corporate performance conceals some disturbing facts. Real return on investment (after adjusting for inflation) is 8% not 17% as reported; companies are flirting with liquidation as they distribute 70% of their real profits in dividends, not the third they announce; and the real effective corporate tax rate is 53%, not 39%.

Responsibility for telling the true story of profits, says Williams, falls on the corporate & accounting communities and "those who serve as interpreters of those communities to the larger public" -- primarily public relations practitioners. He commends General Electric for building its entire annual report around the impact of inflation on earnings, talking about the need for a change in policy.

SURPRISING FINDING: BNA STUDY CLAIMS
MORE PERSONNEL THAN PUBLIC RELATIONS DEPARTMENTS
HANDLE COMMUNITY RELATIONS IN MANUFACTURING COMPANIES

The nature of the organization determines who is in charge of community relations activities, according

to a survey by Bureau of National Affairs. In manufacturing companies it is most likely (54%) to be an official from personnel. But in 7 out of 10 non-business organizations, it is most likely (69%) to be director of public relations or communications.

Almost 9 of 10 business firms make financial contributions to local organizations. 2/3rds make non-financial donations, such as company products, services, or use of facilities. Nearly a third lend managers for civic & community projects. Summer jobs and work-study programs for students are main involvement with local high schools & colleges. Other forms of educational aid are technical assistance to educators, donation of equipment, student counseling and career guidance. (See prr 2/26/79.)

Community Feedback Sources Nearly a fifth of the companies have conducted surveys of community opinion about their organizations. Usage is greatest by non-business groups (31%) and service-oriented non-manufacturing (29%) such as utilities; and far less by manufacturers (6%). Feedback is also obtained thru other means: 1) word-of-mouth, 2) assessment of media coverage and relevant letters to the editor, 3) meetings with local leaders and/or residents, 4) reports from employees and managers, 5) customer response & sales patterns, and 6) gov't agency reactions. 8% of respondents have employed a community relations consultant to improve their reputation or communications methods.

MOVEMENT TOWARD ETHICS CODES
SUPERCEDES GOV'T REGS

As momentum for regulation recedes, movement toward organizational codes of ethics is on the rise -- particularly in companies, trade ass'ns. Clark

Moeller, mgmt consultant specializing in business ethics, asserts "Just as we must modernize our capital equipment to be competitive in a world economy, there is a great need to re-invigorate the ethical norms that underpin our capacity for self-confidence & self-government."

73% of corporations surveyed by Opinion Research Corp. for Ethics Resource Center (D.C.) have codes of ethics. Half were developed in last 4 yrs. Center provides technical assistance & information about codes and their implementation.

ONE STUDY SUGGESTS LITTLE VALUE
IN EMPLOYEE BENEFIT COMMUNICATIONS;
REACHING SPOUSES MADE NO DIFFERENCE

U.S. Chamber of Commerce estimates employee benefits equaled 36.7% of wages & salaries in 1977 -- and totalled \$310 billion. Employers would like to believe benefits im-

prove morale, reduce turnover, attract better employees. These results can't be achieved without awareness and understanding of employee benefits -- a function of public relations.

A study in a manufacturing company with 2,800 employees sought to find out whether two-way communication -- including use of slides and, in another variation, attendance by spouses -- would improve employee knowledge & attitudes. Here's what they found:

- 1) Slide presentation on benefits was found to be far superior in terms of knowledge imparted to employees than ongoing communication about benefits, which consisted of a combination of conventional techniques.
- 2) But attitudes were unaffected and, therefore, no advantage to the company could be identified.
- 3) Attendance of spouses made no difference in knowledge or attitudes.

Perhaps employees simply feel they are entitled to their benefits and therefore don't credit them as a source of satisfaction. Whatever the reason, the implication for companies is that greater outlays for benefit communications are unjustified.

SURVIVABILITY ABOUT TO BE TESTED
IN TOP GOV'T PUBLIC RELATIONS POSTS

Assistant sec'y's of public affairs will be no more sacrosanct than other political appointees when the Reagan administration moves

in, Alvin Hattal, Treasury Dept's dir of broadcast comm & pres of PRSA's Nat'l Capital Chap, told pr reporter. But there will be exceptions.

Survivability depends on perception (a key word, says Hattal) incoming agency head has of the professionalism of the incumbent public relations practitioner. For instance, if he has a reputation for being effective with the media, then his political stripe may not be a concern. However, practitioner can't be a political ideologue. He must be able to shift with the winds without sacrificing principles.

PR professionals -- Hattal believes the "public relations" designation rather than "public affairs" should be used in gov't -- also get involved with public policy matters. Their role is limited, however, to assessing situations, leaving it to the boss to "add the political yeast." Options and arguments can be presented to the boss to choose from. As in private sector, top pros are counselors to mgmt team rather than decision-makers on their own.

Despite budget-cutting proclamation, gov't public relations positions may not be shrinking, Hattal believes. Sharp knife will be wielded at first, but as pressures mount exceptions will be made. Perhaps the new administration's strong belief in private enterprise will be accompanied by an appreciation for public relations. Reagan team faces the formidable challenge of restoring credibility of gov't which, as with other institutions, is at low level. It will need all the credibility at its command to improve the economy.