

**BUSINESS IN THE NEWS**  
**COMM 390 Business Writing**  
**Lecturer: Cameron Morrell**

In May 2012, British MP's accused media magnate Rupert Murdoch of being unfit to run a major international business. This accusation was made by an 11-member parliamentary committee amid allegations that journalists in Murdoch's employ hacked private citizens' phone lines to get information for news stories. *News of the World* journalists primarily eavesdropped on celebrities, politicians and crime victims, hacking into their phone accounts to discover revealing aspects of their private lives. These details were then used to write news stories.

Murdoch – who is chairman and CEO of News Corp, the world's second largest media conglomerate – shut down the *News of the World*, a 168 year old tabloid newspaper, in July 2011, just after the phone hacking allegations became public. He and his son James, a News Corp executive, claim they were unaware of what was happening and that they were kept in the dark by the newspaper's managers. The parliamentary committee however referred to the Murdochs' ignorance as 'willful blindness'. It accused them of turning a blind eye to the unethical (and illegal) means their journalists were resorting to as they gathered information for stories.

On July 13, 2011 the British government under Prime Minister David Cameron set up an inquiry to get to the bottom of the phone hacking scandal. It is still running today. Chaired by Lord Justice Leveson, the seven-person panel is examining the relationship of Britain's press with the public, politicians and the police. The inquiry began its hearings with Lord Justice Leveson making the following comment: "The press provides an essential check on all aspects of public life. That is why any failure within the media affects all of us. At the heart of this Inquiry, therefore, may be one simple question: who guards the guardians?"

**KEY FIGURES:**

**Rupert Murdoch:** Chairman and CEO of News Corporation, a company incorporated in the United States. News Corp has total assets of \$60 billion and total annual revenue of \$34 billion. Approximately eight percent of News Corp's revenues are generated in the United Kingdom and 60 percent by News International, News Corp's publishing arm. News International groups together the conglomerate's British publishing interests: *The Sun*, *The Times*, *The Sunday Times* and *The Times Literary Supplement*.

**James Murdoch:** son of Rupert, was executive chairman of News International when the *News of the World* phone hacking took place.

**BACKGROUND:** Visit the following PBS website for a wide selection of information about Rupert Murdoch and News Corporation:

<http://www.pbs.org/wgbh/pages/frontline/murdochs-scandal/>

You should also view *Murdoch's Scandal*, a PBS television documentary. It can be found at the following website: <http://video.pbs.org/video/2215966370>

### **SCENARIO:**

The mood at News International is despondent. With James and Rupert Murdoch under intense public scrutiny and the company's reputation at an all time low, it is uncertain how the current situation will play out. How much damage has been done to the company and how will this affect its future?

You have been selected to intern at a new Sauder initiative, the Social Responsibility Project (SRP). The SRP is a research unit that acts as a bridge between corporations, society at large and academia. It brings together Sauder's main thinkers and allows them to analyze real world problems and to make suggestions on how to solve them in a practical way. The SRP, which focuses on corporate social responsibility and ethical decision-making. Chase Carey, the deputy chair of News Corporation's board has asked the SRP to prepare a report that will help News Corp. restore its brand.

### **TASK:**

Write a research memo addressed to your COMM 390 instructor, Social Responsibility Project Director, Sauder School of Business. Your findings will be integrated into a larger SRP research document that will be forwarded to Mr. Carey. Your memo should be divided into two sections:

#### **PART 1: (Length, 500 words)**

- Write a brief overview of the claims made against News Corp at the Leveson Inquiry into phone hacking. This will be used to brief the other SRP researchers working on this project. Provide sufficient background information so that your audience has context, but keep this section short and succinct.
- Briefly identify the key stakeholders and explain their role in the controversy.

#### **PART 2: (Length, 1,500 words)**

Write a position statement that explores the impact of the phone hacking scandal on News Corp's wider business interests. In short, Mr. Carey wants to know how bad things really are so he can make plans for the company's future. To frame your discussion:

- Analyze News Corp.'s corporate social responsibility policies and discuss how they are relevant to your audience and the Northern Gateway project. Consider the ethical, legal and economic implications of the phone hacking scandal.
- Consider News Corp's claim that it is an ethical and proactive company with a social conscience. Is this claim credible?

- Consider the possibility that the now defunct *News of the World* newspaper is a valuable brand with high name recognition in the UK. Could it be revived as a media property, or should it be left untouched?

You are free to organize your memo however you want as long as it covers the above areas. As you write, remember that you are offering Mr. Carey an informed opinion of the events that have engulfed the organization. **Don't just list the information you find, analyze it and form conclusions.** You should finish your memo by making any recommendations you see fit to help News International and its parent company move forward.

You should follow the rules of good business writing as laid out in the grading rubric, the textbook and as discussed in the classroom. Include a title page, citations and a bibliography that contains at least eight different sources. Use the APA formatting style for citations

**Sources:**

*The Leveson Inquiry*. N.d. Web. 25 April 2012. <<http://www.levesoninquiry.org.uk/wp-content/uploads/2012/04/Transcript-of-Morning-Hearing-25-April-2012.pdf>>

*News Corporation*. N.d. Web. 10 July 2011. <<http://www.newscorp.com/management/newsint.html>>