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Survey of Corporate Government Affairs Departments

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SURVEY OF CORPORATE GOVERNMENT AFFAIRS DEPARTMENTS

By

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TABLE OF CONTENTS

	Page
Acknowledgements.....	i
List of Tables.....	iii
List of Figures.....	iii
Executive Summary.....	iv
I. Introduction.....	1
II. Research Methods.....	1
III. Results.....	3
Corporate Government Affairs.....	3
Washington Office.....	6
Operating Companies' Government Affairs	6
Relationship Between Corporate Government Affairs and the Operating Companies.....	10
Reporting Structures.....	11
Political Action Committees.....	25
IV. Conclusion.....	31
Footnotes.....	34
Appendix: Questionnaire.....	35

LIST OF TABLES

Table		Page
1	Corporate Government Affairs.....	3
2	Washington, D.C. Office.....	7
3	Operating Companies' Government Affairs Departments.....	8
4	Political Action Committees.....	27

LIST OF FIGURES

Figure		Page
1	.....	13
2	.....	14
3	.....	15
4	.....	17
5	.....	18
6	.....	19
7	.....	20
8	.....	22
9	.....	23
10	.....	24
11	.....	26

EXECUTIVE SUMMARY

This summary obtained information on the role of corporate government affairs departments in 22 corporations both within and outside the field of energy and from all regions of the United States.

The major findings from the survey are summarized below.

Corporate Government Affairs

The majority of corporations surveyed indicated that corporate government affairs offices reported to a senior vice president. The responsibilities of these corporate offices were similar with all of them monitoring legislation and lobbying and a majority indicating involvement in hiring lobbyists, trending legislation, strategic planning, generic corporate issues, and promotion of strong ties between political thought leaders and employees. The extent and nature of these involvements, however, varied among corporations.

Washington Office

A majority of the corporations had government affairs offices in Washington, D.C. Most of these offices reported to a senior vice president and involved strictly government affairs.

Operating Companies' Government Affairs

Diversity existed among these corporations in the ways government affairs was handled in their operating companies. Only two corporations reported that all of their operating companies had separate government affairs departments; 38.1 percent reported that none of them did. The most common practice

(mentioned by 52.4 percent). was the establishment of separate government affairs departments in only some of the operating companies. Size of the operating company, degree of involvement in legislative issues, and degree of regulation were the major determinants of whether an operating company had a separate government affairs department.

Relationship Between Corporate Government Affairs and Operating Companies

In most of the corporations, corporate government affairs served the operating companies by trending issues, monitoring legislation, lobbying, planning and analyzing the impact of legislation, devising strategy, and developing advocacy. Reporting structures within and between government affairs offices varied considerably by corporation. Of the 13 corporations with government affairs offices in the operating companies, the majority (nine companies, 69.2 percent) were autonomous units. In general, the operating companies' offices performed the same functions as the corporate offices but on a more limited scale. Operating company offices were often limited to dealing with issues relevant to their particular lines of business or the states in which they operated. Most respondents expressed the need for the corporation to present a consistent, centralized lobbying effort and stand on issues.

Reporting Structures

Reporting structures within and between government affairs offices were almost as diverse as the number of corporations. These reporting structures are illustrated in Figures 1 through 11. See pages 13 to 26.

Political Action Committees

Almost all of the corporations surveyed had PAC's. The most common patterns of membership solicitation were mail and personal peer to peer appeals, conducted either annually or biennially. The median membership size of the PAC's was 625. Considerable consensus was found among corporations regarding their methods of selecting candidates to whom they contributed. Most did not consult with executives of the corporation. Most relied on a rating system. In addition, many corporations relied on their own criteria for evaluating candidates, which included such considerations as the candidates' voting records, pro-business attitudes, and positions of leadership. Typically, PAC collections were taken over a two-year cycle. While no great differences were found between amounts collected or spent in presidential and non-presidential election years, some corporations carried over unused amounts from a previous year.

I. Introduction

The purpose of this study was to obtain information on the role of corporate government affairs departments in a number of successful corporations. The sample included large corporations both within and outside the field of energy and from all regions of the United States.

Specifically, information gathered by this survey included the following:

1. The distribution of government affairs departments at the corporate and operating company levels
2. The reporting structure within the corporate and operating company government affairs departments
3. The responsibilities of the corporate and operating company government affairs departments
4. Membership, direction, and expenditures of political action committees
5. Method of selecting political candidates to receive support.

The information obtained from this survey will assist InterNorth's corporate government relations department in the planning process.

II. Research Methods

The data referred to in this study were based on a telephone survey administered between February 21 and March 12, 1984.

The non-random sample consisted of 30 large corporations in

the United States. These corporations were selected by InterNorth management from the National Directory of Corporate Public Affairs.

Prior to the interviews, letters requesting their participation and explaining the purpose of the survey were mailed to all persons in the sample. Interviews were conducted with one public affairs official at each corporation.

This report analyzes 22 interviews. Five corporations refused to be interviewed, and three could not be reached during the survey period.

The corporations included in this sample were selected because they provided a diverse group of large national corporations both within and outside of the energy field. Therefore, they would be expected to represent a wide range of alternative structures and methods of operation of government relations departments. As with all purposive samples, however, the respondents were not necessarily representative of all national corporations.

The questionnaire for this survey was constructed with the advice of InterNorth management. CAUR staff first met with them to discuss topic areas to be included, and a questionnaire was then constructed and submitted for approval and additional input. InterNorth reviewed the questionnaire and made several suggestions for changes. A revised version, incorporating the suggestions of InterNorth, was returned to and approved by InterNorth management.

Both open- and closed-ended questions were included. The

average interview time was about 20 minutes. A copy of the questionnaire is included in the Appendix.

III. Results

Corporate Government Affairs. The majority (72.7 percent) of the corporations surveyed indicated that corporate government affairs reported to a senior vice president. (See Table 1.)

TABLE 1
CORPORATE GOVERNMENT AFFAIRS
(N=22)

	Number	Percent
Reports to		
Chief executive officer	5	22.7
Senior vice president	16	72.7
Other	<u>1</u>	<u>4.5</u>
Total	22	99.9
Responsibilities		
Monitoring legislation	22	100.0
Lobbying	22	100.0
Hiring lobbyists	20	90.9
Trending legislation that may have impact on the corporation	18	81.8
Involvement in strategic planning	15	68.2
Involvement in generic corporate issues	18	81.8
Responsible for promotion of strong ties between political thought leaders and employees	17	77.3

The responsibilities of all corporate government affairs units included monitoring legislation and lobbying. A majority of units were involved in hiring lobbyists and trending legislative issues. (See Table 1.) While most (68.2 percent) of these departments were involved in strategic planning for the corporation, the extent of this involvement varied among corporations and was usually fairly limited. For example, some

corporations indicated that corporate government affairs had input into five-year plans, policy issues, or was asked to provide information to planning departments prior to the establishment of a new office or facility. This input, however, was not always on a regular basis, and some respondents indicated that they would like to be more involved in strategic planning in the future. One respondent, for example, reported that his office did not currently have a well coordinated involvement with planning. He attributed this in part to lack of interest by planners in government affairs.

In other corporations, the involvement with strategic planning was based in part on the fact that the vice president of public or government affairs was a member of the strategic planning team.

A few corporations worked more closely with strategic planning departments. One corporation, for example, was consistently involved in the planning process in development of one- and five-year plans on tax, environmental, and regulatory matters. Also cited by a respondent was the importance of staying on top of possible changes in government regulation and taxation and their possible impacts on the corporation. Another respondent indicated that his corporation contracted with universities to do research in areas such as identification of emerging issues. From this information, the corporate government affairs department built a set of scenarios for a three-year time frame. The department also attempted to focus on critical issues relevant to

the corporation and operating companies and prioritized issues according to two criteria: 1) those issues most likely to be immediately resolved and 2) those issues that had the most immediate impact on that business.

Most (81.8 percent) corporate government affairs departments were actively involved in generic corporate issues such as taxation or corporate governance. (See Table 1.) Taxation was most often mentioned as an area of involvement.¹ Representatives from several corporations replied that they were involved in any issues affecting the business climate. One respondent, for example, cited the growing importance of employee benefits and the need for businesses to have information on trends in this area.

Respondents also mentioned involvement in philanthropic activities, corporate governance, federal budget issues, environmental issues, community relations, and international trade.

Involvement with trade or business associations such as the National Chamber of Commerce, American Petroleum Institute, Machine Tool and Allied Products Institute, and National Association of Manufacturers was cited as important. One corporation for example, indicated that it relied on trade associations for lobbying on generic issues.

Other involvements of corporate government affairs departments included political action committees (PAC's), grass roots political activity (e.g. district representatives maintaining contact with congressmen), voter registration drives for employees, and community affairs.

Most (77.3 percent) of the corporations responding to this survey indicated that their government affairs departments sought to promote strong ties between employees of the corporation and political leaders.² (See Table 1.) One of the frequently mentioned methods used to promote these ties was inviting legislators or other political leaders to speak before an audience of employees. In addition, one corporation invited speakers from think tanks such as the Heritage Foundation to give presentations. Also mentioned were voter registration drives, policy issue debates, attempts to educate employees about elections, and encouragement of employee civic action groups.

One corporation relied on corporate newsletters and programs to educate employees on political matters. It also hired consultants to train employees at managerial and administrative levels on how to be active in campaigns.

Some corporate respondents reported that their attempts to promote these ties were not well developed. One, for example, had a program of this type only at the executive level.

Washington Office. Most (95.5 percent) of the corporations surveyed had a government affairs office in Washington, D.C. (See Table 2.) Over 70 percent of these offices reported to a senior vice president and involved strictly government affairs. In one corporation, the Washington office housed the entire government relations organization.

Operating Companies' Government Affairs. All but one of the corporations surveyed had operating companies. (See Table 3.)

TABLE 2
WASHINGTON, D. C. OFFICE

	Number	Percent
Corporations with government affairs offices in Washington (N=22)	21	95.5
Reports to (N=21)		
Chief executive officer	2	9.5
Senior vice president	16	76.2
Other	<u>3</u>	<u>14.3</u>
Total	21	100.0
Type of Office (N=21)		
Government affairs only	15	71.4
Government affairs/public relations	4	19.0
Government affairs/other	<u>2</u>	<u>9.5</u>
Total	21	99.9

Diversity existed among these corporations in the way they handled government affairs. Two respondents (9.5 percent) reported that all of their operating companies had separate government affairs departments, and 38.1 percent reported that none of them did. The most common practice (mentioned by 52.4 percent) was the establishment of separate government affairs departments in some rather than all of the operating companies.

Size of the operating company, degree of involvement in legislative issues, and degree of regulation were the major determinants of whether an operating company had a separate government affairs department. That is, larger companies or those more involved in legislative issues were more likely to have their own departments. In some corporations the most highly regulated operating divisions had a separate government affairs department.

TABLE 3
OPERATING COMPANIES' GOVERNMENT AFFAIRS DEPARTMENTS
(N=21)^{a/}

	Number	Percent
Corporations with operating companies' government affairs departments in all companies	2	9.5
Corporations with operating companies' government affairs in some companies	11	52.4
Corporations with operating companies' government affairs in none of the companies	8	38.1
Total	13	100.0
Direction (N=13)		
Directed by corporate	4	30.8 ^{b/}
Autonomous	9	69.2 ^{c/}
Total	13	100.0
Responsibilities (N=13)		
Monitoring legislation	13	100.0
Lobbying	10	76.9
Hiring lobbyists	10	76.9
Trending legislation that may have impact on corporation	11	84.6
Involvement in strategic planning (N=12)	8	66.7

^{a/} Of the 22 corporations in this survey 21 indicated they had operating companies.

^{b/} This constitutes 19 percent of the 21 corporations with operating companies.

^{c/} This constitutes 42.9 percent of the 21 corporations with operating companies.

Government affairs departments within operating companies differed in the degree of their autonomy and in the extent and nature of their tasks. Over two-thirds (69.2 percent) of the operating companies' government affairs offices were autonomous, and 30.8 percent were directed by the corporation.

While some were fairly self-contained and did all of their own government affairs work, the more common pattern was for the

operating company office to do a limited amount of monitoring of legislation, trending of issues, and lobbying. Lobbying was done by employees of the companies or by outside lobbyists hired by the corporation. Operating company offices were often limited to dealing with issues relevant to their particular lines of business or the states in which they operated. For other issues, they relied heavily on the corporate office. One operating company relied on national trade associations for research on industry specific issues. In another case, the operating company office compiled the data base on the company's plants, facilities, and vendors and provided this information to a group government affairs office.³ Usually, the operating companies relied on the corporate office for federal issues.

Operating companies also relied heavily on the corporate office for coordination of overall corporate policy. Concern for the need for a consistent, centralized lobbying effort and stand on issues was voiced by many of the respondents. For this reason, operating companies were less likely to have or hire their own lobbyists.

Corporate lobbyists, working for all the operating companies and the corporation as a whole in a unified manner, were seen as more efficient and able to avoid confusion or inconsistency on issues. In some cases, the operating companies dealt directly with state or federal governmental units but did so only after having checked with the corporate office. They then sought advice on the best line of communication with that unit.

Most (66.7 percent) of the operating companies' offices were involved in strategic planning. (See Table 3.)

Relationship Between Corporate Government Affairs and the Operating Companies. In most of the corporations, corporate government affairs served the operating companies in similar ways. Their functions included: trending issues, monitoring of legislation, lobbying, planning, analyzing the impact of legislation, devising strategy, and developing advocacy. Other less frequently mentioned functions included providing information on federal agencies and acquiring documents and export licenses.

One corporation was in the process of greater integration between the operating companies' government affairs and corporate government affairs offices. One example of this attempt at integration was the formation of a legislative affairs committee which consisted of members from all of the operating companies and the corporate office.

Another corporation relied on service agreements with the operating companies. These were agreements to provide certain services for the operating company, such as trending issues, etc. In yet another case, the corporate government affairs office provided information to the operating office on federal issues (state and local issues were left to the operating office) and also assisted them in marketing their products and ideas to Congress. Some organizations mentioned the importance of maintaining two-way communication between the corporate and operating

offices and, in particular, the need for the corporate office to be knowledgeable and up-to-date on what was going on in the operating companies.

At one corporation, the operating companies had the choice of obtaining information from corporate government affairs or from outside lobbyists. Within the corporate office, managers were each assigned to specific issues in which they had developed expertise. If operating company managers needed assistance on an issue, they asked the person with that expertise.

Reporting Structures. Reporting structures within and between government affairs offices were almost as diverse as the number of corporations. As previously mentioned, 38.1 percent of the corporations surveyed had government affairs departments at the corporate level only and did not have separate government affairs departments in any of their operating companies. Nineteen percent had a combination of corporate government affairs and operating company government affairs departments that were under the direction of the corporation. Almost 43 percent had a combination of corporate and autonomous operating company government affairs departments.

Corporate government affairs included a variety of functions in different corporations. For example, in one corporation, the "corporate relations" department included charitable activities in addition to government relations. A few corporations combined public relations with government relations. In other cases, however, government relations was distinct from departments such

as public relations, corporate advertising and communication, contributions, and community relations, but each reported to a vice president of public affairs who was responsible for all these functions.

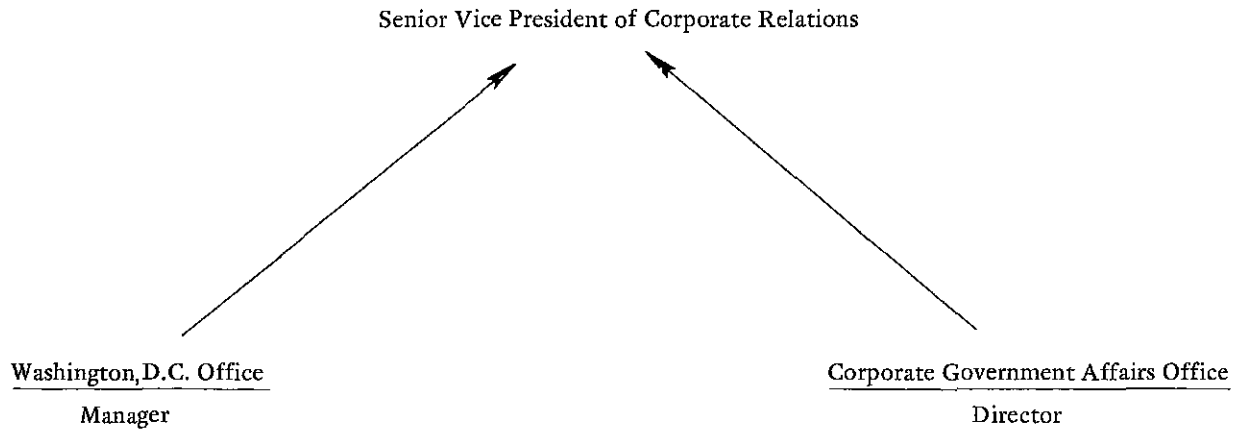
In those corporations that had government relations departments at the corporate level, but not at the operating company level, a number of structures existed.

One structure (see Figure 1) consisted of a corporate government affairs office headed by a director reporting to a senior vice president. The corporate office responsibilities included state and local affairs. A Washington, D.C. office, headed by a manager of Washington affairs, also reported to the senior vice president. The Washington office responsibilities included primarily federal affairs, but one person monitored activities on the state level. In one corporation, the corporate office was headed by a director of community relations; under his direction was a director of state and local government relations.

A variation on this structure is shown in Figure 2. In this case, the Washington, D.C. office reported to both the senior vice president and the corporate office. The corporate office was headed by a manager of government affairs. A director of state affairs and director of federal affairs reported to this manager.

A somewhat different structure is shown in Figure 3. In this case, the Washington, D.C. office reported to a senior vice president and directed federal and state government relations as

FIGURE 1*
Reporting Structure



*Throughout the figures in this report, arrows indicate reporting relationships.

FIGURE 2
Reporting Structure

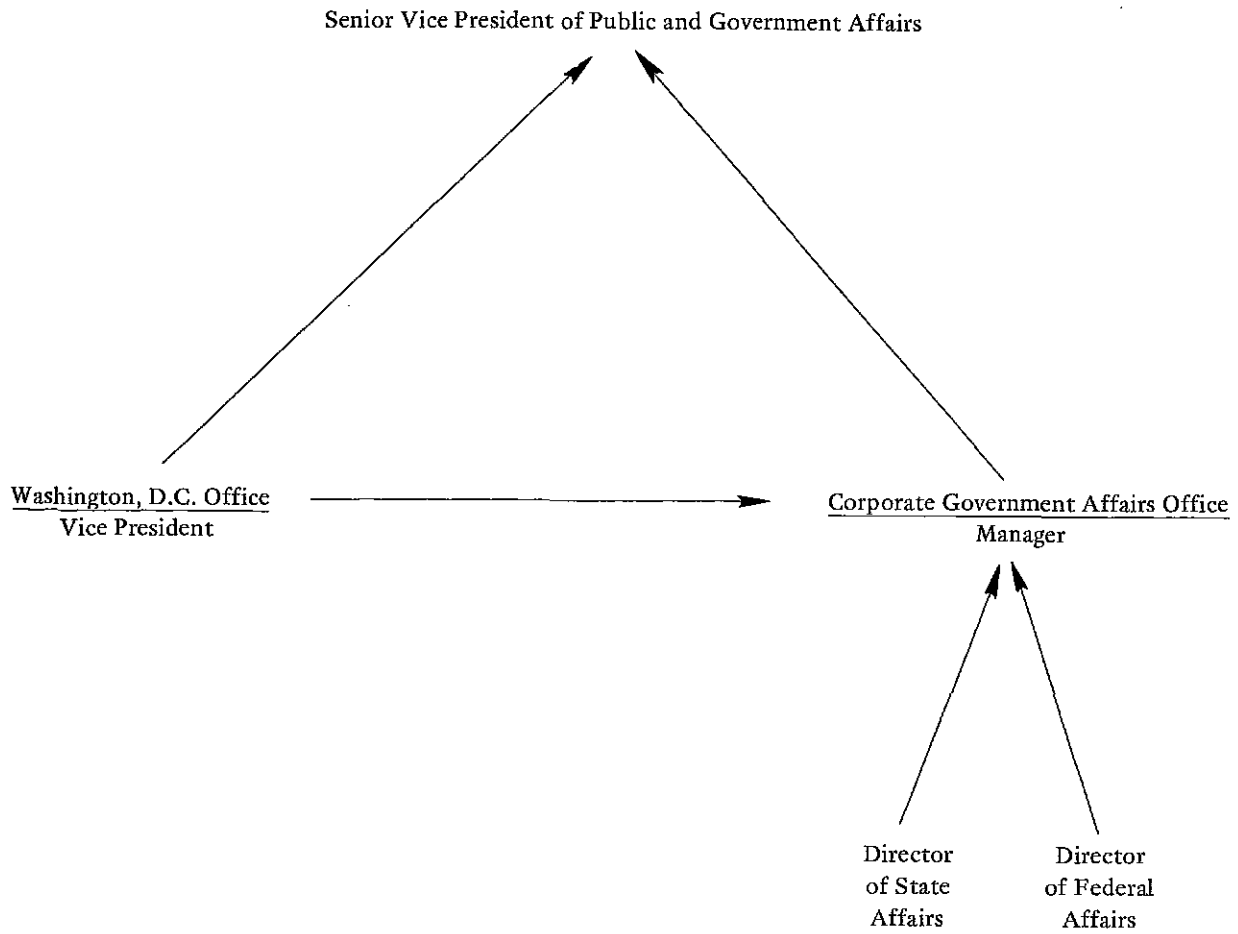
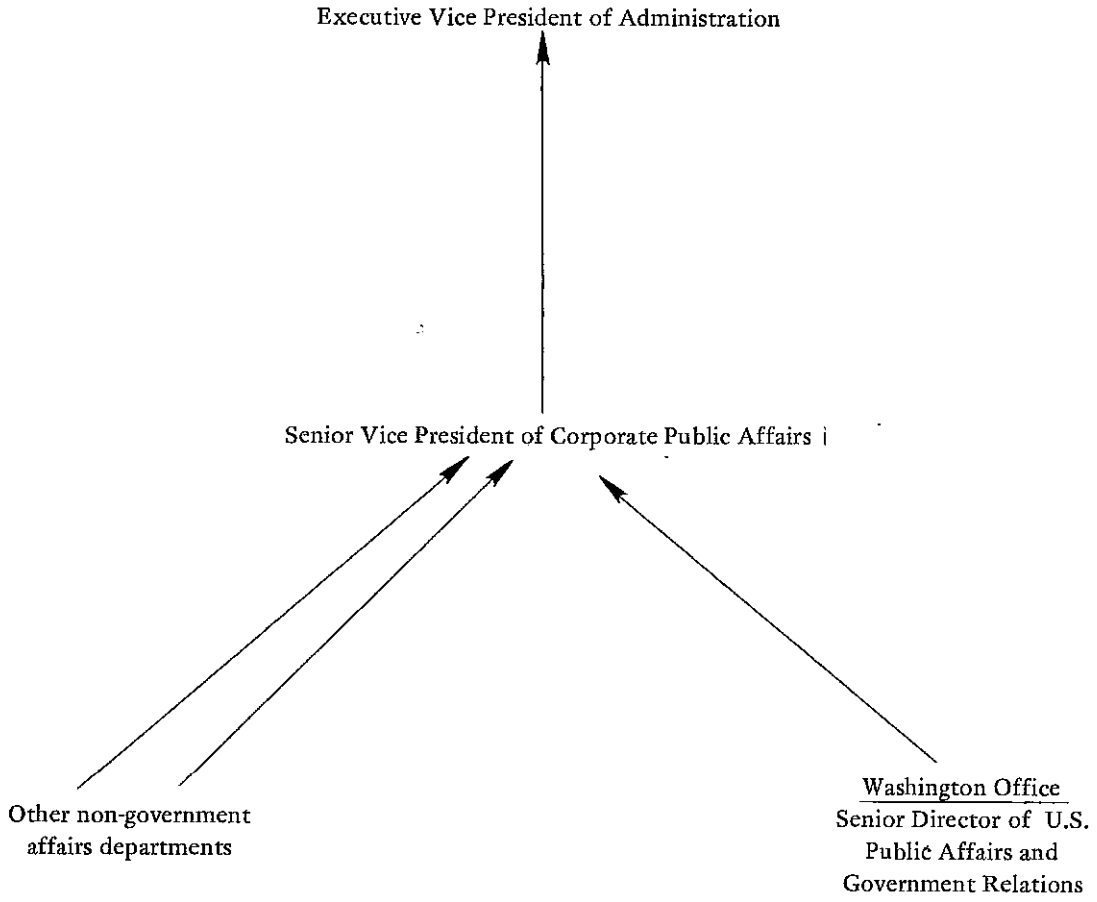


FIGURE 3

Reporting Structure



well as several other non-governmental relations functions. In a variation of this structure, (see Figure 4) the Washington office included separate directors for federal, state, and international government relations.

Figure 5 illustrates yet another system. A vice president for European government affairs, a manager of state government relations, and a vice president of federal government affairs (in Washington) all reported to a vice president of public affairs. Under the vice president of federal government affairs was a director of (federal) government relations.

As shown in Figure 6, another alternative was a dual reporting structure. The manager of state and local government relations reported to a senior vice president of the corporation. The Washington office, however, reported to the presidents of operating companies. The Washington office consisted of a manager of federal government affairs and a deputy manager of international government affairs.

Among those corporations with government relations departments in the operating companies but directed at the corporate level, several structures existed. As illustrated in Figure 7, one of these structures consisted of a senior vice president of government affairs who was in charge of several issue based government affairs divisions, rather than the more traditional federal, state, (and sometimes international) divisions. The operating companies had vice presidents of public affairs who reported to the chief executive officers of the operating com-

FIGURE 4
Reporting Structure

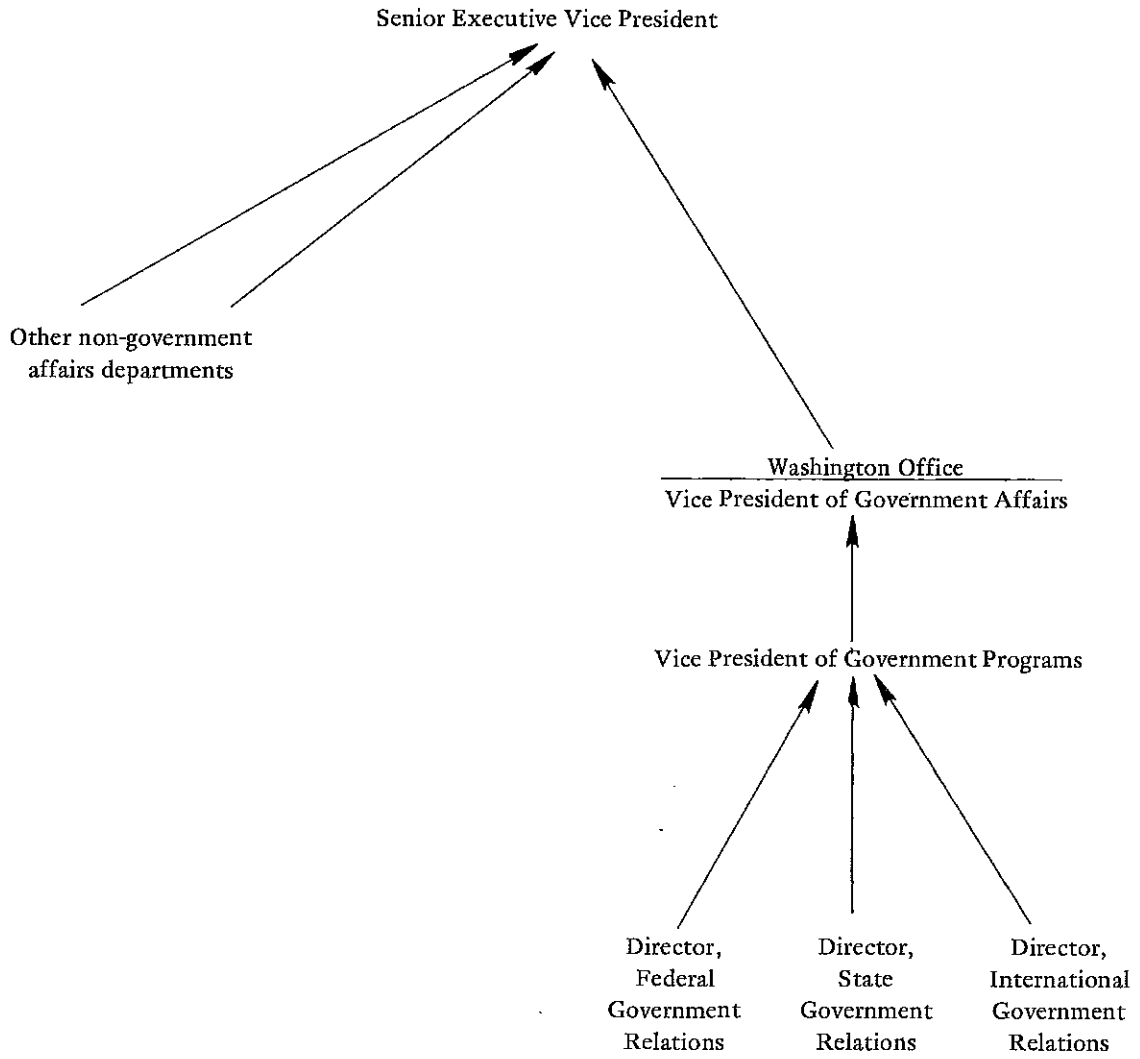


FIGURE 5

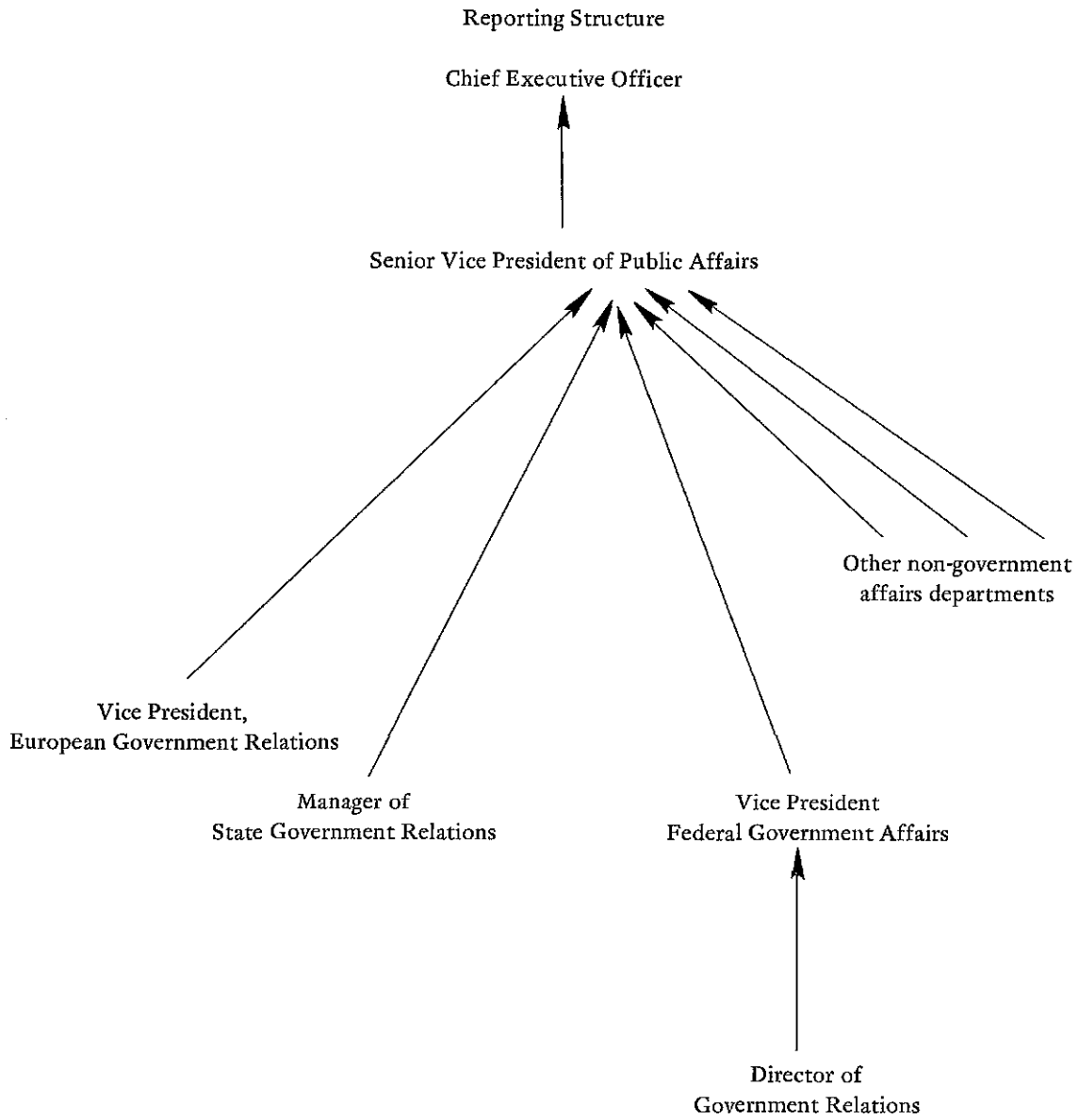


FIGURE 6
Reporting Structure

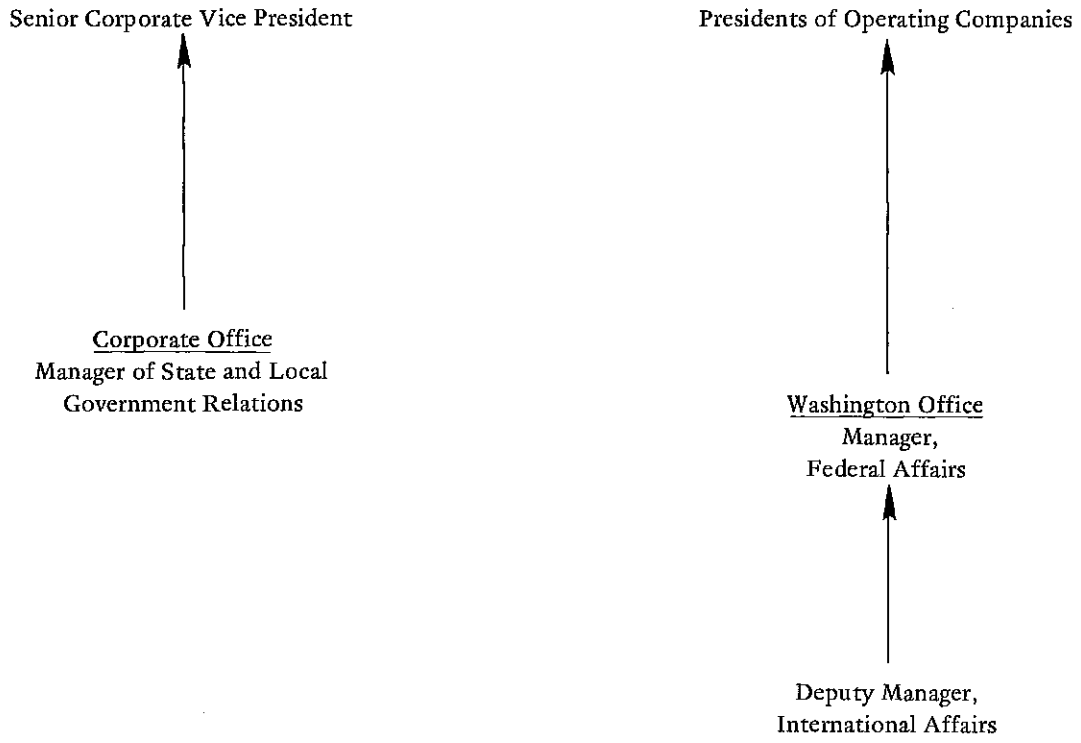
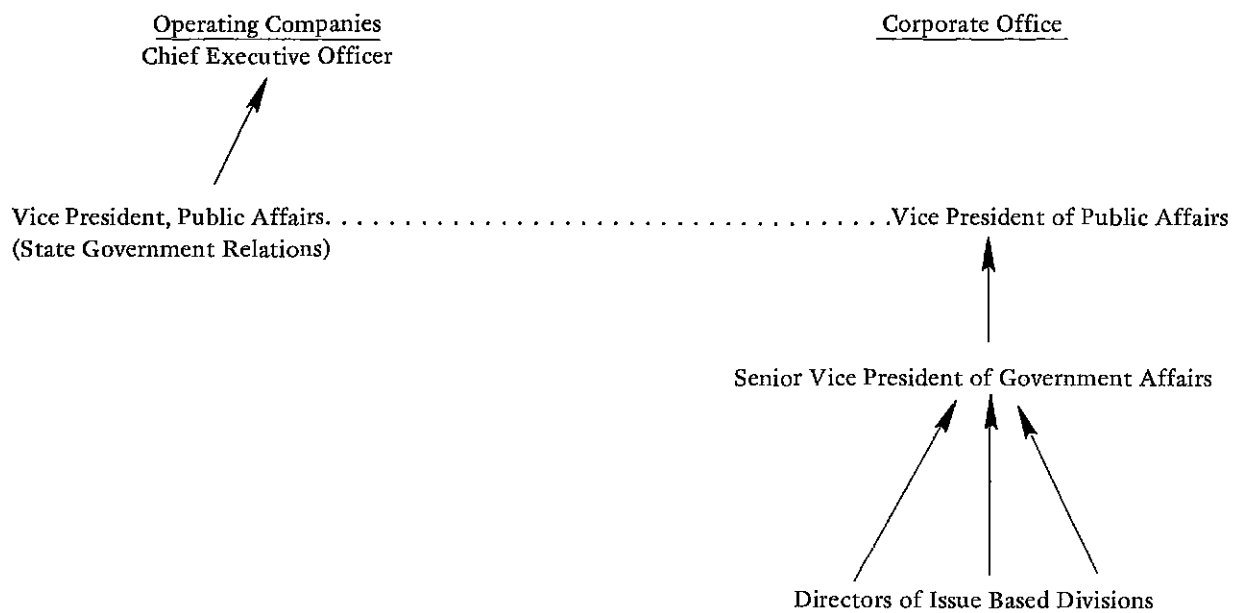


FIGURE 7
Reporting Structure



panies, and also had "dotted line" or more informal relationships to the corporate vice presidents of public affairs. The responsibilities of the operating companies' offices were state government relations.

Another alternative is shown in Figure 8. In this corporation, both the Washington office and the corporate office reported to the senior vice president. The Washington office handled federal government relations while the corporate office handled state government relations. Each operating company had public affairs directors who reported to the Washington office on federal matters and the corporate office on state matters. Only a couple of the most regulated operating companies had separate government affairs departments.

Corporations with autonomous government affairs offices in the operating companies provided some additional structural alternatives. The most common of these structures is shown in Figure 9. In this model, the Washington office handled federal issues and reported to a vice president of the corporation. Regional corporate offices handled state and local issues for their areas and also reported to the vice president. Within the autonomous operating companies, directors of government affairs handled both federal and local issues and reported to a vice president, who in turn reported to the chief executive officer of the operating company. A variation of this structure is shown in Figure 10. While the structure of the autonomous operating company office was the same, the structure within the corporate

FIGURE 8
Reporting Structure

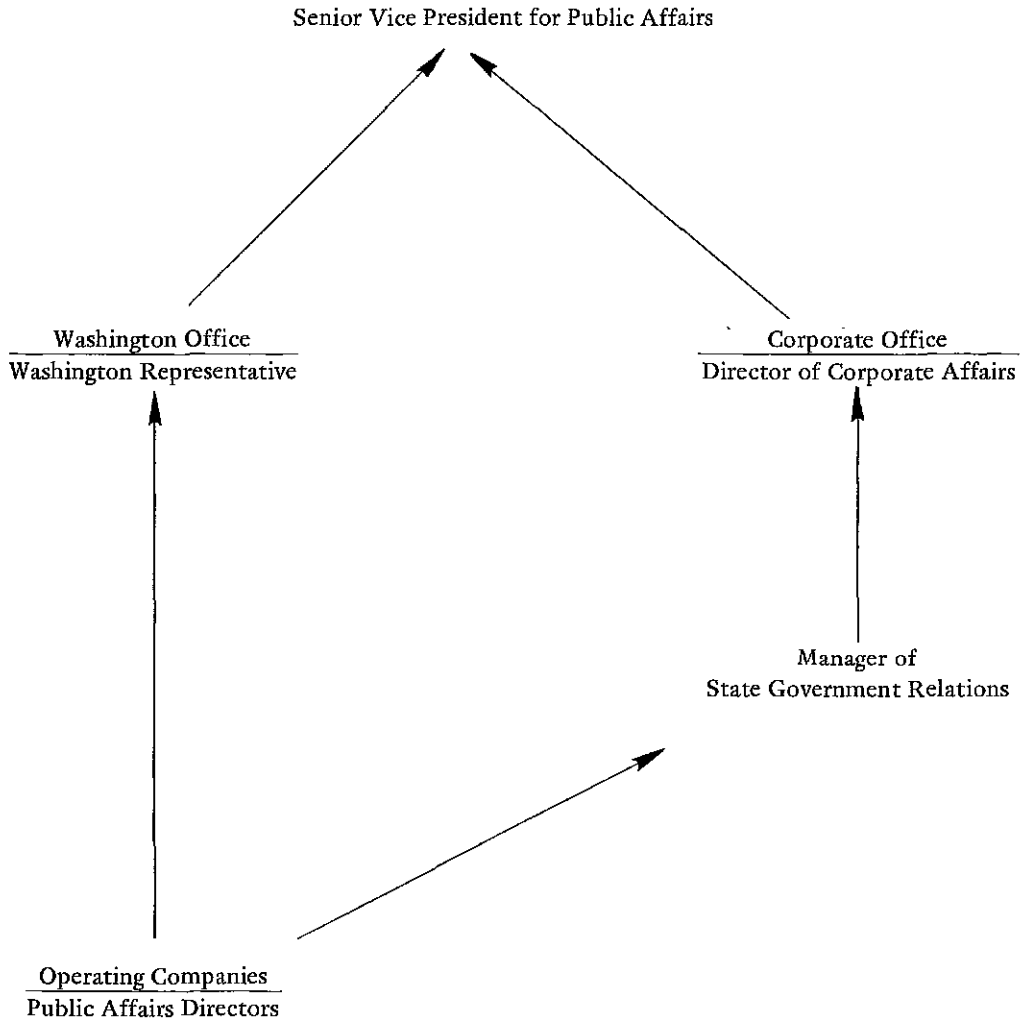


FIGURE 9
Reporting Structure

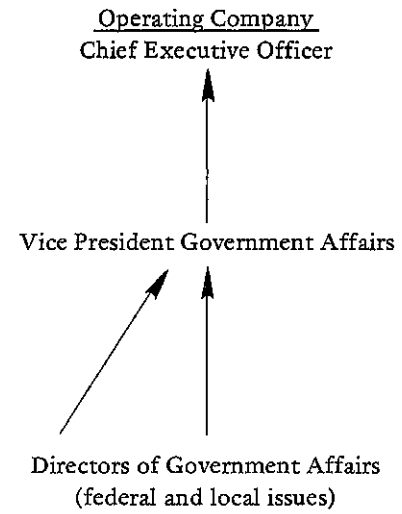
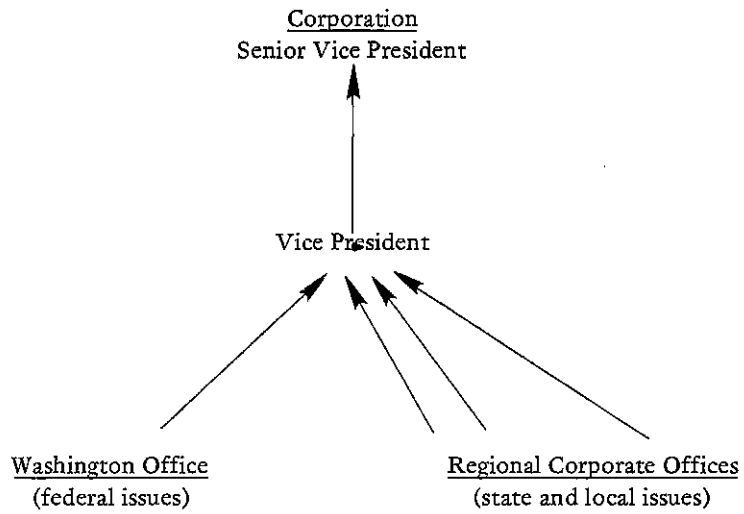
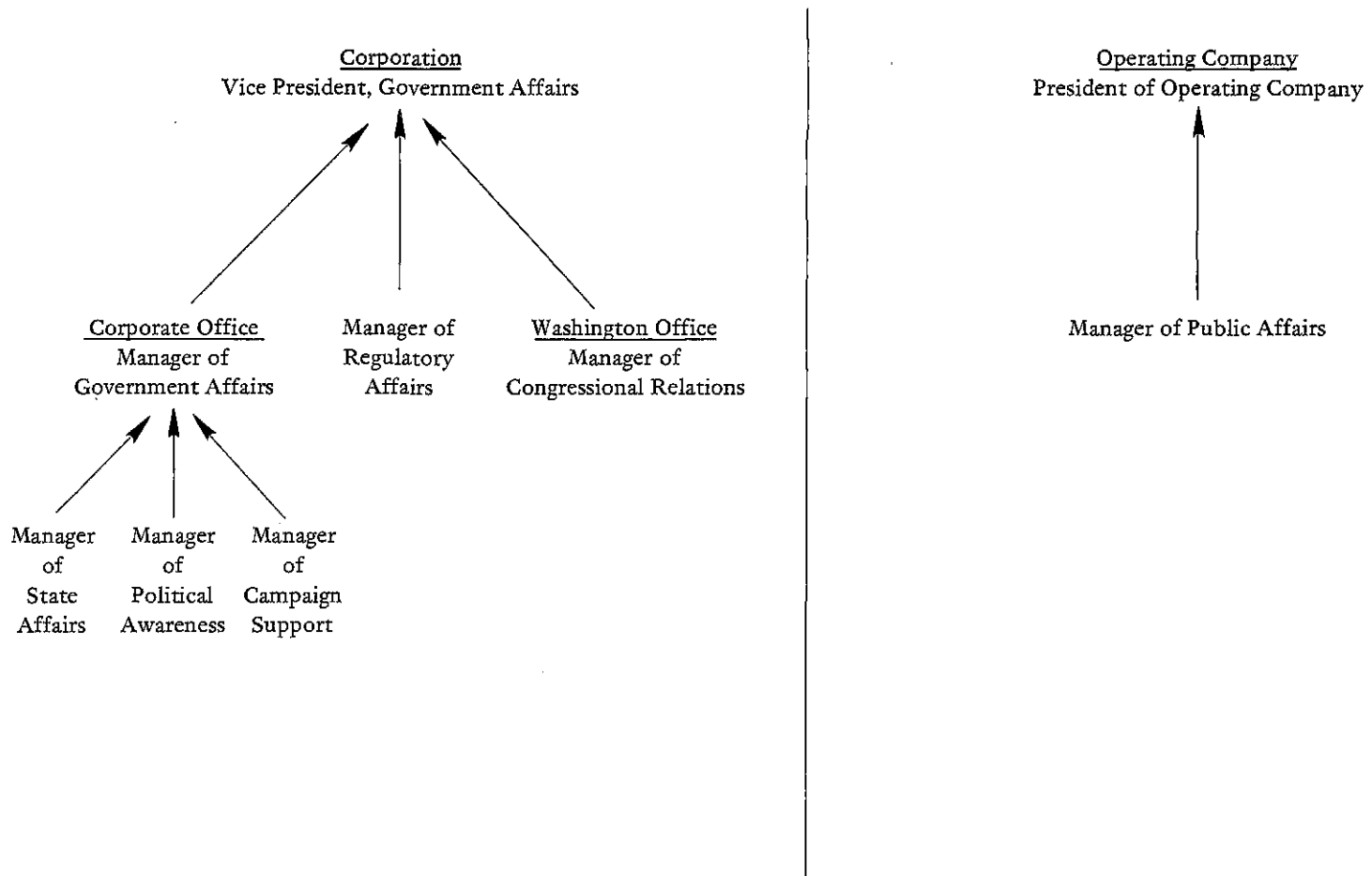


FIGURE 10

Reporting Structure



office was more complex. In this office, a manager of political awareness oversaw a program where field managers were assigned to particular senators or congressmen. A manager of campaign support was in charge of political action committees and political contributions at the state level.

In one corporation, while the operating companies maintained autonomous government affairs offices, the corporate office was responsible for coordinating all operating companies' activities in order to assure consistency of policy. Size of the operating company determined the complexity of the offices in the operating companies. Smaller companies usually were staffed with one generalist who relied in part on the resources of the corporate office. In other cases, government relations offices in the operating companies handled only state and local issues.

Among a few corporations, the Washington and corporate offices both reported to the chief executive officer as shown in Figure 11. In one particular case, the corporation did not have a rigid reporting structure. The respondent indicated that there were variations in the reporting structure by operating company and by issues.

Political Action Committees. Data on PAC's are shown in Table 4. Almost all (95.5 percent) of the corporations surveyed had them. Many had several state PAC's in addition to a federal. One corporation had several PAC's grouped by lines of business. In most cases, those employees classified as "exempt"⁴ (from overtime) or as "middle management or above" were eligible for

FIGURE 11
Reporting Structure

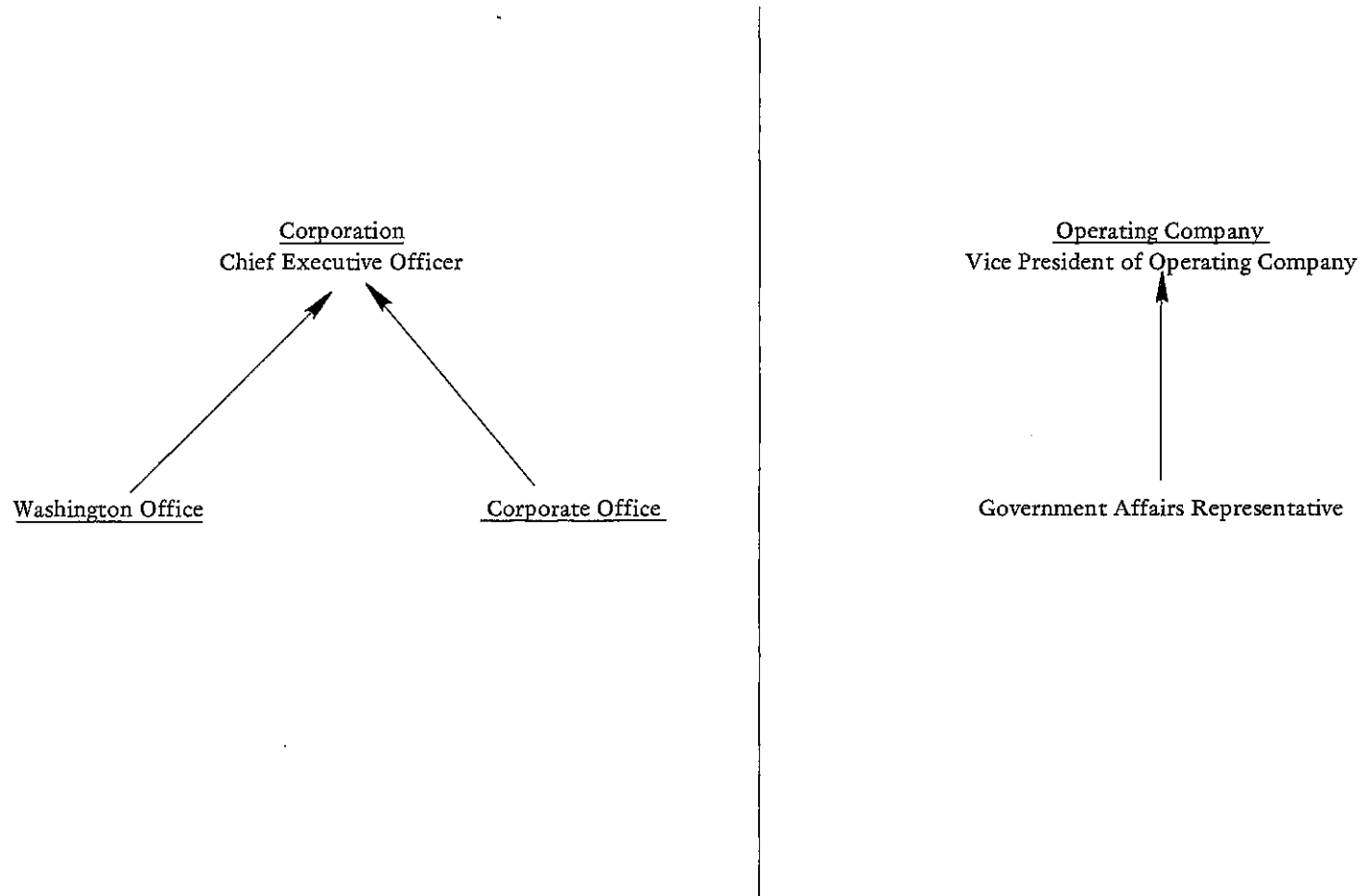


TABLE 4
POLITICAL ACTION COMMITTEES

	Number	Percent
Corporations with PAC's (N=22)	21	95.5
Size of membership (N=14)		
Under 500	4	28.6
500-1,000	5	35.7
Over 1,000	5	35.7
Total	14	100.0
(Median ^{a/} membership size: 625)		
Frequency of PAC membership solicitation (N=19)		
Once every 2 years	4	21.1
Once every year	8	42.1
Twice every year	5	26.3
More than twice a year	2	10.5
Total	19	100.0
Rely on recommendations from lobbyists (N=21)	17	81.0
Use rating system for candidates (N=21)	15	71.4
Consult with executives on distribution (N=21)	3	14.3
Consider candidates' personal solicitations for financial support (N=21)	18	85.7
Consider candidates' mass mail solicitations for financial support (N=21)	14	66.7
PAC collections in average presidential election year (N=19)		
< \$50,000	3	15.8
\$50,000-99,999	6	31.6
\$100,000-199,999	7	36.8
\$200,000 or more	3	15.8
Total	19	100.0
(Mean = \$107,158)		
PAC collections in average non-presidential election year (N=19)		
< \$50,000	5	26.3
\$50,000-99,999	5	26.3
\$100,000-199,999	5	26.3
\$200,000 or more	4	21.1
Total	19	100.0
(Mean = \$103,105)		
PAC contributions in average presidential election year (N=17)		
< \$50,000	3	17.7
\$50,000-99,999	3	17.7
\$100,000-199,999	8	47.1
\$200,000 or more	3	17.7
Total	17	100.2
(Mean = \$123,294)		
PAC contributions in average non-presidential election year (N=17)		
< \$50,000	6	35.3
\$50,000-99,999	2	11.8
\$100,000-199,999	6	35.3
\$200,000 or more	3	17.7
Total	17	100.1
(Mean = \$96,588)		

^{a/}The point at which one-half fall below and one-half above.
Totals do not always equal 100% due to rounding.

PAC membership. In one corporation, only senior management and above were eligible for membership in the federal PAC while middle management and above were eligible for the state. Others defined eligibility as salaried employees over a certain salary level ("\$20,000 or more," "\$30,000 or more," and "\$35,000 or more" were mentioned). In a few corporations, however, any employee or shareholder was eligible for membership. However, only higher levels of employees, such as administrative, professional, and executive workers, were solicited for membership. Employees below these levels generally did not belong to PAC's, although they could ask to join.

All of the respondents expressed their corporations' concern with following the legal requirements concerning PAC's. They also indicated that PAC solicitations were entirely voluntary and non-coercive. In order to avoid pressure and to assure confidentiality, some corporations relied on mail solicitations that were returned directly to the treasurer, who was the only person who knew who the members were.

Other than mail solicitations, some corporations relied on personal peer to peer appeals. In one example of this approach, employees were not allowed to solicit membership from subordinates. When asking peers to join, employees gave them a solicitation card. If they decided to join, they sent their cards directly to the bank. With this system, only the bank knew who were members.

Other methods of soliciting PAC members included meetings, rallies, mock conventions, pep talks, and presentations at conferences. For example, one corporation had moved away from formal approaches such as pep talks and more recently relied on informal, "fun" methods such as mock conventions.

Most (63.2 percent) corporations solicited members for their PAC's yearly or once every two years. The median membership size of the PAC's was 625. (See Table 4.)

Corporations differed in the ways they handled appointments to the PAC committee. Five companies indicated that the chairman of the board made appointments to the PAC committee. Two corporations each said these appointments were made by the chairman of the PAC, by a corporate management committee, and by senior vice presidents of public or government affairs.⁵ Other corporations mentioned the following: chairman of the PAC; general manager; PAC board of directors; division president; a division person, usually in government relations or personnel; and inter-company technical council or steering committee, along with executive management

A majority (85.7 percent) of the corporations said they did not consult with the executives of the corporation outside the PAC committee in making the decision on distribution of contributions.

A variety of methods was used for selecting candidates who would receive PAC contributions. Over 80 percent relied on recommendations from lobbyists and considered candidates' personal solicitations.

Most respondents (71.4 percent) also used a rating system for candidates. In some cases, national rating systems were used such as National Chamber of Commerce, Americans for Constitutional Action (ACA), Americans for Democratic Action (ADA), Business and Industry Political Action Committee (BIPAC), Independent Petroleum Association, and Committee on Political Education (COPE). Many corporations, however, either supplemented the above rating systems with or relied entirely on their own criteria. Considerable overlap occurred between corporations regarding the criteria they used in selecting candidates. Criteria included the following:

1. Pro-business and free enterprise attitude
2. Voting record (For example, one corporation had a requirement for a voting record at least 50 percent favorable on general business or industry specific issues.)
3. Position of leadership (In general, persons in leadership positions were more generally likely to receive support than others.)
4. Membership on committees of importance to the corporation
5. District (Candidates in states or districts where the corporation has operations were given preference.)
6. Need (Candidates with opposition or facing tough races were usually more likely to get support than were those running unopposed; that is, races where the candidate had "greater need" and the PAC could make a difference.)

7. Awareness of industry problems and willingness to listen
8. Chance of winning (Candidates with some chance of winning the race were obviously preferred over sure losers.)
9. Experience (Candidates with experience and who had experienced staffs were preferred).⁶

Some respondents emphasized that both incumbents and non-incumbents and Democrats and Republicans were considered. A few however, indicated a preference for incumbents since they had established voting records. Some also noted that suggestions from members of the PAC or other employees were considered.

One respondent stated that his corporation used a numerical rating system. This system included several criteria from the above mentioned list.⁷ Each item was given a score between one and 10, and a total was then calculated from all items.

The mean amount of money collected by the PAC's during an average presidential election year was \$107,158; in a non-presidential year it was \$103,105. The mean amount of money contributed to candidates in an average presidential election year was \$123,294 and in a non-presidential year \$96,588.⁸ In many cases, collections were made on a two-year cycle, rather than yearly. Generally, no great differences were found between amounts collected in presidential and non-presidential election years.

IV. Conclusion

The majority of corporations surveyed indicated that corporate government affairs offices reported to a senior vice president. The responsibilities of these corporate offices were

similar with all of them monitoring legislation and lobbying and a majority indicating involvement in hiring lobbyists, trending legislation, strategic planning, generic corporate issues, and promotion of strong ties between political thought leaders and employees. The extent and nature of these involvements, however, varied among corporations.

A majority of the corporations had government affairs offices in Washington, D.C. Most of these offices reported to a senior vice president and involved strictly government affairs.

Diversity existed among these corporations in the ways government affairs was handled in their operating companies. Only two corporations reported that all of their operating companies had separate government affairs departments; 38.1 percent reported that none of them did. The most common practice (mentioned by 52.4 percent) was the establishment of separate government affairs departments in only some of the operating companies. Size of the operating company, degree of involvement in legislative issues, and degree of regulation were the major determinants of whether an operating company had a separate government affairs department.

In most of the corporations, corporate government affairs served the operating companies by trending issues, monitoring legislation, lobbying, planning and analyzing the impact of legislation, devising strategy, and developing advocacy. Reporting structures within and between government affairs offices varied considerably by corporation. Of the 13

corporations with government affairs offices in the operating companies, the majority (nine companies, 69.2 percent) were autonomous units. In general, the operating companies' offices performed the same functions as the corporate offices but on a more limited scale. Most respondents expressed the need for the corporation to present a consistent, centralized lobbying effort and stand on issues.

Almost all of the corporations surveyed had PAC's. The most common patterns of membership solicitation were mail and personal peer to peer appeals, conducted either annually or biennially. The median membership size of the PAC's was 625. Considerable consensus was found among corporations regarding their methods of selecting candidates to whom they contributed. Most did not consult with executives of the corporation. Most relied on a rating system. In addition, many corporations relied on their own criteria for evaluating candidates, which included such considerations as the candidates' voting records, pro-business attitudes, and positions of leadership. Typically, PAC collections were taken over a two-year cycle. While no great differences were found between amounts collected or spent in presidential and non-presidential election years, some corporations carried over unused amounts from a previous year.

FOOTNOTES

¹Including import taxes, Social Security, workmen's compensation, and accelerated cost recovery.

²However, respondents often stressed that their corporations did not want to influence employees' votes.

³This corporation's government affairs structure consisted of several government affairs offices organized by industry group, as well as a separate corporate affairs office.

⁴Professional level employees or above.

⁵In one case, this was in consultation with presidents of the operating companies.

⁶Not every corporation included all the items stated here.

⁷These criteria included: 1) corporate presence in district, 2) voting record, 3) chamber of commerce rating, 4) need for money, 5) chances of re-election, and 6) leadership.

⁸The larger amounts contributed to candidates compared to amounts collected are probably due to the fact that some respondents indicated they carried over amounts from previous years.

APPENDIX

InterNorth
Corporate Governmental Relations Survey

Center for Applied Urban Research
January, 1984

Corporation _____

Respondent
Name _____

Title _____

Telephone Number _____

Date _____ Time Started _____ Finished _____

Recontact:
Date _____ Time _____

Hello, my name is _____ and I'm with the Center for Applied Urban Research at the University of Nebraska at Omaha. We have been asked by InterNorth to conduct a survey of corporate government affairs departments in a number of corporations throughout the United States. Did you receive the letter informing you we would be calling?
(If "no" briefly explain the letter.)
Is now a convenient time for this interview?

First of all, I'd like to ask you some questions about the organization of your corporate government affairs department.

1. To whom does the corporate government affairs department report at (name of corporation)?

(Don't read)	CEO	1	
	Senior V.P.	2	
	Other (specify)	3	_____

2. Is corporate government affairs responsible for

	Yes	No
Monitoring legislation?	1	2
Lobbying?	1	2
Hiring lobbyists?	1	2
Trending legislative issues beyond a 1 or 2 year time frame and identifying the impact of these issues in the future?	1	2

3. Is corporate government affairs involved in strategic planning for the corporation?

1	2
---	---

4. Is corporate government affairs actively involved in generic corporate issues outside of those that are industry specific, such as corporate governance or taxes?

Yes	No
1	2

4A. Could you please elaborate on this involvement?


5. Other than the areas we've just discussed, are there any other areas in which corporate government affairs at (name of corporation) is responsible for or involved?

Yes	No
1	2

Probe: For example, is corporate government affairs involved in employee awareness programs, or community government relations?

6. Does (name of corporation) have a government affairs office in Washington, D.C.?

	Yes	No
	1	2



- | | |
|--|---|
| 6A. Is this office strictly a corporate government affairs office? | 1 |
| ... strictly a public relations office? | 2 |
| ... a mixture of both corporate government affairs and public relations? | 3 |
| ... other? | 4 |

6B. To whom does the Washington office report?

(Don't read)	CEO	1
	Senior V.P.	2
	Other (specify)	3 _____

Now I'd like to ask you some questions about the role of government affairs in (name of corporation) operating companies.

7. Does (name of corporation) have operating companies? Yes No
1 2

7A. Do each of your operating companies have separate government affairs departments?

Yes (all) 1	Yes (some) 2 Specify _____ _____ _____	No 3
----------------	--	---------

7B. Are these departments under the direction of the corporate office or are they autonomous?

- Directed by corporation 1
- Autonomous 2

7C. How does this office report to the corporate office?

7D. Within the operating company's government affairs department, what is the reporting structure?

7E. Is the operating company's government affairs department responsible for

	Yes	No
Monitoring legislation?	1	2
Lobbying?	1	2
Hiring lobbyists?	1	2
Trending legislative issues beyond a 1 or 2 year time frame and identifying the impact of these issues in the future?	1	2

7F. Is the operating company's government affairs department involved in strategic planning?

1 2

7G. Other than the areas we've just discussed, are there any other areas in which the operating company's government affairs department is responsible for or involved?

Yes	No
1	2

Probe: For example, are you involved in other areas strictly for the operating company?

8. How does corporate governmental affairs serve the operating companies?

I also have some questions on political action committees.

9. Does (name of corporation) have a PAC?	Yes	No
	1	2

10. Who is eligible for membership in this PAC?

[If responds "employees," probe "which employees?"]

11. Who appoints members to the PAC Committee?

12. Does the PAC committee consult with the executives of the corporation in making the decision on distribution of contributions?

Yes	No
1	2

13. How are employees solicited to become members of the PAC?

14. How often are employees solicited to become members of the PAC? _____ times per year

15. What is the membership size of your PAC? _____

16. What method do you use for selecting candidates to which you contribute?

If not mentioned above, ask:

- | | | |
|---|-----|----|
| 16A. Do you rely on recommendations from lobbyists? | Yes | No |
| | 1 | 2 |
| 16B. Do you use a rating system for candidates? | 1 | 2 |
| 16C. Do you take the time to consider candidates' personal solicitations for financial support? | 1 | 2 |
| candidates' general mass mail solicitations for financial support? | 1 | 2 |
17. How much does your PAC collect in an average presidential election year? _____
 other (non-presidential) election year? _____
18. How much does your PAC give to candidates in an average presidential election year? _____
 other (non-presidential) election year? _____
- | | | |
|--|-----|----|
| 19. Is one of the roles of your government affairs department the promotion of strong ties between political thought leaders and employees of (name of corporation)? | Yes | No |
| | 1 | 2 |
- 19A. How are these ties promoted?

Thank you very much for taking the time to do this interview.