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# AN UNFINISHED TASK

PRIVATE enterprise has hidden its light under a bushel for too long. Business leaders, in Australia and elsewhere, have been so pre-occupied with harassing day-to-day problems; that many have failed to appreciate the vital necessity of encouraging people to understand the part, that their initiative and enterprise play in the life of the nation. How many people appreciate that the modern company has been built up slowly through the drive, determination and hard work of the founders and those associated with them? How many take for granted the positive contributions Australian businesses have made and are continuing to make to the well-being of the Australian people? But the answer to the critics of capitalism should not merely be a recital of past accomplishments, but rather a plan of action for improving the effectiveness of our economic system so that it will yield ever increasing opportunities for more and more people.

OVER

### BUSINESS AND PUBLIC OPINION

Opinion Research Corporation last year conducted an interesting survey on Industrial Relations in Australia which was based on a sample of 500 interviews with employees, employers and self-employed men.\* Although the result of this survey could be said to be on the whole favourable to private enterprise, it does indicate that a great many people have misgivings or prejudices about business and that there is a relatively high degree of ignorance among the general public concerning industry and commerce.

Some of the more important findings of this survey are as follows:—

An overwhelming majority of employees feel that employers give their employees a fair deal; although at the same time the survey revealed that the most common faults of employers were that they were too greedy for profit, displayed a disregard for employees' welfare, showed a lack of co-operation and appreciation and failed to realise their dependence upon the workers.

About 70 per cent. of the people interviewed said that the public would lose if all large businesses in Australia were owned and operated by the Government.

Opinion, particularly among employees of large firms, leans toward the belief that profits of big businesses are too large.

In answer to the question, which would you prefer to be employed by—the Government, a big company or a small business?, 37 per cent. said Government, 37 per cent. said small business, and a minority of 26 per cent. preferred employment with a big company.

Businessmen have good reason to be worried by such evidence of lack of understanding by employees and the general public, because the public attitude towards business is gradually becoming the primary problem of business itself. For as Abraham Lincoln once said: "With public sentiment nothing can fail; without it nothing can succeed." It is true that if a solution is to be found to this problem, it will be determined largely by what management decides to do about it. It is a question of converting a climate of opinion, which if it is not actively hostile to private enterprise, is not entirely favourable; to an atmosphere of consent.

\* "A Survey on Industrial Relations" published by George Patterson Pty. Ltd.

## A BETTER UNDERSTANDING

It has been said that while man has brought his physical universe under control, he has failed to manage the simple relations between himself and his fellows. This is particularly true of the vital field of human relationships in industry, and in the relationships of business with government and the general public. *Management must apply to its human relationships with the rest of the community the same type of searching analysis that it usually devotes to its normal business problems.* There is great need for businessmen to cultivate the art of knowing people. And this involves spending a great deal more thought and time in finding out more about the basic aspirations and needs of men. Too few people really know those who occupy the key jobs in business organizations. It is unfortunately true that many businessmen have tended to become remote from the ordinary man. Whereas, the understanding and respect of people can be acquired only if businessmen show faith in them through the cultivation of their friendship. But many of the speeches, a great deal of the advertising and reports made by businessmen will fall on deaf ears, until people really believe that business is trying to understand and is genuinely concerned with their problems.

## PUBLIC RELATIONS

Since public opinion is such a powerful force, an extension of the practice of sound public relations is very desirable throughout Australian business today. In the long run the only worth while public relations activities are those based on "*good performance—publicly appreciated.*" First of all, businessmen must do a job that people particularly their employees and consumers will regard favourably, and then they must intelligently draw the attention of the public to this good performance. Public relations furthermore, involve interpreting the attitude of the public, employees, shareholders and suppliers to the company and using the knowledge gained to earn their continuing understanding and approval by all means of expression.

In 1950, it is estimated that U.S. business spent at least \$100,000,000 on an intensive free enterprise public relations campaign, which does not include the enormous cost of em-

ployee relations expenditure and the time and energies of top men in U.S. Management. But in the United Kingdom, Australia and elsewhere the new profession of public relations in this connection is still in its infancy.

It is interesting to note that of all the countries in the Western World, U.S.A. is the one where business is most conscious of the need for public relations; and this, notwithstanding the fact that free enterprise has achieved its most outstanding success and is best understood in U.S.A. However, it is the leaders of U.S. business, more than those of other countries, who appear to be most imbued with the need for private enterprise to state its case to the people with greater force and clarity than ever before.

### A TWO WAY STREET

The practice of sound public relations involves a two way method of communication. It calls for something more than just telling employees or telling the public about the facts of industry. With equal importance successful public relations depend on finding out what employees, consumers and others think of business. Briefly, it embraces *the art of listening to ascertain the viewpoint of others* and the important matter of knowing and understanding people.

In an article which may prove to be a classic on the subject, Fortune says trenchantly that a great deal of the expenditure of U.S. business on public relations has been wasted, and that the message has not gone fully across.\* What are the reasons for this? Why is mis-information so resistant to information? Fortune in this article which should be widely read gives two reasons. First, business cannot speak with two voices and have both believed. Only if there is trust and understanding can there be any real communication. Before employees will accept management "facts" they must first have confidence in the motives and sincerity of management. In the second place, management in U.S.A. has overlooked the importance of listening. They have done all the telling, but they have left it to the other fellow to do all the listening. This says Fortune is the "most fundamental error of the Free Enterprise campaign." This failure to find out the other fellow's point of view is largely responsible for the gap be-

\* "Is Anybody Listening?" vide "Fortune," September issue, 1950.

tween businessmen and those with whom they seek understanding. And by failing to make communication an effective two way street, management has not fully appreciated the employee's desire for self expression and participation.

## AMERICAN EXAMPLE

There is no other country where public relations is so widely practised and so much in the news as U.S.A. Public relations specialists are employed in the United States by business, government, churches, universities, schools, libraries, welfare agencies, economic research organisations, trade unions, newspapers and so on almost ad infinitum. Some of the great American trade unions are fully alive to the value of expert assistance in their public relations.

One example of this interest in public relations and the public policy side of American business is a document known as the Boston Declaration, drawn up by U.S. business leaders.\* In the following phrases these industrialists display a high sense of social responsibility and a sound appreciation of true public relations:

"To this we pledge ourselves:

To stabilise employment, by levelling out seasonal peaks and valleys in production, by diversification of products, and a vigorous search for new markets. The best way to prevent unemployment is to produce goods at lower unit cost so that more people can afford them and more employees will be kept busy making them.

To create more jobs through research, new facilities, new equipment and new methods, to keep pace with the needs of the country and its rapidly expanding labour force.

To keep improving tools and production efficiency, so that the earning power of the individual will be increased.

To give to each employee the opportunity to develop his abilities, recognising his right to improve himself as he improves the business.

To maintain the healthy competitive spirit that results in new ideas through better products and services to the public.

To encourage more widespread investment in common stocks, to the end that more millions of Americans may become owners of industry as well as employees."

Private enterprise is often accused of opposing change and firmly abiding by the status quo. But, here is the basis for a forward progressive policy, designed to raise the general standard of life and to preserve individual opportunity.

\* Given on 18th May, 1950 in Faneuil Hall, Boston, Massachusetts and published in "New England Letter" issued by The First National Bank of Boston.

Group declarations of this type are a forward step, indicating as they do, agreement among business men on important common objectives; *but their full benefits can only be experienced, provided the job of putting such ideas into practice is well done. This is essentially a task for individual businesses and companies.* Herein lies a heavy responsibility for management. It is to the individual business that employees and the public in general must look for the conversion of paper objectives and pledges made en masse into practical results, in the form of real and concrete benefits—employee benefits in the form of improved conditions of work and benefits to the public at large through the provision of better goods and services at cheaper prices. This task cannot be accomplished by organisations or groups of business men; it can only be fulfilled as a result of action on the part of the many individual companies and businesses which go to make up the whole private enterprise system.

### BENEFITS ACROSS A NATION

One of the leaders in the field of public relations in U.S.A. is the great chemical company, E.I. Du Pont de Nemours & Co. The story of this company is told in a striking and convincing way in a 52 page illustrated booklet "This is Du Pont." Here are some of the headings: Du Pont Traditions; Du Pont Today—Blend of Technology and Human Relations; Du Pont Geography—a picture map showing the company's plants and branches across U.S.A.; Shareholders—Their Savings Keep Du Pont going; Du Pont people—Spinners and Salesmen, Carpenters and Chemists, Electricians and Executives all contribute to Du Pont's and the nation's material progress; Financial Record—Venture Capital is at the root of the company's growth and progress; How big are profits?; The Company's Products—cover a wide range and help shape the rising living standard in U.S.; Du Pont Customers—how businesses large and small are interdependent.

As a result of his mechanical and productive skill the Du Pont employee enjoys a high standard of living. Cars, for example, are owned by 73% of the men in the company, refrigerators by 77%. About half of Du Pont's male employees own their homes. Telephones are to be found in more than 77% of all employees' homes. Life insurance, in addition

to that paid for by the Du Pont company is carried by 89% of the men and 74% of the women. Du Pont devotes six pages, containing 23 pictures, to its shareholders. Beneath the photograph of a man with an apron serving behind a grocery store counter, we read, "Typical of the millions of Americans who own stock in Du Pont or other corporations is the smiling gentleman above. He is P. G. Scott, a small business man who keeps a neighbourhood grocery store in Clinton, Iowa. His holdings, like those of the average investor, are small. Like most stockholders, too, Scott depends for his livelihood on his daily work; the return from his invested savings is a supplementary source of income." About 83% of Du Pont's stockholders are individuals. Their careers vary from cowboy to banker, from farmer to housewife, from machinist to business executive.

And finally in their employee Magazine\* Du Pont says: "A big business does not sit in a shining skyscraper . . . it is something made up of millions—employees, owners, suppliers, customers, consumers and others across the nation—and everyone shares in its benefits . . . In sum, a big business is not a few industrialists in a remote citadel; it is people, plants, products and benefits across a nation." Du Pont recognises that the best public relations consist of actions and policies which are good, and the advisory work of their public relations department is in that direction.

## OPPORTUNITY FOR AUSTRALIAN BUSINESS

There are signs that Australian business is slowly awakening to the value of public relations and that the lead given by U.S.A. has not been allowed to pass unnoticed. During the last decade many enterprises have set up personnel departments to exercise supervision over human relationships; and since the war public relations executives have been appointed in a number of cases. The annual company report has progressed a long way from the plain, terse document which helped to create the phrase "the poker face and sealed lips of British business." The tendency in modern industry in this country and elsewhere, where management has largely become divorced from ownership, is in the direction of giving greater recognition to the interests of employees; consumers and the public

\* "Better Living" Volume 5, No. 1.

as a whole. This recognition is now being reflected in enlarged reports which attempt to explain by means of texts, pictures, colour and graphic illustration, a human corporate story, formerly revealed only in the cold figures of financial statements. The practice of issuing the same annual report to shareholders and employees is to be commended. For the company report is indeed an important vehicle for public relations and it affords a valuable opportunity for a public company to reveal its role in our society, which is based on private enterprise. It ought to be one of the means used to show that the nation, consumers, suppliers of materials, management, employees and investors all benefit from the enterprise.

### A SIGNIFICANT STORY

Private corporate enterprise can confer an immense variety of benefits on employees. Apart from regular wages, many receive in addition various types of bonuses including employee shares and a share in profits; their working conditions may be scientifically modern; they may receive tangible benefits from retirement plans, housing schemes, medical benefits for employees and their families as well, recreation programmes, etc., and the intangible gains accruing from training programmes and service recognition. Some Australian companies provide facilities for their employees to build their own houses, including the preparation of plans, the purchase of materials wholesale, and the hiring of special tools such as concrete mixers. Others enable employees to buy refrigerators, washing machines, pianos and similar articles wholesale and sell them to employees at cost, paid for over a period. Not all companies are in a position to do these things, but many of them have already been widely adopted in Australia. The modern company report on this theme can reveal an extremely interesting and significant story.

As the annual report must by Statute be sent to the investor owner it is usually assumed that his story is fully told. But who are the owners? What sort of people are they? What is their average shareholding? This information has been largely neglected in company reporting in Australia and yet it has an important place in the story of enterprise. If share registers were analysed and the facts about ownership of shares

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were widely published by companies, it would do a great deal to remove popular misconceptions about this subject.

Nothing has been said so far regarding employee opinion surveys, suggestion schemes, joint consultation, employee hand-books, profit-sharing, the desirability of encouraging employees and the general public to invest their savings in industrial shares and the use of films. But each of these things has a use in establishing effective communication between business and others. The weapons of public relations embrace the whole field of persuasion, publicity and opinion research. There is great scope for their use in the wider horizon unfolding before Australian businessmen.

\* \* \* \*

Wisely conducted, and mindful of the opinions of others, public relations may point the way to the common ground of co-operation and understanding between business and labour, business and consumers and business and government. If public relations has its limitations, it also has great possibilities; for it is indeed part of industry's unfinished business.

