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**EMPLOYEE REPORTING IN THE U.K. : AN EMPIRICAL STUDY OF
MANAGERIAL OBJECTIVES AND BEHAVIOUR**

© Wan Ying Hill 1990

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Department of Accounting and Finance
University of Glasgow
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EMPLOYEE REPORTING IN THE U.K.: AN EMPIRICAL STUDY OF MANAGERIAL
OBJECTIVES AND BEHAVIOUR

ABSTRACT

Since the 1970's, an increase of interest was shown by researchers in employee reporting, but little empirical attention has been focused on the managerial determinants. This research addresses the need to understand how and why voluntary employee reporting developed, examining its place in the wider organisational and social context. A three-pronged enquiry was carried out in the U.K. during 1981-83, comprising documentary analysis, postal questionnaire survey and personal interviews, to find out managerial objectives and attitudes in employee communications. It traced influences from specific organisational, social and societal factors on employee reporting.

Analysis of the qualitative data consistently demonstrated the importance attached by managers to reporting financial information to the employees. Their communication objectives showed a dominant social theme. Employee reporting developments result from strong faith or commitment to communications on the part of management, and their perceptions of specific pressing organisational needs and wider social and moral issues at the time. The study highlights the complexity of managers' perceptions and mixed feelings about the intrinsic value and conflicting social interests in employee information. There remains scope for experimentation on the uses and designs of employee communication systems. This research represents a contribution to the developing interpretive approach in accounting research, and to the debates about corporate accountability to the employees and public policy making.

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**EMPLOYEE REPORTING IN THE U.K.: AN EMPIRICAL STUDY OF
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CHAPTER 1 INTRODUCTION

1.1 The research problem: " Why the employee report?"

This study explores managerial perceptions and behaviour with regard to voluntary employee reporting. It focuses on managerial objectives in providing financial and other company information to the employees. Traditionally, corporate accountability was defined mostly in relation to the interests of shareholders, creditors, and the government. In recent decades, corporate accountability towards wider social interest groups has been debated in the United States and many other countries (Gray et al, 1987). In the U.S., attention was drawn towards social reporting and social accounting, whereas in Western Europe, the industrial relations and the related employee involvement and motivation issues were important, so that there was more emphasis on employee information.

In the U.K., the need to ensure more availability of corporate information was an underlying issue in industrial relations legislation in the early 1970's. Since then, management have had a legal duty to provide information necessary for collective bargaining purposes. As yet, however, the individual employee per se has no legal right to corporate financial information. British managers are unenthusiastic about employee participation or information disclosure. There has been little attention given to corporate social accountability or social reporting. So far, the Conservative government has concentrated on employee share schemes, trade union democracy, privatisation and wider public share

ownership, with not much interest in providing free access to corporate information.

However, against this background of neglect by policy makers, there has been a marked trend within business itself towards greater openness about financial matters from the late 1970's. A significant number of companies have started voluntarily to provide reports for their employees (Hussey & March, 1979; Maunders, 1984). This research asks why this happened and why the trend is continuing.

1.2 Objectives of the study

The objectives of this research are to discover the objectives of voluntary employee reporting and to understand the managerial perceptual factors influencing the communication developments. More understanding and insights into voluntary managerial innovations are urgently needed to inform opinion and debate for policy making.

In contrast to earlier research efforts which relied on quantitative or trans-industrial data, a qualitative study on the hotel and drinks industries was carried out. The research asked managers directly questions about employee reporting practice and communication objectives. The fieldwork was carried out in the early 1980's, at a time of deep economic depression when many businesses had to make difficult changes including staff and cost reduction measures. Although during the intervening years, the economic circumstances of the country has changed, the fundamental issues of employee information is no less important now. Under the prevailing socio-economic climate of unemployment and global

competition, there is an increased urgency for research into managerial accountability in British industry. Employee reporting and wider interest social reporting can be important developments toward improving the social and economic health of society.

1.3 Research methodology, work done and structure of the thesis

This study breaks from the traditional normative theorizing and the extensive quantitative survey style usually found in accounting research. The aim of this thesis is to understand the observed managerial reporting behaviour. Therefore an empirical qualitative exploration of the managerial constraints was carried out. It focused on one main category of companies, the hotel and drinks business, to ensure more uniform industrial factors.

1.3.1 The three stages of the research and work done

There are several data sources open to investigation and each of these information sources call for specific research methods. This research used a three-pronged method of enquiry, pursuing three avenues of information. An initial documentary analysis of the contents of published report was completed. This was followed by a postal questionnaire survey of corporate employee communication systems. Finally, semi-structured interviews with managerial representatives were carried out, with open-ended questioning focusing on the determinants and constraints of employee reporting.

Stage I. Company report content analysis

Firstly, the available annual reports and the employee reports of three years, namely from 1980 to 1982, were obtained. A content analysis was undertaken, bearing in mind the following questions:

1. Where printed reports were provided for the employees,
 - What topics were covered in the narratives?
 - What was the style of the narrative content?
2. Were there any changes in the reports over three years?
3. Comparing employee reports with corresponding annual reports,
 - Did the employee report contain more information than the Annual Report?
 - How the two kinds of reports compared in terms of their reporting emphasis and style?
4. What covert employee reporting objectives can be deduced?

Stage II. Communication questionnaire survey

Following the report analysis, questionnaires concerning employee communication systems were sent to named senior executives in companies to ascertain the system of employee reporting and its aims for their organisations. The main questions include:-

1. Why did the company start issuing the Employee Report?
2. Are there any formally adopted employee communication objectives?
3. What methods of employee reporting are used in the firm?
4. What types of information are normally covered?

5. How much time and resources are used for employee communication?
6. Who are the people responsible for preparing and presenting the employee report?

Stage III. Personal interviews

This is the main part of the study which concentrated on managerial perceptions and communication objectives. Open-ended opinion questions were put to managers in personal interviews, including the following:-

1. Are there explicit official aims for employee reporting?
2. Are there aims-in-use managers saw in their reporting?
3. Are there normative reporting aims they like to suggest?
4. What achievements of employee reporting do managers perceive?
5. What value or importance of the employee report do they perceive?
6. What business objectives (including economic, social and organisational) do they hold as important?

This stage by stage enquiry helped to encourage the granting of personal interviews which was the chief goal of the fieldwork planning. Choosing such an open and flexible method like face-to-face interviews allows the questioner to explore more sensitive and implicit features of managerial beliefs. This choice of qualitative research methodology meant more difficulties and time-consuming problems of access and qualitative data processing had to be overcome. However, this exploratory investigation into managerial

perceptions of employee communication objectives, triangulated with documentary and system analysis will yield a fuller and fairer picture of managerial objectives and behaviour in voluntary employee reporting.

In all, the research work comprised a content analysis of the narrative disclosure contained in 68 company reports, a postal questionnaires survey of 33 companies about their system of employee communication, and 50 personal interviews, guided by an open-ended opinion questionnaire. On average, the interviews were about an hour long and were tape-recorded. All the tapes were transcribed verbatim for content analysis. Respondents were also asked to complete a set of opinion scale questionnaires. All the data and measurements were coded into sub-files of report contents, company communication system and personal opinions. These were analysed by using the S.C.S.S. computer package which allows greater flexibility of new variable definition and more focused testing. In the research findings chapters, the significant results (of a level of confidence of 0.05 or less) were reported with the chi-square test statistic shown in brackets. Those results with a high level of significance (of 0.01 and less) are cross-referenced to detailed statistical tables inserted in the text.

1.3.2 Structure of the thesis

This first part of the thesis provides an overview of the problem and development of employee reporting, outlining the likely influential factors and emphasizing the relevant social,

organisational and industrial relations constraints. Some descriptive models and hypotheses are proposed.

Part two of the thesis deals with the research methodology employed for the study, including a summary of the special characteristics and business constraints of the hotel trade.

Research findings are presented in part three grouped according to the targeted subjects studied: report content, communication system and managerial opinions.

Finally, in part four, conclusions on managerial employee reporting objectives are drawn from the analysis, and policy implications and recommendations are presented.

1.4 Clarification of terms for the thesis

For the purpose of this study, certain key words in the research problem are to have a broader meaning than normal. These are as follows:

The management include directors, senior executives, division and unit managers. This entire hierarchy of senior group, company plus establishment management is also conveniently referred to as the managers in the thesis.

In order to understand managerial or corporate objectives, it is accepted that there cannot be a single true definition or concept. Rather, it is comparable to the political agenda or ideology of any

governing system. There are different aspects to it which are all subjects of perceptual influences. The objectives to be identified include not just the overt management aims laid down in formal company documents. Perceived corporate aims and the personal normative viewpoints of managerial representatives are all relevant. This research attempts to deduce the managerial reporting objectives-in-use, from the company report content, the communication system design, as well as from managerial perceptions.

Company practices are understood to be what the company did do, and also of equal importance, what it did not do in communicating company information to the employees.

Employee reporting comprises information outwith the routine instructional or operation specific communications. It includes all voluntary corporate disclosures of company information to all employees which are not required by law. Although the fieldwork starts with the available printed reports, it is not confined to written information. Attention is drawn to the entire system of employee communication.

For the purpose of this research, the employee report is taken to include any regular or ad hoc report for all employees, dealing with the company's organisational and trading information. It may be a separate printed report or an oral and/or visual presentation. It can be an appendaged or integral part of existing communications. This wider definition of the employee report is preferred because it gives a more comprehensive picture of the practice of employee reporting.

1.5 Background to the problem of voluntary employee reporting

1.5.1 Distinguishing voluntary employee reporting from specific trades unions reporting.

Voluntary employee reporting has to be distinguished from compulsory information disclosure to trades unions. The Employment Protection Act 1975 (s.17) placed a duty on employers to disclose relevant information to recognised trades unions where the claim proved to be justifiable for wage and condition bargaining purposes. In contrast, employee reporting takes place in a voluntary context, explicitly aimed at all employees within the organisation.

There are quite different underlying social relationship for these two kinds of reporting. Employers engage the employees in daily production, whereas with the trades unions, employers have to conduct periodic polarised bargaining. Managerial missions are often depicted to be an effective leadership of the workforce, and a tough opposition to resist trades unions threats and claims. Therefore the managerial aims for these two kinds of reporting can be quite different.

However, it cannot be simply assumed that the reporting objectives for these two kinds of information disclosure are absolutely independent. The collective bargaining atmosphere can have a bearing on the process of general employee reporting within the organisation and vice versa. This study sought insights from the industrial relations and organisation literature, in order to gain adequate

understanding of the multitude of relevant unionisation and labour relation factors.

1.5.2 Relevant social context for voluntary corporate reporting

Being an artefact of society, the functions of accounting reports are dependent on the dominant temporal needs and expectations of the society (O ten Have, 1979). Accounting records were first developed to serve the needs and interests of capital owners. Responding slowly to the demands of the economic and political powers of society,

"The end result is a single system of accounting which has adapted slowly to meet the slowly changing needs of the social and legal environment; a system which seems to attempt, in a confused way, to meet various different and possibly conflicting purposes at one time - the control of assets, stewardship, the protection of creditors, the measure of business success, taxation, management decisions, price control, and so on." (Carsberg et al, 1974, p.9)

Over the past fifty years, it has become more and more apparent that the reactive-coping system of accounting innovation was inadequate, and there is a mis-match of established accounting and societal information expectations. Information disclosure becomes a controversial issue. Leading opinions in financial and management accounting have called for new directions for research (see e.g. The Corporate Report, 1977; Bromwich & Hopwood, 1986; Hopwood, 1989). Under the dominant interests and influence of international finance and commerce, concerns are reflected in areas such as accounting measurement, standard setting and financial information disclosure.

On the other hand, a quick glance through just the annual reports and accounts shows that they contain much more than the minimum

required statements and information. There is a wide range of extra corporate reporting plus some social reporting through various methods and styles. This research delves into the use and meaning of one aspect of voluntary corporate reporting - the adopted employee reporting practices.

In order to understand the development of the employee report and the other voluntary communications, it is necessary to look into the relevant changing social and societal context of corporate reporting. Research and debate have been looking into the social functions of accounting reports. In contrast to financial reporting, voluntary corporate reporting may be reflecting the social trends of corporate social responsibility and open management. Within the context of the U.K., there is a case for priority attention to corporate accountability to the employees. This study addresses the need to understand the fundamental issues and influences affecting employee reporting prior to predictive theorising.

Possible development of a legal framework for employee information can have significant implications for many social groups. In the long run, the legislative process is supposed to reflect the state of public opinion more closely. Therefore the literature survey looked into several social science disciplines for an overview of the leading opinions about employee reporting.

1.5.3 Controversy of the evolving role of accounting in society.

Before looking into voluntary corporate reporting, it is necessary to recognise the evolving societal role of accounting. There has

been heightened attention to the scientific methodology of and the value issues underlying accounting (e.g. Thomas, 1981; Laughlin, 1981; Ryan, 1982; Christenson, 1983; Cooper & Sherer, 1984; Tinker, 1984; O'Leary, 1985; Tinker, 1988; Hines, 1988). It is perhaps a sign of maturity that the fundamental issues such as the social role of and the proper domain of accounting and research is and will continue to evoke debate and disagreements. Some of the differences in opinions can prove to be impossible to resolve for some time yet (as seen in the case of the intertwining of accounting with the social, see Hopwood (1985)). This researcher holds the view that the science of accounting is not a value-free collection of objective economic measurement techniques, and that accounting cannot have meanings or relevance if abstracted from its social and societal context (Burchell et al, 1985). Accounting practitioners, researchers and educators have to come to terms with the ambiguous and political nature of accounting. There are different possible methods of science, and 'objectivity' or unbiased science can be achieved, free from "imposition of the scientists' immediate opinions about policy options" (Finn, 1979).

The necessary first step has been made in defining accounting in wider terms, relating to its usefulness for user information and decision-making (Laughlin, 1977), and desired welfare and efficient resource allocation (Tinker & Lowe, 1980). The value bias is towards the theoretical and technical improvements in the usefulness of accounting information for investment decisions. Nevertheless, the wider societal function of the social stewardship objective of accounting exists as always. Although its importance is often

neglected in accounting education and development, Gjesdal (1981) pointed out that the stewardship objective is usually taken as axiomatic. This position may no longer be tenable.

Corporate social responsibility and social accounting and research are coming more into the forefront of debate (see e.g. Preston, 1981; Benston, 1982; Wiseman, 1982; Schreuder & Ramanathan, 1984; Mathews, 1984; Dierkes & Antal, 1985; Tinker, 1985; Puxty, 1986; Gray et al, 1987 & 1988). In a world of increasing specialization and complex business and societal relationships, the demands and driving forces for greater social and economic justice will increase. Therefore, accounting practitioners and educators can no longer continue to treat the social stewardship objective as the accepted norm. The predominance of financial accounting and reporting models based upon the economic consumer sovereignty principle and its presumptions need to be re-assessed. Why should stewardship information be undisputable historical facts only as held by Ijiri (1975)? The generally accepted normative user decision need framework is unhelpful for applied research, and it also ignores the vast majority of stake-holders in the society.

Efficient market models would suggest there is no value in employee reporting (Keane, 1984). However, such views only considered values as reflected by the financial market. The extension of employee reporting may be linked to social values and benefits which are no less important. Unless the individual can afford to enter and play the game of the financial market, his/her interests and preferences are irrelevant to the financial market. Economic market values certainly cannot reflect the true and full stakes involved.

In a free egalitarian society, social justice principles provide the countervailing forces to the free competitive economy. Stakeholders may demand a reasonable standard of free information for a basic intelligence of the 'state of health' of enterprise and corporate governance. Corporate social reporting can play an important role (Gray et al, 1988), towards providing stakeholders with such a global view of their interests, distilled from the barrage of differently categorized information.

This research adopts an operational definition of accounting as including any information which informs or reports to stakeholders on the use of resources towards achievement of their objectives regarding the entity, so as not to discriminate against the non-financial information and the stewardship objectives. Taken at face value, voluntary employee reporting undertaken by companies seems to be about giving employees a general review of company results. However, the social meanings of it may be found more in the context rather than the content of reports. To apply the normal information economic studies of market price reactions can totally miss the point. If the element of stewardship control is important, it may be necessary to deal with people's expectations, perceptual relationships. Employees may simply desire to know, to be reassured, to keep surveillance and to be recognised. On the supply side, management may wish to appear to be 'open' in communicating information. Information about management policy and plans, as well as some information with no apparent use for decision-making may be involved.

Since it is also available to the general public, the employee report is really a part of the total corporate communication as well. Therefore, external considerations for the aims and manner of corporate reporting are also relevant. In a modern complex economy, information activities may help to legitimize management power. The 'packaging' of corporate reports is also likely to be tinted by an element of social symbolism.

1.5.4 Issues from the disclosure debate

In studying the objectives of voluntary corporate reporting, it is helpful to keep in mind the pressures or influence of external reporting requirements. The tendency is for the management information system to be geared towards the needs of financial reporting. This study may find that many of the constraints for employee reporting and social reporting could be understood in relation to the traditional values of the financial market.

The design of the British legal system with respect to mercantile law relies upon the disclosure principle to protect the interests of creditors, and shareholders. From Cromwellian times, businesses were forced to disclose information in the form of a balance sheet (Bird, 1973). The rationale of the disclosure principle is that the prospect of having to account for one's deeds in the future will make people behave more responsibly (Medawar, 1978). Dominated by the interests of international trade and finance, disclosure of information is amongst the proposals for trans-national companies by the United Nations Group of Experts on International Standards of

Accounting and Reporting (1977). It has also received heightened research attention.

Over the past decades, there has been growing concern about the accountability of the vast and powerful multinational corporations (Gray, 1984). Accountability of other large private and the not-for-profit organisations has also received attention in Britain (Tricker, 1983; Williams, 1984). However, U.K. Company law continues to be modified in a non-coherent and fragmentary way dealing with narrowly construed corporate information.

Legislative reforms introduced in the 1980's (e.g. regarding the chairman's statement covering progress in industrial relations and employee involvement) represents only tinkering on the surface of the problem. Lacking a more holistic and coherent rationale for reform, the threat of an 'information overload' as signalled in the U.S. (Kelley, 1976; Snowball, 1979) worsened.

Although disclosure and social responsibility concepts have been long debated in the United States, the SEC has responded negatively to the recommendation for a statement of disclosure objectives (Evans, 1979). Whilst in the U.K., the Conservative government has shown little interest in corporate social accountability issues, nor about information rights and safeguards for the stakeholders of corporate bodies.

"(It) is of grave concern to the less resourceful interest groups such as the trade unions. The government makes no statutory requirement in the Company Bill for companies to provide their employees with full accounts."
(Labour Research, 1981, p.81)

Employees, due to the close proximity of their work place, are assumed to have privileged knowledge. Therefore, information rights for the employees may be regarded as unnecessary. This study tests managerial perception of the propriety issues of employee information.

1.5.5 The significance of voluntary corporate social reporting

With the increasing influence of large complex organisations, especially the multi-national corporations, societal demands for corporate information was getting more urgent. Globally, large corporations have also become more aware of their relationships with societal interest groups and their corporate social responsibilities (Heald, 1970).

Workers have shared a strong wish to increase control over the affairs at work, and trades unions campaigned strongly for information disclosure and industrial democracy in the 1960's. Then, worker's bargaining position was much strengthened by the firm commitment of both political parties to maintain full employment (Crouch, 1979). Generally, the consensus was in favour of greater information to employees and the trades unions.

A series of pieces of legislation in the 1970's aimed to institutionalize the industrial relations processes. There was the requirement for reports for employees in the defunct Industrial Relations Act (1971, s57), but this was never re-introduced. Managerial response to calls for industrial democracy was hostile. Proposals in the Bullock Report (1977) for worker participation were

widely rejected. British entrepreneurial preoccupation is still rooted within the traditional framework of industrial relations. From the employer's side, permitting the ordinary employee access to company information proved to be too difficult.

Adverse economic changes in the past two decades have given rise to a different scenario in industrial relations. Crises prevailed one after another.

"First, a wave of strikes and disputes from 1968 to 1973, seriously affecting existing procedures and rules, backed by a renewal of militancy, ... , then from 1974 a new economic situation developed in which a combination of high inflation and unemployment imposed new restrictions" (Reynaud, 1980 p.1)

Instrumentalism has dominated the trades unions' approach to bargaining. Efforts were channelled to make more sophisticated wage claims. This was the prevailing situation in many Western European countries in the late 70's to early 80's. Although there followed a period of boom in the trading conditions, labour collectivism in the U.K. has gone through a difficult time with much curtailed powers. Ideological issues such as information rights have had to be shelved for better times.

It was against this unlikely background of industrial relations that employee reporting was started. Professional management guides and so on were brought out (such as G. Terry Page (1978), R.S. Smith (1975), B.I.M. (1977)). In the accounting literature, the scope of financial reports are said to encompass the wider interests of the employees and other user-groups. Even though there had been notable work done on social audits, employee reports, employment reports and social reports (Gray et al, 1987), the importance of these

additional voluntary reporting is controversial. The social and societal roles for employee reporting and social reporting are still to be debated. Corporate governance is seldom addressed in the U.K. (Tricker, 1983). It was only a comparatively recent development that the term of corporate social responsibilities was uttered by government ministers. Attention has to be focused on broader corporate social responsibilities and accountability. This research looks into managerial perceptions of these rising social and information issues.

1.6 The importance of this research

Academic and media discussion of information disclosure have tended to reinforce the traditional values of an adversarial framework. Similarly, research has also concentrated on the collective wage bargaining aspect of the information disclosure sphere. The importance of specific trade union information disclosure is not disputed (Marsh, 1976). However, this thesis turns attention to the neglected but important area of voluntary corporate communication to the wider workforce. Maunders and Foley (1977) expressed the view that organisations should move voluntarily to more 'open' management-labour communication systems. Indeed, such a trend towards more open communications is happening (Jackson et al, 1984), and employee reporting represents one of these developments for research.

In the 1970's, employee reports were regarded rather frivolously as 'pop' accounts (Taylor, 1975) and a fashion in business reporting (Woolf, 1975). However, the fact that employee reporting has

continued to develop over the past years indicates that management see it as important, warranting extra time and expense.

Voluntary employee reporting, employment reporting and social reporting have become recognised elements in corporate reporting (Maunder, 1982). Maunder reported as high as 77% of the 300 largest U.K. companies produced an employee report or simplified statements for both employees and shareholders in 1981/82. It is important to understand what are the influencing factors for this development. Research into the forces behind voluntary corporate reporting development is directly relevant to management, the workforce, and to the professional and other interest groups. More insights into how and why it happens could point towards opportunities for experimentation and improvements to companies' home-grown solutions. It will inform debate on employee information issues and have implications for public policy and legislative reform.

In the U.K., employers are not required to report company financial information to employees. Legal responsibilities of managers to individual employees only involve the employment conditions, pension, and health and safety information defined in the employment contract. Some E.C. countries do not rely on the free market forces and have statutory provisions for more open systems of direct employee participation and/or communication. The Commission of the European Community has stated:

"A legal framework for the disclosure of information to and consultation with employees will therefore constitute a stepping-stone to the creation of a uniform operating environment for all undertakings in the Community."
(1981, p.8, art.5, para.1)

Under the Vredeling Proposals (1983), large companies would have been required to report to their employees regularly. Pressure for E.C. harmonisation will be for each member country to extend corporate financial and social disclosure requirements.

Another source of influence can result from the trend of Conservative policy of privatisation, employee share ownership, profit related pay schemes and public share ownership. One likely consequence is that the issues of employee communication and motivation will return, even if the individual employee's right to information remains contested. As employee and public share ownership increase, the need for attention towards corporate accountability and responsibilities to the employees and other social interest groups becomes more transparent.

In the area of employee information, managerial aims and influences for their actions have not yet been thoroughly studied, even though at present, management make all the decisions. Therefore, it is important that research should attempt to assess employee communication according to criteria identified by management. This study asks managerial representatives directly for their views about employee reporting. British management is one of the least researched subject groups. More empirical research methods are needed to bridge the gap of knowledge about managerial decision-making processes.

First, we need to ask why did management embark on voluntary employee reporting? What factors influenced their views and decisions? What are their on-going aims for employee reporting?

Without a better understanding of the managerial determinants in employee reporting, the scenario for increasing legislation is hazardous. The Accountant is one of the information specialists in the firm shouldering responsibilities in this subject, especially in preparing the information. In order to help accountants to fulfil both the role of information specialists and that of an important member of the management team, accounting research must pay more attention to the social and societal relevance of voluntary employee reporting and social reporting.

In the search for a conceptual framework, a clear realisation is that accounting cannot aspire to be a precise technical science. There is a serious debate concerning the social role of accounting and research (see the intertwining of accounting and the 'Social' (Hopwood, 1985)). Should such types of research be left to other social science disciplines? Assuming there are those researchers with an interest in accounting problems?

Like many other professions, accountancy is by its very nature imbued with social and political assumptions and implications. It is beneficial to the profession and society at large that these should be explicitly recognised for the future development of services to society (O'Leary, 1986). Accounting research can then confidently aim to contribute to the development of the wealth of the society. It is not reasonable to leave it up to other social scientists to master accounting research into problems and developments of areas such as social reporting.

1.7 Outline of the thesis

Chapter two describes historical, social and legislative developments in corporate voluntary reporting. It covers the trends of corporate social reporting, trade union reporting, employment reporting, and wider relevant management/employee communications and industrial relations developments. It highlights the need for exploratory empirical research to understand voluntary corporate communication.

Chapter three outlines the social, organisational and industrial relations factors which can be relevant for explaining the development of employee reporting. Employee information can perhaps be better understood in terms of the organisational change processes, communications as signals and symbols, power relationships and the ideology of work motivation. These various groups of influencing factors are interlinked. The events of voluntary corporate reporting point to the need to concentrate on studying the managerial processes in shaping corporate reporting practices.

Chapter four deals with the empirical research methodology chosen to tackle the complex problem of communication objectives. A combination of documentary, survey and interview data collection methods was used to study the managerial determinants of employee information within the hotel and drinks industries.

Chapter five briefly summarises some of the characteristics and problems in the hotel industry. It demonstrates a need for research in the neglected service sector.

Chapter six contains the analysis and interpretations of initial results from the report content and communication system survey.

Chapters seven, eight and nine present the personal interview results. Managerial perceptions of the employee reporting and relevant, complex and conflicting issues and their strong and mixed feelings are illustrated with verbatim quotes to give the reader a faithful picture of managerial thinking and belief. Results from the report narrative content analysis and communication system analysis are related to the evidence of managerial attitudes and opinions. Chapter ten contains the managerial perceptions and opinions findings which are of special relevance and interest to the hotel business.

Finally, chapter eleven presents the conclusions drawn which support a range of managerial reporting objectives for employee communication. Patterns of managerial views and behaviour in voluntary employee reporting are explained in terms of managerial beliefs and perceptions. These are grounded in a number of intrinsic values about employee reporting as perceived by managers. It offers insights into the complexity of the managerial determinants and constraints for voluntary employee reporting. Implications for legislative proposals and recommendations for public policy making and pointers for future research in voluntary corporate communication are also outlined.

CHAPTER 2 THE DEVELOPMENT OF VOLUNTARY CORPORATE REPORTING

Over the past fifteen years, there has been an increasing interest in voluntary corporate reporting in the U.K. which has been reflected in the body of research that had built up (e.g. Hussey & Marsh, 1979; Maunders, 1982 & 1984; Jackson-Cox et al, 1984; Lewis et al, 1984; Hussey & Morris, 1987). The aim of this chapter is to provide an overview of its development, research and expert opinions, including those from abroad. All these are important because they may influence future practice in Britain. As yet, in the U.K., the response and wider debate are really just warming up.

2.1 Modern corporate reporting trends

Modern company reports have changed a great deal in content and format, even from those of twenty years ago. Supplementary reporting has become more common, including the value-added statement, segmental reports, the employment report, product and community involvement information, and graphs and statistics. Separate social reports and employee reports, as well as press releases and media feature advertisements have also become more commonplace. Recent financial reporting surveys (e.g. Maunders, 1982) showed social, employee and employment reporting to be established elements of the total corporate reporting activities of large companies in the U.K. .

A major problem with voluntary corporate reporting is that the area tends to be identified as the residual part of total corporate reporting which is not required by Company Law, stock exchange listing regulations and other governmental regulatory requirements.

Nevertheless, it cannot be treated as being of less relevant to the modern society. Voluntary corporate reporting includes management communications covering several spheres of disclosure/methods, such as corporate social reporting, employee reporting, employment reporting and extra-statutory trade union reporting. Sometimes, these are identified by designated reports (such as the social report, the employee report and the employment report) or channels of information. The names used for the different kinds of reports in this area is quite confusing to the layperson. For instance, the employee report in the U.K. compares closely with the social report in some other countries (see Gray et al, (1987)). Often the reports may be meaningfully categorised only after ascertaining the content, readership and the reporting context.

However, the focus of research should be on the process and elements defined by the context of reporting. As yet, the comprehensive special purpose social report is uncommon in this country. Researchers have to trawl through the annual report and accounts and other corporate releases for the information. Most of the investigative work published by the Social Audit and other external bodies cannot be regarded as voluntary corporate reporting. For the object of employee reporting, this is to be identified by the target audience rather than the social issues. Therefore, it encompassed all kinds of voluntary corporate reports and business information given to all employees, disseminated through the various media of communication.

Many of the social and employee reporting issues are necessarily related and/or overlapping. National as well as organisational

culture impinge upon the adopted practices. Indeed, the term voluntary corporate reporting is only a convenient term of reference. It would be more meaningful to think of the subject under the more meaningful generic social accounting context. It is important that the researcher should not lose sight of the perspective of the whole, even though one can only be working on a small aspect of the problem. Then, individual efforts need not be unnecessarily worried about the precise sub-divisional boundaries of interests.

2.2 Developments of corporate social accounting and reporting abroad

Although information is disclosed within different societal reporting contexts, employee reporting in the U.K. is closely akin to social reporting and the social audit abroad. An appreciation of the overseas disclosure developments at the concurrent period (from the 1970's to the beginning of the 1980's) helps to broaden our own perspective to the issues. There has been a relatively recent U.K. expository work on corporate social reporting (Gray et al, 1987). The reader is recommended to refer to this first attempt to draw together the cogent issues for wider debate. What follows is an overview of the overseas developments in reporting practice, research and thinking of the time which provides an equally relevant perspective to current research.

2.2.1 U.S.A.

Debate on the social responsibilities of the 'good corporate citizen' began early in the United States. There is the rejection that

corporate leadership could be counted on to be benevolent in the absence of social control (Lindblom, 1984). Fair business practices and equal opportunity are high on the agenda. A trend of social responsibility disclosures began in the 1970's which involved most of the large U.S. companies, but it was shown to levelled-off in 1976-7 in the Ernst and Whinney survey of 1978. Social accounting and the Social Audit (see Bauer & Fenn, 1973) were also experimented with to extend the traditional scope of corporate accountability towards fulfilling some of the recognized social responsibilities of business.

Managerial initiatives were characterized by a marked diversity of concepts and format (Preston, 1981). Firstly, there is the cost and benefit social balance sheet (or the economic operating statement) which gives a comprehensive representation of social costs and benefits in economic and non-economic terms (Estes, 1976b). Then, there is the constituent impact approach (or the Abt approach) using a monetary balance sheet and income statement to account for the impact of the organisation on constituent groups like employees, customers, community, and the general public. Finally, there is also the process audit (Bauer & Fenn, 1973) involving description of the corporate social aims, managerial intentions and actions.

Why did social reporting happen? One view was that the demand for social accounting came from various segments of the corporation's public who started to assess the firm by its social performance as well as its economic performance (Estes, 1976). These included

investors (especially churches, universities, foundations, banks, insurance companies and mutual funds), customers, government bodies, public interest groups and professional organisations. Even though social accounting and reporting covered many employment and employee interest issues, it was noted that trades unions and employees were not mentioned. A contrary view held that the greatest demand for social accounting came from internal organisational needs (Epstein et al, 1976).

As regards the purposes of social accounting, there is an emphasis on the stewardship objective for reporting, as well as on the objective of meeting users' decision-making needs (Epstein et al, 1976; Estes, 1976a). Mandatory requirements for social reporting was rejected (Head & Bolce, 1981), but the N.A.A. has outlined wide areas of concern for social reporting. It covered community involvement, product/service contribution, human and physical resources and environmental conservation/contributions.

Research has looked into the value of social disclosure as reflected by the financial market, since it was claimed that there is a relationship between the extent and quality of financial disclosure and the degree of efficiency of national equity markets (Barrett, 1977). Although it was widely practiced, the content and quality of social reporting in terms of quantification, depth and accuracy of disclosure were limited (Elias & Epstein, 1975; Head & Bolce, 1981; Wiseman, 1982).

For a qualitative evaluation of social responsibility disclosure, one must consider the fundamental question, 'What is the underlying

purpose of the social accounting reporting activity itself?'

(Preston, 1981). Notions such as 'public relations' and 'a response to specific internal or external groups' interests' are vague and unhelpful. It was suggested that one final possible purpose of corporate social reporting could be:-

"... improved managerial awareness of, and therefore of control over, the social impact of corporate activity."
(Preston, 1981, p.257)

It highlights the social stewardship objective of reporting amongst the other recognised objectives (see e.g. Estes, 1976). Subsequent attention has been directed to more interpretive studies of the processes of social reporting (e.g. Belkaoui & Karpik, 1989; Cowan et al, 1987; Rockness & Williams, 1988).

Since the 1960's, there have been strong arguments for a social re-orientation away from the 'belief in economic growth' to a 'social indicators philosophy' within official and scientific institutions (Glatzer, 1981). New measurement and accounting techniques are also being developed (Parks & Peterson, 1981). However,

"We have the tools to collect information on a wide diversity of topics, but do we have the wisdom and the sensitivity to interpret the data to the benefit of society?" (Bunge, 1973, p.556)

It was warned that accounting proper should not disenfranchise 'public interest' (Tinker, 1984). Further technical advancement must be sought from an honest standpoint regarding the value problems which were well recognised in other fields of studies, such as public administration. Accounting researchers can no longer be blindly uncritical of the dominant quest for technical advancement for financial efficiency with scant attention paid to their role in 'welfare' creation and service to society.

2.2.2 West Germany

Social reporting became a prominent issue for the large West German corporations in the 1970's. In 1977, some leading firms had jointly laid down the goals of social reporting as the formulation of corporate societal goals and activities, and presentation of societal responsibilities information to all groups like employees, investors and the public.

Three methods of social reporting were identified (Dierkes, 1979);

- (1) A partially integrated reporting of expenditures linked to social benefits.
- (2) Additional reporting of socially relevant information.
- (3) Corporate goal accounting and reporting.

Great variations in the information content of social reporting were found (Brockhoff, 1979). The emphasis was on company-employee relationships, the physical environment and the social environment. A narrative social report, a value-added statement, and the social expenditure and revenue account were often used.

Social reporting in West Germany may be explained in terms of the interplay of the institutional structure of political power and interests. It became a 'political issue' amongst the constituent social groups right at the start. It has been suggested that corporate social reporting served as a counter-strategy to public criticism, especially for the big multinational corporations (Ullmann, 1979).

Responses from wider social groups showed mostly dissatisfaction with the reporting practice. The Federation of Trade Unions, who are weak in non-traditional information areas, had criticized the social report as sham advertising. Other social groups have also criticized the lack of attention to social and physical environmental issues and societal costs (see Schreuder, 1979). Social reporting remained a voluntary managerial activity with approval from the government.

Subsequently, attention was drawn to the use of voluntary reporting for internal managerial control. For instance, Dierkes (1979) has argued for social reporting as a management tool for improving corporate social performance. The country's distinctive industrial relations system may allow more opportunity for experimentation and action research. In Ullmann's view (1979), future research will move in a more political and value oriented direction, with an inescapable bias towards employee affairs.

2.2.3 France

Since 1977, all companies employing 750 or more employees have been required to present a 'social audit' to their works councils. In 1982, the criterion was extended to companies employing at least 300 employees. However the French statutory 'social audit' only provides 'A survey of the social position of employees within the enterprise'. It is narrowly defined in both content and approach, without attempting to address the issues of 'wider societal performance of the enterprise' relating to corporate social responsibility (see Rey, Francoise in Schoenfeld (1978), and the French bibliography in Accounting, Organisation & Society, (1978, vol.3, no.2, pp.175-181).

Nevertheless, as regards employee information, the legislation in France represents a first step in providing a legal framework recognising the right for employees to receive reports and information. Managerial accountability for employee interests provides the basis for the country's consultative structure of industrial relations.

2.2.4 The Netherlands

In the Netherlands, care has been given to providing employee access to corporate information. Companies have a legal duty to report to the works council at least once a year. However, unlike the French framework, no specific information requirements were laid down for these social reports. In substance, information disclosure primarily covered employee related matters. The pattern of social reporting development (Schreuder 1981) appeared quite similar to employee reporting in the U.K.. A few pioneering companies started the 'social report' in the late 1950's and 1960's. Then in the 1970's, corporate social reporting gained momentum. Impending legislation was thought to be a major cause for this development, but the social information needs of the employees as corporate stakeholders and the need to follow a fashion have been mentioned (see Schreuder, 1981).

Schreuder's study (1981) on employee perceptions of the social report has found quite positive results. The social report seemed to be an accepted means of corporate communication which gave the employees a general overview of the corporate social environment. A positive corporate image or symbolic function for the social report was also suggested.

2.2.5 Sweden

There have been a couple of prominent case studies reported in the Anglo-American accounting journals. New forms of social accounting and reporting were started by the Swedish companies in the late 1970's. One of the studies concerned the implementation of a goal-oriented model of social accounting in a major Swedish manufacturing company (Grojer & Stark, 1977). It represents a first attempt to integrate social and financial reporting. The report design was aimed at describing the goal fulfilment for different participant groups using separate 'profit and loss' reports. The authors acknowledged the difficult problem of accounting for public interests and the concerns of less powerful social constituent groups.

In the other case, social accounting techniques were used for dealing with the problems of absenteeism and staff turnover (Jonson, Jonsson & Svensson, 1978). Technical and social changes were implemented by the company and social accounting was used to measure the cost savings thereof. The experiment showed good cost saving results, but higher work stress was also reported. Another more recent case (Jonsson, 1988) used a socio-economic income statement to report on the performance of a firm employing handicapped persons. The Swedish results encourages optimism in a more democratic organisational structure and change, where managerial flexibility enabled open consultation and influence in the forming of organisational objectives and policy. It also provides evidence of the beneficial effects of and the importance of company-based novel experimentation of new approaches to social accounting.

2.2.6 Others

In Australasia, the situation is comparable to the U.K. in that attention was focused on the 'employee report' and the 'employment report' (ICAEW, 1981; Hussey & Marsh, 1983; Maunders, 1984; Gray et al, 1987). Corporate social reporting was undertaken by some large companies, but again it featured no more than a few brief remarks in the annual reports. Again, employee issues were dominant and mostly 'positive' social impact information was reported (Robertson, 1978). Less information is available about developments in other countries. Corporate social accounting in Japan (see Tokutani, 1978) seemed to correspond to social accounting and social audit developments in the west. There have also been some reports about social reporting in other Commonwealth countries like India and Malaysia (see Singh, 1983; Teoh & Thong, 1984; Gray et al, 1987).

2.2.7 Overall trend of development

Corporate social responsibility issues are regarded as solely dependent upon the 'noblesse oblige' of management. It may be argued that it is in conflict with the fundamental interests of the investors (Bowman & Haire, 1976, Elias & Epstein, 1975). Proponents of social reporting had problems in demonstrating its benefits. Research into the impact of corporate disclosure on users (Benjamin & Stanga, 1977; Lee & Tweedie, 1977, Adelberg, 1979, Walker, 1981) found users attributed little importance to information on corporate social responsibility (Benjamin & Stanga, 1977). Yet, another study concluded social responsibility disclosure did have information content as valued by the market (Anderson & Frankle, 1980).

By self-selection, disclosing firms may be more likely to be those with sufficient discretionary resources for socially relevant activities. Given firms mostly tend to disclose favourable achievements only, users may attach little importance to the disclosed information. In reality, social responsibility reporting was too conservative (Lessen, 1977), and the tendency is to rationalize inadequate performances such as resource conservation.

Management are reluctant to disclose information. An earlier study showed that U.S. management did not have the same enthusiasm in communicating to employees, as to stockholders (Hay, 1955). In the U.K., some employers and employees also believed that some information should not be disclosed either directly or through the trades unions (Dickens, 1980). In addition, studies of the U.S. financial market showed good news tended to be disclosed early, and bad news were delayed (Pastena & Ronen, 1979; Patell & Wolfson, 1982).

Explanation for managerial reluctance to divulge information have included rationales of costliness, lower information value, the fear of giving sensitive information in view of competition, and the risk of confusing the readership (see e.g. Chandra & Greenball, 1977). However, just as important is probably the fact that management are unaccustomed to providing social information and may simply dislike having to disclose information. Social reporting may also involve more than just the simple giving and receiving of a report. Research is needed to explore those power relationships, psychological factors and societal pressures, and irrational behaviour. Many have expressed the view that an inter-disciplinary approach to social reporting is

required to deal with the possible psychological, social and societal factors as well (Lessem, 1977; Adelberg, 1979; Gray et al, 1987).

The contrasting social and employee reporting emphases amongst the different countries probably tie in largely with the different patterns of socio-economic and political developments in the respective countries. In addition, super-imposing international influences from trade, multi-national corporations, and professional and academic connections are important. Such a range of practice and a diversity of form or bias of reports may appear worrying, but it need not be taken as alarming. Conceptually, employee reporting and social reporting must derive from the same corporate social accountability framework. Our aim must be to understand why and how practices developed. This research focuses on the significance of the U.K. employee report, within the wider context of voluntary corporate reporting.

2.3 Reactions to corporate social reporting in the U.K.

Corporate reporting has always concentrated on financial information. Financial analysts represent 'the' user-group for whom the corporate report served as 'the' channel of communication (see Macve (1981)). Social information is still not covered, partly because it is not easily translatable into monetary terms. There are two major weaknesses in this traditional bias. Firstly, it implicitly assumes that the economic (financial) performance of the business is legitimately separable from the rest. Secondly, users of corporate reports (investors) are deemed to be interested only in the financial market performance measurements and its accuracy.

There is no agreement in accountants' response to the increasing social areas of concern demands. Social responsibility and public accountability issues have become topical over the past few decades, and a series of exposed frauds set off a deep searching process in the learned professions, looking into the standard setting, the conceptual framework and the governance of the accountancy profession (Tricker, 1983). A broader framework for corporate accountability was proposed in the Corporate Report (1975), but it has not received wide support from the profession. Yet, advocates for change have criticised it for being too conservative in the disclosure of information relating to wider issues (e.g. Owen, 1981).

Faced with wider social and societal issues, accountants still tended to assume that social responsibility reporting will operate like financial reporting (Perks & Gray, 1979). There has been little consideration of the real information issues, nor new alternative performance measurements. Financial market value criteria was applied by researchers. This off-hand treatment of social reporting engenders only a public relations exercise.

Against this trend are arguments for a more comprehensive social accountability framework (e.g. there is the proposal based on the concept of a social contract (Gray et al, 1988). From such a perspective, social accounting and social responsibility reporting must aim to cover wider social aspects of business performance. There are controversial social and political issues which have to be surmounted (Taylor, 1975). Accepting that accounting is not value-free, it being a tool for furthering one's own ends (Thomas, 1979), academics and professionals must urgently debate the role of

accounting in society and the regulatory framework. As the popular trend for more openness in many walks of life unfolds in many countries, free information disclosure becomes the most pressing issue. General social expectations will continue to require more responsive corporate reporting, and this is true in the Anglo-American as well as the European scenes. Corporate social reporting is a major challenge with immense significance to the professions in the coming decades.

2.4 Traditional framework of information disclosure in the U.K.

In the U.K., there is not a tradition for free corporate information. Belief in free competition ensured that capital owners are not hindered with state regulations in the pursuit of enterprise and financial rewards, barring the basic health and safety rules. Where serious malpractices do emerge, these are dealt with on a ad hoc basis by appointed extra-regulatory enquiry bodies. Statutory information disclosure is provided for in respect of shareholders and creditors. Further information right was given to the trade union machinery in respect of collective bargaining. Employees per se have no right to company trading information. Such historical and cultural background shaped managerial preoccupation with collective bargaining and union/labour relations. Direct management/employee communication was rare until the mid 1970's. Information was usually passed on to the employees through the union machinery. This entrenched adversarial industrial relations system discourages communication.

In the early 1970's, more open disclosure of information to the trades unions was thought to be advantageous (Marsh & Rosewell, 1976)

for it may lead to more sensible bargaining. Yet, even after the passing of legislation, information disclosure to trade unions was still interpreted in a limited way (Foley & Maunders, 1977), and disclosure in this field was still a highly sensitive area (Jackson-Cox et al, 1984). Absence of statutory recognition of the individual worker's right to information was said to be the main cause for poor communication in British industry (Smith, 1977). The old style of industrial relations gave trades unions and management a false sense of security, and trade unionists tend to be sceptical or suspicious of information provided by management (Gilling, 1975; Jackson-Cox et al, 1981).

Companies seem to find it easier to disclose information to employees when things go badly (Moore & Levie, 1981). While one company may willingly disclosed certain information (including detailed information and forecasts), another company might fight against it (Ken Jones, 1981). Some firms have moved to using an 'integrative' method of reporting incorporating a wide range of regular communications, but others still communicate to the trade union representatives on an ad hoc basis. Managerial concern with employee identification seemed to be a deciding factor for developing the integrative approach. Changes in disclosure practices were suggested to be linked closely to the unions' ambitions, and the more elusive factors of management style, managerial intentions and strategy, and the relationship between the company and the economy at large (Moore & Levie, 1981). There is a need to understand better the managerial behaviour and change processes.

On the demand side for free information, the trades unions have not been too successful in bringing about changes (Moore & Levie, 1981). Since the late 1970's, the new realism in the trade union movement is reflecting curtailed power in economic recession followed by Conservative policies. There has been little pressure from the trade union movement in respect of information rights. Following the naive 'shopping-list' approach which showed little impact on corporate disclosure, negotiated 'information agreements' are rare. Pressure for information at the plant level is even more limited.

Research evidence showed only a general 'intelligence' use of information disclosure. Shop stewards attached little importance to information provided by management partly due to a lack of awareness and ability to understand what was or could be provided (Reeves & McGovern, 1981; Brignall et al, 1981). The traditional 'reactive' role model of the shop steward holds strong. Possible use of company information for the purpose of joint consultation or evaluation of management decisions was regarded as:

"...transgressing the proper bounds for union involvement in management decision-making." (Reeves & McGovern, 1981, p.9)

This fear of getting too closely involved in corporate decision-making has proved inhibiting.

The increasingly relevant role of the accountant in the field of information disclosure has also been raised (Cuthbert & Whitaker, 1977; Craft, 1981). New approaches have been advocated (Cooper & Essex, 1977; Moore, 1980, 1981; Ogden & Bougen, 1985) which requires trade union representatives to be more familiarized with management

information systems. Whether these proposals are acceptable remains to be seen.

Information cannot be an end in itself and good communication has to be an interactive process (Eldred, 1981). Provision of information for the employees and the trades unions was not a priority subject identified by the ruling Conservative administration (Moore & Levie, 1981). Given the wider constraints of the labour market and government policies, there is unlikely to be any effectual trade union pressure for more corporate information disclosure.

However, modern management itself has to take the responsibility of creating 'responsible' trade unionism (Wood, 1982). Pressure for change in respect of more open information can come from management self-interest. An effective corporate communication system may be identified as one of the pre-requisites for effective and efficient organisation. Voluntary employee reporting may be viewed as an aid to improve the general industrial relations atmosphere. Yet, in a survey of British managers in 1980, just over half of the respondents thought there was a need to provide more information for the employees (Poole et al, 1982). Hence, a more cynical view could be suggested that employee reporting may be seen as a means to undermine class identification and trade union power (Jackson-Cox et al, 1984).

2.5 Constraints on social reporting development in the U.K.

An understanding of employee reporting development must be based upon an appreciation of the concurrent developments and constraints of U.K. corporate communications. The latter is chiefly constrained by

the 'culture' or 'management ethic' of entrepreneurial freedom and its institutionalized power which fends off intervention. Such a disclosure framework with the ingrained managerial ideology of 'laissez-faire' (Poole et al, 1982) is fraught with difficulties and not conducive to open communication.

Whilst corporate governance, social and societal accountability relationships, and social reporting are key issues in other countries, this has not been so in the U.K. (Tricker, 1983). Management controls the corporate information prerogative. Constituent groups must prove their claim for information, and management can always pull the veil of secrecy. Such an order of asymmetric power disclosure framework has perpetuated the distinctively secretive managerial style in British management in all sectors of organised labour.

2.6 The employment report in the U.K.

In the trend of wider marketing techniques, the U.K. companies have paid more attention to include qualitative information about their product and business in their corporate reports, rather than concerns for environmental and social issues found in social reporting in the European and American models. The conservation of resources is just creeping into the normal vocabulary of management. It was only in the late 1980's that the Conservative government has made positive statements in these directions. Against this trend, it is somewhat surprising that the employment report has become a new established element of corporate reporting in the 1980's. This was established in Maunders' latest available survey (Maunders, 1984) which showed a

sizeable proportion of the large companies in the country providing a detailed employment report giving employment statistics.

With the ingrained industrial relations system and the economic pressures of the early 1980's in the U.K., managerial emphasis was likely to be focused on pressing employee relations and employment issues. The Corporate Report (1975) recommended such a statement on employment. It stems from the efforts of opinion leaders within the accounting profession towards defining a wider socially relevant role for the corporate report. Apparently, management was receptive to this kind of disclosure proposal. Maunders (1984) has emphasized the need to concentrate on the definition, measurement and reporting of items of information already available. The use and significance of the employment report has yet to be studied.

2.7 Developments in employee reporting

From the 1970's, there was a growing awareness amongst the managerial professions about the importance of direct employee communication (see e.g. Pelletier, 1977). Attention was drawn to various methods of employee reporting. New titles or functions such as 'employee relations', 'public relations', 'employee communication' and 'human resource' became quite common in large firms. The accounting literature also showed interests in the employee report reflecting this trend (Lewis et al, 1984; Hussey & Morris, 1987). Other professions have rushed forward to prescribe what management should do in the area of employee information. It was thought that employees need help in order to understand the business world and the intricacies of corporate finance (Tinsley, 1977). Problems of

language and the style of reporting were discussed (Harrison, 1977; Parker, 1977; Taylor, 1978; Goodlad, 1978). Some writers advocated a simplified form of report easily understood by the 'average' employee. Hence the use of informal everyday language, and bright and colourful style (Dillon, 1977). In general, the belief was that employee reporting can improve industrial relations (Jones, 1976). Although how this process would come about has not been addressed.

Specialist consultants quickly exploited the corporate communication market (Cooper, 1978). Undoubtedly, the 'total service approach' marketed by these consultancies is attractive (Gibson, 1978). Yet, it is a valid question if the external specialist package approach can suit the needs of different organisations. Certainly, the managerial responsibility for good communication is difficult to be contracted out. Management have to be directly involved in acculturising the employee report to their own organisation.

There has been over a decade of research interest into employee reporting, starting with some rather anecdotal and normative pieces of work, plus some large scale fact-finding surveys. There was a burst of interest in company practice of issuing a separate printed employee report (Norkett, 1976; Purdy, 1977; Hussey & Marsh, 1979). Beginning in the late 1970's, an increasing number of companies have started providing a report directly to employees instead of via the trade Unions to explain the trading results to the employees (Norkett, 1976). Professional practice guides have also been brought out on employee report and employee communication (Smith, 1975; Hilton, 1978; Page, 1978).

According to a major survey study (Hussey & Marsh, 1979), most of the companies started reporting after 1975, although some had started in the 1960's. Large differences between different industrial sectors were observed with companies in the service industries like hotels least likely to undertake employee reporting. Subsequently the trend of providing an employee report seemed to have slowed down. Later surveys showed it was not as prevalent as was projected, not even amongst the largest companies (Dickens, 1980; Maunders, 1984). The present study asks how and why this happened?

Now, some analytical studies of varying degree of substance and soundness of methodology are seen. There is a range of suggestions for explaining the development of employee information in the 1970's, for example the increasing political, industrial and commercial influences of the workforce (Norkett, 1977), the incidence of merger, recession and anti-union feelings (Lewis et al, 1984), the threat of impending legislation (Parker, 1977; Hussey & Morris, 1987), and the management aim to increase or preserve power (Purdy, 1988). It is prudent to press for more understanding of managerial perceptions of the issues and constraints of the problem before accepting these various explanations.

2.7.1 What are the management aims of employee reporting ?

Why did management start providing the employees with such a report? Apparently, the development of the employee report in the U.K. was mainly an managerial initiative, with little influence coming from the trades unions (Purdy, 1977, Hussey & March, 1979, Mitchell et al, 1980; Wilders & Heller, 1981). There have been a number of motives

mentioned in the literature, including the wish to communicate a message, to increase employee involvement and understanding. A sense of managerial duty or responsibility to report to the employees has also been reported (Purdy, 1977, Hussey & March, 1979). However, one study (Mitchell et al, 1980) has reported that aims such as to improve understanding among the employees, to recognise the employees' right to know, and to modify attitudes in pay negotiations were felt to have only a slight influence upon the managerial decision to disclose information.

Employees' responses to the employee report have been favourable (Hussey & Marsh, 1979). Most preferred to receive a report than no formal communication at all. Their level of readership and interest were higher than anticipated by the authors of the above study. Older, senior and more skilled employees responded most positively to the report. Then again, experimental tests have shown that employees have great difficulty in understanding the underlying accounting concepts used in financial statements (Mitchell et al, 1981).

Despite the real difficulties of comprehension, employees were reasonably satisfied, probably because they valued the companies' attempts to improve employee communication, employee motivation, and industrial relations. Interestingly, one study has concluded that the provision of employee information was linked to better industrial relations, more employee trust, more job satisfaction and lower staff turnover (Wilders & Heller, 1981). It was also suggested that more information disclosure did not lead to more active participation and demand for wider involvement in managerial decision-making by the employees. These claims are rather significant if true, but as yet

need to be interpreted with care in view of the small sample size and poor response rate of this study.

2.7.2 The need of an explanatory model of employee reporting

The normative models prevalent in the literature are inappropriate for assessing the state of voluntary employee communications because these models largely overlooked managerial objectives for reporting and the recipient's perceptions. Without obtaining more insights into the social constraints, further prescriptive methods will only discredit genuine efforts of scholarship. This research carries further the view that:

"Reporting to employees provides an area of specific reporting responsibilities, ready made for research into reporting objectives and information requirements." (Pound, 1978, p.689)

Efforts are needed to explain the social forces at work in employee reporting (Mitchell et al, 1981). Managers are the agents for organisational change. An understanding of the managerial determinants involved in the development process of corporate policy is vital. This research studies employee communications, focusing on the areas of the managerial attitudes and objectives in providing employee information.

In order to assess the potency of the employee report (perceptual and real) as a medium of communication, we need to delve deeper into the content and the total system of employee information within organisations, and the perceptual process of employee reporting. More descriptive or interpretive research is required. Occasionally,

causal relationships may be illuminated, but the aim at this stage is to construct explanatory models for employee reporting.

2.7.3 The 'neutral' role of the researcher in employee information

Employee reporting is an area requiring urgent sensitive treatment for it concerns the interests of the mass group of stakeholders who are the employees of organisations. Much more than the passive neutral professional role advocated by Hilton (1978) amongst others, the opposite view is that this unbiased professional status is unattainable. Accounting researchers and educators have become more aware of the social, societal and political roles accounting plays in society (Hopwood, 1983). Partisan and personal values of the accountant and the aggregate professional bodies influence the development of accounting, down to the fundamental conceptual level. Therefore, accounting researchers must be careful of the implications of these tendencies. The true professional neutrality is probably unattainable, but the researcher can take care to rid his/her enquiries of the immediate personal prejudice and bias which can have political consequences (Finn, 1979).

This research looks into the significance of the U.K. employee report, keeping in sight the wider perspective of voluntary corporate reporting. Ultimately, the total approach to corporate financial and social reporting can play a significant role in enabling corporate accountability consonant with the social context and values of a modern democratic capitalist economy.

CHAPTER 3. FACTORS EXPLAINING EMPLOYEE REPORTING

Employee reporting, like social reporting, is a many layered phenomenon. Its development may involve industrial, organisational, social as well as personal perceptual factors. The potential of employee reporting for organisational effectiveness is a significant but under researched area. It could also have important implications for those interested in corporate social responsibility and accountability. This chapter examines the likely factors influencing employee reporting from the social science literature, exploring explanatory factors within the contexts of industrial relations, social motivation and organisational behaviour.

3.1 Industrial relations factors affecting employee reporting

Information disclosure was a central issue of the industrial relations reforms in the early 1970's (T.U.C., 1974; Fatchett, 1977), but the operation of statutory trade union disclosure was unsatisfactory (Marsh & Hussey, 1981). Negotiated information agreements were insignificant. Meanwhile, labour collectivisation was further curtailed by a changed atmosphere of trade unionism, social affluence and individualism (Shister, 1953; Brown et al 1981). Struggles for labour rights gave way to instrumental participation (Reynaud, 1980), which still prevailed throughout the past decade.

Since the 1970's, anti-trade union feelings, Conservative policies and the threat of unemployment diminished the relative power of labour in the U.K. (Burkitt, 1981; Wood, 1982). Conservative policies

have continued to pursue internal trade union democracy through legislation, diverting attention from the possibility of fundamental reform of industrial relations in British industry. Non-participation by the ordinary worker could be due to fundamental problems of the lack of social motivation and work involvement. If industrial relations was understood more as a way of life, and not just a matter for the negotiating table, then it should not be difficult to appreciate the importance of improving employee communications.

3.1.1 Models for explaining employee reporting

Employee reporting may be regarded as fitting the game theoretic model, being part of negotiation and collective bargaining (see e.g. the attitudinal structuring model (Walton & Mckersie, 1965) and the axiomatic model of bargaining incorporating uncertainty (Riddell, 1981)). Employees demand information to improve their bargaining position, whilst management supply information to influence or to manipulate the expectations of workers, to achieve lower wage settlements.

In one view, it was union pressure or power which caused voluntary employee reporting (Parker, 1977). Under the various political interpretations like the Marxist, pluralist and corporatist views of industrial relations, trades unions are credited with great power. However, for the last two decades, there has been a marked trend of fragmentation and breakdown of the existing bargaining system and power (as postulated by Fox and Flanders (1959)). There has been little sign of trades unions demanding the employee report for

strategic bargaining purposes. Little interest was shown outwith specific information disclosure for wage negotiations.

On the management side, the game theoretic (economic rationality) model predicts the employee report is again used for influencing collective bargaining. Walton and Mckersie (1965) postulated that one element of information disclosure is for the attitudinal structuring of employees for collective bargaining purposes. Some authors have taken a broader view of communications, searching beyond just the ritual negotiations. They have suggested a management aim of changing wider employee attitudes, such as company identification in place of class identification (Jackson-Cox et al, 1984) and employee attitudes about efficiency (Ostell et al, 1980). These studies highlighted the limited perspectives of the main body of industrial relations literature.

Industrial relations research has concentrated on the formal unionized structure, collective bargaining and strikes (e.g. Landsberger, 1955; Lane & Roberts, 1971; Wood & Pedler, 1978). This reflects the bias in society and the public media. Conflicts nearly always become news material only at the breakdown point. Yet it has been said that the worst industrial relations was sometimes found in companies where there were no unions or strikes, where dissatisfied employees would simply vote with their feet (Mortimer, 1981). High labour turnover and alienation have high associated economic and social costs, but the severity of these problems are still not widely recognised (Wood & Pedler, 1978). More and more, industrial conflicts took place outside the traditional industrial relations system (Hanami, 1980). Clearly, research must concentrate on the day-to-day

informal aspects of work relationships and management/employee communications as well.

The drive for more direct management/employee communication provides a useful focus to studying industrial relations developments and more empirical studies are required to understand the observed managerial behaviour of reporting or nondisclosure. It cannot be assumed that managerial capability and tendency to act in a consistently calculative manner is absolute, and simply accept that management self-interest explains all. More specifically, management decisions to provide employees with information may also be made by a process of intuition, faith or tradition (March, 1971). Circumstances can force responses as such that managers have to act first before they can have the chance to gather information and think.

3.1.2 Information and future trends of industrial relations

Traditional hostility, past traumatic incidence, and social and economic conditions can hinder specific trade union reporting. The tendency in the literature to over-emphasize the discontinuity between the formal and informal aspects of industrial relations is not helpful either. In theory, communications must be an essential area for improvement in industrial relations, for information improves negotiating skills of the bargaining parties. Employee reporting undoubtedly would play a part in influencing industrial relations. Even though this research is interested in the significance of industrial relations factors to voluntary employee reporting, both directions of the causal relationship linking industrial relation and employee reporting need to be considered. And

it is important that empirical research must be able to tease out 'covert' as well as 'overt' managerial policies.

Many Western European governments have played prominent roles in industrial relations reforms (Hanami, 1980; Warner, 1981). Over and above that, there are also the pressures for European Community harmonisation. Limitations in the collective bargaining system and the lack of representation and protection of the disadvantaged are serious short-comings of the status quo. Although the reality of worker participation such as 'self-management' in Yugoslavia (Bertsch & Obradovic, 1979) seemed to fall short of ideal, the dynamic process of transfer of power was started. In a free capitalist economy, employee participation can involve a different set of motivational factors.

In the U.K., the Conservative government has legislated for union democracy. It is reasonable to expect that wider availability of corporate information all round would encourage active membership participation. Instead of undermining managerial power, democratization at the workplace adds special significance to the managerial role in decentralized systems (Poole 1980). Yet, fundamental issues of company information disclosure and information rights have been left untouched. Perhaps 'employee participation' is just the impossible dream sold to the workers at uncertain times, a means by which management attempted to secure labour's compliance, to combat labour organisation and to improve labour productivity (Ramsay, 1977). In which case, the managerial objective for employee reporting is largely symbolic with no intention of divulging new information. Whilst the government favoured popular franchise and

'employee involvement' schemes like employee share schemes and profit-related pay schemes, psychological and real benefits are still to be demonstrated with research evidence.

Without the required attitude change especially amongst the top managerial ranks, the process of pressure group lobbying, legislation, and enforcement can be frustrating. Legislation may risk minimum compliance and even devious manipulation. Effective change has to be built up by sensitizing the respondents to the issues. A fundamental reshaping of industrial practices, conventions and social norms may be considered. Therefore, a better understanding of British management as the agent for change is crucial (Wood, 1982). Attention to the processes of diffusion of ideas (such as the study of the Brewers' Society as a kind of informal 'Think Tank' (Mackay (1981)) and the adoption of innovations in industry is urgently needed.

To break from the ritualistic behaviour, social conflict can be examined in a new light as a positive force for beneficial change. An international perspective is valuable for a critical understanding which highlights the dogmatic inflexibility common in Britain. For instance, in Australia and New Zealand, where governments not hostile to unions were in power during the early years of labour collectivisation, arbitration procedures through government agencies have played an important role throughout. Another contrasting framework is the Japanese system which favours compromise through non-judicial means even in disputes of 'rights', because 'harmony' is the dominant social value in the Japanese society (see Hanami, 1980). Indigenous values, emotions, ideology and religion are important factors, but these are often not directly transferrable from one

society to another. Therefore, one must be most cautious in using international comparisons to advocate domestic policy changes (Schregle, 1981).

Given the problems of the institutionalised framework of social influences, researchers have a difficult job to link-up and influence industrial practices. Liaison and alignment of research efforts are challenging tasks. Rather than being threatened by uncertainty, researchers in this under-explored field can enjoy a sense of freedom to focus on specific problems (Wood, 1981). In addition to the impartial professional role, accountants can serve as a source of methods and techniques that can be used to aid problem solving and change. Regardless of one's political standpoint, the urgent need to study the employee relations and employment is clear (Brown, 1981). Opportunities for multi-disciplinary research will be valuable.

This is a parallel development found in several professions towards gaining a wider social perspective in the services provided. For instance, the role of the personnel manager has been put in far wider terms than before (Walker 1979, Cowan, 1980).

"... (M)anagerial initiatives will become increasingly significant in the forthcoming years, ... to move away from industrial relations narrowly conceived towards the broader encompassing notion of responsibility for "human resources" within the enterprise." (Poole & Mansfield, 1980, p.99)

Accounting has become a major source of new law (Scott, 1980). An extended role for the accountant has also been advocated in industrial relations (Climo, 1976; Cooper & Essex, 1977) in respect of information disclosure. However, there is the 'credibility gap' of

public distrust to be bridged. For example, trade unionists perceive financial statements as biased towards management (Gilling, 1975). This problem is bound to multiply when different reports are given to different interest groups. Stepping into the post-industrial society, the issues of free information will become imminently more relevant.

3.2 Social and Work Motivation factors in Employee Reporting

Work motivation is a problem common to many different social and political economies. In the past, financial incentives such as bonus and profit share schemes have not been widely adopted. Employee share schemes and profit related pay schemes were promoted by the Conservative administration in the 1980's. Decentralisation, employee involvement and commitment are modern managerial goals which have become more widely accepted. Yet, employee communication and its social motivational possibilities have largely been left untouched.

There is unlikely to be a pure noblesse oblige kind of opening up of reporting (accountability) of the controlling power of organisations. Those who have the information prerogative (the management) are not likely to give away something for nothing. Free information such as voluntary employee reporting may be offered more as the required social balancing factor for employee work motivation..

3.2.1 Introduction to the Ideology of Work Motivation

Labour has always been subjugated by religious teachings, social and political institutions, and economic necessity. Over a long period, guilds of craftsmen elevated the social and economic standings of

skilled labour. Yet, all the traditional behavioural influences persist to underlie many aspect of the modern society. Demands to be informed of corporate business information, coming from the employees per se, can still seem unthinkable to some.

Following the Industrial Revolution, the importance of organized labour became apparent. Employment provided a means of liberation and a source of dignity and some degree of choice. For the majority, work was hard, monotonous and thankless with little psychic reward. Scientific management research has always searched for methods by which workers could be made more productive. To date, employee motivation and involvement are still significant topical issues.

3.2.2 The Importance of and Rewards from Work

Work is a fundamental part of our living and being (Argyle, 1979). Men have always worked from necessity, from choice and from habit (Schwimmer, 1980). Society orientates itself by work. Patterns of daily routine and familial arrangements are determined by work needs.

"... lives were arranged in comparatively settled relationships prescribed by the patterns of work. Work infused their language and traditions, their conception of maturity and responsibility and their social values."
(Anthony, 1980, p.423)

The job provides a major source of identity, status, self-respect, and an opportunity for social interaction (Strauss, 1974). The importance of remunerative work is painfully clear in the experience of the unemployed such that every effort must be made to study effective and beneficial work organisation and work motivation.

Work also leaves definite 'traces' on the personality and employee behaviour (Lupton, 1963; Bosworth & Dawkins, 1980; Adler, 1981). Workers orientate their priorities and work values responsively to the situational context within the work organisation (Russell, 1980). This study focuses on the question whether information and communication can have functional and symbolic values to aid employee participation and involvement. Are managers aware of and have they given consideration to the possibility of using employee reporting for staff motivation? These are important issues which may in turn influence organisational efficiency and the success of the business.

Work orientation, motivation and satisfaction have interested researchers for many years and these are dealt with in the 'path-goal evaluation' and the 'need-satisfaction' hygiene-motivator models. The portrayal of constantly calculating employees whose main interest is the decision about participation or withdrawal from work has been criticized (Nicholson, 1977; Pinder, 1977). Then, there was the social information processing approach (Salancik & Pfeffer, 1978) and the 'content theories of motivation' (Wynn, 1980) which put more weight on the social context within the organisation as selectively perceived by the worker. Attitude towards work is said to be dependent on salient information, social priming (focusing), and commitment effects.

Perceived job satisfaction was found to be related to some dimensions of organisational communication (Muchinsky, 1977). Perhaps accurate information could influence employee perception and identification. But most commonly, the main managerial priority is to increase labour

satisfaction towards achieve this aim, and possibly apparent managerial openness in communicating to the employees may be linked to aims of employee commitment and satisfaction. However, there cannot be assumed a simple relationship between work satisfaction and labour productivity (Strauss, 1974).

Developing further from the intrinsic/extrinsic dichotomy of work values (Brief & Aldag, 1977; Broedling, 1977), more emphasis has been put on the individual's own perception of events and control (Broedling, 1977), and the better matching of people and job design (Mawhinney, 1979; Wynn, 1980) towards engineering better job satisfaction. All this research set against the rising issues of 'freedom of information' and accountability of corporations and management in the political and wider debate in the U.K. (Medawar, 1978; Tricker, 1983; Gray et al, 1987) makes it an interesting and significant aspect for study - to what extent does employee reporting represent a deliberate effort to humanize work organisation by enlightened management? Possibly the more simple social needs of human beings have to be recalled, which, in addition to financial incentives, personal contacts, tangible and symbolic recognitions can be valuable and essential social rewards from work. Employees may enjoy a sense of purpose, commitment, security and satisfaction at work if management do communicate.

3.2.3 The Future of Work Motivation

In this affluent society, social class distinctions have become more complex and fuzzy, and the behaviour of the growing 'central class' became more materialistic (Wilensky, 1960). Attachment to work has

become more instrumental. But these trends could mean that there is now an even higher relevance of financial information for the employees.

A much impoverished future exists for the large numbers without work, and for those who are unable to realize the full rewards of employment. In the post-industrial society, what are the chances for reconciling monetary free market values and the social and ecological values of economic production? How can the profit motive of money capital be balanced with the social and environmental constraints? These are all serious issues to society. Productive work and reward need to reflect the emphasis on the need to improve the quality of life of people. Certainly, much needs to be done to foster positive attitudes relating to the future organisation of gainful employment (Cherns, 1980).

Seen through a broader perspective, 'job satisfaction' can be regarded as one of the goals of life. Familial, social and recreational pursuits may contribute more to the complete sense of fulfilment of the individual. Yet the financial and social rewards from work are undoubtedly the key to achieve the latter. Therefore, our efforts must be to increase work rewards and satisfaction in real terms, accounting for the social significance of employment fully.

Welfare economists have also come to recognise these social and moral values of the egalitarian society. An economic policy of full employment was advocated by Lutz (1980) to promote greater welfare in the world of work. Human welfare maximisation, not just aggregate

wealth production maximisation, has to be the primary goal of all collective endeavours. Needless to say, accounting for human capital must also concentrate on issues in respect of the productive potential of labour, as well as the measurement and reporting on welfare developments.

3.3 Organisational factors in employee reporting

Employee reporting is one aspect of the information activities taking place in organisations. Therefore an appreciation of the factors and constraints within the organisational context can be essential for a true understanding the development of voluntary corporate reporting. Bureaucratic and hierarchical structures and communication (Burns, 1970) are familiar subject to most. Some degree of formalization is indeed necessary for the efficient running of large complex organisations (Agarwal, 1979; Hage & Aiken, 1969). Furthermore, most writers recognise neither one 'best' organisational structure nor one 'best' theory exists. Rather, successful organisations must have an internally consistent set of attributes (Mintzberg, 1980; Moorhead, 1981). In respect of voluntary employee reporting, rigid application may turn communication into an end in itself which demeans the exercise.

3.3.1 The explanatory factor of organisational power

Organisational decision-making has been described in terms of a goal-oriented economic rationality model (March & Simon, 1958; Cyert & March, 1963). Other studies have explicitly dealt with political processes, goal ambiguity, uncertainty coping and so on (see Cooper &

Hayes, 1981). A different 'organised anarchy' model of organisations (March & Olsen, 1976) has also gained weight. Probably, elements from these rationality, coalition, 'garbage can' and organised anarchy models may be relevant to the organisations some of the time, depending on the circumstances. A wider perspective (Aldrich, 1979; Organ & Greene, 1981) can be used to study organisational problems.

Organisational behaviour is expected to be less a matter of choice than the political resultant of compromise. Intraorganisational power is an increasingly examined factor in organisational literature (Schein, 1979). There is evidence supporting the 'Strategic-Contingency model' of organisational power (Hambrick, 1981). Power was associated with the executive's functional situation for coping with the dominant industrial environmental requirements, absorbing uncertainty (Pfeffer & Salancik, 1974; Schein, 1979). Subunits may amass more power through the definition of organisational problems and policies (Pfeffer & Salancik, 1974). Hence factors such as the problem identification, the control of employee information, and the role of specialist groups amongst management are important. Employee reporting may be a non-programmed decision where the goals are ambiguous or not well-defined. This study about corporate goals for employee communication must encompass the informal managerial aims. Individual managers are the agents who have to interpret and implement corporate policies. Therefore the implicit goals-in-use of top as well as line-management are relevant to the study.

Employee reporting involves the giving of information by management who have the controlling power. Managerial initiatives in employee

reporting could be seen as a means of legitimising managers' elitist position. It is the occasion for the 'top' boy to take the platform. This customary event may also invoke the social reward basis of managerial power, in addition to reaffirming the class-dialectic model of power relationship. Information itself commands power, and here the assymetry of power from the control of information is clear. In fact, by going directly to the workforce (by-passing the trades unions), management may be attempting to reassert or increase their power. Managerial aims could be to further control the slant of employee information. For this reason, complicated covert and overt objectives for reporting to employees need to be teased out.

One author has asserted that the explicit treatment of the power perspective (Purdy, 1988) would provide 'the' conceptual framework for improve employee information. But this reflects only a limited view of the problem. However, having simply identifying the political nature of the processes of employee information will not provide a panacea to the problem. Power is a multi-dimensional phenomenon. All power relationships are about reciprocal influences (Wrong, 1968), involving coercion, reward, punishment, threats, promises, furnishing information, and/or monitoring (Nagel, 1968). Therefore, a more useful suggestion could be to concentrate on the important part of the exchange which is to creat favourable reciprocating feelings towards management.

3.3.2 The Organisational Communication factor

Details of the communication system and the information processes need to be gathered carefully. Prior research has revealed complex

patterns of communication networks, far more than documented in the formal organisation chart and procedures. Informal processes within the organisational structure can be scrutinized. Indeed, it could be argued that resources can be better assigned to aid contributions from these informal relationships (Wickesberg, 1968). Employee reporting may represent an effort to formalise communication to the entire hierarchy of staff. This could develop into a direct channel of information providing the framework for non-routine employee communication. It can give recognition, structure and certainty to the activities which previously might have existed only on an informal basis.

There are important uses of information which could be considered including the aims to inform, to instruct and to motivate the employees. Organisational communication also promises the possibility of a high degree of mutuality of exchange, which can be crudely identified by the two-way communication system (Alderfer, 1977). Voluntary employee reporting may be monitored for improvements in employee trust and commitment. The need for a communication policy is evidently important to guide application in the area (Machin and Woolley, 1981).

Individuals and organisations constantly want more information, more than they can possibly use. Much of the information gathered and communicated seemed to have little decision relevance (March, 1987). Information may be required for surveillance purposes and for psychological reasons (e.g. see Jackson-Cox et al, 1981). An increasing information overload is inevitable, greatly escalated by the computer technology boom.

Clearly human information processing factors are relevant to employee reporting. Empirical evidence suggests that concrete, salient and distinctive information have greater impact on individuals (Rahman & McCosh, 1976) whereas redundant cues may cause rejection of information as inconsequential. In the modern consumer society, information activities have also acquired further social significance as signals and symbols (Feldman & March, 1981). Open style employee communication may in effect project an image of good decision making and accountable management. The implication for this research is that an open investigative method must be chosen to identify the array of likely influential factors for the development of employee reporting.

3.3.3 The Corporate Social Responsibility issues

For a long time, companies were urged to align their business goals with the values and priorities of the wider society (Bowen, 1953; Jacoby, 1973). There has been increasing pressure for businesses to be more accountable to the public (Heald, 1970). Monetarists have argued that businesses as 'artificial' persons cannot have responsibilities (Friedman, 1977). Yet corporate bodies have grown to command enormous power. With power comes responsibilities, and corporate social responsibilities have received wide support (Katz, 1974). Similar concerns were beginning to be addressed in the accounting literature (see e.g. Preston, 1981; Tricker, 1983; Tinker, 1984; Wokutch & Fahey, 1986; Gray et al, 1987, 1988). Quite naturally, a lot of interests were about assessing social reporting information disclosure emanating from companies (see e.g. Wiseman, 1982; Dierkes & Antal, 1985; Cowen et al, 1987; Belkaoui & Karpik, 1989). However, such assessment cannot be satisfactorily done without

a better idea about the hows and whys within the organisational context.

The process by which societal values impinge upon organisations, and vice versa is only partially understood. Incremental cultural changes tend to be overshadowed by external influences like new technology and the competitiveness of the economic environment. There is the 'system resource approach' (Yuchtman & Seashore, 1967) which follows the frame of reference set by the superordinate needs of society.

"... the raison d'etre of complex organisations according to this analysis, is mainly to benefit the society to which they belong." (Yuchtman & Seashore, 1967, p.896)

It is a question of values and interests. Studies into 'precarious' values like corporate social responsibility and reporting must focus on the managerial objectives and values. Interest in engineering organisational change (e.g. Orpen, 1979; Alderfer, 1977) can go parallel with the developmental work on organisational effectiveness measurements.

The interdependent social exchange relationships between the organisation and its environment are more widely acknowledged, and the 'system resource' perspective warns against the destructive pursuit of short term profit maximization. Exploitation can so deplete resources and the quality of the environment to the point of irrecoverable damage. That is why for an ecologically sound framework, profit must be recognised as a cost of the operation, rather than an unequivocal measure of success. Organisational effectiveness is therefore to be measured by the organisation's ability to optimize its resource procurement and in attaining its best bargaining position in relation to the environment. Under this

system resource framework, corporate social accounting and reporting can provide the information power base, to help the social alignment of corporate actions for the common good of the society.

Organisational change normally spans a lengthy, arduous and discretionary period. New areas of social concern like employee information must also compete for resources within the existing constraints. Past evidence from organisational studies has shown the chief executives playing a significant role, identifying the problems and making new policies (Ackerman, 1973). Can non-action regarding employee information be explained by low priority, a lack of problem identification or information? So what do business leaders understand as corporate social accountability and responsibility (Bruyn & Nicolaou-Smokovitis, 1979)? How are these related to the business aims of financial profitability and economic efficiency? Clearly research is needed to enquire into the management determinants.

3.4 Managerial factors in Employee Reporting

Although the quality of management is often stressed to be the key factor for industrial success, there has been little research into the actual operations of managers in this country (Poole, 1980; Wood, 1982). British managers form a heterogeneous group, but tend to come mainly from certain social backgrounds reflecting the differential access to educational and employment opportunities in a stratified society (Leggatt, 1970). This pattern is said to have been perpetuated by the recruitment and selection practices (Gill, 1980), as well as the influence of social conditioning and occupational socialization (Moore, 1971).

Prior research has noted a host of managerial objectives for carrying on employee reporting (see e.g. Centre for Decision-Making Studies, 1979; Hussey, 1981). Employee information aims had been dealt with mainly in a normative way in the literature. Some argued for simplified reports understandable to unsophisticated users (e.g. Parker, 1977). Others have focused on the decision needs of the employee representatives mirroring the grounded financial reporting model (e.g. Cooper & Essex, 1977). Even though what were generally agreed information items for employees was found to be valid (MacIntosh, 1987), the risk of mis-match of information emphasis between normative views of information providers and the recipients was highlighted.

As for the initial reasons for starting the employee report, explanations have been suggested in the literature that might have motivated managerial action (e.g. perceptions of impending legislative enforcement (Parker, 1977; Hussey & Morris, 1987), and the intention to maintain or to increase managerial power (Purdy, 1988)). Development towards a research framework is required (e.g. see Lewis et al, 1984). However, if this is pursued without giving adequate attention to the fundamental organisational and social factors relevant to managerial behaviour, the conviction of this author is that it could not be a useful framework for comprehending and aiding employee reporting.

3.4.1 Managerial Behaviour and Attitudes

In the U.K., there are as yet no conventions, regulations or standards for the employee report or the social report. Since

employee reporting is done on a voluntary basis, an understanding of the management factors in respect of such types of change in corporate reporting policy is essential. Research need to concentrate on the process of managerial attitude change. Writers in the field of management studies usually favour a normative stance (Fores & Sorge, 1981) with little effort made to test their abstractions. There are some applied studies which have shown how desired managerial attitude change can be achieved. These focus on externally induced change rather than the reasons and processes involved in self-driven innovations.

'Coercive persuasion' was used to produce the unfreezing, identification, internalization, and refreezing of new attitudes (Schein, 1961). Another experiment used group dynamics theory (Cartwright, 1963) to induce change in top managers using group pressure. This general 'Jungian' group framework has demonstrated successful results in generating group attitude change, and has been recommended for general problem solving, objective setting and policy making processes (Mitroff and Kilmann, 1975). However, this kind of interventionist approach cannot be assumed to suit all management cultures.

Further empirical studies of managerial attitudes and behaviour are needed to understand their actions or inaction. Generally, managers are believed to be resistant to change, which will not happen unless the individual is both motivated and ready to change. Why did management introduce the voluntary practice? Was it a 'novel' decision (March, 1971)? Did managers make many small changes like 'a process of successive approximation' (Lindblom, 1959) towards some

rational goals? Or was managerial behaviour more political and less rational, like that described as follows:

"The art is to pick one of the possible solutions which is not too terrible in its effects, and to come to a quick decision about it with minimal information available and before the next man gets to the same spot." (Fores & Sorge, 1981, p.42)

3.4.2 Professionalism, power and information models

General self-interest Agency Theory models of managerial action have received a lot of attention in the Accounting literature, but its explanatory power at a micro-level of analysis in respect of employee information is likely to be superficial.

A traditional paradigm has been to treat the managers as individual employees of the firm (Weir, 1976) or as white collar staff. Yet to the majority of the workers, the manager really represents the employer, with full authority to hire and fire. Over the past two decades, British managers have striven to attain professional status but full recognition has not yet been achieved (Strauss, 1963; Kanawaty, 1977).

One suggestion can be that employee reporting may be an initiative undertaken in the pursuit of growing professionalism. Managers may be keenly aware of the need to satisfy shareholders demand for a good return on investment, but some managers' orientation may be more towards the broad interests of the organisation as a whole, not just the partial interests of the shareholders (Kanawaty, 1977). Managers may also experience role ambiguity due to the conflicting pulls of the interests of the different 'constituent' groups of the

organisation, as well as different organisational and professional values. Job security for managers has been severely threatened by automation and economic forces. Furthermore, in many fields of rising social concern such as employee job satisfaction and motivation, communication and conservation, managers may feel more like amateurs. Employee reporting could be seen as an effective way of coping with the stressful and ambiguous responsibilities.

The asymmetric power model of the management/employee relationship (raised by Purdy (1988)) could be examined more thoroughly. Modern commerce continues to follow the diverging trend of ownership and managerial control, with increasing dominance of the giant enterprises.

"Since the source of their power is not clearly legitimized, many managers feel it necessary to justify their social role." (Strauss, 1974, p.12)

Many organisations experienced turbulent changes in their trading environment in the last two decades. The 'legitimacy' and 'social support' for the dominating entrepreneurial powers are increasingly serious problems. Financial efficiency alone is no longer adequate as a measure of managerial effectiveness. Possibly, open communication could be linked to the need to be seen as being open.

More positive models of managerial reporting behaviour could also be studied. Managers may not be familiar with the possibilities of good communications. For instance different designs to the traditional top-down unilateral communication model may be considered, such as the human cybernetic managerial control (learning) model (Argyris, 1977). Attention may also be drawn to the linking of information to employee commitment and motivation. Such information and motivation

processes have been tested in relation to participative budgeting systems involving managers (Chenhall & Brownell, 1988; Lokman, 1988). There is good reason it bring it down to the shopfloor to see if employees might be benefited.

The priority of this research is to capture the actor's own perceptions of the reporting goals and the related issues.

Researchers from several fields have a common interest to develop corporate voluntary reporting and research. The social stewardship concept can provide a unifying framework for linking the development and research of issues of corporate social responsibility, managerial accountability and social reporting. Already traditional stewardship incorporates professional standards of competence, due care and the service ideal. Broadly speaking, social stewardship imposes upon managers of organisations (from the smallest to the largest conglomerates) more stringent obligations, to behave in a manner that is to the good of the societal stake-holders. Indeed, there is a social/societal mandate for decision-makers to pursue long-term socially and environmentally sound policies which must be demonstrated via accountable management.

3.4.3 The case of managerial responsibility and accountability

Managerial decisions can have vast influence over the well-being of many citizens. Management wielding great powers cannot turn a blind eye to corporate social responsibility issues any longer (Epstein, 1976). Social responsibility has been traditionally practiced in the form of philanthropy (and other goodwill services (Oechslein, 1982) which is no longer adequate. Management must be answerable for their

actions. Accountability via social reporting/disclosure is demanded in the social responsibility relationship to give legitimacy to the control power. There are as yet no formal rules or accepted customs governing the social exchange relationships of the large, complex organisation with its constituent interest groups. An open and accountable mode of managerial behaviour can contribute to satisfaction, acceptance or acquiescence of the many interest or 'constituent' groups. Social accountability is the basis of managerial control power.

There were developments of the employee report, the social report, the employment report, the social audit and social accounting in many countries (see e.g. Schoenfeld, 1978). These forms of extended reporting were in part in answer to similar societal needs. In the U.K., little attention was paid to social responsibility issues until the 1970's (Gray et al 1987). Realisation of the increasing inadequacy of the statutory disclosure system heightened interest in corporate social responsibility issues. The development of professionalism and the trans-Atlantic diffusion of ideas must have aided this change. These interests culminated in special study reports (e.g. C.B.I., 1973; S.S.R.C., 1976). In the U.K., employee reporting provides an useful focusing mechanism for research into corporate social responsibility issues.

The prevalent monetarist' policy of maximizing corporate and individual returns, based on 'the free market mechanism' does not account for all the socio-psychological exchange factors involved in organised production. Social accountability will not come simply

because the social exchange relationship is there. There must be a conscious process of managerial identification and implementation.

Although fortunes may rise and fall, the capitalist market is always looking for higher profits. As a consequence, management is under pressure to focus on narrow short term financial criteria. Adverse economic trends towards the end of the 1970's unveiled a legitimacy crisis for the management. At the same time, there has been development of a greater awareness of social pressures about anti-apartheid sanctions and environmental issues. Debate for a disinvestment policy for South Africa was not uncommon in the annual general meetings of large corporations, and many prominent organisations were forced to make concrete steps to reflect these social concerns. Managerial attitudes to such moral issues are unlikely to be clear cut as seen in cases where jobs, personal freedom and financial returns may be affected (see e.g. the dominance of financial criteria used by managers of Social Responsibility Mutual Funds (Rockness & Williams, 1988)).

Significantly, there has been a developing consensus in both the public and the commercial sectors on the need for the financial and social accountability of modern management. The public sector is moving towards greater use of economic efficiency and financial management criteria (Ezra, 1981; Lapsley, 1988), whilst the commercial sector is showing more concern for the social performance of their business. Studies of managerial accountability enforcement (Local Government Studies, 1981), management policy and effectiveness are explored in academic journals in accounting, management and public administration (some new journals were introduced in the past

decade specifically to cover the overlapping areas). There are possibilities for developing a more holistic managerial ethic for all economic, social and political human organisations. Social stewardship or 'primary stewardship' (Chen, 1975) could be rediscovered and re-interpreted by professional management in tune with the values and social expectations of a democratic society.

As the concept of accountability is being developed, there will be greater expectations about what accounting, auditing, and what corporate reporting can deliver. The principle of disclosure is for ensuring public accountability. Disclosure constitutes the 'test of public acceptance' (Medawar, 1978). However, a public disclosure system for corporate accountability lacks power (Weiss, 1979). Information is bound to be a subject of dispute, and enforcement of disclosure is expensive. Furthermore, the right of the public and the employees to company information is still not established vis-a-vis other powerful interests in the legal system. So we can only look to enlightened management for promises of improvement.

3.5 Suggestions for a descriptive typology of employee reporting

Clearly, the subjective managerial determinants are the focal point in voluntary employee reporting. Now, this chapter ends with some descriptive and explanatory accounts which are the author's own suggestions. It may be helpful for exploring employee information issues, and may provoke further interest and research. In these, managers play the controlling role, filtering information, responding to the climate of business, and making the decisions.

There are different layers or spheres of the problem open to investigation. Research can focus on the 'system', 'information content', and 'result' of employee reporting. Different designs for the communication system can be mapped. What determines the types of information disclosed and the results of the employee reporting? This study concentrates on the managerial perceptions, asking questions such as 'Why start?' and 'Why then?'. In addition, it looks at the rationale and motivating forces behind actions. The motivational factors which triggered-off the reporting, and the current set of motivational forces are compared, and these are related to the reporting behaviour of management. These will give us a foundation for understanding employee reporting.

3.5.1 An outline of influencing factors for the employee report

There are problems with variable definition and complex causal relations. Research may consider the following hypotheses:-

- (1) Unionized companies (more familiar with information disclosure issues), are more likely to experience a felt need to report to employees.
- (2) Companies with more industrial relations problems have a greater felt need to report directly to employees.
- (3) Large sized organisations are more likely to have a greater felt need to report directly to employees.
- (4) A decentralized company structure may lead to a greater felt need of management to report to employees.
- (5) Multi-business lines of activities may provide more external channels of diffusion for new ideas covering new management practices.
- (6) Managers with more professional and business links can also provide more external channels of diffusion for new practices.
- (7) Companies in financial difficulty may show more willingness to be open with information.

(8) Companies with long serving staff members may see more use in reporting, whereas those with high labour turnover will see little use.

(9) Companies who make frequent use of formal and informal information systems may see more use in employee reporting.

(10) Where management have a greater felt need to report, they are more likely to start issuing the employee report.

(11) Management with more external channels of diffusion are more likely to start issuing the employee report.

(12) Where management are more willing to be open, there is a higher likelihood for the issuing of the employee report.

(13) If managers can see more use in employee reporting, they are more likely to start issuing the employee report.

(14) Where management have perceived more social or societal pressure to innovate, there is a higher likelihood to start issuing the employee report.

A diagrammatic summary of influences of the employee report

<u>Background factors</u>	<u>Immediate factors</u>	
Company more unionized (1)	- More felt need to report to employees (10)	}
Industrial relation problems (2)		
Larger organisation (3)		
Decentralized structure (4)		
Multi-business lines (5)	- more external channels of diffusion (11)	}
Managers with more professional links (6)		
Facing serious problems (7)	- more willingness to be open (12)	} Employee report
Stable staff (8)	- more perceived uses of reporting (13)	}
More use of formal and informal communications (9)		
	- perceived social and societal pressure to innovate (14)	}

3.5.2 A typology of the communication system

It was seen in the literature that research has looked at information disclosure in terms of the favourable/unfavourable, salient/not salient nature of information, and the factors for explaining the likelihood of disclosure of certain information items. However, attention is drawn here to the study of the communication system itself. A hierarchy of types of employee reporting systems are suggested as follows:-

(a) Gratuitous model - incidental availability. Purely as a by-product of financial reporting to shareholders, the company's annual report is just left around, and therefore deemed generally available.

(b) Minimum information - abridged availability. Management summarises the company's annual report in a form they think suitable for the employees. No new salient disclosure is involved.

(c) Limited equal accountability - a systematic availability. Equal entitlement is accorded to shareholders and employees so that management ensure that every employee gets a copy of the company's annual report.

It is also possibly to look at employee reporting as a genuine information exchange process as follows:

(1) Incomplete transmission model - Management perceives employees' needs and renders a report to them. Needs may result from management

soliciting the employees or from imputed ideas from management. There is no feedback and hence limited learning.

(2) Single-loop learning model - Same transmission model but a feedback channel is provided so that management can gauge the audience of the report. This enhances the managerial learning process in employee reporting, but it is still only an imperfect learning model.

(3) Double-loop or interactive learning model - This is a two way interactive information exchange plus feedback system. It is clearly superior in enabling efficient reporting and learning. It has to be established within an open progressive style of management.

It will be interesting to study the actual experience of reporting companies to see the extent to which these different employee reporting systems are used. The provision for information feedback channels is an important factor for the potential usefulness of employee reporting. However, prior research indicates that very little attention has been paid to this. Even more so, the possibility of seeing companies developing their employee reporting practice, probably progressing towards the more sophisticated learning system is exciting.

3.5.3 Some hypotheses about results of employee communication

This author would argue that the effects of communication have to be assessed not only based upon normative objectives offered in the literature and the determined information demands of the employees.

Significant changes in perception on the part of the information provider - the management, are important considerations too. The correlation of managerial perceptions and communications are suggested as follows:-

(15) Managers in companies that issue employee reports may perceive employee reports to be important.

(16) Where more resources are used in producing and presenting the reports, managers are likely to have a favourable view of the results of employee reporting.

(17) Where the production and presentation of the employee reports are 'formalized', such as the occasion of a large group presentation, managers are likely to have a favourable view of the results of employee reporting.

CHAPTER 4 RESEARCH METHODOLOGY

The preceding literature review was not intended to be a critical treatise of social science theories. Its purpose was to give a fresh outlook to this study of employee reporting. It served as an important preparatory step to loosen preconceptions that are inherent in conventional accounting and economics education, to sensitize an awareness in the researcher of different avenues to look for shared meanings. At the same time, it was useful in re-affirming in the author's mind, an open pluralistic and pragmatic approach which would help the researcher to identify and appreciate the often deeply conflicting values and feelings held by managers.

This research addresses the serious lack of systematic field research into understanding accounting practices in their organisational (Roberts & Scapens, 1985) and wider social and societal contexts. At this developmental stage, it is crucial to explore the fundamental social constraints of voluntary reporting, and this research concentrates attention on managerial perceptions and attitudes about employee reporting practice. It strives to discover and to understand managerial objectives in employee communications, and to make sense of their actions and non-actions within the organisational and wider social context of employee reporting.

4.1 The choice of research methodology

At the start, the author made a value judgement in favour of an interpretive and qualitative case study approach (Morgan & Smircich, 1980). This research positively stresses the importance of

understanding the unique circumstances and underlying conflicts of each case and the paramount need to study phenomena in their contexts.

Although interpretive research is less helpful for establishing causal relationships and generalisable results, it can provide a more accurate portrayal of what actually happens. The logical-deductive paradigm in contrast often reduces reality to abstractions (Patton, 1990). It suppresses anomaly (Covaleski & Dirsmith, 1990) and omits features which are not quantifiable. Most serious of all, it ignores the subjective meanings which are essential in a study of employee reporting. The interpretive research paradigm conforms with the well established action approach in sociology for studying organisations (Silverman, 1970).

4.1.1 Methodological issues

The choice of an interpretive research perspective was based on a fundamental belief in the usefulness of the more 'naturalistic' research paradigm (see e.g. Tomkins & Groves, 1983; Chua, 1988). Refuting the belief of 'one truth' out there in the social world, the ontological assumptions made were similar to those of Covaleski and Dirsmith (1990) that reality is a subjective realm of symbolic discourse which is actively and socially constructed. This research seeks to capture the multi-faceted social phenomenon. Its aim is to obtain useful holistic understanding and possible extrapolations instead of generalisable principles.

This research departs from the mainstream normative and positive user-demand approaches to social reporting research, which have been shown to be biased towards particular economic and political influences (see e.g. Tinker et al, 1982). The weaknesses of that framework are starting to be discussed by 'radical' accounting researchers. This study addresses the need for an interpretive, contextual research perspective to focus on the managerial factors for organisational change. In this respect, it contributes to a developing body of research and the methodological debate (see e.g. Chua, 1988; Covalleski & Dirsmith, 1990).

Rather than maintaining absolute allegiance to a specific 'hard' theoretical paradigm, this researcher is more at ease with a pluralistic worldview and it is this which permeates the research. It affirms the values of pluralism founded on a belief in the search for the superordinate 'common good'. This researcher does not claim to be unbiased, but aspires to a standard of 'neutrality' which avoids immediate prejudices, prejudgements, imposition of meanings and suppositions in the making of knowledge. Furthermore, this researcher insists on the freedom of open-ended inquiry, not to be constrained by ideological or methodological orthodoxy.

The ontological validity of such a 'naturalistic' research methodology is achieved by really getting closer to the data source for credible evidence (the managers in this case, to obtain their version of the truth). Its standard of scientific merit is maintained by a rigorous, analytical and critical perspective, and its reliability is buttressed by systematic and disciplined fieldwork and full reporting of the raw descriptive data from managers.

4.1.2 Research method considerations

Each research method has its respective strengths and weaknesses, and each may be judged accordingly on its suitability for specific problems. The choices range from large scale quantitative questionnaire surveys to qualitative participant observation case studies. Quantitative questionnaire survey methods have great deductive power in verifying explanatory models, but were not appropriate for the research questions in the present study. They could have imposed false assumptions and abstracted interpretations.

In asking questions of 'how?' and 'why?', this researcher wished to avoid the influence of dominant economic models, preconceptions and distortions prevalent in the mainstream accounting literature. The interest was to find out information about providers' perceptions of employee reporting issues, and one should not be just looking for simple and precise answers. Hence, qualitative open-ended interviews was chosen as the main research method because only they could reveal the subjective meanings and reasons which led to voluntary reporting actions. Depth interviews are likely to be less biased than deterministic questionnaire studies because respondents can explain themselves in their own words rather than fit in with predetermined categories. A second advantage is the production of a wealth of detailed information about the situation under investigation.

The option of a saturation type of participant observation study could also be considered. Then, it would be possible to capture the event as it actually happens (see e.g. Colville 1989). This method certainly has distinct advantage of being less obstrusive, and more

free of the distortions due to the researcher/researched setting. It is a more 'natural' method to observe and record real life situation and communication behaviour. Yet, opportunities for gaining access to suitable organisations are not readily agreed to. Additionally, observation of behaviour in such a specific case study situation may not necessarily shed light on the actor's reasoning and attitudes which are useful for understanding their actions or inaction.

For the chosen qualitative method of personal interviews, problems of complex influences of the research subject and the researcher (Covaleski & Dirsmith, 1990) were keenly felt, and this researcher has consciously maintained reflexivity in the fieldwork. Here, the researcher is also the chief research instrument, so the quality and reliability has to be guaranteed by the honesty, independence and integrity of the researcher (Patton, 1990) who brings the value of human insights, flexibility and ability to build on tacit knowledge (Guba & Lincoln, 1981).

There has to be a sensitive and respectful approach towards managerial subjects, balanced by the necessary critical outlook. It must also incorporate methods and source triangulation (Patton, 1990) to yield reliable insights about a complex and sensitive subject area. This study uses a combination of data-gathering methods documentary analysis and quantitative questionnaire survey methods to build towards the qualitative interview research. Via empathetic neutrality, nonjudgemental and holistic inquiry, enables the identification of patterns, themes, and categories of shared meanings, it allows these patterns and themes to come out from empirical data. In this way, it captures the real world.

Consideration is given to the dynamic relationships between managerial beliefs and behavioural factors (Kiesler et al, 1969). Since all the decisions concerning employee reporting are self-directed voluntary management initiatives, we need to understand their intentions and reasons for change. Then, we might be able to explain the adopted employee reporting practices. An in-depth exploratory study design is more suited for this aim. This study used a structured interview method, to asked management representatives directly about their views and objectives in employee reporting. An 'action frame of reference' (Bowey, 1976; Wood & Pedler, 1978) is used to interpret managerial actions. This is:

"... a frame of reference within which the actors' own definitions of the situations in which they are engaged are taken as the basis for the explanation of their behaviour." (Wood & Pedler, 1978 p.32)

4.2 Sampling for the research

Breaking away from the large scale postal questionnaire survey approach used in prior research, this study attempts to explore systematically and in greater detail managerial attitudes and behaviour in employee reporting. It concentrates on the hotel and drinks industry, in order to avoid many of the problems of cross-industrial comparisons.

4.2.1 The choice of the hotel and drinks industry

Since employee reporting is to do with interpersonal communication in economic organisations, it seemed preferable to investigate this within a human service industry where dealing with people is part of

the primary goal. Generally, attention and research emphasis has usually been more biased in favour of the manufacturing industries. Although popular opinion in the political and wider debate has put more weight on manufacturing industry, only a minority of the working population are employed in it. The service sector is significantly more labour intensive. In the wholesale/retail, restaurants and hotels sectors, nearly 16% of the working population are engaged (I.L.O., 1980). This involved over three million people as recorded in 1989 (see Monthly Digest of Statistics, Jan. 1990). Further research efforts are needed in the service sector because of its comparative neglect. This study represent a small contribution in redressing the value imbalance.

Why choose the hotel and catering industry in particular? The fact is that this business sector represents one of the major employers in Britain (HCITB, 1978). Structurally, the hotel trade is labour intensive with little unionization. It is also one of the few long established businesses which enjoys a good prospect for future growth (NEDO, 1976). In the past two decades, the hotel trade proved to be an adaptable survivor through the economic depressions, and it is not under serious threat from automation. Above all, the hotel and catering business is an under-researched industry. All of these factors made the hotel trade a good choice for this research.

Inherent in the nature of the business, the hotel trade suffers from fluctuating trade and serious staff problems. 'Ad hoc' management (Mars et al, 1979), non-homogeneous labour, high turnover and absenteeism are the often cited ones. There is also evidence that the development of employee reporting is relatively rare in hotel

companies (Hussey, 1979). The presence of these organisational and human factors add more challenge, interest and relevance to the research. To provide the reader with more background information, the special characteristics of the hotel trade are summarised in the next chapter.

4.2.2 Selecting the sample of companies

In order to explore in detail managerial views and perceptions of employee reporting, efforts are concentrated on interviewing a sufficient number of managerial representatives engaged in selected hotel and drinks companies.

To start, a reliable register or list of all operators in the hotel business in Scotland was sought. After approaching the Scottish Hotel School, the HCITB and the tourist office, it was established that as yet in 1981, there was not a totally exhaustive source of information about the hotel business available. The 'Travel Trade Guide' (Scottish Tourist Board, 1981) represents the most comprehensive listing of the sector. Over 800 Scottish hotels were included in the guide. At least, one can be confident that all the large and medium hotels are well covered. This guide was used as the initial source document for selecting a biased sample of large Scottish hotels. A convenient sample was arrived at by taking the cut-off criterion of a size of 75 rooms or more (see appendix (1.2) for definition of 'hotel'). A total of 76 hotels were chosen, most of whom operated under an umbrella organisation. There were altogether 29 hotel chain operations represented, Scottish, national and international, large

and small. They ranged from multi-national corporations to the small private Scottish groups with only a few hotels.

At this initial sampling stage, it became clear that many hotels were owned by brewery, distillery and leisure groups. The complex ownership structure meant that it was necessary to extend the sampling of group company level managers to include these categories of businesses, because their policies in employee information could influence practice at the lower levels in the organisation.

Therefore, all those companies with interests in hotels, breweries, distilleries and the leisure trade in the Times 1000 (1981-1982) were also contacted. In the end, the research sample comprised firstly, group and division level managers from the hotel and drinks business, and secondly, local hotel unit managers from Scottish hotels. The range of business interests of the sample companies covered many different areas (see appendix (1.1)).

4.2.3 Research fieldwork strategy

Establishing contact at the company group-level was a priority. Hence the first step was to write to the group company secretary. This introductory letter explained the research interest and requested their latest copies of published company employee reports and annual reports (the previous two years' reports were also requested at a later stage).

After receiving a reply to the request for published reports, a short two-paged company communication questionnaire (appendix (5.1)) was sent to the company. The purpose of this initial questionnaire was to

interest people in a personal interview, as well as to sketch out the company communication system. Therefore, the questionnaire was kept short and was sent to named financial executives given in the annual report.

Companies were asked to supply factual information on their company employee communication system. In order to maximise the response-rate, only a brief questionnaire about information on the company communication system was sent. This could be very quickly completed, so it was not intimidating to the recipient. The respondent was asked to grant an interview for exploring the employee reporting issues.

In the process of this survey, persistent correspondence was kept up in order to establish and to maintain contact. This path-laying approach also helped to stimulate interest from managers, to persuade them to give time for the personal opinion interviews. Where one group executive refused, a further request was then sent to another executive or delegated representatives at the divisional level.

Communication at the hotel unit level was similarly studied. An abridged questionnaire for ascertaining factual background information on employee communications (appendix (5.2)) was sent to all the 76 managers of large Scottish hotels (using individual hotel manager's names given in the Travel Trade Guide, and some obtained from the group personnel or training managers). The hotel managers were also asked to participate in a personal opinion interview study.

A similar strategy was used for establishing contact with hotel management. Whilst approaching the group management, the opportunity

was taken to request permission to contact individual hotel managers. This company group-level agreement was helpful in getting cooperation from unit hotel managers.

Finally, the study's ultimate goal of interviewing company group managers and hotel unit managers in person was achieved. The main techniques used were open-ended questioning, and free exploration of managerial perceptions. The resulting discussions were tape-recorded.

4.3 The three-pronged research design

This study aims to throw light on the important but under-researched area of managerial objectives in voluntary employee reporting. To discover and understand managerial attitudes and behaviour in employee communications, it is necessary to concentrate on managers' own personal interpretations as well as the official corporate policies put into practice. For this the research field work follows a three phased plan of data-gathering to get close to the managerial perceptual factors. First, the study started with a documentary analysis of the printed annual reports and employee reports published in 1980-82. These were requested from the selected sample of companies and their contents analysed to see if any implicit or explicit aims might be deduced. Then, in the second stage, more factual questions about employee communication systems and reporting aims were solicited via a postal questionnaire survey. This survey was carried out in 1982. In the final stage, during 1982-83, the views of managers on employee reporting and related issues were solicited directly in open-ended interview questioning.

This three-pronged empirical design gives strength to this research into managerial behaviour. Empirical data sought from the three distinct sources, from documentary analysis, from the communication system postal questionnaires survey, and ultimately from personal interviews enable a continuous process of confirmation (triangulation) of results. It ensures a higher degree of confidence in the validity of the research findings.

In all, the research attempted to identify five sets of employee reporting objectives as follows;

Set (A) - employee reporting objectives deduced from the content and characteristics of the employee report narratives.

Set (B) - employee reporting objectives suggested by the design of the communication system as reported in the questionnaire survey.

Set (C) - formal employee reporting objectives stated in company policy and documents.

Set (D) - managers' own objectives and their perceived objectives-in-use (overt objectives).

Set (E) - managerial objectives (covert objectives) suggested by managers' perceived dominant business aims and values.

Here, the opportunity to test some of the hypothesized relationships proposed in chapter three is limited. But as evidence from different

data sources accumulate, we will be better able to identify, contrast and make sense of the sets of managerial objectives. This research is still worthwhile even if the managerial perceptual objectives set (D) as well as the formal objectives set (C) turn out to be empty sets. This result will be significant in itself because it may stimulate managerial interest and action. It also highlights the problem of the prevalent bias for normative models in the accounting and the management literature.

Initially, managers may be unfamiliar with and have little interest in the various models available in the literature, such as the employee decision-making model and the social accountability model for providing employee information. However, this research looked keenly for evidence of any vague accountability or limited educational reporting concepts which may be in use. Managers' ideas of the objectives of the employee report may not yet be fully developed. So it is all the more interesting to find out how they justify their actions.

4.4 Designing research instruments and measurement criteria

Researchers have to be careful not to hold rigid preconceived ideas of what sort of results they are going to get. However, it is helpful to have a clear idea of the nature of the kinds of phenomena they are looking for. The literature survey yielded a more global perspective of the problem of employee information. From this, a worthwhile exercise is to attempt to make some deductions of the kinds of general managerial objectives that might be relevant. These are

useful for guiding the design of the research instruments, and they are outlined below.

4.4.1 Stage one - Documentary analysis for exploring the employee report objective set (A)

As a first step, the study aims to gain a reliable assessment of the content and message in the printed reports provided for the employees. The content analysis concentrates on the narrative sections in the issued reports. This is based on the assumption that the narrative sections would tend to be read in more detail by the layperson. From analysing the narrative reporting in company documents, report characteristics may be linked to certain categories of reporting objectives (set A) deduced from common sense reasoning.

Set (A) - Employee report objectives

Deduced reporting objectives

- Following fashion
- Propaganda
- Educational
- Social accountability

Report content characteristics:

- low disclosure, repeats annual report information.
- message, defensive, image.
- simple, informative.
- more social disclosure.

It is suggested that where employee reports give higher disclosure in respect of employee and other social responsibility issues, this is a sign of the social accountability model of employee reporting.

Attention towards the 'amount', the extent of 'disclosure' and a measure of 'simplicity' has to be balanced with more emphasis on the

'content informativeness'. For this purpose an analysis schedule was drawn up and used for the content analysis of the published reports. The following criteria were included:

Report narrative content analysis measurement criteria

Attributes

Criteria for grading

i, Amount Simple Count

- number of financial statements
- number of illustrations
- word length of narrative sections

ii, Simplicity

Complex

- simplified, abridged
 - diagrams, illustrations
 - highlights
- normal financial statements

iii, Low disclosure

High disclosure

- normal compliance or less (bare bone)
- additional information
 - forecasts
 - segmented or local data

iv, Tone of reporting

- Declarative (e.g. policy)
- Rationale (e.g. justification)
- Propaganda (e.g. lobbying)
- Informative (e.g. forecasts)
- Achievements (e.g. results)

Attributes (i) - (iii) were covered in one schedule (appendix (4.1)). Then, using the content analysis data gathering method (Holsti 1969), another report analysis schedule (appendix (4.2)) was drawn up for measuring the tone and the subject matter of the narrative sections in both the employee report and the annual report. Each statement is coded according to both attributes simultaneously (see appendix (2) for the coding scheme for report narrative analysis). Clearly the

operation of coding is subjected to individual judgement. In this instance, there were no independent checks, but consistency and objectivity were consciously aimed for. Some examples of the coding are shown in appendix (3) for the reader's interest.

Characteristics of the employee report were compared with that of the annual report. Even though closely linked, the tone of reporting and the subject matter coverage of the two kinds of reports may show some more subtle and interesting differences between the two kinds of reports. At the end, the report content analysis may indicate certain employee reporting objectives.

4.4.2 Stage two - Communication questionnaire survey

In order to access managerial data, a postal company communication questionnaire was used for surveying employee information systems. Further detailed managerial opinion questionnaires and business and reporting objective ranking questionnaires were kept for the personal interviews in stage three. The questionnaires were formulated so that complexity, ambiguity and leading questions were avoided (Hoinvillie & Jowell, 1977). These research instruments were then improved by taking comments from the Accounting workshops and from experienced researchers from several other academic institutions.

For this initial questionnaire survey, it had to be a quick sketching out of the company communication system for giving corporate information to the employees. This was done by means of a brief check-list questionnaire (see appendix (5.1)) which was sent to respondents for self-completion. It covered the objectives, methods,

frequency, and the contents of employee communications. Some estimation of the amount of effort and resources put into employee reporting, such as the total production, printing and distribution costs and also the total amount of personnel time involved were also asked for.

Formalization of the company employee communication system can be assessed from a number of factors. These include the presence of a set of formal objectives for reporting, the appointment of a special executive in charge of employee reporting, the use of a regular production team, the use of an efficient distribution network and the provision of a feedback channel. The audience reached can be defined by the levels of recipient staff and the total percentage of employees communicated with. Therefore factual questions about these mechanisms were included in the self-completion questionnaire. A modified version of the communication questionnaire was used for the hotels (see appendix (5.2)).

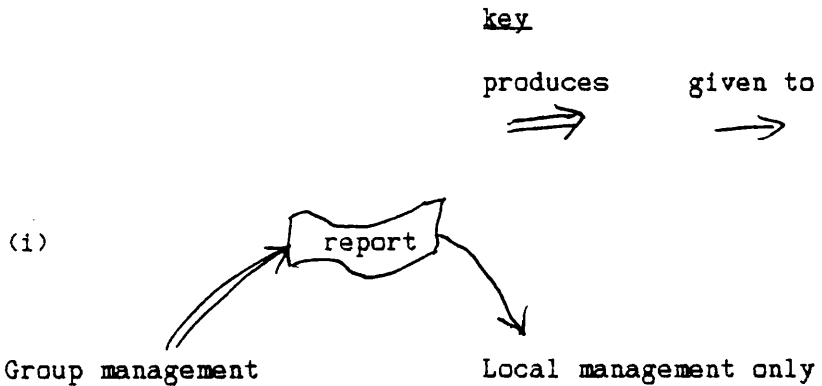
The measurement of audience understanding of the information proved to be more problematic. It is possible to test, in a relative scientific way, the level of understanding of the respondents of the narrative sections in the published report (Adelberg, 1979). In the beginning, a similar readability test (e.g. appendix (9)) was successfully piloted, but practical constraints in the study did not permit meaningful testing of the readability of the reports, nor the employees' understanding of the reports.

Given that most companies would not have done systematic assessment of employee feed-back, this study had to content itself with

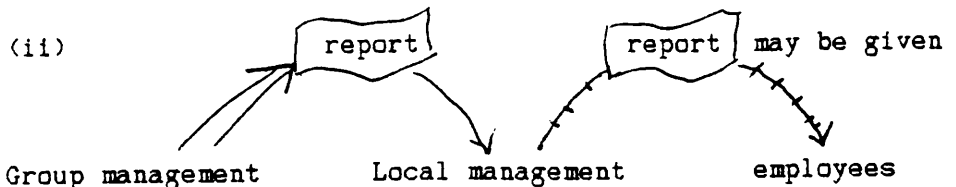
managers' own subjective assessment of the results of communication. On the issue of results of employee communication, our main interest was not to test the accuracy of subjective managerial perceptions of employee reporting achievements. Instead, it is to try and understand the managerial perceived communication results claimed in the light of the managerial beliefs and behaviour.

4.4.2.1 Set (B) - Communication system objectives

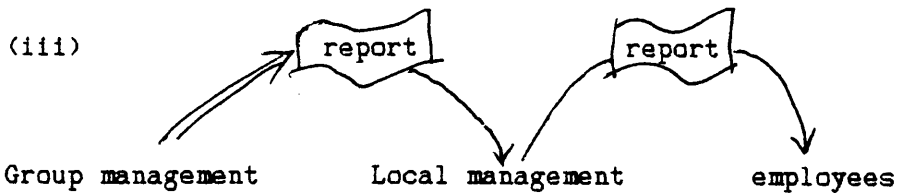
By studying the design of the employee communication system that management has put into practice, some employee reporting objectives may be inferred. The following outlines some of the possibilities.



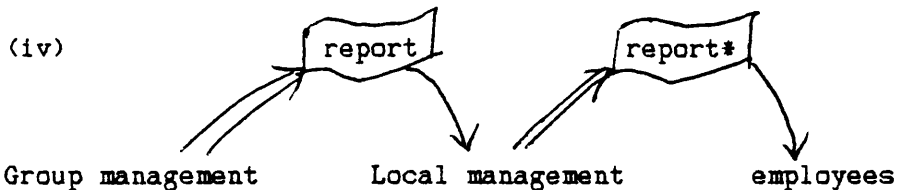
If the employee report is chiefly designed for local managers and supervisors only and was not for all lower grade staff as well, this indicates primarily a managerial control objective to be served by the reporting.



If the employee reports are 'left around' on a 'take it or leave it' basis, then top management would seem to lack thought as to the importance of employee reporting. It might be that the employee report was produced only so as to follow a fashion.



If management ensures that employee reports reach all employees, it reflects a more serious degree of concern with employee communication. Perhaps this is a first sign of the accountability objective.



This decentralized system of local management participation is probably uncommon. The employee report* produced by the local management can differ in terms of emphasis, presentation and local information. It represents a more progressive managerial control model for employee reporting which puts more weight on the information and social involvement objectives of employee reporting. Decentralization is probably a sign of maturity of managerial style.

There might be finer variations in employee reporting practice and the responsibility structure which could be lost in a limited number of closed questions. Therefore, whenever the opportunity arose in the subsequent interviewing stage, respondents were asked to go through the information given in the brief postal questionnaire.

4.4.2.2 Set (C) - Communication policy objectives

In the questionnaires, managers were asked simply to give any formally adopted aims for employee reporting. This is the category of corporate employee communication objectives formally laid down in corporate policy documents. In interviews, respondents were asked to provide a copy of such a corporate policy statement if possible. Prior expectation is this communication policy objectives set (C) could be an empty set in a lot of the organisations surveyed.

4.4.3 Stage three - Personal interviews to explore the managerial perceptual objectives set (D) and their covert objectives set (E)

The main body of the research was thus a qualitative study of managerial perceptions. Personal interviews were conducted to investigate managerial opinions. Efforts were made to use interviewing techniques (as advised by Atkinson (1971)) to show cues of interests in what the interviewee was saying to encourage more elaboration on sensitive issues. The interviews were tape-recorded. The structure of enquiry was guided by an open-ended questionnaire (appendix (6)), and the respondent was free to explore their views on the any issues related to employee information. This open-ended

questioning method is suited for dealing with the complex social and moral issues in respect of employee information.

4.4.3.1 Set (D) - Managerial perceptual objectives

Managerial perceptual objectives set (D) aimed to encompass the reporting objectives in use and were explored by open-ended interview questions, as follows:-

<u>Inferred reporting objectives</u>	<u>Reporting objectives or reasons may be given by managers as:</u>
Educational	- to improve employee understanding
Propaganda	- to reinforce the corporate image
Follow a fashion	- other firms are doing it
Employee relations	- to improve industrial relations & employee participation
Managerial efficiency control	- to improve performance, efficiency or productivity
Accountability	- employee's right to know, to inform

Managers were asked firstly what they perceived as the company's communication objectives, and secondly what it should be according to their own personal opinions. Their views on what results are achieved through employee reporting were also obtained. Answers may range over several aspects of the suggested reporting objectives. Our special interest is to capture the mainstream perception and thinking in terms of objectives-in-use. Some consistency in these groups of answers would add weight to the validity of the identified managerial perceptual objectives set (D).

The original reasons to start the employee report and later developments were explored at the same time. Respondents were asked to recount, as far as they are able, how it happened and their own interpretation of why it happened. This anecdotal evidence provided essential background information for understanding the changes. It illuminated the hypothesized process models of employee reports discussed in chapter three of the thesis.

Set in the face-to-face interview situation, it was possible not just to find out what the managerial views are, but also to follow it up right then and there by asking why? As the interview fieldwork progressed, it became clear that it was very much an exploratory process for the respondents themselves, as well as for this research. Even though management have been carrying out employee reporting for quite a number of years, up to then, they might not have been pinned down for their communication objectives. The interview provided managers the opportunity to think through the issues, and to elaborate or explain complex ideas which they might shy away from if answering a straight-forward postal questionnaire.

All the recorded interview tapes were transcribed verbatim for analysis. Although different forms of content analysis could be carried out, this researcher did not think that abstracting words or phrases was the most appropriate method for interpreting subjective meanings. Instead, full immersion was preferred, so that statements could be interpreted within the context of the whole response to specific topics. Therefore, all the interview transcripts were read through carefully to identify ideas pertaining to significant issues. Key themes contained in the more

elaborate responses were classified and summarised. Evidence for the validity of the interpretations were provided in the form of illustrative quotes. As the ideas were freely discussed by the respondents, the frequency of each idea being mentioned may be accepted as an approximate indicator of its relative significance. These main-stream thinking identified plus answers to the simple closed questions were analysed quantitatively.

To focus on the on-going managerial objectives of employee reporting, it is likely that managers themselves may not be accustomed to discussing issues in respect of the wider relevant social and moral concerns. To tease out the strands of overt and covert managerial aims and ideology is not an easy task. Employee reporting systems may be a relative new area of corporate managerial concerns where ideas are not yet clearly-formulated. One must appreciate the difficulties of capturing managerial attitudes and ideas, and great care is needed in examining any links between perceptual and behavioural factors.

4.4.3.2 Set (E) - Managerial covert objectives

<u>Derived reporting objectives</u>	<u>Management business objectives of:</u>
Propaganda	- control cost and prices, service to customers
Following a fashion	- maintain market share, prestige
Accountability	- employee-centred issues of employment and job security
Managerial control	- efficiency, profitability

Similar to the overt managerial perceptual objectives set (D), the covert managerial objectives set (E) as represented above is not to

suggest a one-to-one mapping of business objectives and employee reporting objectives. Rather it helps to draw attention to the testing of the workings of a complex global managerial objective set. Researchers have to be prepared that the spectrum of opinions amongst management can be vague and not clear-cut.

Since organisations are constantly faced with problems of scarcity, resourcing is basically down to a question of priorities. Therefore it is meaningful and important to assess the relative weight managers put on the different aspects of the organisational goals. In addition to finding out the goals, we also need to have some idea of what managerial attitudes were in respect of the important issues. A reliable managerial ranking of the business objectives will throw light on managerial concerns about these related issues in employee information.

Therefore, this research included an opinion scaling exercise to assess managers' personal views. This was done by using simple ranking schedules which were to be completed by the managers themselves. This study hoped to yield a consistent measure of the strength of management belief, allowing managers sufficient time to consider the wider perspective relevant to the questions. A Likert scale opinion ranking questionnaire (appendix (7)) was designed to cover exhaustively the issues related to the subject of employee reporting and organisation objectives (Likert, 1967). They were posted to the respondents prior to the interviews, so that managers could give it attention beforehand. Finally, at the conclusion of the interview, a company business and reporting objectives ranking questionnaire was used to obtain a gut-reaction response to these

priority issues (appendix (8)). This is for yielding an ordering of managerial priorities, and for re-checking the opinion scales results obtained prior to the interviews.

Ultimately, the end goal of the research fieldwork plan was to demonstrate a worthwhile first attempt in the empirical identification of managerial objectives in voluntary employee reporting. The most important aspect was the identification of the managerial perceptual objectives-in-use in employee reporting, i.e. the objective set (D). The demonstrated existence of these perceptual reporting objectives-in use can have significant implications relevant to accountants and others interested parties who may be active in the development of this area of voluntary corporate information.

CHAPTER 5 THE HOTEL BUSINESS BACKGROUND

"It is absolutely essential that the Government and hotel-keepers should recognise that hotels are of supreme importance to the tourist industry. They may, in fact, be regarded as the shop windows of invisible export." (The Scottish Council, 1946, p.12)

The importance of the hotel and catering industry has been well recognised as representing one of the major providers of employment in the U.K.. As establishments engaged in the business of providing accommodation, food and drink, the hotel industry also has perhaps some of the most difficult organisational and human problems.

However, the hotel & catering industry is one of the under-researched areas in social science. There was a long lapse after the pioneering study of the post-war American hotel restaurants in Chicago (Whyte, 1948). Even systematic statistical information about the hotel industry is hard to obtain. For instance, there is a lack of consensus on the operational definition of a 'hotel', which is complicated by the licensing laws (see Saunders, 1981). Many inns and pubs were extended to include a few bedrooms, in order to enjoy licensed residential status and opening hours.

The HCITB research department was working to improve the statistical information of the size, spread and manpower in hotels. At the time of the fieldwork, the only set of information that was continuously and reliably collected was the hotel occupancy rates. Apart from that, there were only occasional one-off studies done using different definitions, criteria, and survey methods. Accordingly, there is no reliable means to compare accuracy or examine trends. However, for

the purpose of sampling for this research, the most straight forward size criteria of number of rooms was adequate.

In the U.K., the CERI was 'the' research body in hotel and catering, but it was unfortunately wound up in 1980. After several attempts, it proved impossible to access the past research information. But the HCITB research register shows post-graduate research still carried on in some universities and polytechnics.

All these factors make it an interesting service sector for research into employee communications. A knowledge of the problems and constraints in the hotel trade is appropriate. Therefore, this chapter outlines the history of the hotel and catering trade, and it will be clear that many of the dominant factors are still relevant in the present day situation.

5.1 A brief history of the hotel business

For the purpose of this study, hotels can be simply defined as establishments which provide food, drink, and a bed.

"Innkeeping, and later the hotel and restaurant business, has paralleled the growth of trade, travel, and industry and in modern times correlates highly with disposable income and the cost and convenience of travel." (Lundberg, 1979 p.23)

The earliest form of hotels can be traced back to the early inns or taverns which were well-established all over Europe by Roman times (see Roman military road maps reproduced in Lundberg (1979)).

Establishments were graded according to the variety and quality of services available. Then travel and innkeeping virtually stopped with the decline of the Roman Empire, and the church came to offer

accommodation and services in the revival of travel and trade during the Crusades.

By the 15th century, inns with rented accommodation became more common in Britain. The suppression of the monasteries by Henry VIII promoted the business of inn-keeping. These early hotel establishments grew in significance, as centres for social gatherings, entertainments and games. Essentially, the inns maintained the business of travel, stagecoaching and mail services.

Then the rail-road era drastically changed the fashion of the travel trade. Many inns turned into merely local drinking places. Large hotels were built by the rail-road companies and others at city and resort centres. Then at the end of the 19th Century, developments like the 'American Hotel' caught on in Europe, and similarly in London (Saunders, 1981). These provided luxury services aimed at world finance, commerce and international travel trade, and is dominated by large and multi-national corporations. However, with the rise of the motor car, the increase in disposable incomes, plus the rediscovery of the countryside, small hotels and old inns became more prosperous.

The tourist boards are keen to develop efficient statistical data systems. Annual surveys now cover occupancy of hotel accommodation, and the value and volume of tourism in the country. These are generally agreed to be reliable. Unfortunate for the research fieldwork, no comprehensive register for hotels was available at the time.

5.1.1 Hotel business constraints

As can be appreciated, the demand for this leisure service industry fluctuates under the conditions of social and economic factors both at national level and overseas. The outlook for the business is influenced by the weather, the rise and fall of real income, prices, exchange rates, unpredictable accidents, as well as international terrorism. In the last 20 years, there has been a large increase in the number of British holiday-makers taking cheaper foreign holidays. On the other hand, the increasing use of package holidays by tourists, short weekend holidays and the buoyant overseas market are encouraging signs for the domestic market. Serious forecasts are;

"In the short term, the industry is likely to be faced with little growth in demand and with continuing problems of increasing costs and reduced profitability. In the medium and longer term, however, the prospects for demand at least are more favourable." (NEDO, 1976, p.22)

In Scotland, the Scottish Tourist Board's computer model predicts that demand and expenditure by tourists will increase. All in all, good future prospects for hotels are agreed, though the short-term out-look is a little uncertain.

5.2 Social and manpower problems in the hotel trade

5.2.1 Manpower problems

In response to the problem of a lack of trained staff, the Scottish School of Hotel Management was opened in Glasgow in 1944. Now, courses are available in a number of higher education colleges and universities all over the country. Additionally, the Hotel & Catering

Industry Training Board oversees the needs of the industry. Yet after these decades of developments, manpower is still the most difficult problem in the hotel industry. Numerous studies and official reports (ILO, 1965; DoE, 1971; CIR, 1971; ILO, 1974; NEDO, 1975, 1976; HCITB, 1978) clearly reflect this main concern.

This perennial manpower problem in hotel and catering has several aspects. As a labour intensive sector, the industry requires a supply of well-trained highly skilled people. At the same time, a large pool of flexible unskilled workers must be close at hand. Low pay, unsociable hours and pressure from fluctuating service demands mean that hotel staff work under stressful conditions. Consequently, staff turnover and absenteeism are reputed to be high. Difficulty in committing and keeping the skilled permanent staff is common experience. From the employer's point of view, the financial consequences of rising wages in this labour intensive business and the rise in cost of capital are acutely felt. However, high staff turnover may be tolerated due to lack of managerial accounting of indirect financial and social costs. Employee communication and motivation, further steps to manpower planning and training, are yet more demanding tasks.

5.2.2 Technological innovation in hotel and catering

In spite of decades of technological innovation and automation in society at large, the basic tradition of production in the hotel & catering industry has remained little changed. The business still employs a large pool of labour to service directly the needs of customers. Innovations such as the micro-wave oven, potato-peeling

machine, vegetable cleaning machine, dish washing machine and mechanical cleaning machines have made the work more bearable, but have not altered the nature of hotel work.

Essentially, the hospitality industry is a 'people' industry, and it must retain its social qualities. But the balance between capital and labour invested in this industry seems likely to shift towards the former. More innovative technology can be adopted to make the work more bearable and to increase the flexibility of work organisation. In a competitive environment, a good standard of product and service will be the winning edge. For this, the human factor - a happy and efficient staff is irreplaceable.

5.2.3 Social stigma in hotel work

A large proportion of employees in the hotel industry fall into the category of 'socially stigmatised occupations'. Deep seated social stigma has always existed amongst occupations which provide services meeting basic human needs. Hotel work suffers from low status which in part can be traced to the root of domestic service, the subservient and exploitative systems of labour. Many may still regard hotel work as non-productive, fit only for the lower caste or people with low intelligence. Just as society undervalues domestic duties, people fail to recognise that hotel workers contribute significantly to the wealth and the well-being of the nation.

The stigmatisation of occupations in the hotel industry has been found repeatedly in social surveys. It was pointed out that the persistent social stigma is found at all levels, symbolically and

intrinsically (Saunders, 1981). Clearly these societal stigmatising process can only have an adverse effect on the personal psychology of the hotel workers, on their sense of status, achievement, self-esteem and identity.

Hotel workers are deprived of most of the important social rewards from their work. Therefore they have to base their work motivation more on the financial rewards of the job. But, yet again, their labour cannot command a good price in the capitalist market. They have poor pay, benefits and promotion prospects. With such poor terms in both monetary and psychological rewards, it should not be difficult to understand the huge manpower problem in hotels.

5.2.4 Non-homogeneous workforce

By its nature, the travel and leisure business in Britain is highly seasonal. Demand fluctuates even within the week and day. Human habits have made us all want to have meals at around the same time. Work arrangements also dictate when it is possible to take holidays. All this has meant that a business like the hotel and catering trade has to be able to cope with peak demands at meal times, in the evenings, on pay days, at week-ends, and during peak holiday seasons. Whilst at most other times, the facilities are under-utilized. This extremely varied pattern can be further complicated by a host of additional exogenous factors influencing the trade.

Such fluctuating demands in the hotel trade forces unfavourable work patterns on the employees. Restaurant and kitchen staff have to work split shifts which prolonged their work day. This kind of work

schedule is often stressful upon an individual's personal, social and familial life. Temporary workers have to be brought in to meet peak demands. In slack seasons, the workforce have to be reduced, or the whole establishment has to close.

To benefit from cheap unskilled labour, the hotel and catering industry employs a large number of part-time, female, young, elderly and foreign workers (I.L.O., 1974). The majority of the workforce are disadvantaged in both their economic and social situations. At the top level, the industry must attract skilled managerial staff. Organising and motivating such a group of employees from heterogeneous backgrounds, all under one roof, is a challenging task.

5.2.5 The labour turnover problem

Given that labour turnover is such a serious problem in the hotel industry, it has not been adequately addressed in the literature (Bowey, 1978, Mars et al, 1979). Often, the blame was laid on the shortcomings of personnel policy (NEDO, 1975). But simply introducing policy changes or eradicating monotony in hotel work may not be enough. Environmental conditions has also been suggested (Mercer, 1978). A more holistic treatment of the issues of quality of the work environment and the quality of life with work is needed.

'Induction crisis' is a common problem so that recruits leave in the first few weeks of employment. A lack of managerial support was said to be the major cause of such happenings (NEDO, 1975). Shamir (1976) attributed high labour turnover to the nature of the hotel workforce rather than the work conditions, arguing that hotel employees were

said to be not very interested in promotion and are not career orientated. However, the traditional structural problem of the industry forces employees to move for promotion (Mars et al, 1979).

Empirical evidence on the attitude to leaving and general satisfaction showed them to be related to pay, job security, trust in management, and other work factors (White, 1980). Management may explore open and participative reward systems. Many employees are attracted to hotel work because 'it has to do with people' (Shamir, 1976; Saunders 1981). Intrinsically, hotel workers can feel job satisfaction in giving personal services to customers. What is required is the counter-balancing of some of the negative aspects of the hotel employment.

There are the possibilities of providing hotel workers real choice and opportunities, adopting flexi-time and multi-skilling, and employee incentive schemes. There are also social work satisfaction factors to be considered. All that may be encouraged to help remedy the high turnover situation.

5.3 Industrial and organisational factors in the hotel business

5.3.1 The traditional hotel organisation

Hotels are profoundly hierarchical and status bound organisations. An accepted hierarchy is in the order of management, kitchen department, head hall porters, head housekeepers, reception, restaurant and banqueting sections (Saunders, 1981). There is also a perceptual

distinction between the status of staff who have direct contact with customers and those who do not.

"Most hotels, large or small, are perhaps quasi-closed communities in some respects ... (with) a sub-culture of its own, whose norms and cultural characters can only be discovered by perceptive observation over a period of time." (Saunders, 1981, p.98)

'Ad hoc management' was the phrase used to describe the managerial style in hotels (Mars et al, 1979). Indeed, each individual worker negotiates an 'individual contract' with the manager which determines the rewards and privileges that are allowed. As these 'individual contracts' are informal agreements, the departing of managers often lead to turnover of the subordinate staff. This individually determined reward system has also hindered the development of a collective labour consciousness. Discontent tends to be expressed individually, usually by leaving the job.

5.3.2 Low wages and public regulations

Low pay has been a matter of concern in the hotel sector. The Wages Council was set up for regulating remuneration and conditions of employment. It was criticized for setting unrealistically low wage rates. The problem was there was no specific guideline for developing criteria for wage rate determination. More seriously, Wages Councils offered representation without membership and that they did positively hinder trade union recruitment (Mitchell & Ashton, 1974).

A new trend in public policies prevailed when the Conservative government took office in 1979. With the abolition of the Wages

Councils, wage levels in the low pay sector have been further depressed.

5.3.3 The problem of labour collectivisation in the hotel industry

Unionization in the hotel industry is generally believed to be very low at around 10%, concentrated in industrial catering, the large hotels groups and amongst full-time workers. Formal communication system and voluntary collective bargaining were recommended to provide procedures for resolving grievances, consultation and communication, and to reduce labour turnover (CIR, 1971). Management has been urged to take a more positive role to encourage union membership (NEDO, 1975). However, increasing union membership and the development of more 'formal system of communication, collective bargaining and industrial relations' predicted in the early 70's (CIR, 1971; Robertson, 1973; Boella, 1974) did not materialize.

Many influencing factors inhibited union recruitment of hotel workers (Mars et al, 1979). The tradition of individualism in hotel and catering, wide variation of grades of staff who have different commitment to their work, the geography of scattered and small establishments, the high turnover of workers, and the lack of knowledge of the whole hotel industry are some of the main inhibiting factors. Unions are also limited in their resources and their lack of expertise in recruitment. Whilst the Wages Council was in existence, the assumption was that the workers in the small enterprises would be protected by the regulations. Therefore trades unions have achieved

very little apart from agreements with some large employers (Mitchell & Ashton, 1974).

Managerial hostility towards trades unions may be deep rooted. Even given full support from management, the issue of representation is only a part of the problem. There are also the contributing factors of general apathy and the lack of opportunity to develop work group interests amongst the hotel employees (CIR, 1971).

5.3.4 Training and Professionalism

In the U.K., the structure of training in the hotel and catering trade is supported by a substantial contribution from the industry, so there is a good relationship between colleges and industry (ILO, 1974a). The Hotel and Catering Industrial Training Board has increased the quantity and quality of training (Hartley & Mancini, 1973). However, on-the-job training schemes are more costly to administer and control. But cheaper options may not necessarily be preferred from the point of view of the employers.

In point of fact, the tolerance of high labour turnover promotes a negative managerial attitude towards staff training. Nevertheless, there is a commitment to reform amongst the rising personnel management profession through creating and maintaining good personnel policy and practice. Clearly, this has to integrate different aspects of the problem, reforming work organisation and the 'total reward system'.

The pattern of ownership, the clientele and the local conditions exert pressure on management. Organisational size can be a further significant constraint to many of the problems raised. In a study of managerial evaluation of the different functions within hotel management (Meidan, 1979), large hotel managers put more weight on general management training and the use of advertising, whilst the small hotel managers put more emphasis on training in service, reception and cooking.

Finally, the importance of studying managers must be recognised. They are the decision makers who implement policies and effect changes. Meidan (1979) has identified five business objectives for hotel managers: to satisfy customer needs, to maximise seasonal bed occupancy, to maximise the hotel's return on investment, to maximise the hotel's total profit, and to attain a stable bed occupancy throughout the year. All except the first objective were rated of higher importance by the large hotel managers than by the small hotel managers. Could this be directly related to the managerial control systems in organisations.

A personnel director of a large brewery and hotel group had written on 'the Harmonisation Programme' of personnel policies of;

"... a much more participative style of management in which employees at all levels will feel involved and in a position to influence major decisions which affect them. " (Blacklaws, 1976, p.11)

Was such a policy declaration matched by employee incentives and reporting? Or was it just window-dressing? How far do hotel managers identify with social/societal concerns about aspects of business influence? This study attempts to throw some light on this.

CHAPTER 6 DOCUMENTARY AND COMMUNICATION SURVEY ANALYSIS

It was emphasized earlier that this study focuses on a biased sample of companies including mainly large drinks companies and the large Scottish hotels. By self-selection, it has probably included more of the companies that are active in the area of voluntary employee reporting in the hotel and drinks industry. Therefore, the normal response rate statistics and extrapolations onto the total population in the business sector are not relevant. This research explores possibly the more interested, motivated and enlightened managerial opinions in the hotel and drinks industry.

In this qualitative study of managerial behaviour, the data analysis employs simple statistical procedures of frequency distribution and chi-square tests for significant correlation. The S.C.S.S. computer package was chosen for its flexibility with new variable definition. To explore by selective testing is more efficient than mass testing. Now the significant results (of a level of significance of less than 0.05 obtained from the chi-square test) are reported, with cross reference to detailed statistical tables included for the most interesting and highly significant ones (of a level of significance of less than 0.01). These tables are positioned as conveniently as possible within the chapters.

6.1 Company annual report and employee report analysis

After writing to all the hotel chain companies in the Travel Trade Guide, plus the remaining companies in the Times 1000 (1981-1982)

with hotels, breweries, distilleries, and Leisure business, positive responses were obtained from 40 companies. Their current year reports (1982) and subsequently, their available previous year reports (1980 & 1981) were also obtained. Even though confidentiality was assured, most of the small private hotel chain companies refused, giving the reason that their company accounts and reports need not be made public. One of these had to be excluded because of its different American style. In total, 68 reports (19 employee reports and 49 annual reports) from 39 companies were included and narrative content analysis was done using the analysis schedules (appendix (4.1) & (4.2)).

6.1.1 Report Content features

It cannot be overlooked that the immediate overall presentation itself can give indications of the message and intention of those compiling the reports. Therefore, prior to delving into the details of the report narratives, a count of the special features for each report was recorded on to the summary.

Compared with the employee reports, the statutory accounts and other legal information made the annual report significantly longer. Graphs and charts are commonly used, and there is more advertising, often using glossy colour photographs, in the annual report, whereas the employee report features more drawings or illustrations such as a value added or funds statement using visual graphic methods.

Only one company included an employment report in the annual report. Inclusion of one-page of financial highlights seems to be the popular

practice, especially in the annual reports. A minority (7 companies) included a statement of company philosophy, or objectives, in the annual reports. It seemed to be a kind of policy declaration in very general terms. However, more serious disclosure of future plans and hard information such as budgets and forecasts was non-existent. Even clothed in all the modern features, the annual reports have not developed much in substance. Also, the style of report did not differ significantly within the three year period.

Page-size was taken as a quick measure of the extent of coverage. Initially, the page-length measure of content coverage for the various sections of the two kinds of report appeared to be very different (see table 6.1). For comparison, it is necessary to exclude the statutory financial statements, and to concentrate on the directors report and the other non-statutory sections. Some further collapsing of the categories is possible. For instance, community benefits and company philosophy are reclassified into advertising, since in substance, it serves to project the company image. The chairman's report is grouped with business review for essentially that is what it is. Then, the mean coverage of the relevant sections in the two types of report becomes more comparable (see table 6.2).

In length, the comparable employee report is shorter, about three quarters of that of the annual report. Business review narratives took roughly the same proportions of both types of report. In the other categories, interestingly more of the employee reports than the annual reports have used a larger percentage of the space for non-statutory statements and illustrations (0.031). On the other hand,

Table 6.1 Size of company reports (N=68)

	Mean size of pages of A4 size.	
	<u>Annual report</u>	<u>Employee report</u>
	(N=49)	(N=19)
Statutory accounts	14.3	0.1
Directors' report & information	2.6	0.0
Operating subsidiary information	1.1	0.0
Names & addresses	1.1	0.0
Shareholders' information	0.3	0.1
Advertising	3.3	1.8
Chairman's report	2.3	1.8
Business review	1.3	1.9
Company philosophy statement	0.1	0.0
Community benefits	0.1	0.1
Non-statutory statements & illustrations	2.4	2.7
Total pages	28.9	8.5

Table 6.2 Comparable sections in reports (N=68)

	Mean coverage in pages of A4 size			
	<u>Annual report</u>		<u>Employee report</u>	
	(N=49)	(%)	(N=19)	(%)
Advertising	3.5	37	1.9	23
Business review	3.6	38	3.7	44
Non-statutory statements & illustrations	2.4	25	2.7	33
Total comparable page coverage	9.5	100	8.3	100

more of the annual reports have a higher percentage of comparable space for advertising than the employee reports (0.031).

For this study in employee reporting, it is necessary to look carefully at the annual reports as well because the annual report is the most important source document. It sets the limiting guideline for the employee report concerning information disclosure. The style and tone of reporting used in the annual report also provides an interesting comparison to that used in the employee report. An analysis was carried out correlating the employee report and the annual report data with the company business and communication data. Given that only twelve companies provided separate employee reports, the contrast between these and the respective annual report was done by inspection. The findings are reported at the end of the chapter.

As regards special features in the two types of reports, it was found that all but one employee report used some kind of graphs and illustrations (0.000) (Table 6.3), and value added or cash flow statement which were not as universal in the annual reports (0.001) (Table 6.4). Most annual reports also favoured the popular financial media treatment of financial highlights, usually featured in the first few pages of the report. This one-page highlight was most preferred by the multi-business companies (0.000).

Results showed that the status of p.l.c. was not a discriminating factor at all. Some significant differences were found with respect to the size of the company (see appendix (1.2) for the definition of company size). Large companies tended to produce reports with a higher proportion of non-statutory coverage than the small companies

Table 6.3 More tables, charts, maps, charts and illustrations in employee reports

<u>Type of report</u>				
	Annual report	Employee report	Total	
Graphs etc.				
None	32	1	33	
%	65.3	5.3	48.5	
Included	17	18	35	
%	34.7	94.7	51.5	
Total	49	19	68	
CHI-SQ =	17.430	SIG. =	.000	DF = 1

Table 6.4 More value-added/funds statements in employee reports

<u>Type of report</u>				
	Annual report	Employee report	Total	
Value-added statement				
None	39	6	45	
%	79.6	31.6	66.2	
Included	10	13	23	
%	20.4	68.4	33.8	
Total	49	19	68	
CHI-SQ =	12.037	SIG. =	0.001	DF = 1

(0.015). Large companies used a value-added statement or a cash flow statement, more often than the small companies (0.000). Additionally, large companies tended to include chart and graph illustrations more so than the smaller companies (0.001). It was noted that large companies did not all produce larger and longer reports, and advertising was not any more prominently used than the smaller companies. However, most multi-business companies have a larger count of narrative statements in their annual reports (0.000) (table (6.5)).

To summarise tentatively, although both the employee report and the annual report are public financial documents, they seem to serve some different functions as well. Apart from fulfilling all the legal requirements, the annual report is very much a publication serving advertising purposes. Usually, there are plenty of colour photographs of the company's products and properties. Achievements in community relations are often presented in a special feature section. Although no hard information is given, views or policies on public issues are often included (e.g. equal rights for the disabled in the Year of the disabled, or on youth employment). A small number of companies have also put in a 'statement of company philosophy', a kind of company 'manifesto' or policy declaration. In cases, the image building / marketing exercise is buttressed with the tangible shareholder 'perk' offers.

In contrast, the employee report has mostly been kept shorter and simpler, but better illustrated. There are as yet no conventions or restraints in the presentation of employee information. The relatively innovative style of employee reports is possible under the voluntary system. It also suggests different sources of influence

Table 6.5 Multi-business interests & more narrative in annual report

Amount of narrative in annual report	Single-line business company	Multi-line business company	Total	
Less	19	3	22	
%	95.0	16.7	57.9	
More	1	15	16	
%	5.0	83.3	42.1	
Total	20	18	38	
CHI-SQ =	20.742	SIG. =	.000	DF = 1

from that of normal financial reporting. The fact that the employee report is more likely to contain a value-added or funds statement suggests a desire to give a special or more understandable message to the employees. A minority of companies did use the glossy photographs style. However, most employee reports are either incorporated into the normal communication literature or produced as a company newspaper supplement. This variation of reporting practice indicates different reporting aims in use. But now, the analysis proceeds to look at what the narrative section actually says.

6.1.2 Report narrative characteristics

Here, each statement was coded for two measures: the subject matter discussed (see appendix (2.2 & 2.3)) and in what sort of 'tone' (see appendix (2.1)). The first measure gives an indication of the kind of issues of managerial concern, whilst the tone reflects the intentions of reporting. A statement is defined when one idea had been expressed. At times, it can be identified from just part of a sentence, but it can be long sentences as well (see appendix (3) for some examples of coding). The coded statement count was entered into a two-dimensional grid of the subject matter by the 'tone' of the statement (appendix (4.2)). The aggregated counts for each cell becomes the raw data which were analysed by using the SCSS package.

The primary interest was to contrast the two kinds of reports. Therefore, the analysis compared the 'average' employee report with the 'average' annual report. Later on, an attempt will be made to compare each employee report with the corresponding annual report for the twelve reporting companies.

6.1.2.1 Some general observations on the narrative characteristics

Whilst the style of reports was unchanged from year to year, when looking at the actual information reported, the year in which the report was issued is an important factor. This is to be expected since what the directors have to say must be related to the year's business results. As for the disclosure of forecast or budgets, and hard post year-end information, these were non-existent.

Both the employee report and annual report dealt with similar subject matters, i.e. chiefly economic issues. Only in a few were significant differences found. Generally, there were frequent comments on the wider economic situation. A total of 80% of the reports have factual statements on interest rates, taxation, customs and excise laws, and licencing laws. A majority (59%) contained directorate's viewpoint on matters of public policy and legislation. It seems to provide a platform for lobbying in the hotel and drinks industry. Some directors' reports also touch on social issues such as equal opportunity for the disabled (1981 being the International Year of the Disabled), and employment for the youth. This indicates a certain degree of social awareness.

Another prominent use of both types of reports is the social message of saying 'thank you' to the staff. In most company reports, the chairman took the opportunity to formally acknowledge and encourage the workers (80%) and the management (56%), and to pay tribute to the retiring or joining directors (43%). Some were careful to avoid the distinction of workers and management and expressed gratitude to the whole staff.

Significantly more of the large and the multi-business companies have included gratitude statements to their management team (both at 0.017). Even though it is only a few words in the chairman's statement, the 'thank you' message seemed to have an important social significance, conferring a sense of recognition. Probably, this is not done often enough in the culture and tradition of British industry. If people did not feel their contributions are to be valued, then this kind of once a year message can only be seen as pep-talks.

Analysed by the characteristics of the statements and the manner of expression, there are a few more significant and suggestive results concerning the two kind of reports. Overwhelmingly, the reports were pre-occupied with stating the situation and claiming achievements and success.

6.1.2.2 On the subject matter of the report narrative

Both the annual report and the employee report dealt predominantly with economic issues (see table (6.6). There is little attention given to social issues. The comparable coverage in both types of report confirm that the employee reports and the annual reports are aimed at communicating the same information. Economic issues discussed in the reports are wide ranging, with emphasis on sales, profitability and general business information. This bottom-line profit reporting approach is clearly shown in the simple frequency table (6.7). In the annual reports, a statement count on the quality and standard of products and services is significantly higher in the drinks companies than the non-drinks companies (0.028). Hotel

Table 6.6 Number of statements in the narrative sections (N=68)

	All reports		Annual	Employee
	Average number	of statements	report	report
		%	%	%
Social issues	15	15	15	13
Economic issues	88	85	85	87
Total statements in narratives	103	100	100	100

Table 6.7 Economic statements analysed (N=68)

	Mean number of statements/report for all reports
Sales	15.7
Profit	14.3
Business, general	12.1
Standard & service	7.9
Growth	7.2
Adaptability	5.5
Capital investment	4.9
Price & cost control	3.6
Market share	3.3
Best, leader & reputation	2.7
Competitiveness	2.2
Liquidity	2.2
Total of the main categories of statements	81.6

(Those economic issues with less than 2 statements on average per report have not been included in the above table.)

companies also showed a similar emphasis. This reflects the importance of reputation and the tradition of quality and standards in the industry.

It is also interesting to see that some of the often quoted managerial concerns in the media are missing. More than half of the reports did not mention the issues, such as efficiency, productivity, competitiveness, innovation and technology. Perhaps it indicates these other performance measures are more for collective bargaining arguments. British managers are essentially pre-occupied with the company's sales and profitability performances.

Law and public policy is the only category of social subject matter discussed in more than half of the reports. This primary concern is also clear from table (6.9) which includes social subject matters for which there is at least one statement per report on average.

Basically it is lobbying for policy and statutory changes favourable to business. It is the multi-business brewery, distillery and leisure companies that have significantly used the annual report as a platform to lobby for regulations, taxation, and public policy changes (0.010).

Although the coverage was often only incidental, it was noted that social issues reported were wide ranging. At times, companies have commented on subjects such as communication, consumer issues, community interests, public relations, duties to suppliers, duties to licencees, providing employment, environment conservation, employee's right to information and reports, saving jobs, good industrial relations, bad industrial relations, redundancies, secure employment,

Table 6.8 Social statements analysed (N=68)

Mean number of statements/report	
Social issues profile	3.3
Law, tax, public policy	1.5
Work, employee welfare	1.2
Employee share ownership scheme	1.1
Shareholder issues	1.1
Customer issues	1.1
Total of main categories of statements	9.0

(Those social issues with less than 1 statement per issue per report were not included in the above table.)

Table 6.9 Mean total statement characteristics (N=68)

Statement characteristics	Mean number of statements/report					
	Total sample (N=68)		Annual report (N=49)		Employee report (N=19)	
		%		%		%
Declarative	13	12	15	14	10	12
Defensive	8	8	8	8	6	7
Propaganda	12	12	11	10	14	15
Factual	25	24	25	23	23	26
Success	45	44	49	45	36	40
Total statement	103	100	108	100	89	100

trust in management from the employees, loyalty of workers or staff, equal opportunities, training and promotion for staff. Some degree of social and societal awareness, including corporate responsibility towards employees, was probably being hinted at by some companies be it in a piecemeal fashion.

Multi-business companies more often mentioned employee welfare issues (0.004) and shareholder group issues (0.000). More large companies made statements on wider social interest group issues in their annual reports (0.000). As regards the job situation, drinks companies have made significantly more statements about providing employment and saving jobs (0.000), redundancies (0.028), and industrial relations (0.011). The 'family' firm tradition probably is a main factor.

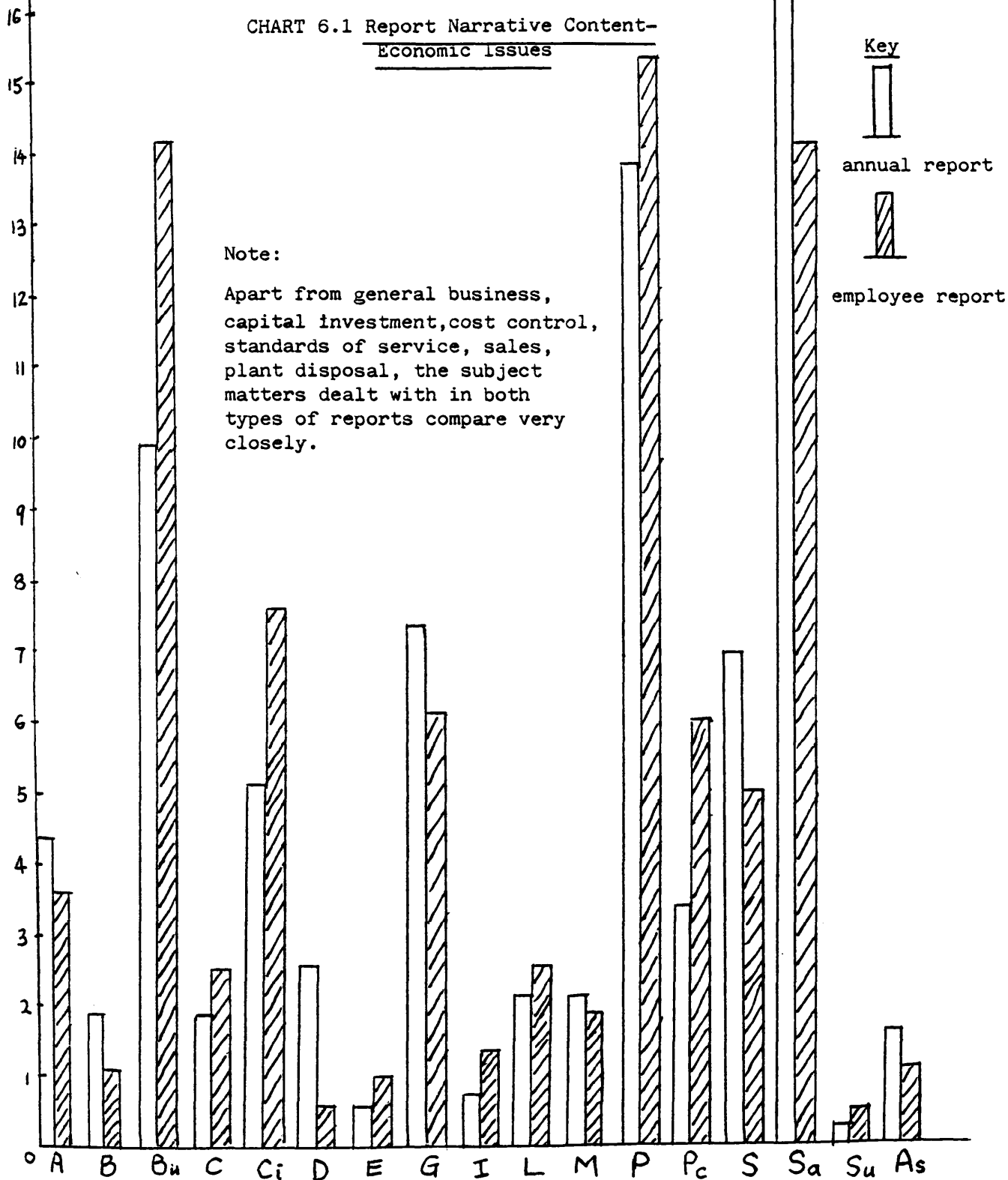
Another comparison was made of the averaged subject matter coverage found in employee reports and the averaged coverage found in annual reports. The mean number of statements for each subject issue was expressed as a percentage of the mean total statements, and these are plotted on to charts (see chart (6)). This gives a clear picture of of which respective issues are emphasized in the reports. By visually checking the close correspondence of the 'average' employee report and the 'average' annual report, six relatively large differences were noticed from the chart, and later these were the subject of chi-square tests.

6.1.2.3 Report narrative statement tones

The characteristic tone of statements are tabulated in table (6.9). Indisputably, both kinds of reports are aimed at telling 'the success

Mean %
of total statements

CHART 6.1 Report Narrative Content-
Economic Issues



Mean % of total statements

CHART 6.1 Report Narrative Content-
Social Issues

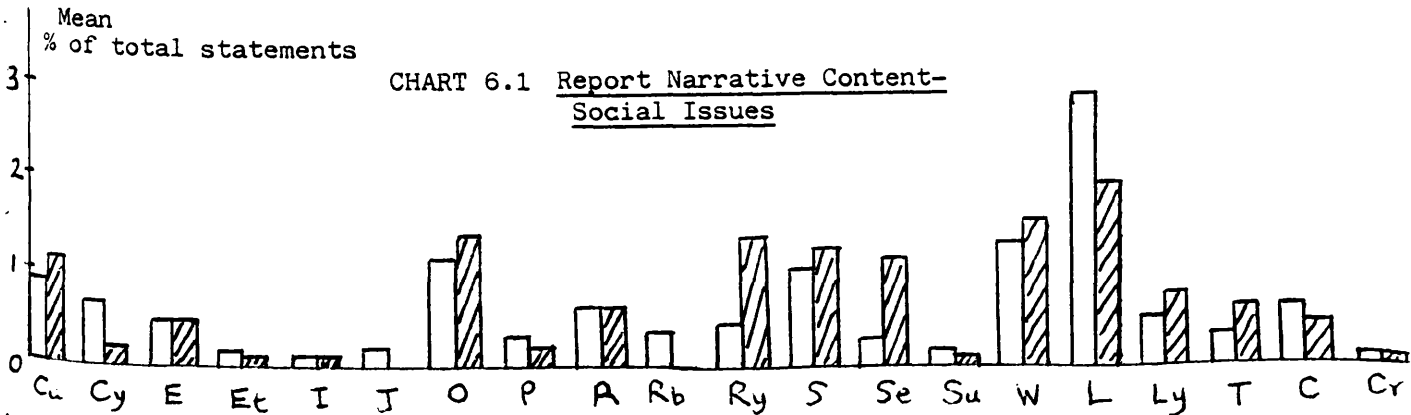


CHART 6.2 Report Narrative Characteristics

Note: The most noticeable contrast between the two types of reports is the relative amount of economic propaganda included in the employee reports.

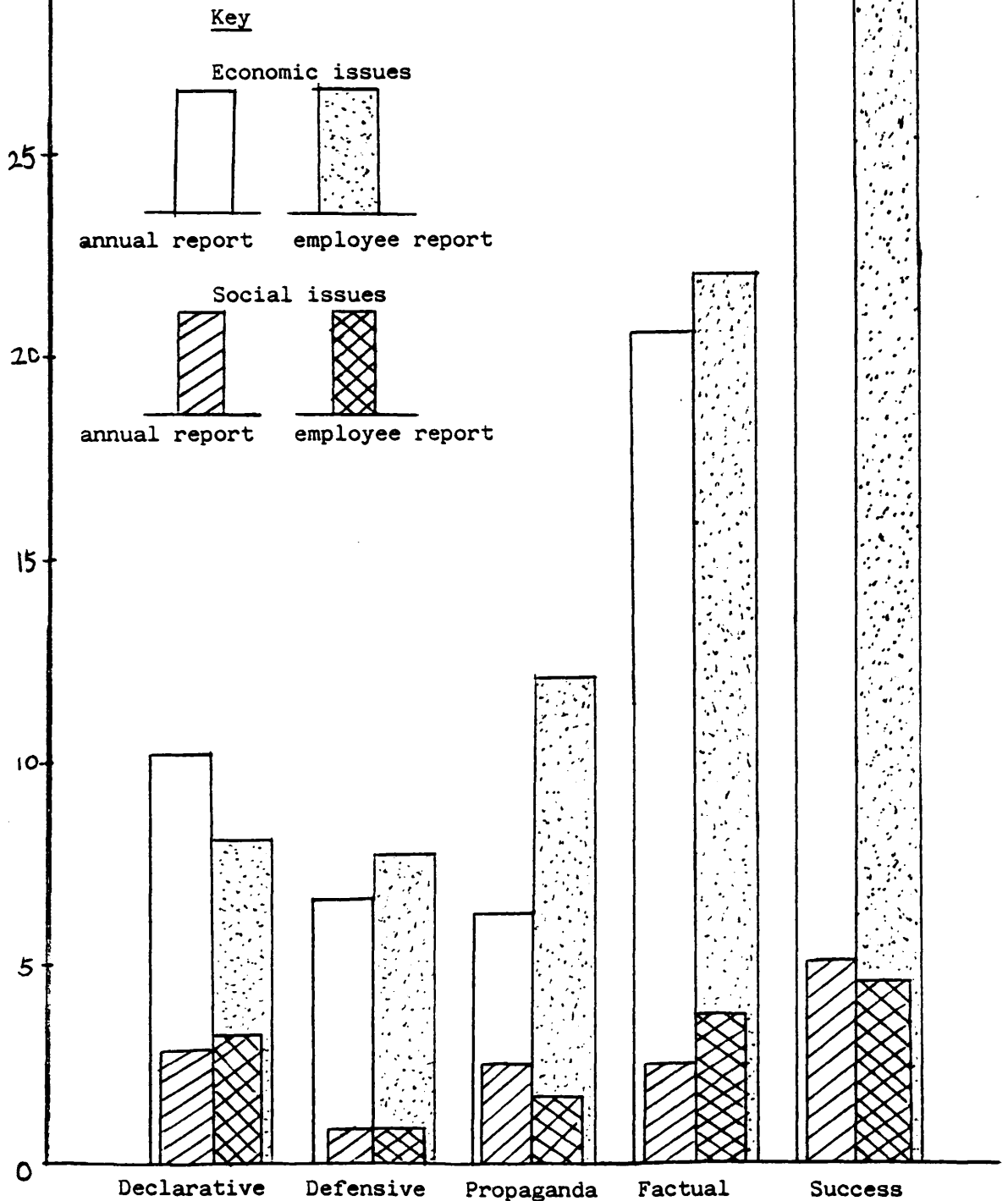


Table 6.10 Statement characteristics analysed by subject matter (N=68)

Statement characteristics					
	Declarative	Defensive	Propaganda	Factual	Success
Sales		1.8		2.1	10.0
Profit		2.0		2.2	8.8
Business				8.7	1.8
Standard	*1.9		1.7		3.2
Growth	1.7				3.7
Adaptability				1.9	2.1
Cap/Investment	1.1				2.5
Cost control					1.8
Market share					1.7
Best/leader			*1.9		
Competitive				1.3	
Law			*1.8		

Notes:

(1) This table showed all cells with more than one mean statement per report.

(2) *These types of statements were only found in a minority of reports although it showed the highest average of number of statements in the characteristic group classified.

Table 6.11 Reports analysed by statement characteristics

Statement characteristics of total sample (N=68)

<u>Statements</u>	Declarative	Defensive	Propaganda	Factual	Success	Total
Economic	10	7	9	22	40	88
%	11	8	10	25	46	100
Social	3	1	3	3	5	15
%	20	7	20	20	33	100

Statement characteristics of annual reports (N=49)

<u>Statements</u>	Declarative	Defensive	Propaganda	Factual	Success	Total
Economic	11	7	8	22	44	92
%	12	7	9	25	48	100
Social	4	1	3	3	5	16
%	25	6	19	19	31	100

Statement characteristics of employee reports (N=19)

<u>Statements</u>	Declarative	Defensive	Propaganda	Factual	Success	Total
Economic	8	6	12	20	32	78
%	10	8	15	26	41	100
Social	2	1	2	3	4	12
%	17	8	17	25	33	100

6.1.3 Findings from further testing

For the purposes of further analysis, it was necessary to revise the data values. Firstly, to compensate for the effect of some reports making several repetitive statements, the raw values were revised into binary digits; 0 - if there was none of the specific statement type made in the report, 1 - if there was one or more of the specific statement type made. These new data values reflect the incidence or spread of coverage across the sample more accurately. Secondly, another measure was obtained by converting the raw value into a percentage value based on the total statement count of each report. This second statistic gives a fairer measure of the emphasis of the reports.

6.1.3.1 Comparing reports according to the year of issue

First, the revised variables were tested against the year of issue. According to the year, the report narratives showed a pattern in the incidence of coverage of a number of subjects. The clear trend was high in 1980, low in 1981, and high in 1982, of the following categories of statements (it must be qualified that these are only indicative results due to the problem of small cells arising from the small sample):

propaganda on capital investment (0.005)
success on capital investment (0.025)
total statements on innovation and technology (0.029)
social success on employee share scheme (0.004)
social success on law and public policies (0.039)
grand total economic message statements (0.038)
grand total economic propaganda statement (0.044)
grand total social social belief statements (0.030)
grand total social factual statements (0.009)

There were a few more similar results but with a low coverage in the 1982 reports:

total statements on assets and balance sheet strength (0.024)
grand total social message statements (0.026)
grand total social propaganda statements (0.024)

Continuing with the revised percentage data values which measures the relative weight of coverage, a new picture of the variations was found. All the social subject coverage becomes insignificant, reflecting the merely incidental reactive concerns for social issues. Similarly, the emphasis of coverage of most economic issues ceased to fluctuate significantly from year to year. Only capital investments and general business still show the dominant coverage pattern of high in 1980, low in 1981, and high in 1982, but the level of significance of the chi-square test statistic is only to an interesting level (both at 0.049). Looking at the tone of the narratives, there is only one significant result which also follows the same 1980-high, 1981-low, and 1982-high pattern. It is the relative coverage of total social factual types of statements (0.003) (Table 6.12).

At this point, further variables were defined by expressing some interesting variables as ratios with one another. These values indicates the comparative emphasis of the narratives. Sixteen ratios were defined and their values were assigned into two equal halves of high and low values. When tested against the years of report, the same dominant pattern reporting (1980- high, 1981-low, 1982-high) was found for the ratio of claims for "being best" and "leader" by achievement coverage (0.005). The same but weaker pattern is also true for the ratio of "forecast" and "belief" by achievement coverage (0.049), and for the "propagandist message" by achievement coverage

Table 6.12 Fluctuating SOCIAL ISSUE coverage in reports as shown
by ranking within the sample

Social issue % coverage	Year of report			Total
	1980	1981	1982	
lower	3	28	4	35
%	23.1	68.3	28.6	51.5
Higher	10	13	10	33
%	76.9	31.7	71.4	48.5
<hr/>				
Total	13	41	14	68
CHI-SQ =	11.780	SIG. =	.003	DF = 2

(0.049). These results show the finer tones of reporting, and that corporate reporting is not a routine affair, confirming that the company directors have a different story to tell with changing messages and emphasis each year.

6.1.3.2 Comparing the reports according to the report type

On the face value, the employee report and the annual report differed tremendously in its design and style of reporting. However, on comparing the narrative content coverage found within the two kinds of reports, the most striking result is in fact the lack of major differences between its information content. This confirms the reality that employee report is rigidly bounded by the information contained in the annual report and is normally simply derived from it. Still there are a number of interesting observations made on the subtle differences in the narrative content coverage and the tone of reporting found in these two kinds of reports.

Whilst the employee report has included more comments on economic survival (0.049), the annual report has more statements on social achievements (0.031). Apart from this, there was no other significant results (Even though some interesting results showed the annual report has more statements on disposals and closures (0.063), and declarative statements about the general business (0.068), the level of significance is too low). Comparing the tone of reporting, the only significant result found was that the annual report has more declarative economic statements like plans and policy (0.049) than the employee report.

Using the measure of percentage coverage of the report narratives to retest, all of those previously significant results were no longer the case. Instead, there is a new result which shows the employee report has a higher percentage of capital investment statements than the annual report (0.031) (table 6.13). As regards the tone of reporting, no conclusive statistics could be found (even though there were a number of test results bordering the 1 in 10 probability level).

These results do suggest that corporate reporting may be slanted in response to concerns in specific fields of communication. Certainly, there are issues which are considered unsuitable or irrelevant for employee reporting. Equally, there are subjects which seemed to receive special attention. This part of the report analysis is limited by the small sample of employee reports analysed. All the marginal results, especially the suggested tendency for the employee report to have a higher defensive and propaganda content and for the annual report to have a higher declarative content, need to be retested with larger and more equal numbers of both types of reports.

6.1.3.4 Corresponding employee report and annual report compared

A further step is to compare each employee report with the related annual report for the same year. Due to the small number of 12 companies, the corresponding employee report and annual report were compared by inspection. Our interest is to see if any inclusions or omissions might point towards different managerial reporting objectives.

Table 6.13 CAPITAL INVESTMENT - major issue in employee reports
as shown by ranking within the sample

		<u>Type of report</u>		
		Annual report	Employee report	
Capital investment coverage				Total
Lower	29	5		34
%	59.2	26.3		50.0
Higher	20	14		34
%	40.8	73.7		50.0
Total	49	19		68
CHI-SQ =	4.675	SIG. =	.031	DF = 1

Compared with the corresponding annual report, the employee report is generally shorter in page length and illustrations, and has less narrative content. Some of these twelve companies have very little to say indeed in the employee report. Three companies simply have a one-page feature article in their normal company in-house publication. Some used a brief leaflet format. A couple of them included very few narrative statements to supplement the brief financial statements and illustrated figures in the employee report. This confirmed the minimal reporting model generally in use.

There are two exceptional cases where quite substantial employee reports were produced. These two companies have undertaken systematic surveys to obtain employee feedback. Only one other company has used market opinion polls to gauge the response to employee reporting. This third company has stopped issuing a separate printed employee report. Instead, employees receive a copy of the company's annual report plus a video presentation. This is accepted as evidence of the limited learning model of employee reporting being used.

As in the annual report, advertising is a prominent feature in some cases. Both of the two companies with a large amount of narrative content in the employee report used a high proportion of the page coverage for advertising. Two other large brewery companies also showed a high advertising coverage. Three of these large advertisers plus one other large company also included financial highlights in the employee report.

It is interesting that nine out of twelve have featured a value-added or funds statement in the employee report, even though five of these

companies did not include a similar statement in the annual report. This special preference for the value-added and funds statements indicates that there is a specific message for the employee group.

Three companies, including two of those with very short employee reports, did not have a 'thank you' message in the employee report. One of them with a very short employee report in fact did not have a 'thank you' message to the employees in its annual report. It shows a lack of consideration of the social motivational function of employee reporting.

Looking into the narrative content, like the annual report, the employee report is also a catalogue of success stories, or justifications of poor results. It emphasizes the bottom-line profit/sale figures (see table 6.14.). More than the corresponding annual report, the employee report has major coverage of economic issues like standard of product/service, capital investment, price and cost control, adaptability and liquidity. It seems that the employee report is to bring home these specific economic aspects of the business to the employees.

It is true that the employee report largely omits wider social issues as well as political lobbying. Here, there is little sign of employee reporting causing the opening up corporate accounting for social responsibilities nor changing the status quo of managerial reporting practice.

Looking at the success story in more detail (see table 6.15), it can be seen that the economic narrative coverage in the annual report

Table 6.14 Comparing main issues covered in related reports (N=12)

<u>In the Annual Report</u>	<u>In the Employee Report</u>		Total
	Sales, profit & general business condition	Standard of service & others	
Sales, profit & general business condition	5	6*	11
Growth	0	1	1
	-	-	-
Total	5	7	12

Note:

*These six companies' employee reports also showed major coverage of:

growth	1
adaptability	1
capital investment	2
liquidity	1
price & cost control	1
	-
	6

Table 6.15 Comparing report narrative characteristics (N=12)

For narrative coverage of economic issues

<u>Annual Report</u>	<u>Employee Report</u>			
	Declarative	Defensive	Propaganda	total
Declarative	2	1	4	7
Defensive		2	1	3
Propaganda			2	2
	$\bar{2}$	$\bar{3}$	$\bar{7}$	$\bar{12}$

For narrative coverage of social issues

<u>Annual Report</u>	<u>Employee Report</u>				Total
	Declarative	Propaganda	Factual	Success	
Declarative	1				1
Propaganda		1		1	2
Factual			1		1
Success	1	1	2	3	7
No social issue statements	1				1
	$\bar{3}$	$\bar{2}$	$\bar{3}$	$\bar{4}$	$\bar{12}$

Note:

1. Both types of reports gave predominant factual and success statements on economic issues. The above table looked at the finer differences in the other categories of economic statements and it showed the employee report was more propagandist whereas the annual report was more declarative.
2. On social issues, the annual report was more for claiming success than the employee report.
3. Based on such a small sample, the results are only suggestive.

is more declarative. On the other hand, the employee report has a higher propaganda content. In the coverage of minor social issues, the annual report again is more for claiming success, whereas the employee report is more declarative and factual.

So far, a range of employee reporting objectives can be inferred from the report content analysis. One objective is projecting the company image. This is shown by large glossy employee reports full of advertising, and claims to be the best and so on. The social reward/motivation objective of reporting is widely shown by the inclusion of 'thank you' for the employees. There is also an element of the propaganda objective shown by strong political message contents. A few companies have acted more in line with the objective of informing the employees. A more substantial employee report was produced, as well as employee feedback assessment. Some companies probably acknowledge the status of employees as having equal rights to information (vis-a-vis shareholders' rights). These companies started to provide all employees with the full annual report and accounts instead of a separate employee report. However, many of the companies may not be achieving much by providing a minimal employee report, which suggests a tendency of just following a fashion.

6.1.4 Documentary analysis summarised

Narrative content of the reports in the sample covering the period 1980-1982 showed a wide range of issues covered but with differences in emphasis in the way each was reported. There was a dominant and consistent pattern, with more coverage, more propaganda, and a strong

message on many economic and social issues reflecting the continually depressed economy at the time.

Even though the employee report appeared superficially to be very different from the annual report, it was the case that when the comparable narrative sections were studied, it showed that both have largely similar contents. For a lot of the companies, the statutory annual report is used extensively as a public advertising document. The design of the report exploits the opportunity to project the image of the company. Contrasting the tone of reporting, the annual reports have more often made declarative types of statements on economic plans and policies for instance, and also stated social achievements. This is the modern advertising/manifesto style of corporate reporting.

There is also the belief that the majority of readers wanted the story told in English and not in the form of financial statements. Hence, a summary of highlights of the financial results on the front pages of the annual report was all that was necessary to give the bottom-line profit results. It follows the financial media approach. Obviously, the lay reader's interests were to be accommodated in the first half of the report, leaving the accounts to the professional analysts.

There are also other significant social and political aims for this corporate document. The annual report is the formal occasion to accord recognition to the employees and to pay tributes to senior management. It also provides the chairman and directors a public platform to state the managerial position on wider social issues,

public policy and the economy. The brewery and distillery companies have used this opportunity to air their views and lobby for change. The directors also have to explain the company's poor performance against economic and public policy constraints.

As for the employee report, this study has revealed that it is not used to disclose any significant new information. Freed from any statutory constraints, most of the printed employee reports are designed to tell the same story in an abridged and more direct way, to convey clear themes and messages deemed relevant to the employee group. Some reports are more substantial in content which could also serve as a social symbol - a tangible company status document.

The employee report provides top management with the unique occasion to thank the workers and the management team, to give a kind of pep talk. References to the incidence of bad industrial relations and the closure and disposal of businesses are avoided in employee reports. Instead, there were more message about capital investment and survival in the economic climate.

Further analysis of the tone of the employee report confirmed that employee reporting is about giving a different message using the same information available in the annual report. The employee report tends to be more defensive and propagandist, and capital investment is singled out as a special message for the employees.

The different emphasis of employee reporting indicates possibilities for the search for employee reporting objectives. Here, the report analysis points to two different purposes for the reports. The annual

report is more for advertising, projecting a success image, and declaring a sort of company manifesto, whereas the employee report is intended to carry specific themes and messages for the employee group, for defensive, propagandist, and social symbolic purposes.

6.2 Company communication survey analysis

In order to understand reasons for the different styles of reporting in published company documents, it is necessary to access managerial representatives to get a fuller view of the field of employee communication practice and the organisational constraints involved.

Response to the survey are summarised in table (6.16). All of the forty companies in the report analysis, plus six subsidiary companies and four Scottish private hotel companies were approached in the survey. About 60% of these companies were involved in the hotel business, and about 46% have a major part of their business in breweries or distilleries. It reflects a traditional link between the drinks and the hotel and catering trade. From the total of fifty sent out, questionnaires were returned from thirty-three companies. One hotel subsidiary refused further opinion questions and had to be excluded from subsequent opinion analysis.

In the hotel communication survey, 38 hotel managers responded out of over 90 approached, including a few independent hotels. The response of individual managers (see table 6.17) is satisfactory in that there were enough positive replies for personal opinion interviews. Now, this chapter continues to look at the data about the system of employee communication from this questionnaire survey.

Table 6.16 Response obtained from organisations

	Number of companies
Companies providing their annual report for this research	40
Specially interesting subsidiaries	6
Scottish private hotel companies	4
Total number of target companies for questionnaire survey	— 50
Companies which have returned the short factual questionnaire	38 (76%) (1)
Companies which did not return the short factual questionnaire	12
	Number of hotels
Total number of large Scottish hotels written to	90
Hotels which returned the short hotel questionnaire	38 (45%) (2)
Hotels which did not return the short hotel questionnaire	52

Notes:

(1) From these companies, a total of 37 managers from 23 groups returned further opinion questionnaires, and 25 of them from 21 companies were willing and were therefore interviewed.

(2) From these hotels, a total of 25 hotel managers were interviewed including 6 independent hotels.

Table 6.17 Participation of individual managers

Degree of response obtained	From number of respondents
Established contact	75
Had completed personal data, factual employee reporting questionnaire	72
Had answered in detail open-ended opinion questions	69
Had completed Likert-style opinion scales	59
Had participated in a face-to-face interview	50

6.2.1 Company background information

The sample forming the basis of the study represents more of the bigger companies in the drinks and hotel trade. There are 24 public limited companies amongst the 33 respondent companies, and 19 of them are large multi-business companies. The main company background factors tested are size, lines of business and employee reporting. Company size was defined by size of the workforce, total net asset and turnover. A convenient combination of these criteria is used to divide the sample into roughly half large and half small companies.

More of the multi-business companies were large companies (0.000). These multi-business companies paid their directors higher pay (0.000) and they were also more likely to be big charitable donors (0.003) (table 6.18). Companies with a major hotel business interest showed few significant variations except that hotel companies had lower average employee pay (0.000) (table 6.19). Also, the ratio of distribution to labour versus capital (total pay to total dividend) was higher in hotel companies than other companies. It confirmed a low-pay labour-intensive service industry.

6.2.2 The employee communication system

Employee communication is a neglected aspect in management policy. Amongst the 33 companies which returned the postal questionnaire, only two companies produced documented policies on employee communication. However, giving employees a printed report is not a dying fashion (see table 6.20). Rather, it has developed so that now more employees get company reports. More than half of the sample

Table 6.18 Multi-line businesses and charitable & political donations

Charitable & political donations	Single-line business	Multi-line business	Total
Minimum	11	1	12
%	55.0	5.6	31.6
Significant	9	17	26
%	45.0	94.4	68.4
Total	20	18	38

CHI-SQ = 8.553 SIG. = .003 DF = 1

Table 6.19 Low pay in hotel business

Average employee pay	Not major hotel interest	Company has major hotel business	Total
Lower	3	17	20
%	17.6	81.0	52.6
Higher	14	4	18
%	82.4	19.0	47.4
Total	17	21	38

CHI-SQ = 12.669 SIG. = .000 DF = 1

Table 6.20 Variety of reports given to employees

<u>Types of reports</u>	<u>Number of companies (N=33)</u> <u>providing reports</u>	
<u>(A) Verbal/visual reports</u>		
Using verbal/visual report only	1	1
Using verbal/visual report plus printed reports as well	6	
Total number of companies using oral/audio visual reports	— 7 =	
<u>(B) Printed employee reports</u>		
Total number of companies which has started issuing it	18	
<u>less</u> those which has stopped this report	5	
Number of companies still issuing printed employee reports in 1982	— 13 ==	13
<u>(C) Annual reports automatically to employees</u>		
A company began giving employees the annual report right at the start	1	
<u>plus</u> those companies which had stopped issuing an employee report but gave copies of the annual report to employees instead	5	
Total number of companies that were giving annual reports to all employees	— 6 =	6
Total number of companies that gave employees some verbal/visual and/or printed reports up to 1982		— 20 ==

Note:

(1) The total of 20 companies formed the group referred to in the thesis as the reporting companies.

(2) More use of verbal/visual reports and the annual report for the employees is expected in the future.

companies (20 out of 33 companies) did this automatically. This group of companies are referred to as 'the reporting companies' for short. Five of these had stopped issuing a separate employee report before 1981-1982, and gave all employees a copy of the annual report. One company still issuing an employee report has also started to provide the annual report to all of its employees as well.

Nevertheless, resistance to giving employees any reports or information was prominent amongst the sample. There were six companies refusing to allow employees access to the annual reports. The questionnaire data obtained from managerial representatives on the system and extent of employee communications are now analysed.

6.2.2.1 Method and frequency of communications

A wide variety of communication methods were used for employees. More popular methods used by a majority of the companies are listed in table (6.21). Amongst the hotel and the drinks organisations, the most standard and frequently used method of communication is notices on notice boards. In most cases (86%), notices were put out weekly and sometimes more often. The second is consultative meetings which were used by many companies (72%) on a monthly basis.

Other less routine communication methods are favoured by different managerial communication styles. Some were happy with a company newspaper. Some preferred a large group oral presentation whilst others might stick to the 'Industrial Society' briefing group structure. A few have progressed on to forums and audio-visual presentations. Doing one thing did not mean the company could not or

Table 6.21 Reliance on traditional methods in companies (N=33)

<u>Communication method</u>	Used by number of Companies	Typical frequency of use
Notices	31	weekly or more
Consultative meetings	26	monthly
Large group verbal/visual report	22	yearly
Company newspaper	20	quarterly to monthly
Briefing group	19	monthly or 2-monthly
Employee report	17	yearly

Notes:

- (1) Traditional and formal communication methods are used by more companies.
- (2) Other methods were used by less than 50% of the companies surveyed. These less widely used communications include a newsletter, an occasional report, a company magazine/journal, an annual forum, the annual report and a slide/video/film show.

Table 6.22 Reliance shown by the amount of information given (N=33)

<u>Communication method</u>	Average number of information items covered by this method
Consultative committee	2.9
Notices	2.8
Company newspaper	2.5
Large group verbal/visual report	2.4
Briefing group	2.0
Employee report	2.0

Note:

Other methods covered less than 1.5 information items on average.

should not do more. Often a combination of these communication methods are pursued. All this suggests that the companies must have found it useful to undertake each kind of activity.

Nevertheless, if the routine and statutory information were excluded, a significant proportion of companies did not do much in the way of giving employees information at all. These inactive companies are by no means less significant subjects for study. On the contrary, it is important that research should explore the reasons why these companies have not acted in communicating to the employees voluntarily.

6.2.3 Analysing the subject matter coverage in employee communication

Some idea of the significant information items and the different communication methods used for the employees were obtained. The matrix of information items by communication methods from the questionnaire yields two measures. Table (6.22) shows a ranking of communication methods according to the average number of different information items covered by each method. This ranking reflects on the actual use of the different methods, and the extent to which each method is preferred for reporting various information items. A quick check shows that this coverage ranking compared closely to the ranking in table (6.21). It suggests that the more selective communication methods chosen by management must be for communicating more specific information to employees. The reason for this must be partly that the formal and institutionalised communication channels such as noticeboards, consultative committees, and newspapers are unsuitable.

Table (6.23) summarised the average number of communication methods used to cover the different information items. It is somewhat surprising that financial results is top of the list. Even though one generally observed that financial information constitutes only a small part of employee information, management seemed to be keen to use every opportunity to discuss it. This significance in coverage of financial results may be a direct reflection of external financial reporting pressures. It may be a habit to begin always with figures on profits and sales.

If employees were to take an interest in the company's performance, then 'sensitive' information such as investment plans, business forecasts, manpower planning, employment information and management policy are all relevant to the employees. However, apart from the past year's financial results, management has not explored the possibilities of reporting these kinds of information at a generalised level to the employees.

There are preferred media for specific types of information (see table (6.24). General legal and more mundane information such as organisational, safety and health, welfare and pension are destined for the notice-boards. More sensitive information like investment plans and manpower planning are kept for 'safer' consultative meetings. Probably the hope was that sensitive information would not be leaked to unintended ears. Newspapers and the large presentation serve as catch-all communication channels. Significantly, the employee report chiefly gives financial information. It suggests that among others, the purpose of the employee report is like an employee's annual report. This is in agreement with the documentary

Table 6.23 Significant financial coverage in communications (N=33)

<u>Information subject matter</u>	Average number of methods covering this information	
Financial results	3.9*	(There seemed to be a special importance given to provide financial results to employees.)
Organisation & change	3.6	
Safety & health	3.6	
Welfare & pension	3.1	
Investment plans	2.6	
Manpower planning	1.8	
Employment information	1.6	

Table 6.24 Important use of the employee report (N=33)

Number of companies using the communication method below to provide specific information items

<u>Information item</u>	Consultative meeting	Notices	Company newspaper	Large group	Briefing group	Employee report
Financial results	12	11	15	18	12	*21
Organisational	16	*25	17	13	13	8
Safety & Health	17	23	14	12	9	6
Welfare & Pension	14	20	11	8	8	8
Investment plan	14	3	12	14	10	9
Manpower plan	14	6	6	9	8	4
Employment	8	3	6	6	7	9

Note:

* Maximum of row & column indicate a significant use of the communication method. The employee report is used specially for reporting financial results to employees. Also companies rely on the noticeboard for communicating to employees.

evidence of a great similarity in the content coverage of these two kinds of reports.

So the practice of employee reporting does not mean just producing a special employee report once a year. Continuity and personalised communications are ensured through a combination of communication media. More general and comprehensive channels like group briefings and company newspapers are important. Yet, large presentations and employee reports have extra symbolic significance. The latter also has the advantage of being a tangible document retained by employees. The ceremonial occasion was normally led by the top executives, addressing everyone in the company. It was shown that senior executives have strong control and shouldered employee reporting responsibilities in the main (see table 6.25). Some companies have also provided for a forum for questions and answers. Such attention from the top management, who were attributed by respondents to have started the employee report initiative (see table 6.26), suggests a strong commitment from the leaders of industry. Probably, it was a result of all this that more of these communicating top management were well known to the shop-floor employees (0.010) (table 6.27).

A major problem with testing data here is that statistical company information was not always readily available. Companies may not have reliable records of, for example, union membership, employment information, labour turnover and absenteeism. Accounting, for instance, for the costing of employee reporting was not considered. This highlights the short-comings of relying on postal questionnaires for gathering non-routine and even factual data. In interviews,

Table 6.26 Who started the employee report? (N=18)

	The Employee Report was started by:	
	Top management	Personnel & others
The chairman alone	*6	-
The managing director alone	*1	-
The personnel director alone	1	-
The personnel director with support from the chairman and the managing director	1	-
The top executive group	1	-
The finance director and the personnel manager	1	-
The company secretary	-	1
The personnel manager, with board-level support	-	1
The personnel group	-	1
Influences not ascertained	-	4
Total number of companies which had used the employee report	<u>11</u>	<u>7</u>

Note:

*All these are drinks companies with major business interests in breweries or distilleries. Six companies from this group are the ones amongst the reporting companies to start giving all employees a copy of the annual report automatically. Also significantly all the six chairmen have continued to be involved personally in large scale communication tours or video presentation.

Table 6.27 Management style linked to communication system

Regular communication	Not well known	Top management well known	Total
Not used	11	6	17
%	84.6	31.6	53.1
Used	2	13	15
%	15.4	68.4	46.9
Total	13	19	32
CHI-SQ =	6.719	SIG. = .010	DF = 1

respondents were more involved and were encouraged to be more helpful in giving estimates.

With few exceptions, centralised communication systems are the norm. Even though employee information is an internal process, it follows the norm of public corporate reporting. Most companies made the group-level trading results available to employees. Some included divisional trading results. However, the disclosure of disaggregated unit-level financial information was not allowed. Apart from three companies, employee reporting had necessitated not any extension to the management information system. In fact those three cases only involved appointing an officer or a committee in charge. Therefore, it is concluded that employee reporting had not involved the gathering, processing and reporting of any new information.

The question of feedback noted in prior research is again highlighted in this survey. Some respondents claimed that the impact of employee communications was assessed. For that, most of them relied on their own impression of how things were going, based on non-systematic personal contacts within the company. Only three companies had conducted survey studies of the employees' response. Two of these used external market researchers. The fact that most managers did not bother about feedback on employee reporting shows users' needs was not perceived as a problem area. In giving employees information, managerial interest is not likely to be about what the employees themselves wanted to know, not the recognition of employees' basic need or right to know. More realistically, it is to achieve what management had intended.

Apparently, no single managerial function seemed to have clinched a monopoly of this responsibility area (see table 6.25). Persons in charge of employee reporting include directors and managers in finance, personnel, employee relations, public relations, training and the secretariat. Often, a multi-disciplinary team worked together, and consultation would take place at top management level.

6.2.4 Employee communications in hotels

None of the 38 hotel managers had seen any formally documented employee communication objectives. They had difficulty in differentiating ends from means. Responding to the question on the aims of employee reporting, many hotel managers simply gave a list of the various communication methods used in their hotel. Most hotel managers rely on the traditional channels of communication like the noticeboard. The small group briefings (see table 6.28) used widely in hotels were only heads of department operational meetings. Consultative committees are seldom in function. Only in some large hotel chains or where management was insistent had there been some development. In general, no guaranteed systems exist to communicate information to all staff. It is often left to the individual manager and head of department to pass on information if they felt something had to be done. At the other extreme, a couple of managers (who can be called 'memo kings') kept churning out hundreds of memos a year. Perhaps they identify their role more as the classic administrator.

By breaking the subject matter of information given by each communication method, a second ranking of the importance of the communication methods reflected by the number of different

TABLE 6.28 Frequency of communication in hotels (N=38)

<u>Communication methods</u>	Number of hotels using it	Typical frequency of use
Head of Department briefing meetings	35	1 to 2 monthly
Notices	32	monthly
Written report	22	1 to 2 monthly
Large group verbal/visual report	18	half-yearly

Table 6.29 Use of communication in hotels (N=38)

<u>Communication methods</u>	Average number of information items covered by this method
Head of Department briefing meeting	3.9
Notices	2.4
Written report	2.1
Large group verbal/visual report	1.3

Table 6.30 Dominance of routine communication in hotels (N=38)

<u>Information items</u>	Average number of communication methods covering this information items
Health & safety	2.3
Organisation	2.0
Welfare & pension	1.6
Financial results	1.2
Investment plan	1.0
Manpower plan	1.0
Employment information	0.8

information items covered is shown in table (6.29). It yields the same order of ranking, confirming the primarily operational and mundane information activities in hotels. Information subject matters were different compared with the company communication data. Information items were given via less communication channels (see table 6.30). The emphasis on giving employees the financial results has disappeared as well. In fact it is kept away from the ordinary employees, like other 'sensitive' investment and manpower information. Hotel workers merely get the legal, mundane types of information mainly via the noticeboard. Everything else, including the more sensitive budgets and plans, are restricted to the small head of department meetings (see table 6.31).

As regards the financial results, hotel managers have a more closed attitude. Financial information is a traditionally no-go area for the hotel staff. It was considered risky. Indeed, in some of the private hotels, even the managers themselves may not be privy to the financial results of the business. Under this scenario, very little would seem to have trickled down to the average hotel employee. Apart from those groups which gave all employees a copy of the company's annual report, none of the other hotels did make it available. Therefore, the hotel employees were mostly kept in the dark.

However, there were a few exceptional hotel managers who were remarkably competent and dedicated communicators. They have worked hard at employee reporting. They acted on their own initiative, with the confidence that it was the right thing to do. They would address large groups or the entire staff, on a regular basis. The main business of these presentations was the trading results of the hotel.

Table 6.31 Hotel communication coverage analysed in detail (N=38)

<u>Information items</u>	Number of hotels using the communication methods below to provide the specific information			
	Briefing group	Notices	Written report	Large group presentation
Health & safety	22	*34	17	14
Organisation	*27	22	14	12
Welfare & pension	17	23	13	7
Financial result	24	2	12	7
Investment plan	20	3	10	5
Manpower plan	16	3	7	3
Employment	20	3	8	3

Note:

* Maximum of row & column indicates very clearly that communication in hotels mostly relied on traditional methods and the emphasis was on the mundane and statutory information items.

These few managers have put a great deal of thoughts to this. Using slides/video or other self-prepared illustrative aids, they led the discussion. Their special experiences are covered in chapter 10.

6.2.5 Findings from further testing of quantitative data

With the data collected from the questionnaire survey and report analysis, it is now possible to present some further findings in a more systematic manner, according to the major issues identified in this study. First, the relationship between the company factors and the communication system within the firm is discussed. Then, any significant links between these company variables and the company reporting characteristics will be tested.

6.2.5.1 The company communication system features

Three characteristics of company communication systems were considered for testing: the presence of a centralized or decentralized system, the use of a regular or an ad hoc system, and the use of a frequent or infrequent communication system. However, these general descriptive measures are not totally independent. There is a link between the other two categories in that companies undertaking regular communication to the employees also tended to have more frequent communications than those with an ad hoc system (0.029). Also, only in a few companies was a decentralized system of communication used.

Although a decentralized employee communication system is uncommon, some interesting observations were made. It is found that some

companies allow divisional/unit management participation in deciding, preparing and presenting employee information. Such a participative communication system is intuitively appealing, and it also suggests a more mature and open style amongst the senior managerial hierarchy. Unless participation is encouraged by top management, it is unlikely that employee reporting will extend much beyond what seemed like a top-down information exercise. Without downgrading the significance of communications from the top, the case for line management involvement is clear.

6.2.5.2 Company employee communication methods

The actual methods of communication used was linked to a number of factors. Firstly, the limitation of geography is an important factor affecting the type of communication method used. Location and organisation of the workplace sometimes directly determine the kind of methods that may be feasible. Where there was a conglomerate site of work buildings, such as a brewery, where it is possible to shut down production for a short while, then large meetings for all staff could be used (0.035). Some of these organizations would have also a continuous group briefing system for the on-going process of employee reporting amongst other purposes. By contrast, for the hotel company with lots of scattered establishments all over the country, it becomes more problematic. Such participation of staff at all levels is difficult to achieve. Equally, similar problems may be experienced by large multi-business concerns.

The top personality seemed to be linked with the kind of communication system used in the organisation. It was found that more

of those companies with the top executive well-known to the workforce tended to have regular communications (0.010) (Table 6.27). Possibly the chairman became more well-known to the employees through the means of regular communications. Yet, it must also be suggested that the personality of the leader could have influenced the design of the communication system.

Looking at the range of communication methods used, apart from the diversity of practice, there were no significant test results. Notably, companies with regular employee communications often have a company newspaper. Probably, there is a special social significance to the company newspaper.

Tests on the audience coverage of staff meetings also yielded little by way of significant variations. In most companies, the briefing meetings involved mostly the middle and lower management, perhaps down to the supervisory staff. Apart from the large group presentations, lower level employees were seldom involved. This indicates that communications are closely tied up with the managerial control purposes.

Audio-visual presentation is an increasingly important medium, and hotel companies have used it more widely for the lower grade staff (0.001) (Table 6.32). Possibly the audio-visual medium suited the needs of the large hotel companies. It is popular, easily understood, and can be distributed to all sites cheaply. It also has the advantage of providing the chairman with a direct channel to the individual employees, allowing a kind of quasi-personal contact.

Table 6.32 Popularity of verbal/visual methods in hotel business

Verbal/visual employee communication	Not major hotel interest	Company has major hotel business	Total		
None	10	5	15		
%	90.9	23.8	46.9		
Used	1	16	17		
%	9.1	76.2	53.1		
Total	11	21	32		
CHI-SQ =	10.496	SIG. =	0.001	DF =	1

6.2.5.3 Company communication content coverage and usage

Testing the use of communication methods to give different information items, there are two groups of interesting results. Companies which have a regular employee communication system also tended to have a more comprehensive coverage. This is true for the normal and routine material, such as health and safety information (0.029) and welfare and pension information (0.029). Even as regards the sensitive information like investment plans, these companies have more significant coverage in the various communication channels (0.012).

There was an emphasis of giving wide coverage to financial information. Financial results were notably covered in more kinds of communication amongst companies using regular employee reporting methods (0.005) (Table 6.33) and amongst those companies with an employee share scheme (0.005). Where an employee share scheme operates, more and more employees would have access automatically to the company's annual report. Similarly, where there is an established regular communication system, employees have more exposure to financial matters.

Looking at the usage of different methods of communication (indicated by the number of different information items covered), drinks companies have tended to use their group briefing structure to cover more topics than the other companies (0.034). Effective communication was more thoroughly thought through amongst the top management of the drinks companies. In contrast, there seemed to be a laissez-faire attitude in the hotel organisations.

Table 6.33 Emphasis on financial information in regular reporting

Financial results given significant coverage	No regular Communication methods used	Regular communication methods used in company	Total
Less	13	3	16
%	76.5	20.0	50.0
More significant	4	12	16
%	23.5	80.0	50.0
Total	17	15	32

CHI-SQ = 8.031 SIG. = .005 DF = 1

It was observed that companies which gave employees some form of a report (including the employee report) also used a company newspaper to cover various matters. Clearly, both the employee report and the company newspaper are important and their uses probably complement each other. Bearing in mind the existing methods of communication, such as group briefings, large oral presentations and company newspapers, which have the advantages of being more on-going, face-to-face and more easily understood, the prominent use of an employee report must logically add to the total employee communications, perhaps not so much in terms of the report information content. Or else, management would prefer to put the same information across through the existing more superior channels. Hence, it is vitally important to explore the social and symbolic values of the employee report in the opinion interviews with the managers.

6.3 The reporting companies, those providing a special printed employee report, and those with an employee share scheme

Following the first brief factual questionnaire, more detailed company questionnaire and personal opinion questionnaires were sent out, including to those who had indicated that they were unwilling to be interviewed. It contained both open and closed questions on company communication practices, the development of the employee report, the aims of employee reporting, and background information.

It is significant that the advent of employee reporting could be linked to employee involvement. From more detailed information obtained subsequently, a clear trend in the late 1970's of the increased popularity of providing reports for the employees was

demonstrated (see table (6.34)). It was observable that this was followed by the development of employee share schemes (see table (6.35)). Such evidence of the trend of development of more availability of company reports and employee share schemes indicated an important element of the social, motivational and involvement purposes for employee reporting.

Large companies are more likely to provide some form of reports and share schemes for the employees (both at 0.023) (Table (6.36 & 6.37)), but employee share schemes were more significantly linked with a larger workforce (0.001) (Table 6.38). Reporting companies are more likely to have a larger workforce, a larger business turnover, higher average pay for the directors and a higher director/employee average pay differential (all at 0.003) (Table 6.39). These reporting companies are also more likely to use a value added/funds statement in the annual report and employee report (0.000) (Table 6.40), and they are more likely to discuss the problem of staff redundancy in the reports (0.001) (Table 6.41).

A detailed company report analysis showed that companies provided a very uniform coverage of all the economic issues in the annual report narratives, regardless of the adopted employee reporting practice. Some interesting results were found in the social issue coverage. More reporting companies included statements on shareholder issues (0.001) and employee welfare (0.009). These shareholder issues were reported more often in the annual reports of the smaller group of companies with a separate printed employee report (0.011). More of this smaller group have also included statements on industrial relations issues in their annual report (0.009). These three

Table 6.34 Trend of development of reports and shares for employees

Number of companies starting the following (N=33):

<u>Period</u>	Annual report for employees	Employee report	Free share scheme	Share option
1965-1972	4	1	0	0
1973-1976	1	3	0	1
1977-1980	5	10	7	5
1981-1982	0	1	1	4
Total	10	15	8	10

Note:

More than half of the innovative changes within the sample took place during the peak period of 1977-1980.

Table 6.35 Pattern of development of reports and shares for employees

Company code	<u>Year in which the following was started:</u>			
	Annual report available to employees	Special employee report	Free share scheme	Share option scheme
A	1970	1978		1979
B	1980	1978		
D	1970	1977	1980	1980
E		1975	1978	
F	1978	1978	1978	1981
G	1970	1977		1982
H	1973	1973	1978	1973
I	1980			
L			1978	
M		1977		1978
N		1979		1981
P	1968	1965		1978
Q		1978	1981	1981
R	1978	1978	1980	
S	1977	1977	1979	1980
V		1976		

Notes:

(1) The trend for starting employee reports was mostly associated with the more open practice of making the annual report readily available to the employees. In many cases, the annual report became available at the same time or after the employee report was started.

(2) In 12 out of 14 cases, employee reporting efforts were followed by free share and/or share option schemes. It suggests the link of the ideology of employee motivation and involvement.

Table 6.36 More large companies gave some form of employee report

Employees get a report	Size of company or group		
	Small	Large group	Total
No	14	5	19
%	70.0	27.8	50.0
Yes	6	13	19
%	30.0	72.2	50.0
Total	20	18	38

CHI-SQ = 5.172 SIG. = .023 DF = 1

Table 6.37 More large companies have employee share schemes

Employee share scheme	Size of company or group		
	Small	Large group	Total
No	17	8	25
%	85.0	44.4	65.8
Yes	3	10	13
%	15.0	55.6	34.2
Total	20	18	38

CHI-SQ = 5.238 SIG. = .022 DF = 1

Table 6.38 Employee share scheme linked to large workforce

Size of workforce	Company has employee share scheme			
	No	Yes	Total	
Smaller %	19 76.0	2 15.4	21 55.3	
Larger %	6 24.0	11 84.6	17 44.7	
Total	25	13	38	
CHI-SQ =	10.377	SIG. =	.001	DF = 1

Table 6.39 Employee report linked to director/employee pay differential

Director/employee pay differential	Reporting company			
	No	Yes	Total	
Smaller %	14 73.7	4 21.1	18 47.4	
Larger %	5 26.3	15 78.9	20 52.6	
Total	19	19	38	
CHI-SQ =	8.550	SIG. =	.003	DF = 1

Table 6.40 Reporting companies used more value-added/funds statements in financial reports

Value-added & funds statements	Reporting company		Total		
	No	Yes			
None	19	7	26		
%	100.0	36.8	68.4		
Used in reports	0	12	12		
%	.0	63.2	31.6		
Total	19	19	38		
CHI-SQ =	14.737	SIG. =	.000	DF =	1

Table 6.41 Redundancy mentioned more by reporting companies

Number of statements on redundancies	Reporting company		Total		
	No	Yes			
Less than one	19	9	28		
%	100.0	47.4	73.7		
One or more	0	10	10		
%	.0	52.6	26.3		
Total	19	19	38		
Note : 50% of valid cells have expected cell frequency = 5					
CHI-SQ =	10.993	SIG. =	.001	DF =	1

categories of companies have also paid more attention to the social issues of saving jobs and redundancy (e.g. 0.001). Yet, most of these results can only be suggestive due to the statistical problem of small cells.

The findings cannot be interpreted as suggesting that these areas of social concern have caused managerial initiatives in employee reporting. Rather, companies are keen to cover some identified wider social interest issues, as well as employee and shareholder issues. Industrial relations is obviously a key area of public concern, but there were only general situation statements in this regard.

Further significant results were found in the tone of the statements made. More companies with employee share schemes tended to have more economic propaganda statements in the annual reports (0.022). More reporting companies claimed success in respect of the company's social performance (0.046). For the reporting companies, the consistent accent on claiming success and projecting the company's image extends into the social sphere of enterprise. These companies are trying to put across strong messages, but how seriously they take corporate social responsibilities is another question.

Company employee and annual reports were tested against two further measures: the use of a regular formal communication system and whether or not the company communicates to the employees frequently. There were no significant variations in the narrative contents. It confirms that the practice of voluntary reporting does not deviate from the prescribed mode of external financial reporting. As a result, the substance of employee reporting is not linked to the

needs and design of internal organisational communication. A larger size sample is required for more detailed testing of the relationships between the organisational variables and the style of employee reporting.

CHAPTER 7 MANAGERS' OPINIONS ON BUSINESS AND REPORTING OBJECTIVES

Identifying corporate thinking in modern large and complex organisations can be a difficult task. What one might obtain, if anything, in the form of a formal policy document of organisational goals can be superficial. This study aims to tap managerial thinking by asking management representatives directly in interviews. In attempting this, a moderate sample of interviews were obtained. Even though one third of the group respondents and one fourth of the hotel respondents refused interviews, on further request, half of them did help with more detailed opinion questionnaires (as shown in Table (6.16) & (6.17)).

Ultimately, it is the respondent's own decision to help with the research. Therefore, the sample of opinion is automatically self-selected. Probably, the research findings represent more of the interested and enlightened views of managers.

7.1 A profile of the managers

There were 75 individuals in the base sample. They were predominantly male (88%). More than half of them had a formal educational qualification up to diploma or first degree level (56%). Most were members of professional institutes (72%). A small number of them belonged to trade associations (12%). Even fewer of them were trade union members (8%), and only a third of them had union negotiation experience before. Roughly half of them (52%) owned shares in their company. A majority of them (60%) had been with their present company for a relatively shorter period of time (under 5 years), but more

than one in four (27%) had served their present company for over 10 years.

Share ownership is linked to the length of service. More managers with over five years of service owned shares in their company (Table 7.1). Certainly, it suggests that the more loyal staff members tend to participate in company share schemes. However, the converse hypothesis that holding shares makes staff more loyal needs to be tested over a long period of time.

The personal background of managers did not differ very much amongst the larger or smaller companies. However, there were differences between the top/middle managerial group (directors and managers at the group/divisional head-quarters) and the lower managerial group (hotel managers). As a result of the sampling, respondents in the higher rank group mostly had special functions such as finance, training, personnel or public relations, whereas the lower rank hotel managers and so on had more general responsibilities.

More of the higher ranking managers were older (over 40 years of age) and tended to have higher academic qualifications of degree level and above (Table 7.2), and belong to professional bodies (Table 7.3). The higher ranking group also have longer service (more than 5 years) (Table 7.4).

7.2 Managerial opinion rankings

The aim of the objective ranking exercise was to get an unbiased measure of the priority of business objectives as perceived by

Table 7.1 Share ownership amongst managers

<u>Owning shares in company</u>	<u>Length of service with company</u>		Total
	Up to 5 years	Over 5 years	
Yes	17	22	39
%	37.8	78.6	53.4
No	28	6	34
%	62.2	21.4	46.6
Total	45	28	73

CHI-SQ = 9.962 SIG. = .002 DF = 1

Table 7.2 Formal educational standards of managers

<u>Level of education</u>	<u>Level of position of manager</u>		Total
	Company & Group	Unit management	
Up to Diploma	17	26	43
%	40.5	83.9	58.9
Degree & over	25	5	30
%	59.5	16.1	41.1
Total	42	31	73

CHI-SQ = 12.140 SIG. = .000 DF = 1

Table 7.3 Professional membership of managers

<u>Level of position of manager</u>			
<u>Member of professional organisations</u>	Company & Group	Unit management	Total
No	5	15	20
%	11.9	48.4	27.4
Member	37	16	53
%	88.1	51.6	27.4
Total	42	31	73
CHI-SQ =	10.171	SIG. =	.001
		DF =	1

Table 7.4 Loyalty of managers

<u>Length of service with company</u>			
<u>Level of position</u>	Up to 5 years		Total
	Company & Group	Over 5 years	
Company & Group	19	23	42
%	42.2	82.1	57.5
Unit management	26	5	31
%	57.8	17.9	42.5
Total	45	28	73
CHI-SQ =	9.684	SIG. =	.002
		DF =	1

managers. Two sets of questionnaires were used. One was the objective ranking questionnaire and the second one was a Likert style opinion scale questionnaire. They both cover the same issues so that it would be possible to check the consistency of the results. First, the business objective rankings are discussed. Then, managers' opinions on the area of employee reporting and wider business issues will be presented. It allows the opportunity to see to what extent employee communication aims are linked to the business aims of the company.

7.2.1 The ranking of different objectives

The objective ranking questionnaire gives a list of different reporting objectives that might be regarded as important. Firstly, respondents were asked to make four choices from each of the three categories of financial, general business, and social objectives (see appendix 8). Then they were asked to select only one objective per category. Finally, they were asked to indicate the most important objective out of all three categories. Managers also had to rank the importance of different social interest groups in the same way.

Overall, the ranking results are consistent. For all groups of objectives, the most frequently chosen objective in the 4-choice situation was also the most popular choice in the one most important choice situation. What is more, the dominance of the most important choice in each group was also reflected in ranking. Therefore the ranking results are considered to be reliable.

There is consensus amongst the respondents about the supremacy of the financial profitability aim. For the 'non-core' general and social

corporate objectives, managerial perceptions indicated an interesting spread of emphasis. As for the target social interest groups, managers again had different opinions. These are presented as follows.

7.2.1.1 Financial objectives ranking

Opinion ranking results demonstrated the predominance of 'profit' as the overwhelming concern of management (Table 7.5) which supports the documentary evidence from the written reports. The 'profit' objective was chosen as the most important financial objective for their company by a huge majority. More group-level managers chose it than lower level hotel managers (0.046). This pre-occupation with the profit figure mirrored the reliance on monetary profits as the measure of corporate success used in the financial market.

However, a sizeable minority have pointed at other aspects of financial performance measures. 'Efficiency' was ranked as important by managers from reporting companies and hotels. It appealed to the more highly educated managers (0.002) (Table 7.6). More of the hotel unit managers included 'Sales' amongst the four important business financial objectives (0.000) (Table 7.7). 'Sales' was ranked as more important by those directly involved in hotel business (0.002) (Table 7.8), but it was not so important to those from drinks companies (0.002) (Table 7.9). Managers in hotel companies have a first hand knowledge of the most readily identifiable target - daily sales of the business, and also direct control of staffing and efficiency. Head-quarters managers of large multi-business companies on the other hand monitor the business via periodic profit

Table 7.5 Managerial ranking of financial objectives (N=59)

<u>Financial objectives</u>	<u>% of respondents choosing it</u>	
	<u>In a 4-choices situation</u>	<u>As the final most important aim</u>
	<u>%</u>	<u>%</u>
Profit	87	*60
Efficiency	64	11
Sales	47	7
Competitiveness	45	7

Notes:

(1) All other financial objectives recorded less than 3% in the one most important choice situation.

(2) * The ranking of profit was the clear dominant choice as the most important financial objective. Yet, it is also notable that as much as 40% of respondents emphasized other objectives.

Table 7.6 Education of managers and the efficiency objective

<u>Ranking of efficiency objective</u>	<u>Level of formal education of manager</u>		Total
	Up to diploma	Degree & over	
Important	36	12	48
% 81.8	42.9	66.7	
Not chosen	8	16	24
% 18.2	57.1	33.3	
Total	44	28	72

CHI-SQ = 10.001 SIG. = .002 DF = 1

Table 7.7 Emphasis on sales objective amongst company & group vs. hotel unit manager

<u>Ranking of sales objective</u>	<u>Level of position of manager</u>		Total
	Company & group	Hotel unit manager	
Important	12	23	35
% 29.3	74.2	48.6	
Not chosen	29	8	37
% 70.7	25.8	51.4	
Total	41	31	72

CHI-SQ = 12.521 SIG. = .000 DF = 1

Table 7.8 Emphasis on sales amongst Hotel business managers

Manager directly involved in Hotel business

<u>Ranking of sales objective</u>	Other business	Hotel business	Total	
Important %	5 20.8	30 62.5	35 48.6	
Not chosen %	19 79.2	18 37.5	37 51.4	
Total	24	48	72	
CHI-SQ =	9.514	SIG. =	.002	DF = 1

Table 7.9 Emphasis on sales objective amongst Drinks managers

Manager from brewery or distillery company

<u>Ranking of sales objective</u>	Other business	Major Drinks business	Total	
Important %	22 71.0	13 31.7	35 48.6	
Not chosen %	9 29.0	28 68.3	37 51.4	
Total	31	41	72	
CHI-SQ =	9.377	SIG. =	.002	DF = 1

statements. This might explain such a significant contrast in the managerial perceptions.

Obviously these criteria of financial performance were linked, One can criticise the artificiality of this ranking exercise.

Nevertheless, the results showed that managers themselves do perceive selective financial measurements as more important than others for gauging a company's performance. A consistent pattern which emerged from the ranking is that managers perceived the importance of aspects of organisational aims which were more relevant to their own immediate task experience in the business operation. The financial performance measures that are chosen and highlighted by management can possibly differ according to trading conditions as well.

Although respondents were asked to add any other items that they thought were important, all were happy to choose from the given list except two qualified accountants who have added 'return-on-capital' and 'value-added'. It must be surprising to the accounting profession that these important economic concepts still have not gained importance for measuring corporate performance. Managers may be taught little about these concepts. It requires no less than a 'cultural' change if there is to be a shift from the absolute reliance on the existing money market bottom-line profit approach.

Another interesting observation is that although the 'productivity' objective was often given prominent coverage in the media, managers did not put much importance on it in comparison. This suggests that although management at times behaves as if 'productivity' is an important measure of business performance, it is in reality not a

core business objective. The ranking showed the managerial emphasis on the 'profit' statistic, and it probably extends into the informal/verbal forms of employee communications.

7.2.1.2 General business objectives

This part includes the more general aspects of business objectives. A large percentage of respondents chose 'standard and quality of service/product' as the most important objective (see Table 7.10). It is significant that more of the smaller company managers chose 'standard and quality' as the most important objective (0.032). Breweries, distilleries and hotels have to put prime importance on maintaining the standard and quality of products and services. Indeed it can be a crucial factor for survival in the case of the small company. Unlike large companies, the small business cannot fall back on the security of the market share position and diversified business interests.

However, the dominance of the most important general business objective is not so absolute as the profit motive in the financial objective ranking. 'Standard and quality' was the top choice for just over half of the respondents. Managerial opinions were more diverse. There was a different emphasis in the four choice situation which showed that 'Long-term investment' was chosen by more of the large company managers (0.001) (Table 7.11), and 'Cost/price control' by the multi-business company managers (0.004) (Table 7.12).

Apart from being the accepted success indicators in capitalist economies, financial performance criteria are also more easily

Table 7.10 Managerial ranking of general objectives (N=59)

<u>General business objectives</u>	<u>% of respondents choosing it</u>	
	<u>In a 4-choices situation</u>	<u>As the final most important aim</u>
	<u>%</u>	<u>%</u>
Standard & quality	95	*53
Effective organisation	76	13
Leader, best, reputation	45	12
Survival	31	9
Long-term investment	57	5

Notes:

(1) All the other general objectives recorded less than 5% in the final most important situation.

(2) * The standard and quality of services and product was the clear dominant choice.

Table 7.11 Managerial ranking of the long term investment objective

Size of company which the manager was engaged in

<u>Ranking of</u> <u>L.T. investment</u>	Small	Large	Total
Important	6	37	43
%	28.6	72.5	59.7
Not chosen	15	14	29
%	71.4	27.5	40.3
Total	21	51	72

CHI-SQ = 10.201 SIG. = .001 DF = 1

Table 7.12 Managerial ranking of the objective of cost and price control

The multi-business nature of company

<u>Ranking of</u> <u>Cost control</u>	Single-line	Multi-line business	Total
Important	14	19	33
%	77.8	35.2	45.8
Not chosen	4	35	39
%	22.2	64.8	54.2
Total	18	54	72

CHI-SQ = 8.224 SIG. = .004 DF = 1

quantifiable and readily comparable across businesses, whereas the qualitative aspects of company performance are not. Furthermore, the general business objectives examined here are more internalized performance measures in comparison. There is more room for individual non-mainstream thinking amongst management. Therefore, they are less likely to be dominated by one universal performance criteria.

Given the economic constraints, one might expect that cost control and cost trimming would be one of the prime concerns amongst managers, but this was not true. Only one respondent chose cost control as the most important general business objective. Managers recognised there can be only limited possibilities for cost cutting. Furthermore, these cost cutting exercises can be pursued only if they do not endanger the standard and quality of products and services.

Interestingly, more of the reporting company managers emphasized the two general aims of 'long-term investment' (0.003) (Table 7.13) and 'cost control' (0.040), confirming the earlier documentary analysis of corporate reports. Possibly, the issues regarded by top management as important have filtered down the organisational hierarchy. Therefore, we can be reasonably confident of the importance of communication for acculturizing managers towards identifying with the corporate objectives.

7.2.1.3 Social objectives

All the corporate social and societal aims included may be considered non-core business objectives. The company's relationship to the employees, the most directly identifiable social group, featured

highly amongst the business social responsibilities. Overall, the range of opinion was wide without a clear dominant choice. Many wider social responsibility issues suggested are debatable or still to be considered.

Apparently, managers did perceive the employee related areas of corporate social objectives to be more important than the other non-core objectives (see Table 7.14). In the one most important choice situation, 'good industrial relations' and 'to provide secure employment' together were chosen by more than half of all the respondents.

Results about the social and societal objectives showed an interesting exception. Although some companies have stated an equality policy in relation to disability and gender, no one chose 'the upholding of equality principle' as the most important social objective. Only one manager chose 'fulfil social responsibilities' as the most important social objective.

Opinions about the importance of 'open management' 'good industrial relations', 'good communication', and so on were quite uniformly held amongst the managers. Possibly managers identify with these key issues out of a sense of noblesse oblige or professionalism. There is only one significant statistical result showing more unit managers than group managers chose the objective 'to save jobs' as being one of the four important social objectives (0.039). It testified to the major worry about high unemployment increasingly shared by the hotel and lower managerial grades. Top executives had explicitly referred to this concern. An example is the following statement:

Table 7.14 Managerial ranking of social objectives (N=59)

<u>Social objectives</u>	<u>% of respondents choosing it</u>	
	<u>In a 4-choices situation</u>	<u>As the final most important aim</u>
	<u>%</u>	<u>%</u>
Good industrial relations	76	35
Provide secure employment	71	23
Good communication	68	13
Openness in management	65	12

Notes:

(1) All other social objectives recorded less than 5% in the final most important choice situation.

(2) There was no single dominant social objective ranked as the most important by a majority of managers.

"I appreciate that, in this uncertain economy, there is real concern about job security and the effects of inflation and we continually try to improve communication and involvement throughout the group. I am very grateful for the loyalty and commitment of our staff that has played such a significant part in the achievements of the past year. It is only through their help that we have managed to produce good results and avoid redundancies in an economic environment which has forced many companies to close factories or even face extinction." (from the chairman of a distillery company in the 1982 annual report.)

7.2.1.4 The overall most important objective

Finally out of all the financial, general business and social objectives, respondents had to choose the ultimate most important objective. This final ranking (see Table 7.15) showed consistently that 'profit' was the unchallengeable ultimate choice for 67% of the sample of managers. Equally, it is worth noting that a minute 4% of votes were cast in favour of social objectives as the overall most important choice. Clearly, social responsibilities were not rated highly. This relative lack of managerial concern for social issues is congruent with the scant coverage given in the company reports.

7.2.1.5 Ranking of social interest groups related to the company

Managers were also asked to rank the importance of the various social interest groups to the company. The results were in part surprising (see Table 7.16). First, in the four-choice situation, managers emphasized the importance of the shareholders, the customers and the employees. Sometimes, wider social groups, such as the local community, consumers and the larger public were included. It was noted that occasionally, managers found it difficult to register the

Table 7.15 The most important overall objective (N=59)

The ultimate most important company objective	% of respondents choosing it
Profit	44
Standard and quality	19

Notes:

(1) All other objectives were chosen by less than 5% of the respondents.

(2) Once again, PROFIT was the dominant choice, but more than half (56%) of the respondents have voted for other objectives.

(3) PROFIT and STANDARD & QUALITY together scored 63% of the votes. The significance of these two main objectives is conclusive.

Table 7.16 Ranking of the social interest groups (N=59)

<u>Social interest groups perceived as important</u>	<u>% of respondents choosing it</u>	
	<u>In the 4-choices situation</u>	<u>As the final most important group</u>
	<u>%</u>	<u>%</u>
Shareholders	91	41
Customers	84	38
Employees	83	*4
Consumers	44	8

Notes:

(1) Nearly 80% of managers agreed that it is most important that the company should look after the interests of the shareholder group or the customer group. Roughly equal weight was put on these two groups.

(b) * The employee group was squeezed out when managers were only allowed to choose the most important social interest group.

relevance of these wider social interest groups, or to distinguish between 'the customers', 'the consumers' and 'the public'.

When obliged to make just one choice, the result was clear-cut (see Table 7.17). The overwhelming majority of managers identified with the interests of the shareholders and of the customers. Their primary concerns are profitability and the demands of the customers. The employee group which was ranked highly previously, was now selected by only a small percentage of managers. In fact, votes for the employee group dropped dramatically, right down to the lowest. More concern was shown even for the consumer group than the employee group. An explanation is due for such extraordinary discounting of the employee interests where external groups are concerned.

Managers' priority is to strive for good trading results, and profitability is what is demanded by the shareholders. This can be achieved only by satisfying the customers, and towards this end, management must commit the employees to the same mission. It is apparent that in identifying with the demands of dominant external markets, employee interests became non-issues. This traditional interpretation of the managerial stewardship role apparently has changed little.

Ambiguity is inherent in the managerial role. Managers may regard themselves as employees of the company or stewards of the shareholder interest. They may identify themselves as belonging to the managerial class with the power of control. Yet, they may also regard themselves as professionals mediating between the demands of various social groups linked to the organisation's activities.

Table 7.17 The importance of 'profit' and the shareholder's interest as ranked by managers

Most important financial & social objective

<u>Most important social group</u>	Other choices	Profit	Total
Others	12	2	14
%	30.8	6.1	19.4
Shareholder	12	18	30
%	30.8	54.5	41.7
Customer	15	13	28
%	38.5	39.4	38.9
Total	39	33	72

CHI-SQ = 8.042 SIG. = .018 DF = 2

Judging from the sample's ranking of the various social interest groups, individual managers have not considered the important question of their wider role in a modern economy. Questions can be raised about the uniformly narrow financial stewardship model and internalized values held by managers. Such dominance of the shareholder's 'profit' interest allows little room for increased managerial awareness and efforts in respect of corporate social responsibilities. Therefore, it is unlikely that corporate social responsibilities could be amongst the influencing factors for voluntary corporate reporting. Nevertheless, there are a couple of unusual choices given for the most important interest group. One manager chose 'the public'. Another had insisted on the joint 'shareholder/employee' group. Perhaps these are the first signs of managerial perception of the corporate social and societal accountability role as well.

7.2.1.6 Employee reporting objectives ranking

In the opinion questionnaire, managers had to rank employee reporting objectives. There is a wide range of opinions in respect of employee reporting objectives. All of the ten suggested objectives were variously rated as important by a number of respondents. 'To instill trust and commitment' was the most important choice (see Table (4.6)) for a quarter of the managers, but more than 30% of the sample did not even include this in the initial four choice ranking. A sizeable vote was for others such as the 'good communication' objective.

A few respondents added objectives such as 'to say thank you', 'to make them feel part of the company', 'to develop a sense of belonging

Table 7.18 Ranking of employee reporting objectives (N=59)

<u>Employee reporting objectives</u>	<u>% of respondents choosing it</u>	
	<u>In the 4-choices situation</u>	<u>As the final most important choice</u>
	<u>%</u>	<u>%</u>
To instill trust & commitment	69	28
To inform the employees	53	20
To provide a channel of information	48	20
To educate employees in company matters	64	13

Note:

Managerial ranking of employee reporting objectives differed. There was not a strong prevalent objective.

- it is my company as well' and 'most importantly to get their commitment to the company's standard and service objective'. There is a clear emphasis on the social purpose of employee reporting as a means of reward and involvement for the employees. This is in agreement with earlier company report analysis about the important messages of 'thank you' and 'tribute'. Hence, researchers must not underestimate the social significance and the symbolic value of company voluntary employee reporting.

Given the formative state of managerial objective formulation, especially in aspects of voluntary reporting like employee reporting, this spread of opinion was to be expected. For the majority of the companies, managerial efforts in employee reporting were relatively new at the time of the fieldwork. Probably, the research question of employee communication aims was explored for the first time. On the other hand, in a few companies, there was such a long tradition of employee communication that much is taken for granted. It becomes a way of life as some respondents put it, and 'Why do it?' seems almost a ridiculous question.

In most companies, communication practice seemed to be based on some unspoken and unsurveyed corporate reporting objectives which were presumed to be embodied in the practice. This state of affairs can be unsatisfactory as lower managers find it difficult to distinguish the ends from the means. Even where top management had explicitly laid down the communication aims, there can still be mediating perceptual factors.

With this variation of reporting objectives perceived by managers, statistical testing was limited by the problem of small cells. Only one significant statistic was found showing that more of the managers from large companies chose 'trust and commitment' as the most important employee reporting objective, whilst more of those from smaller companies chose 'to provide information channels' and 'to inform the employees' (0.029).

Further significant results with respect to personal data were found upon testing the four choice ranking of employee reporting objectives. More highly educated respondents chose the objective 'to give information for decision-making' (0.027). Another objective of 'making the employees proud of the company' was rated as important by more managers who belong to professional bodies (0.015). It shows that the importance of decision-making and the symbolic uses of communication are not grasped by everyone. Managers with less education thought it was more important 'to provide a channel of information' (0.030). Lastly, more of the managers with union negotiation experience chose the objective 'to inform the employees' (0.044). Perhaps experience in union negotiations has highlighted the need to redress the information gap.

Employee information rights and managerial accountability are not the reasons for employee reporting. Certainly, in the context of management thinking, the accountability and information rights of employees cannot be automatically assumed as in the case of the shareholders. Many of the managers preferred to place a strict emphasis on the legal framework which grants no information right to

the individual employee per se. It also protects corporate information as a managerial prerogative.

Even if some managers feel a moral obligation to communicate to employees, they also perceive other constricting factors. Given managerial attitudes that negate employees' information rights, the search for communication motives must weigh towards the tangible and intangible gains from the managerial viewpoint, such as better company performance, a sense of managerial achievement or self-gratification. These shall be explored later.

7.2.1.7 Managers' ranking of communication methods

In the short introductory questionnaire, managers were asked to select five useful communication methods from the list, and then to indicate the one they believed to be most useful. Some respondents added more methods of communication such as memos and personal contacts. Once again, it is the spread of opinion which is the striking feature. In fact, each of the 22 types of communication methods identified were chosen to be useful by someone. This variety of preference is still true in the final choice of of the most important communication method. No less than 14 different methods were chosen by managers in the final selection, reflecting the diversity of communication used in companies.

Senior management would have actively implemented the kind of communications they preferred. At the same time, through using some of the existing methods, managers may also find more use for such

methods. They might also come to believe in the choice of communication method which the company has used.

All in all, in the five-choice situation, small group briefings proved to be the most popular method, followed by notices (see Table 7.19). More group-level managers tend to choose company newspapers, consultative meetings and large group presentations as more useful methods (0.000). More of the drinks company managers have shown a preference for joint consultative committee meetings (0.024) and large group presentations (0.009). Hotel business managers did not think very much of written methods of communication (0.008), nor of the company newspaper (0.005).

Two interesting results were found in the ranking of the most useful communication method. More of the unit hotel managers chose briefing groups as the most useful communication method (0.002). Furthermore, the unit hotel managers choose more oral or visual reports as being the most useful methods (0.002) (Table 7.20). In contrast, more group managers choose written types of reports as the most useful communication method (0.001) (Table 7.21).

Apart from the organisational constraints, the managerial factor is also important in determining the communication style. However, generalization is not appropriate. In one company, the top management regularly released 'board memos', and there was no regular face-to-face contact with the employees at all. At the other end of the spectrum, there were some charismatic chairmen who would personally address the whole workforce.

Table 7.19 Ranking of communication methods (N=59)

<u>Useful communication methods</u>	<u>% of respondents choosing it</u>	
	<u>In a 5-choices situation</u> %	<u>As the final most useful method</u> %
Small briefing group	41	31
Notices	29	15
Company newspaper	21	11
Consultative meetings	25	8

Note:

Managerial preference of useful communication methods also varied.

Table 7.20 Managers' preference for verbal & visual reporting

<u>Level of position of manager</u>				
<u>Ranking of</u> <u>verbal/visual</u> <u>reports</u>	Company & group		Total	
		Lower unit manager		
Not chosen	28	9	37	
%	68.3	29.0	51.4	
As most useful	13	22	35	
%	31.7	71.0	48.6	
Total	41	31	72	
CHI-SQ =	9.377	SIG. =	.002	DF = 1

Table 7.21 Managers' preference for written reports

<u>Level of position of manager</u>				
<u>Ranking of</u> <u>written</u> <u>communications</u>	Company & Group		Total	
		Hotel unit manager		
Not chosen	12	22	34	
%	29.3	71.0	47.2	
As being useful	29	9	38	
%	70.7	29.0	52.8	
Total	41	31	72	
CHI-SQ =	10.700	SIG. =	.001	DF = 1

Table 7.22 Position on reporting budgets and forecasts to employees

Manager owning shares in the company

<u>Giving budgets & forecasts</u>	<u>Manager/shareholder</u>		<u>Total</u>	
		<u>Not shareholder</u>		
No statement	13	25	38	
%	54.2	96.2	76.0	
Against	11	1	12	
<u>giving budgets and forecasts</u>	<u>45.8</u>	<u>3.8</u>	<u>24.0</u>	
Total	24	26	50	
CHI-SQ =	9.870	SIG. =	.002	DF = 1

Obviously organisations can be run in many ways. The case in point is whether there are some desirable and useful practices that can be learned by most organisations. What can be glimpsed here is that no matter whatever else the company does in communicating to employees, there is always a social need for personal contact, formal and informal. The importance of this is evidenced by the dedication and commitment of the top executives of the reporting companies. They spent a lot of time and energy to maintain personal contact even for employees at dispersed locations. Headquarter managers may well learn from their example and try to reduce their remoteness from the shop-floor.

7.2.1.8 Allowable information items for the Employee Report

Respondents were simply asked to indicate if they think the information items listed in the questionnaire should or should not be included in the employee report. Their response was positive on most of the information items except 'budgets' and 'manpower planning'. Even though these two are highly relevant to the employees, the argument about sensitive management information was again deployed.

Interestingly, more managers working in companies with share schemes and more of the shareholder/managers objected to the disclosure of 'budgets' and 'manpower planning'. Significantly, more of those in companies with an employee share scheme objected to the inclusion of 'manpower planning' (0.027). More of the managers/shareholder objected to the inclusion of 'budgets and forecasts' for the Employee Report (0.002) (Table 7.22). Familiarity with corporate financial reporting practice could have helped to form these opinions. They

accept that if such information cannot be safely reported to the 'legal' owners, i.e. the shareholders, then claims like the employees' must also be rejected.

Possibly, share ownership may have caused managers to identify themselves more as a shareholder anyway. It would be interesting to study the dual identity of manager/employee and share-owner to see the effect of capital ownership. Probably a merging of interests and perception is inevitable.

7.2.2 Managers' views on various issues on a Likert style scale

A short Likert style opinion scale questionnaire was sent to interviewees for completion prior to the actual interview. It provided a further check on the opinion ranking results. Also it helps to provoke thoughts about the issues and warm up an interest in them.

Most of the respondents followed the instructions and gave their quick reaction to the statements. The kind of response aimed for was aptly summed up by one hotel manager as follows;

"I must say that I filled your questionnaire without agonising over all the questions. I went through and completed the thing fairly quickly. It was my first reaction. I did not think and think and think, because if you start and do that, I find sometimes, I get right back to the beginning again."

These opinion scale data (summarised in Tables 7.23 to 7.26) purport to show a 'gut reaction' of managers to the given statements. Due to the small sample size, it is necessary to collapse the strong and weak feeling answers into three categories, positive (agree),

Table 7.23 Managerial attitude to employee reporting (N=59)

<u>Statements</u>	<u>% of response</u>			<u>Comments</u>
	<u>Agreed</u>	<u>Disagreed</u>	<u>Unsure & Mixed</u>	
1. Employees have the right to be informed of company matters.	85	0	15)
2. Employee reporting in our company has an educational role to fulfil.	85	5	10)Agreed by more than ½ majority.
3. Employees are generally satisfied with the availability of information in my company.	80	10	10)
4. The employee reporting system in our company is designed to meet the information needs of the employees.	73	8	19	more agreed
5. As other major companies issue a separate employee report, it is essential that our company should also do so.	51	34	15	only ½ agreed
6. Our company is trying to influence the collective bargaining situation through employee reporting.	32	36	32	very mixed
7. The Annual Report should only be given to the shareholders and investors, not the employees.	24	64	12	most disagreed

Note: The results showed statements 1,2,&3 were widely accepted values. It was not too important to follow the trend in statement 5. The collective bargaining motive stated in statement 6 was most questionable. Finally, in contrast to general practice referred to in statement 7, managerial view are more for giving the annual report to the employees as well.

Table 7.24 Managerial opinion on the 'ideal' employee report (N=59)

<u>Statements</u>	<u>% of response</u>			<u>Comments</u>
	<u>Agreed</u>	<u>Disagreed</u>	<u>Unsure & Mixed</u>	
1. It is important to know the views of employees on the employee report.	78	2	20	agreed by more than * majority.
2. Publishing an employee report is an important task for any big company.	73	7	20)
3. The employee report gives information which is new to the employees.	70	5	25)
4. The employee report is a useful document.	69	2	29) More agreed
5. The employee report is a symbol of recognition of the rights and interests of workers to be informed.	61	15	25	
6. The employee report has great significance to the employees.	19	15	66	most uncertain
7. All sizable companies should be required by law to report at least annually to the employees similar to that done for the shareholders.	39	25	36	very mixed
8. The employee report is a waste of time and money.	5	73	22	most disagreed

Note: There is a majority positive view on the employee report, but also there is comparatively more mixed feelings and don't knows in all the results. In particular, managerial opinions were most divided on the question of whether legislative requirements for employee reporting should be imposed.

Table 7.25 Managerial attitudes to the corporate economic role (N=59)

<u>Statements</u>	<u>% of response</u>			<u>Comments</u>
	<u>Agreed</u>	<u>Disagreed</u>	<u>Unsure & Mixed</u>	
1. To be competitive in the fields of operation.	100	0	0)
2. To be profitable and successful.	100	0	0)
3. To maintain high standard of service and quality of product.	100	0	0)agreed by all
4. To achieve high productivity and efficiency.	100	0	0)
5. To build up/maintain the size and market share of the company.	100	0	0)
6. To ensure survival of company through the economic depression.	100	0	0)_
7. To have the right organisation and managerial structure.	95	2	3)
8. To effectively manage liquidity and cash flow.	95	2	3)
9. To have sound long-term capital investments	93	0	7)Agreed by nearly all.
10. To control cost and price increases of the company.	93	2	5)
11. To maintain growth, expansion possibly into new markets.	91	2	7)_
12. To concentrate on sales and efforts of sales promotion.	87	3	10)
13. To be the leader in the field with best reputation.	85	7	8)
14. To build up the assets of the company.	83	3	14)Agreed by more than % majority.
15. To carry out innovative technological change & research.	75	8	17)_
16. To dispose of units that are not performing well.	58	10	*32	Agreed by only a small majority.

Note:

*There was a large amount of mixed feelings in closing parts of business which are not performing well.

Table 7.26 Managerial attitudes to the corporate social role (N=59)

<u>Statements</u>	<u>% of response</u>			<u>Comments</u>
	<u>Agreed</u>	<u>Disagreed</u>	<u>Unsure & Mixed</u>	
1. To maintain good employee/ management communications.	97	0	3)
2. To recognise the interests & rights of the employees.	97	0	3)
3. To strive for good industrial relations.	95	0	5) Agreed by nearly all.
4. To provide valuable services and goods for the consumers.	90	0	10)
5. To have due regard for the interests of the public.	90	2	8)_
6. To provide secure employment for members of the company.	88	3	9)
7. To show due care in environment conservation & protection.	86	0	14)
8. To take an active interest in the local communities.	83	3	14) Agreed by more than 2/3 majority.
9. To be open & accountable for actions & policies of the company.	76	2	*22)_
10. To develop good relations with the suppliers.	74	7	19) Agreed by a good majority.
11. To provide high returns for the shareholders.	66	9	*25)
12. To provide employment for the working population.	62	19	19)
13. To avoid redundancies, and to save jobs.	62	19	19) Agreed by a small majority.
14. To promote employee share schemes.	58	12	*30)
15. To provide equal opportunity to disadvantaged & minority groups.	56	8	*36)

Note:

* There was a significant amount of mixed feelings and not sures in issues such as accountability, high returns for shareholders, employee share schemes and equal opportunity.

negative (disagree), and neutral (don't know and mixed feelings). After a general summary, results on the main issues will be discussed in turn.

7.2.2.1 General observations of results

There is a wide area of financial and non-financial business objectives that managers perceived as important. A frequency count for the categories of responses to the statements are shown in Table (7.25). Results are in close agreement with the ranking of business financial and economic objectives reported in the first half of this chapter. Management's primary concern for 'profit', economic efficiency and competitiveness are confirmed, although wider social issues and interest groups were also considered (see Table 7.26).

There was a high degree of homogeneity of opinions on the corporate economic role amongst the managers. Very few cross-tabulations yielded variations with significant chi-square statistics. More significant results were to do with employee reporting. Most managers agreed that the employees have a right to be informed of company matters (Table 7.23, statement (1)). It was significant that more manager/shareholders disagreed with the statement that the annual report should not be given to the employees (0.032). This view is reflected in the observed practice of some companies where every employee receives a copy of the full annual report.

7.2.2.2 Opinion scales on the employee report and employee reporting

A majority of opinions agreed that a special printed employee report should be published (see Table 7.24, statement (2)), but only a much smaller number thought that the report itself will be useful and important (see Table 7.24, statement (4)). Referring specifically to their own company, the managers had little doubt in their mind that employee reporting was designed to meet the information needs of the employees (Table 7.23, statement (4)).

Large sized companies again stand out in several significant correlation results. Following the trend of voluntary action, large company managers tend to agreed that their own company should also issue the employee report (0.019). More of them thought that the employee report was a useful document (0.009). However, group headquarters managers have expressed mixed feelings about its significance to the employees (0.033).

The issue of recognising employee information rights also seemed to be a critical demarcation point of internalized managerial values. It is interesting that some group managers refused to respond to the statement that the employee report can be a symbol of the recognition of the employees' right to know. (Slightly more of the managers not belonging to professional bodies seemed to agree with this statement, but the significance level is not high enough (0.055)). This is an area which could be explored in future research.

7.2.2.3 Opinion scales on communication and collective bargaining

It might be thought there would be attempts to conceal any intentions of 'trying to influence collective bargaining through employee

communication', on the contrary, some managers did admit this (Table 7.23 , statement (6)). More large company managers agreed with the statement of this aim (0.022). Perhaps this result demonstrates that managers had responded to the opinion questionnaire according to their own views and convictions, and that they were not all trying to give a nice and clean picture. This area is explored in more detail in the interview findings.

7.2.2.4 Opinion scales on business objectives

The attitude scales on financial and general business objectives showed a broad consensus, which confirmed earlier business objectives ranking results. Financial performance criteria were generally given top priority. More mixed feelings and disagreements were found about general business issues (see Table 7.25).

More reporting company managers concurred with the importance of 'the pursuit of efficiency and disposal of poor performer' (0.016) and 'the need to innovate, research and apply new technology' (0.001). They also show fewer mixed feelings and disagreement on these issues. Possibly, the special emphasis on 'efficiency' and 'innovation' are particularly relevant to large companies and the message has filtered down the hierarchy.

7.2.2.5 Opinion scales on social responsibility issues

Responses to social responsibility statements were generally favourable, but with more noticeable elements of dissension and mixed feelings (see Table 7.26). Indeed, it is the latter group of

opinions that are more important for study. On the pressing issue of employment, more hotel business managers agreed that to provide employment for the population is a significant role for the company (0.002). On the other hand, more of the managers outside the hotel business sector expressed mixed feelings. Probably, managers in labour intensive service industries like the hotel trade would be more aware and concerned about the company's contribution to society in providing employment.

On the issue of the government's economic policy, more of the multi-business company managers disagreed with 'the role of the company to support government economic policy' whereas the other managers have more mixed feelings (0.040). This general attitude against a corporate supportive role in respect of government economic policy probably ties in with the varied vested interests of the large multi-business concerns.

Lastly, on 'providing equal opportunities', more of those managers who had union negotiation experience expressed definite positive or negative views (0.005). The others showed more mixed feelings about this issue. Union negotiation experience could have sensitized and firmed up managerial opinions about issues of equality and employee rights. Contrasting this result with the declarative statements on equal opportunity policy for the disabled and so on, one cannot be confident that the managerial group is really concerned with the wider social and moral issues. Perhaps policy statements and so on were included in the published reports more as a reaction to popular concerns. Companies have to do what befits the image of a good company, especially by advertising a caring 'social' image.

7.2.2.6 Opinion scale on employee share ownership schemes

Against the background of increasing promotion of employee share schemes in the U.K., managers were asked to respond to a statement on 'the objective of promoting employee share ownership' in the opinion scale questionnaire. The results showed favourable opinions or mixed feelings (see Table 7.26, statement (14)). Managers who stand to benefit or who have already benefited from it were more enthusiastic. More of the respondents who are manager/shareholders (0.000) and more of the respondents whose company already had an employee share scheme (0.000) agreed that the promotion of employee share ownership is a significant objective for the company.

It is not possible to draw conclusions about the merits of these share schemes based on the managerial responses alone. Such keen enthusiasm is liable to be linked to the extent that individuals may be able to benefit from it. Proponents of such schemes claimed this gift to the employees carries non-monetary attractions too in terms of employee commitment, involvement and participation. These should be tested right across the workforce. But obviously, this popular trend is nothing like stepping towards industrial democracy. The total percentage of employee shares involved in these schemes is only very small indeed.

What would be a pity is that even the monetary reward aspect of these schemes may elude the average employee. Given the reality of low pay, shop-floor employees would have little excess disposable income to invest in these schemes. It had been reported in a recent survey that companies tend to favour employee share schemes confined to

executives (Coopers & Lybrand, 1987). For all the ideological claims, it seemed destined to be yet another substantial perk for the top ranks in industry.

CHAPTER 8 MANAGERS' PERCEPTIONS OF COMMUNICATION OBJECTIVES & RESULTS

8.1 Introduction to the interview study results

In general, the majority of managers approached agreed to help this interview study (two in three of the group/divisional managers, and three in four of the hotel managers). Possibly, hotel managers found it more of a novelty to be interviewed than the high-level managers, whilst those at the most senior level tend to be over-burdened with requests.

There are also more subtle factors affecting senior management.

Headquarters managers may often wish to present the company image.

One interviewee had said at the start of the interview that he wished to put across his company's image as being 'a progressive, communicative company'. The problem of presenting the correct company image in a limited time could be frustrating to respondents and could put them off.

Conflictual considerations about speaking one's own opinions and speaking in the official role can be difficult too. A representative of a major distillery company;

"I doubt if anybody would be prepared to comment on the particular objectives of this group as a whole, on many of the things that you asked here. I mean we can only speak as a group. Even if you approach a number of individuals within this group, still you can only be speaking for the group, and the group's objectives are the groups objectives. So people's opinions wouldn't really alter the importance of these."

Fortunately, the study did not find a uniformity among all documented policy statements. The research findings comprise an undetermined mixture of the official version and managers' own personal views.

In spite of clear assurances to the contrary emphasized in the research request, managers might still tend to think that information on company practice would be assessed critically. So instinctive managerial caution would probably lead to refusal rather than taking any such risks. In interviews, group level respondents usually needed a little time before moving from the official version to explore their personal views. It was also noted that in a few cases, where by chance a neutral venue for the interview was arranged (i.e. a place other than the respondent's own office), the interview benefited greatly from a more relaxed atmosphere, fewer interruptions and less time constraints.

All except one interviewee agree to the use of tape-recording. Not having to write down answers quickly meant that the conversation flow and line of questioning were improved, although it meant time-consuming transcripts had to be made later. In the end, the efforts were rewarding in that more reliable data on the arguments, the process of reasoning, the mixed feelings, the contradictions and the strength of belief were captured. Flesh was added to the bones from the findings from the preceding documentary and questionnaire analysis.

Sometimes, the respondents have said at the end of the interview that they themselves felt better for it. Managers have benefited from the exercise, being able to talk at length about what they do and what

they think. Day to day, they must carry out their functions under pressure and constraints, so there is little time for contemplation. The interview gave them the opportunity to think through the communicative aspect of the managerial role systematically. So to a large extent, the research was also a managerial self-exploration.

8.2 Managerial objectives for employee communications

Managers' ideas about employee communication objectives or the uses of voluntary employee reporting were diverse. In the first instance, 32 different ideas were recorded, but it is possible to group these into four main areas of communication objectives. These were the social objectives of reward, identity, involvement and motivation; the communication objectives of informing employees; the industrial relations objectives of employee relations and co-operation; and the managerial performance objectives of profits and financial results (see Table 8.1). The relative frequencies of these four categories of employee communication objectives being mentioned (as shown in Table 8.2, Q.1) clearly highlighted the social and the communication objective categories.

In describing the contents of the interviews, first, the more frequently raised ideas are presented. Then any significant statistical relationships between identified opinion data and the managerial and organisational data are examined. From here on, the findings of managerial objectives and opinions, the expressed ideas and thinking will be illustrated with quotations from the interviews. Only the respondent's own words can put across the ideas and feelings most powerfully.

Table 8.1 List of on-going employee communication objectives raised by managers in interviews.

Group A - Social identity, reward, motivation and involvement

1. A means of motivating people to make contribution.
2. For them to have job satisfaction.
3. Loyalty, belong to the company.
4. Reinforce identity with the company, part of the company.
5. Feel pride in the company.
6. To recognise employee's effort was important in the end results.
7. Communication, involvement, participation, consultation policy.
8. Trust and commitment.
9. To convey message that company is a people-oriented company.
10. Confidence in company, feel more secure in their job.
11. Group company awareness, image, an overview of the business.
12. A happier staff.

Group B - Communication, to inform, general understanding

1. To have a well-informed workforce.
2. To gain understanding of company's normal needs, to let them see how they fit in.
3. Education, to educate the employees.
4. To inform, information.
5. To provide fullest possible information on group activities in past year.
6. To keep employees informed of progress, policy, objectives, management's position.
7. To promote employee understanding of business, market, role of company.
8. To increase employees' interest in company.
9. To inform employees where it affects their life.

Cont' Table 3.1

Group C - Industrial/employee relations, cooperation

1. To gain cooperation of employees.
2. To develop direct relationship with employees rather than just through the trades unions.
3. Good employee relations, good employment practice, public relations job.
4. To achieve better relationships with all parties, staff relations.
5. So they can understand what and why certain actions in company were taken.
6. To improve understanding amongst employees.

Group D - Achievement of results, profit, performance

1. To improve, achieve profitability, meet budget.
2. To get employee's commitment to produce quality of service and quality of product.
3. To achieve efficiency, economy.
4. To achieve teamwork, make them all aware that we are all in the same boat.
5. To maintain competitive attitude between units, to make them more profitable.

Table 3.2 Managerial response to key questions (N=69)

Question 1 - What are the company's objectives for communications to employees?

Answers given:	Mean number of statements per respondent
1.1 Social identity, reward, motivation and involvement.	0.8
1.2 Communication, to inform, general understanding.	0.7
1.3 Industrial/employee relations, co-operation.	0.3
1.4 Achievement of results, profits, performance.	0.3

Question 2 - What have been achieved by the company's communications to employees?

Answers given:	Mean number of statements per respondent
2.1 Achieved social aims of involvement identification, caring company.	0.6
2.2 Achieved better communication, better informed employees.	0.5
2.3 Achieved better industrial/employee relations.	0.2
2.4 Achieved better operating results.	0.1
2.5 Achieved very little, difficult to say.	0.2

Cont' Table 8.2

Question 3 - What should be achieved by employee reporting?

Answers given:	Mean number of statements per respondent
3.1 Good industrial/employee relations, teamwork, justify management.	0.4
3.2 Social identity, motivation,	0.3
3.3 Good communication, better informed staff.	0.3
3.4 Better profit, achieve target.	0.1

Note: The answers here are comparable to those of question 1, suggesting that managerial normative views follows closely what managers themselves perceived as the corporate aims. Whereas social and information objectives were more talked about before, here talking about what should be achieved, managers emphasized the industrial relations needs more.

Question 4 - What should be the chief aims for the Employee Report?

Answers given:	Mean number of statement per respondent
4.1 Clear communications.	0.4
4.2 To give an overview of profit.	0.3
4.3 For employee motivation, satisfaction.	0.3

Note: For the aims of the special printed Employee Report, there is the added emphasis of PROFIT, once again indicating the managerial preference for the simple bottom-line measure.

Cont' Table 8.2

Question 5 - Why did the company start the employee report and extend employee communications?

Answers given:	Mean number of statements per respondent
5.1 It was the expected/required thing to do.	0.4
5.2 It was for social involvement, motivation, identity.	0.3
5.3 It was for better communications.	0.2
5.4 It was needed to justify decisions and for industrial relations.	0.1
5.5 It was for economic results.	0.1

Question 6 - Does the employee report signify or symbolize something about the company?

Answers given:	Mean number of statements per respondent
6.1 It showed a caring company, that it values the employees.	0.4
6.2 It showed company committed to communications.	0.3
6.3 It showed company had good open management style.	0.2
6.4 It showed a good image of the group, company proud of its image.	0.1
6.5 It showed company wants good industrial relations.	0.1

Cont' Table 8.2

Question 7 - Does the employee report signify or symbolize something for the employees?

Answers given:	Mean number of statements per respondent
7.1 It showed recognition of the employees, each a member of company.	0.5
7.2 It showed to the individual that the company has nothing to hide, company is open.	0.3
7.3 It showed to employees that the company is a caring company, a family, a team.	0.1

8.2.1 Social objectives of employee communication

There are many facets of social objectives for employee communications. All of them seem normal commonsense objectives, but that is not to say that they are unimportant. Rather, the opposite is true in the British context. These social objectives are discussed as follows, taking the more frequently mentioned category first.

8.2.1.1 Employee identification with the company

Many companies, especially the large ones with dispersed locations, have problems with employee identity. Hence, as one company director put it, the unity of the company as a whole was one of the aims of reporting.

"I think this is one of the objectives too, and that is to get, instead of having disparate activities, bottling there, the distilling there, sales there, it tried to draw the whole thing together as opposed to different units."

This same idea was equally emphasized for the hotel business.

"The main objective is to make them aware and to continue identifying with the company, in fact, reinforce identity with the company. Indeed, you see, one of the best things that we do realise is that in our business, we do employ a lot of little people, the people who clean the bedrooms, ... So, what can a company like ours offer them?" (from the group personnel controller of a large Hotel and leisure group.)

In the economic climate of cut-backs and business failures, managers felt a greater need to work at employee identity and security.

"Well, we want them to know that they are part of this national company. It is quite substantial. It is quoted on the stock exchange. We are not a fly by night. So, if they can work hard for us, they are going to be there tomorrow. They can feel confident and re-assured so that they don't go home and feel worried that we are only a little company out here in South Wales. We might go bust in a minute if we are

not careful." (from one company secretary responsible for employee communication.)

Similar feelings were echoed by the hotel managers on the importance of promoting employee identification - the feeling that the employees were part of the company, the bigger organisation.

"Well, the reason is to make the staff feel as if, and to instruct them as well, and to inform them that they are part of a bigger company. They are not just employed at this hotel." (from a hotel manager)

"Because sometimes they like to feel being part of something bigger, or something that is successful. Because it tends to give them more security, to feel slightly more purpose in life." (from another hotel manager.)

8.2.1.2 Employee involvement, motivation and contribution

Involvement, contribution, motivation and commitment appear to have become dated issues in the political and wider debate of the late 1970's and early 1980's. Yet the controversial arguments will carry on in any kind of market economy. Many people may hold cynical views of the potential use of employee communications in work organisation. However, those managers who do believe in it showed strong faith that employees can be motivated to make their contributions to the company's aims.

"Really we are seeking to improve employees' knowledge of the business, and to make them feel more involved. What we hope to achieve by means of that is increased awareness of their contribution to the company, the effect that they can have on the cost of the company by virtues of their actions." (from a personnel manager.)

In the view of another respondent, motivation and contribution are the key issues.

"... our business is people. They need to be motivated. They need to be told. Apart from doing their job, they need to know what the group is about, what the business is all about,

where it is going, what its plans are, what it is hoping to achieve; and in that way, they can make their contribution. Particularly if they themselves are shareholders, they would obviously need to know more about the business and what is going on, so that they would themselves feel that they were being fulfilled." (from a senior representative of the secretariate of a major public brewery company.)

Hotel managers shared the same conviction. A good example is the following simple statement;

"I think they are better motivated if they know how the hotel is doing. They know if the hotel is going well, they know that they have contributed towards that. So it motivates them, indeed yes." (from one hotel manager.)

When questioned further on how the motivation and contribution processes can work, respondents would reiterate their faith in communication. For example, a hotel manager reasoned as follows:

"Basically, if an employee is aware of what is going on, my view is that he will contribute more. If they know the situation is good, then they have a right to feel proud of what is going on. And really on the basis that certainly there are some information you must hold back, if you are as open with them as you can be, the chances are that you get an open frank response which is probably revealing about what goes on within the hotel at any one time."

These processes require powerful research methods to explore them effectively. Although the actual effects of providing employees with company information cannot yet be measured scientifically, it is most interesting that some managers do hold strong positive views.

8.2.1.3 Information as reward, and for employee satisfaction

Common sense tells managers that a well rewarded and satisfied workforce will also be a happier one which is generally agreed to be a desirable and important managerial achievement. In itself, the experience of receiving information can be made rewarding for the

recipient. Especially if the relevant work-place performance and financial information are given in an open and positive way. The following quotations explain this;

"You can reward the staff by telling them. May be they had a good night in the bar, we tell them how much we take in in the bar. We never sort of hide facts that way. If they have taken £1,000 in the bar, that will have a nice sort of ring to it. That extra £100 or that extra £200 or whatever, or in the restaurant if there was more than 100 covers that came in for dinner. They (the employees) feel quite satisfied. They have worked hard, that they have done a lot of work, satisfied a lot of people we hope." (from one hotel manager.)

"I would hope that they are happier in their work because they know what is going on. They might not always be happy with the things that we are doing, but at least they know about it. They are not kept in the dark." (from another hotel manager.)

The possibility of intrinsic rewards via giving information to the employees argues strongly for more open employee reporting.

8.2.1.4 Employee trust and commitment

Even though employee trust and commitment are linked the global ideals of identification, involvement and motivation, in the British industrial relations tradition, there has been a tendency to look at this area in a narrower frame of reference than that of human relations as a whole. Judging from the managers' elaborations, it can be seen that they were conscious of these influences. For instance the following statements from two hotel managers point in this direction.

"It is important to let the staff know what you are trying to do, so that they would take more responsibility in the jobs possibly. That it is not just a job. It is more than a job."

"For that very reason that if employees feel committed to the company for reasons other than just picking up a pay cheque,

the company is more likely to be successful. Yes, it is a sense of commitment."

As a pre-condition to that level of commitment, company communication must aim to establish employees' trust and confidence in management. Along this same line of argument, the following statement of opinion on employee communication objectives is worth noting.

"It should achieve the fact that staff are satisfied that they know how the industry is being managed, they have confidence in the management, which means that the company's long-term objectives are not merely understood, but they have faith and believe in them." (quote from a public relations director of a major p.l.c.)

If the employees are to take more responsibility in the job and to be more committed to their work, a pre-requisite level of trust must be built up and maintained.

Clearly, employees' trust and confidence in management can only be built up from past managerial behaviour and what management do and say now. Therefore, the company's past industrial relations history, and the presence of collective bargaining and other wages negotiation arrangements can have direct influence. The way that management have used information and employee reporting is also important. Past corporate experience would have worked through and in turn shaped current managerial objectives, views and decisions in voluntary employee reporting.

8.2.1.5 Significant results concerning social objectives

Tests on the social objectives of reward, identity, motivation and involvement showed fewer managers directly involved in hotel business

identified these (0.000) (Table 8.3). They were mentioned more often by multi-business company managers (0.001) (Table 8.4). Firstly, managers of multi-business companies probably are more sensitized to the social significance of employee communications. They also have a difficult task of achieving employee identification, involvement, motivation and so on, due to business and organisational factors. Diverse business operations and the dispersed locations of a multi-business corporation may cause a feeling of alienation amongst the remote workforce.

Perhaps there can be a degree of optimism in redressing the above highlighted problem. The results also showed that more of those managers from companies which provided employee reports and share schemes, and more shareholder/managers perceived these social aims of employee communications. Probably the heightened perception stemmed partly from individual experience of involvement, through receiving reports and communications and being allowed to participate in share schemes. If this social process is extended throughout the company, then in theory, employee involvement schemes can reward, involve and motivate all levels of employees.

8.2.2 The information objectives

The provision of information may be regarded as an end in itself, without further justification as to what is to be achieved from the communication. Managers establish an information system because they regard it as a fundamental requisite for the organisation. Lower managers at the local units have sometimes talked about employee

Table 8.3 Perception of social reward and motivation aims of employee reporting amongst hotel managers

<u>Social aims</u>	<u>Manager directly involved in hotel business</u>		Total	
	Not in hotels	Involved in hotels		
Not stated	5	33	38	
%	19.2	67.3	50.7	
Stated	21	16	37	
%	80.8	32.7	49.3	
Total	26	49	75	
CHI-SQ =	13.867	SIG. =	.000	DF = 1

Table 8.4 Importance of social aims of reward, identity, involvement and motivation in multi-business companies

<u>Social objectives</u>	<u>Multiple business companies</u>		total	
	Single business	Multi-business		
Not stated	14	19	33	
%	87.5	36.5	48.5	
Stated	2	33	35	
%	12.5	63.5	51.5	
Total	16	52	68	
CHI-SQ =	10.763	SIG. =	.001	DF = 1

communications in a more mechanistic framework. Their narrower perspective is shown by the following brief statement:

"The purpose of all the meetings is definitely to pass on information that we have, that we know. And also for feedback from them for their opinions on policies and changes."
(from a hotel manager working for a brewery group.)

A more sophisticated view was put forward by a hotel division director, following a major re-organisation of a large drinks group. The significance of both the formal and the complementary informal communication systems were stressed;

"We believe in two-way flow. It has to be that way through an informal type of organisation. Later on, it would become a bit more formal when we have got our feet on the ground. When we know where we are exactly, but we will never cease the informal. I think there are two levels: the informal which has to happen, just a matter of getting the job done; and the formal which is important for permanizing the information or making it available should they be required to do so."

He carried on to emphasize the importance of communication and the educational role of information.

"I think first and foremost, information has a vital role in running a business. Without information, people cannot function. I think the educational part of it, which is a continuing thing, is important and that is something that must not be missed."

However, this educational purpose of information was not widely identified by the other sample managers. It is also significant that more special function managers (0.011) have stated 'to inform' as one of their main employee communication objectives.

8.2.2.1 A specific rejection of manipulation

Some group managers were keen to deny the propaganda intention and to reject any suggestion of manipulation of wage negotiations. The following are two good examples.

"We do use a company newspaper. We find that very useful. It is not used for propaganda, ... so that you get the company has done this, the company has done that. It is used as a vehicle for informing people of what has been going on, new developments, explaining concepts which is perhaps a bit tricky."

"... (Communication was done) all with the intention of informing the employees, not with any devious purposes of manipulating wage negotiations or any thing like that. Just as part of the responsibilities of the company."

The implied responsibility to inform employees indicated by the last respondent is not usually found amongst managers. In a later section, the concept of company responsibility and employee rights are shown to be contentious issues.

3.2.2.2 Bridging the communications gap in traditional industry

Fewer respondents engaged in the hotel trade (0.000) (Table 8.5) have freely stated 'to inform' objectives. Although large hotel chains have grown rapidly in the past decades, the hotel business still suffers from the tradition of a closed style of management. Generally, hotel managers are more likely to see information in terms of the operational needs of the business. Hotel organisations have been comparatively less forthcoming as regards informing staff. Indeed, hotel management is not accustomed to giving employees financial information. Sometimes, even the hotel manager was kept in the dark. The changing situation was described by a veteran hotel training manager as follows;

"I have been in this industry since the late 1940's, when at one time it is virtually unheard of to tell any manager results of his department or hotel. The only time when you

Table 8.5 Perception amongst hotel managers of employee reporting aims of to inform, information, etc

Manager directly involved in hotel business

<u>Information aims</u>	Not in hotels		Involved in hotels	
				Total
Not stated	4	27		31
%	16.0	62.8		45.6
Stated	21	16		37
%	84.0	37.2		54.4
Total	25	43		68

CHI - SQ = 13.953 SIG. = .000 DF = 1

heard was when things were bad, but the good news never came through. The only information you may have may be the revenue, by the fact that you may have checked the tills, you know what the takings were. You may know what the wage cost was, but there was no scientific approach, to use that expression, to the financial results or stability of any company in those years. And, I think as those years ticked by, management have become wiser into the disclosure of information to senior managers, and then down the line to departmental managers, with now the advent of things that were never heard of before, like the budgets and forecasts, results and comparisons. At the management level, I think people now think that these are part and parcel of the success or the failure of the company."

The contrast between the style of management of the hotel industry and the drinks industry is interesting. Breweries and distilleries, however, have a much longer history of what is often boasted as the family tradition with a more open approach. To some extent, this paternalistic tradition still survives as explained below.

"Oh yes, the company's philosophy is very much involved in the workforce. It is still very much traditionally a family business, even though it has since then moved away from that. It is now runned as a commercial enterprise by the directors who are answerable to the shareholders so that the total family control has changed. But the family principle has remained in the sense that they are very keen to look after the workforce, make them feel more of a part of the still very much a family business. Even though it is a public limited company." (from a director.)

"... the company's image and attitude is such that the company has always been seen as a paternalistic company. The colloquial name of the company amongst the employees is Uncle Arthur. That is the company, Uncle Arthur, you see, and that gives you the feeling of how people regard the company - a benevolent uncle. ... But our whole corporate style goes back many years long before it became a fashionable thing to give information. Our corporate style has over the many years been on the basis of talking to people. We don't dignify it by calling it disclosure. We just used to talk to our people." (from the company secretary of another large brewer.)

One last example was a Northern brewery which also owns a large hotel chain. This long serving training/administration manager on the hotel side characterised their communication tradition in these words;

"We have always been a company that has communicated. The present chairman's father, and the father before him, they used to call the company, my family company, and they looked upon it as just one big family. They have been the daddy ..."

This long tradition of informal and formal communication with the employees has shaped managerial thinking and practice. There is a recognition that 'to inform' the employees is a valid and important objective.

8.2.3 The objective of better industrial relations

In general, the view was that there is a lot to be desired in employee relations in British industries. The most commonly raised issue is the need for 'breaking-down barriers', to get rid of the traditional employee/employer relationship, the 'them and us' attitude. Respondents emphasized the need to improve relations and to promote the ideal of a team working together.

"The one thing that one has got to do is to inject into the thinking of everybody, sense and sensibility, rather than in the industrial relations. For example, I find that there is too much of a 'them' and 'us' concept being pursued and worked on. ... What one has to try and realise is the statement said in the Chairman's report, that we somehow have to pull together, and grow in the same direction." (stated by a company secretariat representative.)

It was expected that communication could play a significant role in bringing about changes in social relationships at the workplace. This was stressed by interviewees, both in the drinks business and in the hotel trade. The following are two good examples.

"... certainly the objectives of communication is better understanding, and hopefully that might improve the relationships between employees and managers. ... , and the employee report is making some unidentified contribution to that." (from the personnel manager of a brewery company.)

"It is part of an educational process. I think it is the seed to breaking down the employee/employer relationship that traditionally exists in a U.K. corporation or a western corporation shall we say. I mean it is too much of the 'them' and 'us' in the past, and the present past. I think if it was successful, it would do a great deal for these people to realise that they are as key as I am, or as the managing director, or the guy who clears out the dustbins." (from a hotel training manager.)

8.2.3.1 Teamwork, cooperation and support

Breaking down the barriers and improving management/employee relationships sounds laudable, but ideas about the change process were vague. Hotel managers were more clear about their aims and stressed the need to promote a team identity. One hotel manager stated categorically that communications should achieve this aim.

"It should promote teamwork, achieve co-operation, make them feel they are working for the company, not just the department."

Another hotel manager elaborated on this communication objective:

"The aim of communication to employees is really to make them more aware of what is actually happening. Otherwise, they tend to do their job and not look any further. They have not got any insight into either why or where problem areas are. It is really to make them more aware, because we are a fairly small unit, I mean a maximum of 50 people work here. It goes down to maybe 30 people this time of the year, and we are really all in the same boat. If we are successful, we are all better-off paid you know. We all keep our job for longer. We all get the amount of hours or what have you."

Obviously, when times were bad, the need for a cohesive team became more urgent. It may mean the survival of the business.

Yet, not all managers shared the same ideal of the 'team'. For instance, the following statements show a more rigid approach to employee communication.

"Quite obviously (the objective is) to gain their cooperation in running the company because although lets face it, it is the management that is running the company, management can do nothing without their cooperation, the workforce's cooperation, and it is just to gain their cooperation." said a training manager of a brewery company.

"We work on the principle that if people don't know what is happening, they can't be expected to accept, to agree or support things that the company or the management of the company are trying to do." (from an employee relations manager of a large distillery company.)

These statements' focus on the aim of obtaining employee cooperation in effect re-affirmed the adversarial model of industrial relations. In order to gain support and cooperation from the workforce, management volunteered information chiefly to justify decisions made. One hotel manager put this managerial position in no ambiguous terms.

"From a management's point of view, the more involved the employees are in the day-to-day trading and the month-to-month results, the more aware they are about what is required of them, and the easier it is from the training point of view to supply reasons for matters of training, regards to productivities and cost-cutting exercises."

8.2.3.2 A direct channel of communication

In some companies, there was a clear attempt to break away from the old pattern of a total reliance on the management/union channel of communication. There were initiatives in the 1970's with the specific intention to establish direct employee communication channels. The following described the changing situation in two companies.

"We are not using communication as a mean to truncate the union communication system, but we believe that there should be a parallel system in operation in the company. So that the company does not have to leave the unions to communicate everything to the employees." (stated one personnel manager.)

"Well in the past, yes we have tended to have a record of concentrating on employee representatives being involved in consultative meetings. We would like to broaden that now, to move away from company union consultative methods, to more company/employee consultative methods, involving everyone rather than the union element. So that is the way we are moving, and yes, in the past, we have been very union oriented." (from the personnel manager of another company.)

Limitations of solely relying on the union-oriented communication channels are probably common experience in many companies.

Increasingly, management are more aware that it can suit their needs to go directly to the employees. They are finding many advantages in having a direct line of communication with the shop-floor employees.

8.2.3.3 Linking employee communication to collective bargaining

This research has directly confirmed that employee communication was perceived to be linked to the aim of influencing collective bargaining (see Table 8.6). As one personnel director explained below, tactical information strategies or attitudinal structuring can be possible, in that management can expect:

"... well informed staff, knowing about the company, and not come up with silly claims for this and that. Now, very often you find people put in silly claims for really very good reasons because they are ignorant of the information."

However, for most respondents, this use of voluntary employee reporting did not carry a lot of weight. As far as employee communication is concerned, the applicability of the attitudinal structuring model cannot be exaggerated.

In some cases, these collective bargaining intentions were categorically denied by managers, even though they believe communications could aid more responsible collective bargaining. A

Table 8.6 Perception of the company's motive of trying to influence collective bargaining by employee reporting

Manager had union negotiation experience

<u>Aim to influence collective bargaining</u>	No	Yes	Total
Agree	6	13	19
%	14.6	72.2	32.2
Disagree	18	3	21
%	43.9	16.7	35.6
Mixed & not sure	17	2	19
%	41.5	11.1	32.2
Total	41	18	59

CHI-SQ = 19.067 SIG. = .000 DF = 2

secretariat representative of a major public company stressed the following key points concerning employee reporting and collective bargaining:

"You can't do it once, and forget about it. Part of the commitment that we entered into in reporting in more detail to employees was a firm commitment to report to them every year, regardless of whether things were good or bad. We would report even if things were bad, meaning that we wouldn't use it as a way of structuring expectations about pay awards or job losses or whatever.

...

It is really about putting the cost of labour in the context of the company's operation, to develop the awareness that this cost is a very significant part of our costs as a whole, and that can affect our viability of the company. ... We don't really expect that through employee communication that employees will be completely subservient and say, yes, we appreciate that labour cost is a major part of the beer pricing, and therefore we would be very modest in our pay claim. We don't expect that, but we do expect that when we take certain positions when we are negotiating, they will understand the background. In other words, they understand the language managers are using about the cost and about the need to remain competitive and so on, and also to understand that the business is about productivity."

Another finance manager responsible for employee reporting and the production of the employee report described his company's approach:

"We are not trying to influence collective bargaining directly, certainly not to my knowledge. Obviously we would have more constructive collective bargaining, if people do understand the issues, but that is only an indirect effect to it. It is in no way part of the collective bargaining process. It is the background to it. In fact it is kept specifically quite separate from it. I am not involved in collective bargaining at all and I wouldn't allow the communications procedure to be used in any way for collective bargaining purposes. This does arise from time to time, e.g. the management may say something about particular performance of the company or position, and shop stewards don't necessarily believe it, and ask from us direct. In that situation we would tell them the truth in as balanced a way as we possibly can. We will not tell them what would be expedient at the time for the management; because once we have done that, employees, in particular stewards, would lose confidence in what they were being told, and the whole thing is dead. It becomes worse than useless then."

By carefully keeping the managerial functions of employee communication and of collective bargaining separate, and maintaining "neutrality" of the communication channels, managerial policy ensures the credibility of general employee reporting within the company. Employees' confidence in the information is most important. In the face of short-term expediency and bargaining advantages, these managers warned of the need to resist mis-use of voluntary information. They firmly believe in building up employee's trust in management information in the long run. Quite apart from the likely constructive influences on collective bargaining, managerial intention of achieving a degree of understanding amongst the employees of the background of the business can bring an added bonus in employee education and confidence.

8.2.3.4 Results of statistical testing

More of those managers from companies with employee reports had suggested the objective of good industrial/employee relations as one of the aims for the company's general employee communications (0.025). Although the causal direction is inconclusive, it is suggested that the concern about industrial relations must have contributed to the employee reporting initiative.

Another result showed that more drinks company managers have stated good industrial relations aims for employee communication (0.068) but the level of significance is low. Compared with the hotel and leisure business, the brewery and distillery companies are more unionised with a history of industrial strife in the early 1970's. It should be interesting to test managerial emphasis of the industrial relations

aim of communication against past unionisation experience of the company.

8.2.4 The reporting objective of achieving better results and profits

Opinions in this category directly re-affirm the most important 'profit' goal of the company. Although several ideas were mentioned, the emphasis was on improving corporate performance and profitability.

"In any company, one of the most important resources is its people, to achieve results through people. We find that if the employees understand what we are doing, and why we are doing it, then there is a far greater chance of us actually achieving our objective at the end of the day." (from a personnel manager)

Another respondent was more specific about this and stated that;

"We believe that the more the staff get to know about their work, about the people they work with and for, the more lower level to quote 'their company', and I say that because a tremendous number of them are shareholders and that factor alone has helped the relationship between staff and employer, because that has helped them to be more conscious of the fact that if they do their job right, the company benefits, and the more the company benefits, the better is going to be their share of the profit because there is going to be more profit." (from the training manager of a hotel group)

There was an equally strong emphasis on performance amongst the unit hotel managers, although they did not go on about 'profit'. For instance, the following two managers referred to better performance.

"(By communication) I would hope that it makes us more efficient. It made the staff work better together and therefore their approach is far better to the guests."

"In doing this (communication), we are hoping that by making employees at all levels more aware of the aims and targets of the group, and inform them of the progress, it will act as an incentive to them, and hopefully we will get more success, success performances from our staff at all levels."

More lower-level managers (0.04) have actually stated the achievement of results and profits as the communication objectives for their company. Lower-level managers are involved in daily communication with the shop-floor, and the control of the performance of their unit. Therefore, they can be expected put a strong emphasis on this aspect of communication.

Bearing in mind that the content of employee reports was mainly financial information and the 'profit' objective was the most highly ranked aim, it is interesting to see that in fact, amongst the four groups of communication objectives, this last group - the achievement of profits and good performance results as the main objectives of employee communications was least stated by managers. Perhaps the 'profit' objective is too obvious to require mentioning.

Nevertheless, the results (see Table 8.2, Q1-3) indicate the relative significance of the four groups of objectives for voluntary communications. Managerial perceptions clearly highlighted the social, communication and industrial relations objectives.

Probably the tendency of the operational business aims to take over this general voluntary periodic employee reporting is inevitable. In reality, general employee reporting is recognisably the 'glamour' bit of the total communication system. Communications cannot be linked automatically with the achievement of the 'profit' goal of the company. Without real tangible incentives, employee reporting is unlikely to bring about better performance or higher profitability.

8.2.5 Summary of the four groups of communication objectives

The open interview questioning has yielded a more comprehensive picture of this complicated area of employee reporting objectives which adds to the questionnaire findings. As companies seldom have well-documented formal communication objectives, so managers were quite free to speak according to their own belief and convictions. Their points of view and emphasis of opinion ranged widely, but they fell into four co-existing mainstreams of thought. The combination and the relative weighting of these distinct mainstream ideas held by individuals are probably responsive to changing circumstances.

Mainly, emphasis was put on the social uses of employee reporting. Managers' own free statements have demonstrated conclusively the importance of reward, motivation, identity and the other social objectives for employee reporting. However, there was no enthusiasm for the question of employee information rights and managerial social stewardship which did not feature at all in the development of employee reporting.

Whilst the spread of opinions is wide, it is still possible to pick out links between personal factors, work experience, company business factors and communication objectives identified by management representatives. Briefly, more of the managers working in multi-business companies, pointed to the social objectives. More of the reporting company managers stated the 'industrial relations' objectives. More group and specialist managers mentioned 'to inform' types of communication objectives, whereas the hotel trade managers did not. Finally, more lower level managers emphasized the 'profit' performance objective for employee communications.

Two further questions to retest the employee reporting aims were asked, and the answers (see Table 8.2 , Q3+4) support the earlier results of managerial objectives. Therefore, this study has succeeded in demonstrating that it is possible to discover a set of employee reporting objectives. Despite the often vague and fuzzy ideas about formal company objectives, it was evident from the interviews that representatives have considered a broad range of objectives. An extensive exercise to build up a 'corporate objective set' can be feasible and meaningful. Probably some opinions may be cynical about the need and the probable outcome of such attempts of managerial objective identification. Yet, objective setting is an essential first step for steering organisational developments. Employee communications is one of the areas that may benefit from this process.

Once the communication objectives are determined, the appropriate communication methods may follow. For instance, if the company identifies a priority in establishing a corporate identity, then perhaps a company newspaper would be the best method. On the other hand, if one's priority is employee motivation, then perhaps regular small briefing on financial results plus a profit-sharing incentive scheme can be the best combination.

From interviews, managers have expressed strong faith in employee communications and in what they can achieve. Some companies were not unhappy to try new things, to take soundings, and to try other things. In this way, progress can be made step by step. Yet the situation in many of the other companies was close to 'management by muddling through'. If managers could consider a more logical approach

to employee communications and start with the communication objectives set, then they may be able to feel more purpose in their job, in achieving these aims.

8.3 Managers' views on communication achievements

Managers were asked what, in their opinions, had been achieved from employee communications in the experience of their own company. These were strictly the respondent's own impressions as there were no systematic assessments of the results of employee reporting in all but three companies. In general, success was claimed by managers from wide backgrounds. The achievements claimed also correspond to the four main streams of communication objectives reported, as these were expressed in similar terminology.

When the relative frequencies of the perceived achievements were checked, it showed that what managers perceive as the more important objectives they also tended to claim had been achieved (see Table 8.2 , Q.2). However, for the communication objective of better results and profits, achievements were not claimed so often. Obviously it is difficult to link 'profit' directly to employee communications in a convincing way.

Nevertheless, managers in the sample did not simply project a positive image. They did not feel restrained in casting doubts and voicing cynicism about their company's intentions and achievements. More managers directly engaged in hotel business (0.006) (Table

8.7) indicated that whatever achievements there had been, it was very little or difficult to say. However, even where managerial

Table 8.7 Hotel managers' perception of employee reporting achievements

<u>Manager directly engaged in hotel business</u>				
	<u>In other business</u>	<u>Hotel manager</u>	<u>Total</u>	
<u>Little results,</u>				
<u>difficult to say</u>				
Not stated	24	27	51	
%	96.0	62.8	75.0	
Stated	1	16	17	
%	4.0	37.2	25.0	
Total	25	43	68	
CHI-SQ =	7.612	SIG. =	.006	DF = 1

opinion was negative about achievements, one can still detect an element of approval. For instance, one area manager of a hotel chain commented in these words;

"Well, I can't see the company has achieved very much, other than a certain amount of goodwill or openness."

Although disappointing, this view may be more realistic and should attract attention from top management.

How do managers keep up the momentum of employee information when there is so little scientific evidence of positive results? A company secretary who was responsible for the company's employee communication publication declared his position in this way;

"I suppose I am saying well, I do it because I think I should. I think it is a good thing basically. But if you say what do you think you have achieved? Well, not much."

The existence of strong beliefs buttressing managerial actions in the area of employee communications have important implications for further research and development.

8.3.1 Managerial faith in employee communication

As a matter of fact, it is a difficult task to assess the actual achievements of communications. Firstly, there was not an accepted corporate objective set or criteria for measurement. Most of the areas of concern, save the 'profit' motive, i.e, the social reward, motivation, the industrial relations and the good communication objectives are qualitative in nature and difficult to measure.

Nevertheless a very high proportion (80%) of the respondents thought that employee reporting in their company had achieved something, with no solid evidence to support their views.

The psychology of information is that the demand is inherently insatiable. Therefore, managers have a rather unrewarding role as regards their tasks as information providers. The following example illustrates this view;

"One gets an overall feeling that people feel that they are far better informed than they have ever had been, but they will still request for more information at the end of the day." (from a personnel manager.)

It is a never ending task. One can never sit down and say that the job is done, and here are the results.

This research suggests that managers have found anchorage for their positive views from the strength of their belief or faith in employee communications. This consistently came across from what they have stated on the subject. See for instance the following quote from a personnel manager.

"I think one is never quite happy or totally happy with the effects of communication. Communication is an on-going task the company needs to continually invest time and money in. One can't communicate for one year and say that is my job over. Communication is an on-going process. You are striving hard to improve communication at all levels. But certainly we find from our human relations and industrial relations point of view it is very difficult to quantify or correlate. We genuinely do believe that communication programme that has been taking place has been of some assistance. You can't measure it, but we do feel that there has been some assistance to the company in achieving its corporate objectives."

8.3.2 Managerial claims of communication achievements

8.3.2.1 Significance of achieving social involvement and goodwill

As a result of the efforts in communication, managers believed employees were enabled to be or feel involved. This view is clearly illustrated below;

"In general terms, the feeling is that people working in P.ltd. are generally interested in the group, are proud of belonging or being a part of it, and that can't be bad. You cannot put a figure on it." (said a company secretary.)

"It helps people to identify with the company, not just a company in betting, in hotel. I mean part of something which is much bigger. You would find that if you talk to people in our company, they identify with the bigger organisation." (stated a personnel controller.)

"It is very difficult to actually capture what has been achieved. Certainly we feel that it has increased the involvement of employees. We feel that they are more involved, or we feel that they are better informed. It is very difficult to capture what it means in real terms. It may just be a mental picture that they now feel that they know a bit better how the company is being run." (from a personnel manager.)

Managers held strong beliefs in the general good of employee reporting, and their convictions were undiminished by the problem of a lack of scientific evidence. Their belief and behaviour are based on sound management principles. One hotel manager eloquently explained his belief in communication and involvement;

"The principle of it is without a doubt. You can't really expect people to put an interest in what they are doing if they don't know what they are doing. ... but if you give that person a bit of interest by telling them what the company is doing, what the company is planning to do, what the trading results are. At least he has got a bit more interest in what he is doing. ... So long as you make them feel part of the team, by letting them know what the company is doing, give them something, it might be a book or a report. They read that and come back to me if they want to talk about any of that. We do find it effective. People like to be involved."

Managers were more vague when asked about the social processes of how the results of employee reporting can come about. They just re-emphasized their belief in a reciprocity goodwill from an informed workforce. The following is a good example to illustrate managerial thinking.

"I think we have got a reputation of being a fairly good company, ... , a company that is caring, and does communicate

to all its employees. I don't think that the company would ever be accused of keeping its employees in the dark. Yes, I think it is appreciated."

Clearly, the daily contact with people, the communication experience and the perceived organisational atmosphere reinforce these views.

8.3.2.2 Achieving a more informed workforce

An informed workforce in itself was also put across as a significant achievement. Age seemed to be a discriminatory factor for this claim of a more informed workforce. More of the younger managers (under 35 years of age) but fewer middle-aged managers (between 35-45 years of age) thought that the workforce was more informed (0.001) (Table 8.8).

Again, concrete evidence is not a relevant issue. It is apparently taken for granted. There is an 'informed workforce' because management have given them information.

"I think it is useful by the fact that employees know how the company has done. I think that is the main point of it, that the employees know how the company is doing. He knows. He can see things, how the future of the company is going to be, how we have been doing, where we can improve." (from a hotel manager of a northern group)

The question of information feedback was seldom considered.

Occasionally, respondents were able to support their views with some specific personal observations. For instance, a public relations director observed;

"I think it has achieved a lot because I meet trades unionists at the top level, at middle level and at the bottom level, and I meet employees individually, and they can converse with me very intelligently. You can now see the trade unions

Table 8.8 Age of managers and claims for more informed employees and better communication achieved from employee reporting

	<u>Age of manager</u>			
<u>Better informed employees & good communication claims</u>	Over 45	35-45	Under 35	Total
None	14	15	10	39
%	66.7	88.2	33.3	57.4
Stated	7	2	20	29
%	33.3	11.8	66.7	42.6
Total	21	17	30	68

CHI-SQ = 14.450 SIG. = .001 DF = 2

Table 8.9 Education of managers and perception of better employee relations from employee reporting

	<u>Level of formal education of manager</u>		
<u>Better employee relations claimed</u>	<u>Up to diploma</u>	<u>Degree & over</u>	<u>Total</u>
No	36	17	53
%	94.7	56.7	77.9
Yes	2	13	15
%	5.3	43.3	22.1
Total	38	30	68

CHI-SQ = 12.005 SIG. = .001 DF = 1

representatives at all levels within the industry talking about e.g. the business, about public policy, about customer benefits, about the need for investment; and all these things have come through because we constantly and consistently communicated them to the employees."

8.3.3 Claims of results in industrial relations

Coming to the sensitive area of employee co-operation and industrial relations, there were some explicit remarks about the contributions from good communication.

"We feel that it has assisted us in making some changes, and sometimes unpalatable changes in terms of manning level arrangements, redundancies." (stated the company secretary of a large p.l.c. .)

"The most significant thing is that the employees after many years, have probably a higher degree of trust with the things that we are telling them than previously ... they are much more willing to accept the things they are told about, the problems and the opportunities of the company, than they previously would." (from an employee relation manager of another p.l.c.)

More educated managers made claims of better industrial relations (0.001) (Table 8.9). This tendency to overclaim is interesting. Whether these managers felt more threats from industrial relations problems, or if they have been conditioned to be more achievement oriented can be tested.

8.4 Summary of managerial perceptions of communication & achievements

To summarise, this study has yielded an overall picture of employee reporting practice similar to a one-way communication model. Most weight was put on the social employee identity, reward and motivation, and the informational aims of employee communication.

Correspondingly, managers generally claimed favourable improvements in these social and informational aspects. Special emphasis on the industrial relations and the 'profit' objectives have been found in specific groups of managers. There is also evidence that managers perceived varying achievements with respect to the different uses of employee communication.

The strength of respondents' faith in employee communication is unmistakable. Managers were strongly in favour of communication as good modern practice. They perceived many positive uses of employee communication and they also saw many achievements from doing it. That may explain why most management did not get feedback from the workforce. Based on a strong conviction of the intrinsic goodness in company communication to employees, managers did not find it necessary to seek confirmation of what they believed to have been achieved.

To summarise, this study highlights the prevalent and homogeneous managerial opinion as to the importance of the social and information aims of employee communication. This view was widely held by managers of the sample. These suggestive results should encourage future research in the areas of management communication priorities and problem identification, across different personal and industrial backgrounds.

CHAPTER 9 MANAGERIAL OPINIONS ABOUT WIDER ISSUES

This chapter continues to look at managers' freely expressed opinions about employee reports and employee information. The analysis encompasses all the unprompted qualitative data from interviews. Our aim is to examine complex questions such as; how and why employee reporting was extended, why did the employee report come about, what were the managerial attitudes towards the problem of disclosure and priority of communication, and whether managers perceived social/symbolic uses of the employee report. Managerial views were not simply black or white, but showed a mixture of intentions and attitudes.

9.1 Managers' opinions on employee reporting developments

In this sample of companies, there was a new development in employee communication during the late 1970's, when many companies started issuing a form of employee report (in the broad sense used for this study). Most of the sample companies (19 out of 25) had introduced oral, visual or printed reports for the employees.

It can be said that voluntary employee reporting was generally perceived as at the 'fringe' of the total corporate communication system. As for the separate employee report, it is best described as the 'frill' of the 'fringe'. Whilst some managers thought they could not afford the frills, a significant number regarded it as an important and worthwhile investment.

9.1.1 How and why was employee communication extended? Why the employee report?

Earlier analysis of the trend of communication and share schemes suggested that social motivation was uppermost. Now, interview results strongly supported this (see Table 8.2, Q.5). When questioned on why the employee reporting development came about, most management representatives recounted events and their own analysis of the influencing factors. Obviously these cannot be the full stories, but it showed the causes for increased employee communication as they presented them. Some gave vague and general accounts, but many were clear and specific about the reasons for change. The significant influences identified are 1) social trends, 2) managerial commitment and 3) specific organisational factors.

As for the general reasons about business needs and changes in social attitudes, the findings showed that managerial views were broadly similar, in many personal, organisational and industrial situations. There are two interesting observations made in the managerial perceptions of the causes of employee report.

Following the finding that large size is the most significant factor for giving employees a report, it is found here that only large company managers gave the social need of identity, involvement and motivation as one of the causal reasons for employee communication initiatives (0.031). None of the respondents from small companies had suggested this. More drinks industry respondents gave the reason that it was the expected or required thing to do (0.027) whereas more hotel industry people stated the need of identity and motivation

(0.017). Due to industrial factors, probably management in the drinks industry was more au fait with trends and new ideas in the employee relations field.

9.1.1.1 The influence of social trend and fashion

From the managers' stories, there emerged a general perception of the rising popularity of employee communication from the 1960's. That was the time when a managing director (who was a prominent politician) of a family brewery company had introduced an employee report. The fashion caught on in the latter half of the 1970's, notably after a spate of industrial unrest. The mood was described by one accountant of one of the large p.l.c. companies as follows;

"Oh! It was just everybody was in favour of communications, and we were just trying different ways. It was just what happened to be. You think it was the right way at the time. ... I mean it was just changing fashions and ideas, ... , that this is the right way in the state of society today that people should be informed of what is happening. ... If you go back twenty years, they were told nothing."

Pressures to conform with this emerging social trend were more and more felt amongst top management as knowledge of what the other companies were doing filtered through the informal circles.

"The directors said that so and so company have a report. Why shouldn't we, and others said that's right, we should. ... Confirmation upon confirmation says right! Lets do one. Probably being ten years public, it is about right, and we are big enough. We have the status. We should now be doing it. ... , because the people with good names have got these types of information together. They are the best in it. We want to do likewise even though we are in the second division." (from the group personnel director of a p.l.c.)

Finally in 1983, this company started issuing a printed employee report.

Some managers also generally talked about the perception of interest from the employees like the following example;

"Also, I think there was a genuine desire by employees to know about the company that they work for. I think it is the attitude and situation that people are starting to ask more questions. Gone were the days that people were prepared to work from nine to five or whatever, and just accept whatever that is fired at them. There is a far greater desire on the part of the employees to be told what is going on." (from the personnel manager of a distillery company.)

In responding to this fashion as the right way for the future, there was an implicit acceptance of a growing legal and moral obligation to inform the employees. The group personnel director who was quoted earlier had stated that;

"It is the way for the future - giving information to employees. We want to be ahead of the bandwagon and get the benefits of that. I don't think we were wrong in the past not to have done it. Probably we could have and we should have, and for various reasons we didn't rightly. But at this time, at the rate that things are going, this is going to be a way of life, and it is right that it should be a fact of life. So why don't we do it and get some benefit from it and do it ahead of the time."

This belief that the trend to giving out employee reports is inevitable was strong amongst some of the managers. For instance, one personnel manager commented on the trend of voluntary employee communication;

"I think it also symbolizes perhaps to be a bit cynical about it, a company recognises probably what it would be forced to do in the future at any case. It is better to be ahead of the game rather than behind it."

However, it will be clear later that self-motivated compliance in reporting to the employees does not mean that management recognises the social and moral duty to give employees information. In fact, apart from a strong aversion to law and regulations, managers were also not at ease about issues such as employee rights.

9.1.1.2 Management's commitment to employee communication

Nobody reported any perceived pressure from below for more employee communication. Decisions and initiatives were taken at the top of the hierarchy. Commitment from top management was definitely an important and necessary factor for the implementation of employee communication. In most cases, the chairman or the managing director also played a prominent role in initiating the changes, and in carrying out large presentations and so on. The following descriptions help to illustrate this.

"The group chairman is a very forward looking young man. I would imagine that he saw the day that the time would come in British industry when there would have to be more participation of staff, even before it starts to go through the parliament, Act by Act, or attempts to go through the government. I think it was he who decided to take the initiatives, starting off in the North-east of England. Rather than being told by an Act of parliament that you would do it, we have volunteered for it. Now we feel that we are pioneering something or have pioneered something." (from a group hotel training manager of a p.l.c..)

"Well, the chairman has a commitment to this sort of activity and believes that this is the right way to operate. So he would have been sympathetic to an idea coming from elsewhere. In introducing the special company employee report, I would have thought the idea actually come from the personnel director, but I would have thought he must have got the support of the chairman, and he wouldn't have any problem. ... Our top man thinks that he is very keen that it should happen. I mean he spent some significant time in developing and fostering all these mechanisms. He is committed." (from a group employee relations managers of another p.l.c..)

How much immediate influence the top person could exert on the matter was clearly demonstrated in the following case of a very large p.l.c. . Luckily for this research, the interview had been postponed. It was at the later interview that the public relations director told me about the complete change in employee reporting practice.

"We have lost our chairman who unfortunately died over a week ago, so we have a new top man, and that is going to bring in new thinking. And as far as the employee communication goes, there has been a conscious decision taken already by the new man, that the old form of communication to employees is going to stop. It was considered to be talking down. We were using highly visible and descriptive drawing techniques which try to portray financial information, almost directed to talking to kids in school, and the new chief executive had said no. These are human beings, highly intelligent adults that we are dealing with. There is no reason at all why they can't have the annual report and accounts, and that is a very different attitude to that in the past." (from the public relations director of a large multi-business line p.l.c. company.)

Where there was a lack of identification and commitment at the top to improve employee communications, then reporting was rare and slow. There was only one case of a large hotel and leisure group that had started an employee report from the influence of the personnel section. Another hotel subsidiary of a large brewery p.l.c. began an annual briefing system in 1982 to let employees know about the company's results in 1982. This late development was under the influence of a new post, the employee relations manager. The future situation within this last company may be;

"Now that we have an employee relations manager who is committed to better communications throughout all levels, it (communication to all employees) will become more often." (from a regional operations manager of the hotel side.)

Another case of a large international hotel chain owned by a British p.l.c. is also illuminating. This group has a company newspaper, but with no general reporting to employees. It happened that the company had invested a lot of money in new technology training equipment. Also a very expensive audio-visual programme about the company's business was made for the shareholders' Annual General Meeting in London. Then it was decided to allow an extra day for showing it to

any staff who could manage to attend. The group training manager told of how the decision was eventually made.

"I think the original idea of doing an audio-visual presentation, and inviting the staff to them was from our head of Public Relations, because it was tied in. I suppose he was trying to justify the expense as well. It wasn't just for the shareholders but other people could see it as well. Then it is a natural step to say, well, what a shame only the people based in London can see it, because it is going to be seen only on that day. Well, why can't we put it on the equipment at the location, and for instance, they are already producing these audio-visual packages, induction training materials to tell people about the company when they join (because we know that is done badly or skimmed over at busy times). Now, that is a vital area that you need to show on film really or on some audio-visual programme. So, obviously this is a very short step to say why don't we have it each year to sort of update the company performance."

Here, there are all the available technology and existing systems for the distribution of an audio-visual employee report, but two years later, this company still had not taken this 'short and natural step' to carry out regular employee reporting. Here, employee communication have developed only as a by-product of public relations communication for the shareholders and the investing public. It illustrates clearly the primary importance of commitment at the board-level for progress in giving employees information.

Personality, charismatic leadership, management intentions and attitudes to workers are also important factors in bringing about changes in voluntary employee reporting practice.

"I think over the last five years that we really wanted to improve communication through the company. It was a definite policy of the company. In that respect, obviously we have bargaining arrangements, consultative arrangement with a number of trades unions, but over and above that, we wanted to use the management prerogative more effectively. So the company was actively looking to be the leader in the field of communication rather being led or be it reacting to changes." (Personnel manager of a distillery company.)

Most of all, it is this sense of managerial commitment, a strong faith and effort that have carried through the new employee communication developments.

9.1.1.3 Special factors influencing organisational circumstances

Size and the growth of the company are important factors for change. Probably senior management in large multi-business companies perceive a greater need for formal global communication to employees, as a means to reinforce group identity. At times managers explicitly referred to large company size as a reason for introducing new communication materials like that of a group employee report or company newspaper. One personnel controller of a hotel p.l.c. explained the decision to start issuing an employee report in precisely these terms;

"In 1974, we have become a large organisation, and we were conscious of the need to communicate with people and make them feel part of the organisation."

Secondly, managerial perception of the drawbacks of communicating through the trade unions is also an important factor. Traditionally, communication to employees had been left to the union representative machinery. In the early 1970's, there was a growing awareness that the status quo of management/union/employee mode of communication was unsatisfactory. More and more, management felt the need to communicate directly to shop-floor employees. The following are good illustrative examples.

"The company recognized unions for the first time back in 1974, and I think there was a genuine feeling that most of the communication went through union representatives or the proverbial grape vine, and then we have to rely on the union representatives to then promulgate that information with the best will in the world. But even managers are not very good

at communications and they are paid for it. In order to get a consistent message throughout the company, that prompted us or stimulated us to communicate directly more and more." (from the personnel manager of a distillery company.)

"I think the main reason in this area was the feeling that the company put a fair amount of time in attempting to negotiate with shop stewards and to explain to employee representatives what the facts of the economic situation were, and what the trading situation of the company was. But it became evident that the shop stewards were either unable or unwilling to communicate this back to the shop-floor. Although we see the importance of involving the shop stewards in the consultative process, we feel that what we have to do, it is our right and responsibility to raise, to have a reasonable level of understanding amongst our employees,"

Managers were wanting to re-assert their 'right' to directly inform the employees about company matters. They have come to recognise that employee communication is an global area of responsibility which cannot be delegated to the union machinery. This increasing realization added momentum to the change.

9.1.1.4 External economic factors specific to the business

The prevailing economic as well as industrial factors were also contributory forces to change in a more indirect way. An example is the experience of a hotel subsidiary of a large p.l.c.. This group had stopped the separate printed employee report in 1982, and employees were then given the full annual report plus an explanatory video presentation. Divisional and subsidiary companies were also allowed to introduce their own materials. This hotel subsidiary had chosen a new briefing system to tell all the staff about the company's results. The influence of the economic conditions was explained in the following quote from the operations manager.

"The 'Why' is the recognition of the fact that within the current recession, there is a risk of closing one's communication procedures and becoming very defensive. And we are perhaps very conscious of that and are perhaps opening up to it a little bit. The second 'Why' is to make them more aware of the effect on them, each individual, in terms of their wages and so on, and hopefully they will understand some of the actions that we have to take over the past year, and perhaps over the near future more readily. Because we have to make some very hard decisions like every other company."

Management felt they needed to communicate, to put across messages and to explain and justify decisions. When business conditions were bad and decisions were more unpalatable, the need to communicate became greater and more urgent.

9.1.1.5 The process of change

The accounts of the development of employee communication show a consistent pattern of a confluence of factors which eventually triggered off innovative management communications. It is essential to consider how these influential factors fit together. Take the case of a brewery company, a separate employee report was tried in the 1960's at the instigation of the managing director.

"Well, because he (the Managing director) is very concerned. ... , because it was a period when the group was expanding very widely. He was concerned that people within the group should know what was happening. It was a combination of his background, his view, the situation of the group was changing, the fact that we were looking at the annual report and thinking how it should be produced and presented, and this was a very popular idea at the time. A number of the companies did it, so we did it."
(explained the company secretary)

Another example was a private distillery company which started an annual presentation for the employees in the late 1970's.

"It is a combination of factors. It is the pursuit of identity by the personnel manager. Well it is fashionable and the 'done' thing for the best employee relations. The

so-called 'best' employee relations companies have these kind of employee reports and so on. It is the routine apparatus of operation. We thought we would do it. His (the personnel manager) recommendation seemed to be a good thing. But on the by, part of our reason for being prepared to do one at that time, we had a big overdraft and also inflation was going on at an extraordinarily high rate. Therefore if we show these two, in fact, if we show the overdraft figure, and if we show our investment, stocks and capital expenditure, which have exceeded the profit, that helped to dampen down the aspirations of pay increase. It did help, and of course it is all in the past." (stated by a director of the company.)

In both cases, there was a combination of factors pressing for new initiatives. Organisational inertia had to be overcome. The identification and the committed personality at board-level were crucial. The following case of a subsidiary Scottish brewery company, described by the personnel manager, further supports this model of change.

"I think you can say that the introduction of the managing director's communication tour and the improved briefing system stemmed from the re-organisation of 1978, when the company became autonomous and responsible for its own performance in a more coherent way than previously. The initiative was a local one. It was really from the expressions that the managing director, the brewery director and myself had about what we should do in this area of employee communication, particularly very anxious after the re-organisation of the company ...

And one of the major factors was that we wished to, at an earlier opportunity emphasize to employees after the change, to create the sense of identity. With a much smaller company that had a retail trading environment in Scotland, that was particularly important.

We also had some emergencies to do that because just before the re-organisation, we had suffered a very lengthy strike in Scotland (in late 1977). This had affected trade very severely, and after 1977, the next few years were spent really struggling to survive, and it was very urgent that employees understand just what the problems were."

Recovering from industrial problems, the personnel manager outlined the aims for employee communications.

"... the main purpose when we began extending the employee communication initially was to place the company within the context of the society, of the contribution it makes to support society through I suppose in the brewery industry, the payment of taxes in the support of finances of government and so on. It is a role of wealth creation. I suppose as far as the support of social services and other essential services are concerned, this is very often forgotten. That is the general one that we expect any employee to have.

We wish to increase the employee's feeling of involvement in terms of the total contributions that was made to the company's objective. In other words, to understand why each job was there, what contribution it made. For example, the brewery operator in the way he works could affect the performance of the company. If there could be a quality problem or mistake or whatever.

Also to explain the competitive pressures, the pressures on price, pressure from competitors, the need therefore to be receptive to changes in terms of working patterns, procedures, acceptance of more productive plants and equipments, technology and so on. If you like, a response by the company, not to change for its own sake, but a response to specific pressures, to plan and attempts to face the future in a reasonably positive way."

As the above case shows, communication objectives may develop or change from the initial reasons for starting employee reporting. The original reasons for action may no longer be valid, and indeed, new significance and uses were found. Once started, the aims of employee communication seemed to evolve and become more precisely defined. It is a continuous process in which managerial perceptions play a big part. Employee communication becomes a tool of management.

9.1.2 Interpretation of the results

Strikingly, managers did not report any pressure from trades unions or employees for employee reporting. In all cases, it was described as a deliberate decision by management to open up communication with employees. The advantages of direct contact with the employees were

the chief reasons, ending the reliance on the union mechanism to inform employees.

In opening up employee communications, managers were aware that tactical information, whether it has direct relevance to collective bargaining or not, all have to be made available. This common sense approach was elaborated as follows:

"We have a good record over the past years in telling people what would happen that would affect them, when a decision has been taken which is pretty final. Partly because we need to negotiate with trade unions about it and partly because we are of the view that changes about which people are informed are much easier to implement than changes that people are not informed, and which they can only find out about by rumours, general inaccurate information, apprehension and mis-understanding from which other problems may arise." (from an employee relations manager of a large brewery company.)

For collective bargaining, some ad hoc communication materials or communication channels were more appropriate for disseminating the specific information. For example, a letter from top management could be used, as described by one training manager.

"Let's be quite frank about it. Part of our tactics is to make sure that, or try to make sure that the individual workers knows what our offer is and send a letter. Now, this particular dispute starting tomorrow on overtime ban ... , the letter was sent so that they all know what was offered. It was accepted by a lot of them, but the west branch did not. ... the shop steward may be politically motivated, and may not give them the whole story, or give them a shaded or slanted story. Then we want to make sure that our story, because it is the facts, they get it from us direct. ... so that troubles can be avoided."

This kind of tactical information strategy is quite common, and have witnessed in the national press and news media. There should be no problem in separating these from general voluntary employee reporting.

The evidence does not give strong support to the view that managerial decisions to extend employee communication were as a direct result of impending legislation. When managers said employee communication has become the 'required thing', they meant it in the social rather than the legal sense. It has become a norm that "the employer must be seen to be communicating with the employees" in order to be judged a good modern employer.

According to their own accounts, managers behaved quite independently of the demands of external social interest and political groups. Descriptions elicited from managers showed there was a multitude of perceived social and organisational factors influencing the change, but on the whole managerial behaviour was seen as self-motivated and they often expressed a sense of pride in their pioneering initiative. This rewarding experience was reported even by the late innovators. That is one of the attractions of keeping the voluntary reporting framework. Once a legal requirement is imposed, this social gratification effect will be lost.

Whilst acknowledging the benefits of keeping the existing voluntary framework for employee reporting, attention must be paid to the non-active companies. A number of reasons were quoted in the refusal letters for not making information available to the employees. These are the shield of 'private' corporate status, the small size, the existence of union machinery and informal communication channels. One view was that since information was not required to be disclosed, so no one should be allowed access. Even requests for confidential research purposes were bluntly refused.

"I am sorry to tell you that it is not our habit to distribute copies of our annual report and accounts since

we are a private family company." (from the director of a distillery company).

Then, there is the justification for inaction because managers thought their company was too small for expending resources on employee communications.

"So far as an employee report is concerned, we do not provide one as this is a small group." (explained the company secretary of a p.l.c.).

Other companies may be perfectly happy with just the union machinery, similar to the following view expressed by the personnel director of a hotel chain.

"We have fully developed staff participation arrangements through the medium of trade union elected representatives and this is used as a main means of communication to staff."

Finally, some managers would argue that informal communications is the best. In their opinion, any additional or possibly more formalized channels would only add unnecessary restrictions.

"We do not believe in the escalation of bureaucracy and the compulsory dissemination of unintelligible information to all and sundry. As directors, we can be approached by any one of our 1,500 employees, regardless of their status, colour, creed or nationality." (response from a director of a hotel p.l.c.).

It is not the aim of this research to prove or disprove these personal views, but to offer insights from studying the participants. Nevertheless, and despite the small sample, there were a number of outstanding cases of counter examples to the quoted justifications for inaction. These were small and even private businesses, with strong informal communication systems, which did use employee reporting effectively. These cases will be described in greater detail in the next chapter. Their examples should persuade management

to re-examine those pre-emptive arguments of 'confidentiality', 'small size' and 'no need'. Systematic voluntary employee reporting would seem to deserve a proper trial.

9.2 Managers' views on employee communications

There were two major issues about employee communications that came up in interview discussions: its degree of priority, and its importance and usefulness as perceived by managers.

9.2.1 Employee communication as a priority issue

Managerial views were divided on the perceived priority of employee communication. Some managers showed little enthusiasm, but others propounded a strong belief in employee communications. Mixed feelings on the problems were frequently raised such as in the following statements;

"As far as this hotel is concerned, there is very little communication done at the moment. Basically because - it is important, yes - but there are other more important pressing factors which dictate that, if we don't get business, then our employees wouldn't have a job anyway. So, that to me is far more important" (from a hotel manager.)

"I think they (the employees) should be interested in it (financial information). The only way to get them interested in it is by training them in it, but it is a very difficult thing to do. It is very low down in the priority of training activities. Therefore it has to take its turn along with everything else you know. The job training is obviously the most important and that kind of training has to take its turn." (from another hotel manager.)

"My own view is that at the end of the day, you never get thanked for communication. You only get problems if you stop doing it. People would say that they used to come up and talk to us once a year, and now they don't bother with us. So, it is a very negative feedback situation, but that is basically why we are doing it." (from one company secretary of a brewery company.)

Realistically, employee communication and financial information training is unlikely to command high priority amongst the unit managers, given the service demand pressure. Nevertheless, some prominent views about the importance of communication to the employees were heard, such as the following;

"Mainly it (employee communications) is a priority, because staff cost is 70% of our total cost. Therefore staff must be 70% of our total product quality. That is the first thing. The second thing is to get that commitment, staff need to be fully informed of new product development. They need to be kept informed of customer reaction, and I think for their own benefit, they need to be told how the company is doing."
(stated by a public relations director of a large p.l.c. .)

"Well, because we believe that communication to employees is extremely important. We believe that we will have a healthier and more successful company if our employees understand what is going on and are involved in it. Therefore, we think it is well worth the time and expense that has been put into it. We regard it as one of the primary functions of management in the running of a successful company." (from a finance and planning manager.)

This sense of priority in employee communications was also strongly argued for the small business.

"Teamwork is the main aspect of the work, and that is why we see great importance in all communications. In a small concern like ourselves, each department more so than others depend on everybody else. You can't afford any links to be broken." (explained an independent hotel manager.)

It is not possible to conclude how high up the priority scale the issue of employee communications ranks amongst the other management objectives. Indeed, even to talk about a purely ordinal ranking is probably unhelpful as managers have to juggle with many problems at the same time. Yet, even though not all managers agreed, a significant body of opinion showed a strong sense of priority in favour of employee communications.

9.2.2 The importance and usefulness of employee communications

Here, the consensual opinion is in favour of employee communication. Managers perceived positive symbolic values in the employee report, as a good symbol for the company and employees (Table 8.2 , Q6+7). Strong beliefs in the importance and usefulness of employee reporting were expressed, and the arguments allowed no questions:

"It is an on-going process, , , , . Even if we know that nobody has ever read the employee report, and nobody regards it as being of any use, we would still do it because the company thinks that it is of use. It is simply available to people even if they choose not to look at it." (stated an employee relations manager of a large Scottish Brewery company.)

"The brewery industry is declining. The company as a part of that is also declining, and therefore when things are going badly as opposed to going well, you have all sorts of pressures and problems which you don't have in times of success. And it is much more difficult to do everything including communicating with people. Therefore, I would say that our communication now, even though it is more difficult, it is more important, even than they were previously." (from the finance and planning manager who had previously spoken on the priority of employee communications.)

In hard times, employee communications became more urgently relevant. The more changes management have to make, the more helpful it could be to communicate. A hotel manageress told of the effect on morale when this was not done.

"There have been periods when they were not communicating, and it was very unsettling because we don't know which way they were going. Especially it was a new structure. We have got a new operations director . . . , but for a long while, people were hesitant about which way he is going to go. Until you start getting some directives that you can actually pass on to your employees, then it is very unsettling."

Many managers said that, realistically, most employees were neither interested nor able to make much use of the information. Nevertheless, they agreed that information and reports should be available to all employees.

"It all depends on the level of the employee. You must realise that there are employees who don't want to go any further than the job they are doing, but like myself for example, I started off scrubbing the kitchen floor. Here I am now an executive manager. So the answer should be to make it available, but it does no harm."

" I think any information, any additional information that the employee has access to is a positive step. I am sure that some of the employees aren't at all interested, but I feel that it should be made available to all those who are."

It made sense to give all employees the opportunity. Supporters of employee reporting have a definite faith of the usefulness of communication, and the arguments were quite simple.

"We think an informed employee would probably work better, would have more interest in and would therefore be more valuable to the business than an ignorant one. You get more commitment from them. They know why everybody is doing what they are doing, and where everybody is trying to get to. They can understand where they fit into the operation."

Another eloquent example of reasoning is as follows;

"From the company's point of view, a person who knows about the company and who is interested in the company is going to be a better employee, ... it is in the company's benefit that people know as much as possible about the workings of their organisation which can give them the interest. ... To my mind, a company could only do good by informing its employees. I think a company is short-sighted if it doesn't keep its employees informed, no matter what the legislation says. There is no legislation which says that a company shall not inform its employees. If I was running a company of my own, I would like to see that the employees are having as much information as I could possibly give them, because I feel that where employees are loyal and good, that would make them better employees."

The above statements appear to reflect simple managerial common sense. There could be few arguments to counter them. Later, we shall see how this favourable open attitude in employee information is counter-balanced by perceptions of other interests and issues.

9.3 Arguments against open communications

From the interviews, significant elements of conflicting views could be glimpsed (see tables 9.1 & 9.2). Here some of the main themes are explored.

9.3.1 The problem of 'sensitive' information

"We have got to be careful because what goes to this level (employee communications) is not likely to remain confidential to the company, because it is going to the shop floor. Here, we have to be careful about what we say about finance at the moment because we are only - it is our year-end next week. So we have to be careful about the confidentiality of financial information at this stage." (explained one finance manager.)

Confidentiality of information is always a difficult blocking issue. Managers considered employee reporting to be risky. A hotel manager explained why employees are not permitted to know:

"Because you can't trust everybody, because a lot of these figures are confidential figures which the company obviously doesn't want spread all around the town, so the hoteliers in the town can know how well we have done. Because a lot of these figures are private and confidential figures."

This attitude that all information provides trade secrets and the general view of the employees as untrust-worthy are prohibiting. Stock exchange regulations on sensitive information were understandably a cause of concern. But, the widespread reluctance in giving information to the employees seemed irrational, given that only general aggregated historical information were involved. The real issue is whether it is possible to select a reasonable level of dis-aggregated information which is both permissible and useful.

Table 9.1 Conflicting views on employee reports & information (N=69)

The issue stated:	Mean number of statements per respondent:	
	<u>for</u>	<u>against</u>
1. The employees are entitled to have a copy of the company's annual report.	0.5	0.1
2. The special printed Employee Report.	0.5	0.4
3. Using a simple report for the employees	0.8	0.1
4. Using a joint report for both employee & shareholder groups	0.2	0.4
5. Employee's information rights.	0.3	0.1
6. Employee share schemes.	0.4	0.1
7. Introduction of legislative requirement for employee reporting.	0.2	0.6

Table 9.2 Other ideas from the managers (N=69)

<u>Views stated on the limitation for employee information</u>	Mean number of statements per respondent
1. No manpower, employment information.	0.4
2. No report for employees, a waste, not understood by employees.	0.4
3. Information is sensitive, competitive.	0.3
4. Have to bear in mind shareholders' interests.	0.1
<u>Views on the needs of employee reporting</u>	Mean number of statements per respondent
5. Important to give general business information.	0.4
6. Important for top management to do the employee report.	0.4
7. The top man should present the message.	0.4
8. Important to give financial information.	0.3
9. Local on-going reporting is needed.	0.3
10. Specialist functions needed to do employee report.	0.3
11. Local management should present the message.	0.1
<u>Views on how to use employee information/communication</u>	Mean number of statements per respondent
12. Would use the information for the company's advantage in bargaining, etc.	0.3
13. Would use the information for motivating employees to get better performance.	0.1

Cont' Table 9.2

<u>Views on the use of the annual report to the employees:</u>	Mean number of statements per respondent
14. The annual report would be wasted, useless and not interesting to the employees.	0.6
15. It would be good if the company would make its annual report freely available to employees.	0.1
<u>Views on the likelihood of coming legislation in this area:</u>	Mean number of statements per respondent
16. Employee reporting legislation will come.	0.4
17. Employee reporting legislation will not be likely.	0.1
<u>Reaction to the special Employee Report</u>	Mean number of statements per respondent
18. Haven't seen any example of an Employee Report myself.	0.2

A further problem is the fear that with more information, employees will press for excessive wage demands. Managers thought it unwise to let employees see the huge amounts of money the business is making. This was articulated in the following statement;

"I think there is a fear that the management have that if you tell people how well you are doing, that they will be in for an increase for wages. This will hold some management back from disclosing the full facts." (from a hotel manager.)

This fear was echoed by others, and the following quoted hotel manager admitted that he had been keen to give only the bad results to the employees.

"Well, my job is to meet the budget. I can only do that if the staff do it for me. The best way of doing that is by involving them. On the other hand you see, if I were to involve them too much, by the fact that the business is making enormous amount of profit - my hotel is an incredibly profitable little operation, human beings being what they are, they will demand 100% pay rise."

Considering that financial reporting shows both receipts and expenditure, and there are good and bad times, the final picture should be a balanced one. A hotel manageress from a large group stated precisely why such fear is unwarranted.

"I don't think people should be afraid of showing that information at all. They can see the good and the bad. It is not always good news. . . . Nobody is afraid to let them see the annual report. I don't think it is at all a question of saying that because our company is making £X millions a year, then people are thinking, oh well, why have we not got more of that. I don't think that comes into it. . . ."

We do discuss what we made at the end of the year as a hotel group. Well, we are not ashamed to say it, and we do discuss that this hotel costed us so much money. And when you start looking at what profits you are making, you could earn more from the bank. We are not afraid to discuss that which I think some of the other hotel companies are."

That must be a more rational approach to enable employees to gain knowledge of business finance.

9.3.2 Problems with interpretation of information by employees

Presenting information in a way which ensures it is understood by all employees can be difficult. Managers especially worry about problems of interpretation. Some managers feared the possibilities of adverse motivational effects. A training manager of a large hotel group told of one instance with information disclosure.

"I am going back to my previous company. The first time they published one of these (employee report), they put down the average wage per person in the group. That was fine. It was factual. It was correct. There was no problem, no added information. The only problem was that ... an electronic engineer by virtue of the work that he was doing, our research engineer was paid far in excess of the counter hand at the cafe. So the average wage was way above many of our employees in our (hotel) division, and we have people coming up to us and say, look, this is the average. Why at least we aren't on the average? And we had to explain that, well you know, that takes from top to bottom, and unfortunately they are the bottom, and that caused so much dissention. So it was not put in anymore."

Adding his own thoughts on the matter, he continued:

"I tell you what is useful. Perhaps the loss of hours through sickness, through accidents and through general absenteeism, to show what people are doing. That again, people say that is the average number of hours lost through unofficial days off. There may be an invitation for people who don't normally do that to say well, if that is the average, I better get my extra five days in as well as my sick pay, my other leaves and everything else. I have certain reservation on what employee information you put in."

Instead of saying that information should be kept away from the employees, there can be more open reporting. With hindsight, information could probably be presented in a more constructive manner to avoid mis-interpretation. A policy to continually familiarize employees with business performance, plus the monitored provision for questions and answers would seem to be a more helpful way to attack this problem.

9.3.3 Lack of interest from the employees

Another common argument against doing anything like the employee report is based on a general impression of the uninterested employee, especially hotel employees. Some managers said that they have attempted to bring in financial information, but met with little response. Most managers' descriptions stereotyped the hotel employee:

"Hotel staff are just not interested. Okay, in other industries they are more interested, but not in hotels. They are very loyal and hard working to their company, but they are not interested in how much money or the company's plans you know. They are just not interested at all."

"Literally, they just come in to get the week's wages. How the hotel is run, my personal view is just that they are not worried."

"I think the majority of workers are interested in themselves, their job, their family, their unit. They are not interested in who is their boss."

"She has got no real interest in the fortunes of the company. I mean she just wants to earn the money for the 40 hours. That is all the interest to her, and that really involves something like 95% of the staff employed here. So, to get this thing in perspective, it is a very small proportion of the staff who read and take an interest in it (the employee report). We are talking about seven or eight staff, who are entitled to shares. They are the ones who might start registering it."

However, there was a group of opinions which was not so sweepingly dismissive of the employees' interest. These managers emphasized there is no harm in telling everybody; and that it is important management should communicate to all employees.

"If I was employed say in a big hotel, say if I was just a kitchen porter, I would still be very interested in what the hotel is doing. What is the business? What is the profit? What customers it is getting? I mean personally I would be interested, but whether other people are interested or not, I don't know. Possibly they aren't. Possibly a lot of the women we employ here, they probably couldn't care less. They are

only interested in the little bit that they work in, the area that they work in, and their own domestic affairs. But maybe I am wrong, but there is no harm in telling them."

"You see, if you are going to give information you have got to give it to everybody, and not think about if it is going to be a waste of time. You can't give it to some and not the others. You have got to give it to everyone.... You can't differentiate between a person like me, or the kitchen porter who is only interested in doing his job."

There is a barrier of ignorance and apathy amongst the lower grade employees, and they need more help with the information. If some additional incentive or reward could be linked to employee reporting, it may encourage more interest in the performance of the hotel. Employees will be motivated to familiarise themselves with and to appreciate the financial information given to them.

9.4 Arguments about the separate employee report

On the separate employee report, some managers have raised doubts and serious reservations about it from the employee's perspective. For example, the following were criticisms voiced by hotel managers about the use of historical information and the tendency to manipulate information.

"(The reported information is) but as I say interesting, that is about all. It doesn't affect my life in any great bits. It is all historical anyway, information or figures that had happened in the last financial year. As I say there is not much you can do about it. They are there, they are figures."

"I would say they should not publish an employee report because they can always twist it round to their own advantage. They can say that their profit is lower, so they could restrict the wage demand, that the employees cannot ask for more because of lower profits."

There are few acceptable alternatives that can be offered at the moment, except to stress that companies could explore more imaginative and open employee communications. Employee understanding and trust in management information is something that top management have to build upon constantly.

9.4.1 Favourable attitudes to a separate employee report

It was noted that opinions generally favoured issuing a printed employee report than nothing at all. Although many of the unit hotel managers have not seen any examples of this kind of special printed employee report (0.01), more of them (0.005) expressed favourable opinions towards a special separate employee report. Many interviewees thought it is a good thing. This common viewpoint is expressed as follows.

"I don't see any company would get any benefits by not publishing it - the employee report. In fact they may be disadvantaged in the sense that people may not be aware of the situation. We would try to work on this principle that it is much better that people know what the situation is, and make an informed comment about that. Rather than live on conjecture, rumour. And by and large, I think that is the right approach. You can't expect people to accept comments made about the performance of the company unless they have the opportunity to see the figures for themselves."

It is worth saying that tests have shown respondents from large companies tend to agree that the employee report was important (0.002) and useful (0.011), but there is the problem of small cells with these results. However, it might still be suggested that favourable attitudes to the employee report could be linked to the individual's experience of financial reports itself. Management can

encourage that greater familiarity which may engender more positive attitudes to financial communications.

9.4.2 Special messages to be conveyed by the employee report

Previous documentary analysis suggested that employee reports were used, inter alia, to carry special messages for the employees. In interviews, managers talked quite openly on this. They did see it as a propagandist sense of controlling information flow for self-interest purposes. Definitely there are certain messages regarded as suitable for the employee report. Even in just informal Christmas letters in this case of a small p.l.c. hotel group, the chairman delivered his special message. This was described by the hotel manager:

"They get a Christmas letter in their pay packet from the chairman. It depends on his frame of mind, but all it says is thanking them for their efforts during the year, and wishing them a happy Christmas and looking forward to their continued support. Something very vague. . . . Well, in the past few years, what my chairman tends to say is that we had a very very difficult year. Next year looks like being even harder, but I can see that there are good times ahead, and it will soon be good for all of us, but it is just out of reach you know."

9.4.2.1 Importance of the 'profit' message

Consistent with the results from report content analysis and the managerial objective ranking, the qualitative interview data of managerial opinions showed a dominant position for financial performance measures. In reply to the question concerning the aims of the employee report, 'profitability' was clearly one of the most important messages (see table 9.3).

Table 9.3 Managerial emphasis on giving an overview of 'profit'

<u>Reporting</u> <u>'profit'</u>	<u>Rank of position of manager</u>		Total
	Top & Middle	Lower management	
Not stated	35	10	45
%	79.5	41.7	66.2
Stated	9	14	23
	20.5	58.3	33.8
Total	44	24	68

CHI-SQ = 8.334 SIG. = .004 DF = 1

"Probably the most important is how much profit we have made, how much goes in tax, how much is being held back for development, how much is being distributed to the shareholders, and certainly a reminder that the shareholders are the most important part of our financial stability with the money invested in us." (from a hotel training manager.)

This 'profit' motive was more important given the economic situation of the business. Under the severe trading conditions at the start of the 1980's, wage bargaining had been over-taken by more pressing issues of cut-backs and manpower reductions. These had to be specially conveyed to the employees. as in the following cases.

"We are just highlighting the situation that, yes we are in a worse situation than we have been. Okay we are a sound company because we have anticipated that this (economic situation) would happen, but nevertheless, we have to be careful with what we are doing in terms of investment and so on in general, the use of money generally. Yes, I suppose we are using it (the employee report) for that purpose, as well as telling people generally what the company's performance is. But it is not used as a means of telling people, well look, we can't afford to give you a wage increase of 20% because"

"To make the staff realise that we haven't made our objective, that we have a lot of work to do. Whether it may be trimming back staff, making them more flexible, or whatever. To make sure that we improve what we are doing, but then if we are not making money, then obviously we cannot afford to keep the number of staff." (from a hotel manager.)

9.4.2.2 The message of the significance of labour cost

Some interviewees indicated that one of the aims of the employee report is to highlight the significance of the expense item of labour costs. In one hotel group which has just acquired p.l.c. status, the finance director stated precisely this aim for the employee report:

"I would like to demonstrate to employees and advise employees of the value that they add to our business by their endeavours, not by mine, but by theirs. That type of information, the significance of payroll as an operating expense of this company. Obviously all and as much

information you can pass on to these people regarding pensions and their future livelihood with this company are outlined to them, the investment and development criteria of this company."

In a service industry like the hotel trade, the largest item in the running costs is the wage bill. Management wanted to highlight this by means of the value-added statement. This explains earlier documentary analysis results which showed that the value-added statement and other income and expenditure statements were more popular in employee reports for presenting the figures.

9.4.2.3 Social reward and motivation for the employees

Naturally managers thought the employee report a good occasion to thank, to give credits and to motivate the staff. The consensus was that it must come from the top person, as explained by a hotel manager:

"Yes, I think that is the place where whether it is the chairman or the managing director, whilst not using a small brush and mention everybody in the company, can single out certain areas of the company's performance, praise or encourage, say, that area has not been doing well and more efforts must be made. ...

I mean in the annual report to the shareholders, it would be inappropriate for the chairman to say thanks to the following members of staff who have been with us for five, ten, twenty years, but in the employee report, I think then it would be very useful."

There are few other occasions where formal recognition, encouragement and social reward could be given on a permanent record. A few words suffice to acknowledge the employees' contributions. Given the minimum effort it takes to gratify the staff, it is surprising to

find that two companies did not bother to do this in their employee reports.

9.4.2.4 Some business and organisational messages for the employees

Sometimes, there may be specially relevant messages perceived by management. These will be conveyed according to the business situation and needs as described by one employee relations manager.

"Well, there may well be a special message. If it is a specially difficult year, the message might be, hang on, things may be getting better. Maybe if it is a good year, the indications may be that it is not so good next year, whatever it may be. In this year's, you can see the chairman homing in on a number of issues. Mostly it is related to the fact that in the last couple of years, things have been extremely difficult. That we had to cut back on the number of people employed, that we have to re-organise to meet the pressures in the market place, and that we need everybody's support and enthusiasm to make sure that it is successful."

The following example contained a more specific message from a director about the company's plans and business objectives.

"Yes, the one message we have got for the employees is in the current climate in Scotch whisky, we don't see the past growth pattern being maintained, and it is our intention to diversify. Not out of Scotch whisky, but into related things, such as liqueurs, such as developing a new brand, set up a brand new team. That, our company would spend all its time into product diversification. And that I think will be communicated very very strongly, and very very clearly. To explain to every body that we are actually in business to try and keep every body in their job, as well as running the business profitably."

9.4.3 The symbolic values of the employee report

On exploring the development of employee communication as a social symbol, some respondents argued that the special employee report was not suited to the company's purpose. For example, a director of a

distillery company said that he would not want a printed employee report because it is better to use something else.

"If they have 10,000 employees, if they produce an employee report, does it create an esprit de corps? Who knows? I haven't a clue. I think a newsy magazine a month, or every two months is bound to help, because then all the social club activities will be reported. I think that will get more to an esprit de corps."

Certainly, other forms of communication should be considered. For certain specific aims, probably some forms of communication could be more appropriate.

Nevertheless, a case for employee reporting is established quite conclusively from the body of managerial opinions studied. Its important symbolic values were confirmed in interviews. There were perceptions of the employee report as a kind of symbol for the company and the employees.

9.4.3.1 Symbol of a caring company

Managers throughout the hierarchy perceived the symbolic value of employee reporting in portraying the company as a caring company. This view is further strengthened by the introduction of employee share schemes. The caring aspect of company policy seems to carry a lot of weight;

"I believe that it indicate to our shareholders, to our workforce, that the policies of the company we have got at the moment, and which I can't see being discontinued, but I can see being increased in the future, gives tha impression that we are a caring sharing company to the people who have invested money in us and to the people who work for us."
(from one senior training manager in a hotel p.l.c. .)

"Certainly when coupled with the share scheme, I think it represents or shows the company as a caring organisation, that it looks after the employees." (from a training manager in a Scottish brewery company.)

"Yes, I think that it would show that they care about their employees. It is really a question of involvement. That is all. They are trying to make the staff feel that they have a definite role to play within the company." (from a hotel manager.)

A genuine 'caring and sharing' approach towards the employees must be based on a firm belief in people. Otherwise, it would not be considered worthwhile to reward, to inform and involve the staff. The following statement from a training manager in the hotel division of a large brewery company really brought home this belief. He stated:

"Yes, I think the company is beginning to say to itself it believes in its employees. It wants them to be considered, that they are part of the success of the company. I hope that it is a success. I think this comes back to recognising their staff as a valuable asset, not just one of the expenses."

9.4.3.2 Management's commitment and belief in communication

Managers have also said that employee reporting and the employee report, symbolized the managerial commitment to communicating to the staff. Earlier, it was seen that the decision to start employee communications and the continuing efforts required strong commitment and support from the top management. Here, managers themselves have confirmed the significance of managerial commitment. The following quote elaborated on this;

"It signifies that we have appreciated the importance of employee communication, not from a strictly altruistic point of view, but our needs as management is linked with the company's objectives. That we see that having a better informed workforce is a contributing factor to success, ... , employee communication isn't just a frill. It isn't a luxury, but it is an essential requirement to operating. It is a management responsibility just like any other."

"It shows that the company recognises that the employees are important, that the company is trying to inform the employees. It will make them feel part of the company, not just a cog in the wheel." (from a hotel manager.)

"Being considered part of the organisation, being wanted. Feeling that they are not just a name on the payroll, a number. That they are part of a team, that I think is probably the most important thing. They are part of a team, a small team in their department, a larger team as the hotel is concerned. As far as the company is concerned, it is a much larger team." (from a group training manager.)

A significant number of managers said that the presence of good communication like the employee report may signify an open management style to the workforce. Ultimately, it can be conducive to employee trust and confidence in management. It is significant that more drinks managers identified the symbolism of open management (0.004) (Table 9.4). The following was how one respondent described this symbolic value to the employees.

"First thing, management is making an effort to communicate and apparently had nothing to hide. I think that is most important in terms of trust and confidence in management. The second thing is that to the extent that they understand the issues, to the extent that they see what is going on in the board, they have confidence in management. They may agree or disagree with some of the things that had been done, but on the whole, they see that the company had been managed in the right sort of way. ... Then I think they have got confidence in the competence in management."

Although many managers may not regard employee information as a high priority issue, employee reporting works like the 'carrot and stick' for management. Its social and symbolic values meant that no self-respecting company would like to be seen without. Furthermore, the disadvantages of not doing it becomes so undesirable that management have to take avoiding action.

Table 9.4 Perception of employee reporting as a symbol of good open management amongst drinks company managers

Manager working in company with major business

<u>Symbolic value</u>	Not in drinks	In drinks	Total
Not stated	16	36	52
%	57.1	90.0	76.5
Stated	12	4	16
%	42.9	10.0	23.5
Total	28	40	68

CHI-SQ = 8.141 SIG. = .004 DF = 1

These symbolic values are desirable in themselves. Nevertheless, the separate employee report represents only the icing on the cake. It is more important to concentrate on the total package of employee information, involvement, social activities and motivation schemes. If the reality is in fact that there was little coherent policy and action from management, then all positive symbolic values of the employee report may be missed altogether.

Managerial opinions were in agreement that trying different kinds of schemes cannot be harmful, but further procrastination may diminish the meaning and value of voluntary employee reporting. Take the following example of a later introduction of the employee report (in 1982), where the hotel manager dismissed any symbolic value of this development.

"No, I think it wouldn't. It is just following the trend of other employers, because the ideal time to have done it is right at the beginning when it is still a small family concern. ...

And now they are in the situation that because it is becoming a norm, they are following suit. It is almost as if, I say it has been enforced on them."

Therefore, if the situation is right, companies should not delay or they risk missing all the advantages of the useful social and symbolic value of voluntary employee reporting.

9.5 Summary of managerial opinions on employee reporting issues

There is a wide spectrum of opinions about employee communications characterized by strong favourable beliefs and attitudes, as well as a lot of mixed feelings. Successful change in employee reporting was dependent on a combination of requisite factors. There has to be the perception of social trends to motivate managerial action. Top

management's commitment to communication was crucial to push for change. In addition, special organisational circumstances could add pressure for change. It was the confluence of all these processes and factors that sparked off the new communication initiative.

Many respondents saw employee communication with a sense of real urgency and believed that good employee reporting is necessary for a successful business. There are others who still regard employee reporting as a luxury. Some managers thought that the extension of employee communication was unnecessary in their case, because theirs was a small company, they have good relations with the union organisation, or they were themselves satisfied with their personal control. Furthermore, a wrong interpretation of financial results could lead employees to ask for more pay. Confidentiality of information given to the shopfloor employees was also considered a major worry.

There were also a lot of arguments against employee communications which were based upon a stereotyped view of the employees. Managerial perceptions of workers ranges from seeing them as children/adults, active/passive, trust-worthy/untrust-worthy and stakeholder/non-stakeholder. Generally, managers saw the mass of employees as being unable to understand company information and uninterested in company affairs. Financial information was felt as very much above their heads anyway. Yet, all these reservations and negative attitudes (which may be common in industry) need to be questioned.

There were counter examples to show that employee communication was useful to businesses in situations similar to those listed above.

There were many favourable symbolic values of employee reporting for the company, its management, and for the employees. Special messages of reward and encouragement and more urgent messages of the business and its current circumstances were conveyed to all employees. With all these strong supporting arguments, the scale is tipped in favour of voluntary employee reporting.

9.6 Managerial opinions on other wider social and moral issues

During the interviews, managers also reflected on their personal views about the social and moral issues related to employee communication. These provide background to our understanding of managerial attitudes and value systems.

9.6.1 Managers' attitude towards employee involvement

Throughout the findings, there are indications of managerial perceptions of the employees. Many managers were positive in their belief in the human asset of their workforce in their business. Some stated this quite categorically;

"I think they (the employees) belong to the company. I always say the the company's asset is in its employees. The building is the building. You can have the finest building, the finest fabric, the finest furniture, equipments, decor, everything else. Without people, within our industry, the service industry, we don't start." (stated one hotel training manager.)

"Well we think that our people are one of our most important assets. You look after an asset basically, and any asset, you have to spend money to keep it in good going order. That is bringing it down to very materialistic attitude. But if you want people to work well, and the incentive to work well - money, pay, salary is an incentive, but it is not the only incentive. And we build it up with other ways of encouraging them." (echoed another manager who was engaged in the drinks industry.)

Rather than just rhetoric, it seemed to convey a genuine belief in the potential of the human resource. How far is this people-oriented view shared amongst other industries? What happens to the view which regards labour as a large item of expense? These fundamental issues need to be addressed by researchers..

9.6.1.1 Employee share scheme for involvement at work

According to government ministers' claims, the promotion of employee share schemes has been a success. Now, a share-owning democracy and popular capitalism have become political slogans of the government. Against this societal trend, it is important to study people's perception of the employee share schemes promoted. One group of comments is represented by the following statements. These two hotel managers quoted in fact had no personal experience of such schemes because their companies had not introduced it.

"I think it is quite a good idea, yeah! It gives us the impression that they are more interested in the employees, that the employees are part of the company that they work for."

"Obviously it promotes interest in the employees. It will promote interest in the well-being of the company. They are working a bit for themselves."

However, the general favourable views must be set against the promotion of share schemes. There are problems with the design of the savings-related employee share schemes. A representative regretted to say that employees were:

"Very negative towards it really. The promotion came up, but they won't have an interest in it. There is very little criticism, but I don't think the majority of staff can afford to have shares, or can afford the risk."

Even though the terms are favourable, the average paid employee has little chance to benefit from it.

Where the employees can genuinely participate in the schemes, the reception was encouraging. One drinks company had used a market research agency to study the employees reactions and on their employee share scheme.

"The general points that came out of the survey was that the employee share ownership scheme was received very well, and that owning shares in the company make people feel more involved." (from the manager representative interviewed.)

Some companies have offered the employees a free-share scheme, and here the response was much more positive. For instance, the following manager from a large p.l.c. has little doubt about its employee share ownership policy.

"I think it is agreed that it is a success story as far as our company is concerned. It helps the individual to identify with the company that bit more. Since the introduction of the share issues in our company, we have no industrial action to speak of. Who is to know if the fact that we now issue shares to employees hasn't a bearing on that. I think it does help to develop company loyalty. The longer the person has been with the company, the more shares he will be building up. It is bound to have an effect. ... you can see that they appreciate share issues just by talking to them. They probably feel that by this we are a more caring company. I certainly feel that as an employee, I mean I recognise the benefits of it as an employee."

Evidently, the extensions of employee reporting, the employee report, and then the employee share schemes have attracted more positive opinions from lower and unit managers (0.003 & 0.006) (see Tables 9.5 & 9.6). The symbolic values of extra attention to the employees are related. In addition to tangible benefits, it gives employees further interest in the company. It may also encourage them to take more of an interest in the business and financial performance.

Table 9.5 Views in favour of the employee report

Rank of managerial position

<u>Positive views</u>	Rank of managerial position		Total
	Top & middle	Lower management	
None	31	7	38
%	70.5	29.2	55.9
Stated	13	17	30
%	29.5	70.8	44.1
Total	44	24	68

CHI-SQ = 9.128 SIG. = .003 DF = 1

Table 9.6 Views in favour of employee share scheme

Level of position of manager

<u>Positive views</u>	Level of position of manager		Total
	Company & group	Unit Management	
None	34	13	47
%	82.9	48.1	69.1
Stated	7	14	21
%	17.1	51.9	30.9
Total	41	27	68

CHI-SQ = 7.668 SIG. = .006 DF = 1

9.6.2 Managers' views on employee reporting legislation

Legislation in the U.K. in the early 1980's merely required directors to comment on company practice. There is no pressure for a statutory requirement for an employee report, nor about recognising the individual employee's right to company information. Possible influence on legislation concerning employee information may arise from the development of E.E.C. requirements. However, during the interviews, the vast majority of managers did not mention the prospects of E.E.C. influence, with the exception of a couple of industrial relations specialists.

Significantly more managers from reporting companies agreed with the view that companies will be required to give employees a report (0.003) (Table 9.7). At the same time, many of the interviewees spoke against legal requirements. There was wide opposition to legislation imposed on company matters. Certainly most managers thought legislation to be unhelpful generally, and especially so in the area of employee information.

"Well obviously the more laws we have, the more problems it causes. I think a lot of laws are bad laws. Whereas laws in areas like this probably won't help employees any more than at the moment." (asserted a public relations managers of a large p.l.c..)

" I certainly would't want to see it enforced. No, not as law. We have enough laws. Sometimes, you wonder if we work for the government or for ourselves." (stressed another management representative.)

The most efficient means to enforce compliance is by law. Yet managers were complaining that the existing requirements were already over-bearing. Once again, should we choose to settle for compliance

Table 9.7 Managerial perception of impending legislation

Company gave reports to the employees

	No reports	Reporting company	Total
<u>Legislation</u> <u>will come</u>			
Not stated	21	23	44
%	91.3	51.1	64.7
Stated	2	22	24
%	8.7	48.9	35.3
Total	23	45	68

CHI-SQ = 9.079 SIG. = .003 DF = 1

with minimum legislated standards? Managers argued that it is not possible to legislate for good social relations or industrial goodwill, as follows:

"I think it is a completely inappropriate area for the law to get involved in. Good management factors these days require one to work with your employees, rather than to work over them or to drive them, but the moment you start saying you must do this particular thing you would have introduced a rigidity which at least in some cases would be completely inappropriate." (from a company secretary of a brewery organisation.)

"I think there is far more good in doing it yourself than being told to do so, and I think more information would be forthcoming if it is done voluntarily than if you are told to do it. There would be guidelines set down, you will tell your workers so and so. That is all the workers would be given. But I think open and above board, as our company and I am sure other companies, there is more information given more freely." (from a training manager of a hotel subsidiary owned by a brewery company.)

Additionally, managers also argued that from the employee's point of view, the intervention of law may not be appropriate. Employees' feelings about this should be taken into account. Clearly the involvement of the employees can not be legislated for. One respondent explained this position as follows;

"An employee would be involved as far as he wanted to be involved, I don't think that everybody necessarily have to be so involved in the company's affairs. They are there to do a job, and they do the job satisfactorily. Lets say they get paid adequately to do that job. That is the end of the game. Why should they worry about anything else, I am sure the vast majority who work in companies, work in the company, take their wages, go home, see their wives, their children. You know they don't want to worry about anything else."

Most employees have little experience with business information. Normally, they would have little training in financial matters. Nor were they allowed to participate in organisational decision making. Therefore, one must have due regard to their reluctance to be involved with totally unfamiliar things.

These considerations do not imply that employee information is unnecessary. Quite the contrary, the benefits of communication and involvement schemes are to be realized by all organisations to the benefit of all who work in it. Management have an important role to do a lot more to directly inform and involve the employees. A financial director of a new p.l.c. expressed his opinions as follows;

"It would require a lot of work and a certain amount of money to do something worthwhile, but it will be most worthwhile to do something. It is part of an education process. I mean they would not, all the employees would not stand up and pat me on the back that I did it. It would take years before they realize suddenly that, my God! What we have been missing. ... I mean in this industry, this is a service industry, perhaps it is even more important, because your employees reflect management attitudes."

Consideration of the appropriate or best avenue to effect social change (if desired) is needed. Social innovation via the normal diffusion mechanism is a slow process for most organisations. Yet, the urge for immediate action must be balanced by a good degree of skepticism about the usefulness of enforced disclosure.

Dissatisfaction with the disclosure framework for corporate reporting has been heard from many sides. Advocates of legislation in the area of employee information must observe the mixed feelings shown by managers. The following quote from a company secretary who is actively involved in preparing the company's annual report pinpoints some of the pitfalls of the disclosure model.

"But the trouble is one get too many well-meaning organisations wanting to get their little bit of special interest stuck into the company report. We have already have charitable and political donations, and we end up with a silly figure of number of employees, and it is a silly figure quite honestly. Now, I believe in the last Employment Act, that we have got to put in something on the employment policy. That is utter plain nonsense frankly, and I don't know what all these organisations do with the information given, but the cost of doing something like that is quite

significant. And that cost has to be met somewhere along the line, out of what we called the national gross domestic product. If it wasn't spent on that, it would be available to be spent on something else. It is not the company that pays. The company pays it, but it actually bears as a cost on the total national product, and these people don't realise that they are wasting the country's money in asking for this information. It doesn't show up in any balance sheet. It is spent in the company, but it is the country's money that is being wasted."

There is the clear warning about the cost of excessive information and the dogmatic application of the disclosure model. The real risk is that one tends to be sucked into an information explosion, spending ever more resources, drowning in "a sea of disclosure".

9.6.3 Managers' attitudes towards employee's rights

As more and more employees are getting some form of a report from the companies, one question asked was whether this stems from an acceptance of corporate responsibility and accountability towards the employees. Is the employee's right to know recognised? Are employees considered to be entitled to have a report?

In fact, the corporate social responsibility role of promoting desirable social and societal ends remained largely unacknowledged. There was dissension about social responsibility issues. Some managerial representatives asserted in interviews that it is up to the government to promote socially desirable goals. At the same time, they spoke strongly against any more legislative meddling in how the company conducts its business. In a nutshell, social responsibilities were seen as somebody else's problem so that management can continue to reject the relevance of the corporate social role.

Some managers objected specifically to the word 'entitled'.

"I always hesitate to use the word 'entitled'."

"Well, 'entitled' ? it is a moot point really. We don't say entitled. But on request, yes. (yes, the employees can have the annual report.) It is a difficult one to answer really."

This question about recognizing employee rights clearly touched a sensitive spot. It was interesting that some managers simply stated their outright objection to these social/moral questions without justifying their attitudes. To re-test this issue, managers were given another statement asserting employees' right to be informed of company matters. Managerial reaction again was to reject employees' right to know without offering explanations. For example, the following statements were made;

"A 'right'? I don't like establishing anything of right. I would like to feel that this company would recognise the desirability of giving them that information." (from a finance director of a hotel p.l.c..)

"I am not a great believer in 'rights'. I don't think that anyone has a God given right to anything, and I don't think that employees have a right to it. I think it is a good idea. If they ask me if they have a right to it, I would say no. They could not really. I think they should know a little bit more about the company, rather than nothing." (objected a finance and planning manager.)

Similar views and reservations about employee rights were heard from the lower managerial hierarchy. For instance, on employment, although the human rights convention declared that every person has a right to work, a hotel manager's comment was:

"Nobody in this world has a right to work. If you are good enough to do a job, and do it well enough, then somebody will employ you, but if you aren't, then nobody can expect to be employed if they are not up to a standard."

Other managers showed a less black and white view. Some have spoken freely in favour of this employee right to be informed. For instance, there are the following statements:

"Well, they are part of the company. They devote their life to the company. So, yes, they are really entitled to see how the company is progressing." (explained one manager.)

"I think that everybody has a right to be treated as an adult, and that is by being informed and kept informed. Then yes, they have a right to that kind of information, but it is very difficult to make it an outright 'right'." (from a public relations director of a large p.l.c..)

Many of the respondents objected to the employee rights almost by instinct. It seems that an engrained element in the managerial belief system is the negation of the concept of employee rights. By rejecting employees' claim to information as of right, management can feel like being the "do-gooder". Voluntary employee reporting, not under legal or moral duties, becomes a symbol of good open management. It confers upon management an amplified sense of self-gratification.

9.6.4 Employees verses shareholders - their rights and interests

Invariably, this study highlights the title claim between the shareholder group and other stakeholder groups. How do managers weigh up the relative importance of employee interests and shareholder interests? Questions about employee rights immediately prompted managers to bring in shareholder issues, and compare the legal position of these two groups. For instance, shareholder/managers are more favourable to a joint report for both shareholders and employees (0.002) (Table 9.8). Some respondents have also considered the related moral and social issues too.

Table 9.8 Views on a joint report for shareholders & employees

<u>Response to</u> <u>joint report</u>	<u>Manager owns shares in company</u>		Total
	Not shareholder	Manager/shareholder	
Agree	4	15	19
%	12.5	41.7	27.9
Disagree	5	10	15
%	15.6	27.8	22.1
Mixed & not sure	23	11	34
%	71.9	30.6	50.0
Total	32	36	68

CHI-SQ = 12.077 SIG. = .002 DF = 2

In the interviews, managers showed significant mixed feelings. For example, it was noted that although 89% of the managers agreed that companies should give the annual report and accounts to the employees. Yet, a quarter of the managers disagreed with the statement which says employees were entitled to receive it. That is only to do with the most available published report. Such managerial attitudes toward the employee's legal right to information suggests employee's access to company information is problematic. One respondent put the finger right on the spot. He said:

"Indeed one can say why should they (the employees) get any information, quite stubbornly. That is the legal answer. They were only the employees. It is only the people who own the company who should get information."

As the individual has admitted, the above traditional closed policy for the employee group is no longer acceptable in society. He continued to say:

"But in this day and age, that is an unrealistic or legalistic answer. We all want information. All employees do, and I don't think they should be given more. You might want to give them more, but you must also give it to the shareholders."

Clearly, any questions about employee communication cause management to worry that employees might be getting more information than the shareholders. The following view was quite common;

"I don't see why the employees should get more than the owners of the company, namely the shareholders."

Managers must know full well that the employee report contained no new information compared to the annual report, and that is the adopted practice for employee reporting. Yet they still need to stress that the employees have no right to be told more. Probably this reflects a deep-rooted fear of giving employee information generally.

Management opinions and behaviour demonstrated the sovereign position and interests of the shareholder group. Under this absolute claim of monetary capital, there is little prospect that employee reporting will be developed to be more relevant to employee interests. The status quo of voluntary employee information will be prescribed and limited by legislated financial disclosure. Managers must be encouraged and allowed room to consider their social responsibilities and accountability to the employees and wider social interest groups. For example, one personnel director of a hotel p.l.c. had tentatively indicated the difficult managerial role;

"Directors are working on a very tight line between pacifying people who have no interest in this company, apart from putting in a stake, putting in a few bob, making a profit and then moving on, and people (employees) who stayed with you for years."

On social and moral grounds, many managers throughout the hierarchy emphasized that employees should have the same right to company information. Some examples of this view are as follows.

"I don't see the difference between a shareholder and an employee. Okay, the shareholder is a shareholder, but without the employees, the shareholder wouldn't have any money. So, I can't see why they can't be treated in that same level. They both have the same common interest in that they are both interested in the company, so why should they not have the same report?" (from a hotel manager.)

"... (We) believe strongly that employees and shareholders should be entitled to receive the same range of information about their company's annual results. We send copies of the annual report and employee newspapers to all shareholders, and to all employees." (wrote one company secretary of a drinks company.)

Indeed, a number of the companies in the sample had started to give all employees the annual report automatically. This practice itself effectively acknowledged the equal information right of employees and shareholders. This is a first step in recognising the employees'

stake in the company. This stake is vitally important to the employee as one hotel manager described it;

"You have got the situation that shareholders are putting money into the business. But the employee is putting his life into the business which determinately is more expensive, more valuable."

More hotel business respondents were for employees being entitled to getting the annual report (0.014). Yet the significant body of opinion refused to shift from the legalistic viewpoint. Social change will eventually bear upon legislative developments. Looking into the future, one personnel director had pictured it as follows;

"If the Act doesn't change, I think the society will change anyway. Companies are beginning to change. I think the Act should be re-written. I think the shareholder is no better than the employee. They have more to lose than the shareholders. At the end of the day, they have their job to lose. But you can't do without putting money in. So therefore something has to be worked out for the in-between balance."

Certainly, the future for employee information will not be given a green light all the way. There is resistance from many sides, but the most critical factor is engrained managerial attitude against employee's information rights. This study has confirmed that managerial influence is the most effective force for change. Greater access and familiarity with corporate reports and financial information will engender more interest and positive attitudes towards employee reporting from all sides. The enlightenment process may find its own momentum.

CHAPTER 10 RESEARCH FINDINGS SPECIALLY RELEVANT TO THE HOTEL INDUSTRY

With its roots and traditions, customer demand and organisational needs, the hotel business provides some particularly complicated communication problems. The findings summarised in this chapter relate to these special circumstances although they should be of interest to those engaged in other kinds of business organisations. From hotel managers' own descriptions, a picture emerges of a traditional industry, adapting to changing demands. There is a gradual opening up to new management practices, and an appreciation of the use of voluntary employee reporting as a management tool.

10.1 The status quo of the hotel industry

10.1.1 The hierarchical structure of managerial control

In the old days, career progression meant that managers have got to move elsewhere for promotion. Therefore, there was a high degree of mobility in the managerial hierarchy. A senior hotel manager described the experience in the past as follows:

"In those days, it was a question of if you did well, then obviously you got on to another hotel, because your wages is based on the size of the unit, which has changed quite dramatically now."

There was also little sophisticated financial control. Furthermore it was not unusual for trading and financial information of the business to be kept from the unit hotel manager as well. Managerial performance was only loosely monitored using a few simple financial

targets, such as food percentage, bar percentage, profit margins and gross profits.

Nowadays, things are quite different with the financial management of the hotel business. The management structure is less centralised and there is more possibility to pursue career development and rewards within the same company or hotel. Normally the hotel manager's domain of duties includes financial management and control. Most hotel managers are allowed to know the financial profitability of their establishment and are able to monitor their hotel performance directly. More and more, attention has been focused on the bottom line operating profit. Consequently, hotel managers have to master substantial financial skills to be successful.

"Well, you have got to know (the financial results) being a manager of the unit. Otherwise you don't know if you are making a loss or a profit. ... Hotel managers, they were different thirty years ago. Then, they were hotel managers. They were just seen at the front and there would be accountants behind them. Now hotel managers are partly accountants." (from a training manager of a large hotel group.)

However, the old closed attitude regarding financial information still holds firm in some hotel companies as observed by one respondent;

"Management have been very reluctant to give information. They have been very much practical management people. ... , personnel management haven't been the thing in hotels. Now they are becoming a bit more so. Therefore the employees probably had never been offered a chance. They haven't been trained to interpret management information, you know. It isn't an educational thing with it like that in other industries. I think it may be just arriving now."

In general, managerial control may be less strict than in other industries. There might be a company staff manual setting out the

standards and duties, but it was rarely used for assessing hotel standards and performance.

"They only use it when it suits them, when something goes wrong. When they are unhappy with this manager, then they can swing in action with this book (the manual), and make his life hell. ... And then if your hotel is operating profitably and meeting target, the book is never mentioned. They don't care how you do it." (from a hotel manager.)

Apart from what the company may already be doing at the group level, there is little pressure from top management for more employee communications effort at the level of the hotel unit. Probably when hotel managers themselves become more competent with financial information, then there can be a speedier education for the shop-floor employees. Management may subsequently view employee information and involvement in a more positive light..

10.1.2 Social stigma in the hotel industry

Social stigma in the hotel industry is still a major stumbling block to development. The following descriptions from hotel managers illustrate the influence of this strong traditional view.

"There is a lot of them at very low social economic groupings you know. In a way, we are performing social services, employing one as dish-washer and employing another for the following week and so on."

"We are, in hotel, reknowned for employing the lowest of the low, forgive the phrase. But my father always said to me, he is a vet in Ireland, he always said to me, 'Well if you don't make the grade as a vet, they will always take you in hotels.' "

"Whereas even five years ago, it wouldn't be even dreamt of, to do a thing like that (giving employees company information) because in this industry, it unfortunately always had this name tacked onto it, being the last job you would want to take. If you take any job, porter, waiter, that anybody can do it. I think the fault is also with the wage structure, but that I think has improved over the last five

years, but still probably underpaid compared with other trade."

The low status of hotel workers still persists. Domestic and related duties are undervalued. This has been kept very much so by the wage system (also shown by this research, see Table (3.5)). Many of the poorly paid jobs are done by the most disadvantaged workers.

Given the widely-accepted stereotype of the hotel employee, the presumption is they are apathetic about company information and in any case, ill-equipped to make use of it. Therefore, managers said there was no point giving them corporate information. This is a vicious circle.

10.1.3 Problems with collective labour movements

Efforts by two main unions to increase membership in the hotel and catering trade have achieved little change. Even in situations where management was not hostile and had let trade union recruiting representatives in, very few hotel workers had kept up their union membership.

"We had very little union involvement until eighteen months ago, we had a union staff who came down and tried to involve the staff here. They were quite successful, they got quite a few members joining, and I was not against it. But the problem is that they never kept it up to date with us. Now we have only three members of staff who are keeping up paying dues to them. I think they have let us down a wee bit. Not me personally, but the staff." (from a manager of an independent hotel.)

"I have invited the unions here for discussions, but it was only two heads of department and a part-time member of staff that turned up plus all the management. An interesting discussion. ... They themselves admit that in a well-run hotel, the staff have no reason to ask for union membership." (The experience of a large northern chain hotel as told by the manager.)

Needless to say these open managerial attitudes towards union involvement were really the minority. Most managers would feel uncomfortable about union activities because they saw interest in unions as a sign of bad management. A typical view was expressed by one hotel manager as follows:

"My feelings in industry is that if the unions can do something for the staff that the management can't do, then that is a bad manager."

With the persistent high unemployment, the abolition of the Wages Councils and the Low Pay Unit, and the greatly diminished trade union power, there is little safeguard for employee interests. Employees cannot find much help even in relation to job security. Certainly, hotel management is unlikely to be troubled by trade unions or individual workers.

10.2 Changes in hotel management practice

Although this study has included only a small sample of companies, it showed how management has responded to changing business and organisational needs.

10.2.1 The conflicting pulls of profit and service standards

The two primary business objectives which managers wished to put across to the employees are profitability and quality of service. Hotel managers have a difficult task balancing the two, especially in poor trading conditions. Maintaining standards is necessary for success in a service industry, but companies were under great

pressure to cut costs. A very experienced and successful hotel manager reflected on this;

"It took me a long time to realise that profit is really the only thing that I was employed there to do. You know when we were younger, one tends to think in terms of standards more than any thing else. And really, they are incidental compared with profit. Yes. Whether that is a good thing or not, I don't know, but certainly, it is the most important, but standards come next."

However, some managers would still put standards first. The importance of standards cannot be emphasized enough. For instance, read the words of another very successful and experienced manager of a large hotel company;

"Now, managers in the 80's have got to not go around with blinkers. He has got to have his eyes wide open, and look for standards for customers, because you are being measured all the time. People's demands have increased over the years, and I always look at the Marks and Spencers in this world, which is the ideal situation. They have set standards. Their prices are higher for items, but have you ever seen the place empty? No, and here we have people, and the people must be right as far as cleanliness is concerned and their own image. It will bring people back."

This conflict between profitability and standards was described by one hotel manager of a small Scottish chain. He saw the main objective the directors of his company had, in giving unit hotel managers company information, was:

"... profitability, becoming more efficient, cutting cost. On our side we have to fight back to retain the standard and service that we feel the customers of the hotel are entitled to. So it is a continuous battle with them on one side, wanting to increase profitability. By that, you have got to decrease services a little, and us wanting not to get too low, lowering the standard too much."

Profitability and standards are the two sharp edges of the blade. Economy in the hotel business can be difficult to achieve, except by cutting staff and lowering standards. It is a harder fight in bad trading conditions.

10.2.2 The teamwork ideology in hotels

Teamwork is the most important concept stressed by hotel managers. They kept talking about 'their team'. A closely-knit team provide a formula for success.

"I think it is terribly important that we do believe that we are part of that team. We have this thing. I am a member of the winning team in this hotel. It is teamwork that gets the result here. Not just the management that is doing it, that department or what. You have to rely on the team. You are only as good as the team you have got working for you, and if one cog goes out, the whole thing could fall apart. Somebody can do you a lot of damage, and you don't know about it."
(stated by a manager of a large hotel.)

"Because you are there working very visibly in the team. When things are short, when somebody is sick, we often work behind the reception desk. I could be helping breakfast. You know you can be anywhere. So you are an active person, not just somebody sitting in the office. I think that means a lot to them. You are showing them that it doesn't matter if you are at the top. You are still working as a team." (echoed a personnel manageress of an independent hotel.)

Work stress may be further aggravated where some staff have to live in because they may feel desperately enclosed. Business and organisational constraints still determine that staff have to be deployed in separate departments, like the kitchen, the restaurants, the bars and the house-keeping. This departmentalized structure of the set-up can cause a lot of personal relationship problems, because people have to operate in isolated sections often under pressure from peak service demands. Unlike an automated production line, all these pressures can strain social relations at work. Hotel managers definitely appreciate the need for social activities to alleviate these pressures and to reinforce a happy team identity. One young hotel manager described the social life in his hotel as follows:

"We tend to do it in a nice quiet time. We normally have staff parties for people who either have been with us for a long time, or twenty-first, engagement, or any excuse, or we try and run one at the end of the winter period, or end of the summer, or end of Christmas, things like that. More as a

reward type of thing, sort of let your hair down sort of situation. ... We try and make sure that nobody is working over that period by getting in part-time barmen."

Social activities and functions are signs of a happy team. It provides the opportunity for everybody to relax and socialize, to bring one's spouse, to feel being a member of the team or even to hear a few words of thanks from the leader of the team. It is important for re-charging the team's social relationships.

High turnover of staff is still a big problem hindering teamwork. A policy of career progression and an emphasis on internal promotion could help to overcome this problem. A good example is the following hotel where, as explained by the hotel manager, staff stability was credited to personnel policy.

"You shift around more at the lower level, assistant to deputy level far more to gain experience and promotion. That is the way to do it, and they do try and promote from within. We have a lot of staff that we have promoted from within this unit, which I think does help build the team. And if they can see as well that there is chance for promotion, it also stabilizes them and make them think, oh well I will stay here rather than move on to somewhere else."

A more serious and long standing obstacle to team building is the management culture and traditions founded upon a steeply hierarchical organisational structure. Managers talked about the need to break down barriers. Titles, positions and rewards in the hotel trade are strictly ranked in a tall ladder of seniority. There is a great distance between management and the shop-floor and such hierarchical segregation persists, as shown in the example below.

"The staff have a social club, but it is very much a staff social club. The management have nothing to do with it at all. The committee members are staff members. They organize several things during the year. The management may or may not attend depending on how you feel about it. ... We organize a Christmas lunch for the staff. We organize an annual dance for the staff. That is about all really. But

recently we have introduced - we have a staff dining room. I have recently asked the management to eat there as well which is working very well. I am quite pleased about it that it has worked. So there is a lot of interaction there. Although the management sit at one table and the staff sit at the other tables, but you know, we all eat in the same place which is a big improvement. It was always traditional that management was served in the restaurants. We still have that facility. We can use it if we want but more often than not, at least a couple of times a week, we all eat out in the staff dining room." (told by the personnel manager.)

The British management culture is very deeply embedded in class distinction, seniority, status and privileges. Clearly management will still cling on to traditional privileges. Without changing their basic attitudes towards this position, the managerial symbolic gestures can seem hollow and insincere to the staff.

Alienation of the shop-floor employees is a serious problem where there is not a cohesive managerial group. In some hotels, even the heads of departments may not be in touch with one another. When a conflict situation arises, it can be extremely difficult to manage interdepartmental relationships and coordinate work. The different departments have been depicted as "really like little groups of vultures". The following description by a personnel manageress of an independent hotel is illuminating;

"The situation when I came was pretty abysmal. Everybody was pitched against everybody else. Obviously it still goes on to an extent but, then, everybody was at loggerheads. The fight! It was more malicious than anything else. It was really very nasty, but once you get them all round the table to have a chance to air their views, get at each other, and suddenly start to get to know each other, which is starting to break that barrier. And after you have done that, life is a lot easier. And they realize that that person isn't as bad as they thought they were. You then start to have more communication and better communication, and everybody starts to be more open with each other. Inevitably it makes it a better atmosphere in the hotel. The whole management team work together."

It brings home the importance of direct personal contact and human relationships in a service organisation. And the key to achieve this is by actually bring people together regularly.

10.3 Special attention to communication in the hotel business

10.3.1 Using the regular briefing method of communication

Almost all hotels in the sample have regular head of department briefing meetings. Managers described the therapeutic uses of these meetings.

"I make a few introductory remarks, and talk about the financial performance of the hotel a little bit, and then let them get on with it. And they all shouted at each other, they do! Me not intervening too much at all. Only when it really get out of hand, ... and I found that served a useful function and that is to get things off their chest." (from a general manager of a hotel.)

"I will get as much information from them as they get from me. Oh! I would say it is not only two-way. It is a way of letting off steam. The things that have gone wrong between departments are aired in these meetings, before it gets out of proportion." (from the manager of another hotel.)

"Oh! Without a doubt, without a doubt. The ship runs a lot better. It is much better since we have these meetings. I have done this ever since I came here. When I worked for X ltd. , we were just a subsidiary in the north and the head company was based in London. We didn't have any thing. Meetings were just unheard of - I mean management and heads of department meetings. We have never met in seven years that I worked with them." (from one manager who had left a large hotel chain to run an independent hotel.)

By releasing the bottled-up tension in regular meetings, the team can function better. It is logical that the shop-floor employees can also benefit from meetings in each department. However, hotel managers left this largely to the head of department and things were not

monitored. How can small group briefing structure work efficiently for all members of staff? This is an area where the training in hotel management could well be strengthened.

10.3.2 Joint consultative committee meetings

In the 1970's, management had identified the need to involve their own staff. A consultative system was thought to be superior for its efficiency and relevance to organisational decision-making. In some hotels, efforts were made to encourage joint consultative committees. In theory, the joint consultative committee provides the lower employees direct access and influence on the decision making about the business through their elected representative. Unfortunately, in most cases, they failed to achieve a viable regular consultative system. They found little response or support from the staff, despite the advantages. Some managers accepted failure and stopped pushing it. An example of the criticisms is;

"Usually, it is a complete waste of time, because instead of bringing the problem to us immediately, so that we could solve it immediately, they wait until the meeting so that they have got something to talk about. That is the way it usually works." (from a hotel manager)

The problem is that ideas such as representation, participation, consultative meetings are totally alien to the average hotel employee. Probably few had ever had to stand up and speak in a meeting. Few would have enough self-confidence to start. Given that hotel employees have also little trades union experience before, as unionization in hotel trade has never been developed, it is not surprising that their reaction to management promotion of the consultative meetings was poor.

Only in a few hotels, regular consultative meetings were established through persistent managerial effort. Even so, managers may just take consultation to mean telling the staff about changes and developments as necessary, or as a grievance hearing.

"The other side which is entirely staff is the consultative meetings which the company sees as a one-way traffic - staff to management. And I often think that develops into a grievance meeting rather than a consultative meeting. So on the agenda, I don't discuss grievances. I will discuss problems, ask for some ideas, and it is a slow developing thing because they haven't got confidence. As it goes on, they have got a bit more confidence to bring in things like customer responses to changes. The rest will hold this up, and they will discuss business. I use that to bring down ideas that we are proposing to introduce and ask them what they think of it." (from another hotel manager.)

"They use it a lot for motivation purposes. They will say, come on boy, we have got so and so coming for the week. We are doing a special menu for this, and let everybody know what is going on. Especially the boys in the kitchen, they don't see the public. We think it is very important that they do realize what is going on this side of the counter." (told by an assistant manageress.)

Clearly managers have to give a lot of thought to employee involvement and work at it. They have to encourage the employees, to overcome the initial hurdles, to help employees to gain confidence, and to educate the employees to be interested and be involved in the running of the business.

10.3.3 The status quo of voluntary employee reporting in hotels

As was pointed out earlier, hotel companies have been traditionally very closed regarding business and financial information. Now, most hotel managers are allowed to know the company's financial information, but at the level of the average hotel employee, it is

still a closed book. Take one small hotel chain for instance, the hotel manager assessed the situation as follows:

"I don't think the staff really know how the hotel is doing, how well it is doing at all. Nor have they been told. They have no idea at all."

Similarly, there are also some larger p.l.c. companies not telling their employees much at all, particularly about financial information. In this sample, we have found two such hotels, but the managers had taken their own initiative and started informing the staff about the financial results of their hotel. One of the managers told the story as follows;

"There isn't an enormous amount of information coming from the top of our company. It never has and when it comes to informing them of financial matters, it was a NO. You know, all the information that my staff have about finance of our firm originated from me. I am not passing anything down. I mean they are probably better informed than any other of the other hotels (in our company). ... I involved them to a degree, a small degree in the financial performance of the hotel. I must confess I get them far more involved when we are not doing too well, as I do when we are doing very much better. I recognise that is probably not a good thing. ... I don't tell them too much about successes. I tell them all about the failures on the financial side. Really I don't label it, but if there is an area that needs a constant push, then yes I will do. And to varying degrees, if this is not something that I do consciously, then it is something that I do sub-consciously."

It was also clear from the interviews that these two managers were exceptional also in being extremely successful in their job. Who is to say that their communication initiative was not contributory to their success?

10.3.4 Economic pressure on the hotel trade

The hotel trade is closely linked to economic conditions in the national and the international scenes, as well as the local

community. Even within Scotland, there were marked trends in the past decade or so. One very experienced manager who had left Glasgow to run a hotel in Aberdeen, compared the state of business and the social manifestations of the contrasting economic situation of these two cities in 1982 as follows:

"Prices are higher, spirits are higher, every thing in Aberdeen. I notice that soon as I come to Glasgow, because I worked in Glasgow for two years before I went up, I should have remembered the despondency and depression in Glasgow. I have been visiting friends of mine in this trade. We met in the public bar, and the subject of conversation would be how much money they were making on the side. How much they are getting on the dole, and the rest of them seem to be all on the drink."

The economic conditions put enormous pressure on management. Economy drives on heating, lighting and so on were daily measures. Obviously overheads are largely unchangeable. Given that labour is the largest constituent part of the value added, reducing staff is the quickest way to cut costs. Managers accepted this necessary measure, but they were also concerned about unemployment. The following are some examples of the feelings expressed;

"I think it is just the way the country is going at the moment. The country has got to cut back their expenses as far as possible, trying to make a profit where at all possible. The days when so many staff to so many guests were to be cut back, and it is a lot less now then thirty years ago." (One manager was expressing the general feelings.)

"You used to get a lot of students coming here to work, but now with the unemployment situation, we tend to pick people within our own industry really, to give them a chance. Morally you should really try and take your own kind I think." (stated one manager of a large national chain hotel.)

"Perhaps you can inform staff items that may affect the future as far advance as possible. Give them the chance to look around and find somewhere else. Then when it comes to the crunch, you will be dealing with a much smaller nucleus of people than might have been. ... Even if it is a small nucleus of people, you might still not find them positions elsewhere in the company. Staff don't want confrontation, but they want the opportunity to know what is happening so that in any case, they can do something

about it first." (from another manager in another hotel chain.)

In some hotels, managers did actually consult the core staff on how to trim staffing costs. The following examples were from the same large national chain;

"Come the end of the busy time, when staff leave, they don't get replaced, and we discuss this with them. Normally we discuss this at the end of the season within the unit. Whether they wish to have reduced hours, or whether they wish somebody to be paid off, or last in first out. So far we have got 100% that they are quite happy to have reduced hours, and then if it is busy, they are quite happy to take overtime. So it is a sort of fluctuating sort of market as our business is anyway."

"We hate to lose, we hate to lay-off any member of staff, and we have done the flexi-hours of working, which might mean that they could lose a couple of hours a week during the quiet periods, but it is very rare that we lose a member of staff. Like at the moment, we have lost three chambermaids. Two were pregnant, one left. Now, we are not going to replace them, which guarantees really the rest. When we take on staff next summer, we might take them on on a short-term contract so it doesn't affect the full time staff. We try and maintain, because there is nothing worst, because this is the biggest worry, the job security."

This perception about a moral responsibility to look after their loyal staff and to provide job security came across strongly. Another manager stated his view like this:

"I would agree with that (it is important to provide secure employment for the staff) in principle, but it is not always possible. If you look at the situation on a larger scale, it is obviously for the economy of the area or the country. It is much better to save jobs whenever you can. It isn't always possible, but if it was, I will try to do it."

It would be interesting to test if this managerial perception of the importance of ensuring job security is widely held. Eliminating waste is commonsense. Yet, if employment costs are simply viewed as an expense item in industry, than cost-cutting could easily go too far,

risking cutting into the muscles and bones, the infrastructure of industry.

10.4 The managerial factor in the hotel business

In the hotel trade, providing for food, drinks, accommodation and services exert extreme pressure on the people who work in this industry. It is clear from the following quotation that there are certain personality and characteristics which fit the job of the hotel manager.

"I mean it is a nice setting. It is busy. ... I am certain that I would get more money for the same job that I am doing. ... It is the least of my worries. I do not come just for money, because I have enough to do, enough to get on. I have a busy day today, and I have got to plan for it. ... Oh yes, that is my trade you know. I can't see myself doing anything else. I will be lost. I don't think I could work in a bank. I don't think I could go and work in a factory, and I think quite a few people in here will tell you exactly the same thing. We might moan about it, you know we get plenty of moans. It might be a good sign, we moan about it because we like it." (from a deputy manager of an independent hotel.)

Hotel managers must have an abundance of energy and an absolute abhorrence of sedentary work. They must also have great organisational skills and the ability to motivate people and lead the team. The deputy manager quoted above had left a big company, and he had served in the independent hotel for eight years. To him, definitely a small organisation is a more rewarding place, as he explained:

"I mean when you are working for a bigger company which is British based, you never know what is happening down there in London. It would have been much better if they have come from time to time to see us, or talk to us about themselves. It would have been much easier for them to put across what they are trying to do, and that would have worked a bit better. We don't have that problem here you see. We know who we are working for. We see the guy walking along the corridor everyday, for at least five days a week, and maybe that is why I am staying so long as well. You know in big companies,

everything just goes on paper. Here, you just go and you don't even have to make a decision, you just go along the corridor. You don't even have to pick up a phone."

Large hotel chain companies should take note of the importance of greater personal contact, involvement, and greater scope for self-determination for the hotel managers. The scope for more decentralized forms of management control and support need to be explored. Such developments can have reinforcing influence upon the formal communication system. This could give the local management the freedom for individual initiatives, and still maintain strong links and a strong corporate identity.

Negative managerial attitudes about the stereotype of apathetic hotel worker need to be re-examined. Employees' interest in company information especially financial performance could be linked to managerial attitudes. The prominent leadership factor is referred to in the following statement:

"I think a lot also depends on which manager they have got and how much he pushes it and discusses what is going on. We have a very open style of discussing the business, what we are taking, how far below plan we are or above it. So I think if you have got a manager who is willing to discuss things with the staff, they are going to take more interest in what is going on."

Certainly if managers simply decide to do nothing, this cannot be a helpful attitude. If management believe in the importance of employee reporting and push it hard, then it seems the employees will learn and they will start to take an interest in company performance. But it is not an easy task. The experience of one manager in a northern chain hotel demonstrated that;

"The question really arose then when I asked them if they like me to give them more financial information within their unit, and they then said yes they would. The problem arose as

to what information they actually wanted. When I give them information about profit, we have got some of the very young ones who think that we could then spend that profit. So I began to worry about what sort of information I would give them. I will have to concentrate a bit more in explaining what happens now. What is the business about, and I have found that the best way is to suggest that they have £100,000 to invest. Would they put it in the bank where they would make 8%, or would they put it in a badly run hotel and make 3%, and they began to understand ... and it will be a slow process of building up their knowledge of things, what is happening.

Over the head of department meetings, I discovered that where I deliberately talk about gross profit percentages on performance, and I asked them what gross profit meant for each of the departments, and they weren't very sure what gross profit meant. So I have to go back again now in the next meeting to do a little bit of training to explain what is meant by gross profit because their understanding wasn't an understanding. It was just they took out a figure, say 35%. They remember the figure, and in the next meeting they go to, if that figure is above, say 36%, then they will think it is good. If it is 32% they will say that is bad, and they will get it confused because for some things, 32% is better than 36%. So I need to go back now and explain to them what the gross profit figure means."

This is a new challenging role for the manager - to train employees to be more 'business literate'. When asked about the qualities of a successful hotel manager, most responded along the lines of strong stamina and personality. There was also some mention of leadership skills and man-management skills. Task-oriented qualities are often phrased in general terms such as the ability to satisfy company requirements, to meet the targets and being numerate. Only a minority mentioned competence in financial matters. Financial skills and personnel skills are just beginning to receive more attention in this profession.

10.5 Some pioneering achievements in employee reporting

It is fair to say that hotel managers are generally less sophisticated in new management techniques. Many of them had traditional experience in various capacities in the business. Employee communication including the reporting of financial information seemed like a strange animal to many managers. Nevertheless, this study found a few exceptional managers with open styles of communication and they are introduced below.

10.5.1 Qualities of the outstanding hotel managers

There were four managers in the sample who are of special interest. Mr. A is Dutch and runs an independent hotel in the Borders. Mr. B is English and manages a hotel in Aberdeen under a small Scottish hotel chain. Mr. C is Irish and runs a resort hotel in Lothian. Mr. D is English and runs a hotel in Tayside. Coincidentally or not, both Mr. C and Mr. D were highly accomplished chefs turned hotel managers working for large hotel chains.

It came over strongly in interviews that these four people had many qualities, in their personalities and skills as hotel managers. They appeared to have a charming, warm, hospitable and engaging approach to people. All of them, by their records, were extremely successful in their chosen career. They confessed an affinity for performance statistics and financial control. They put special efforts into employee communication and managerial control, and these were all their own initiatives.

10.5.2 Communication and achievements by these managers

Some of the views of these four managers have already been quoted previously. Mr. B had worked in Glasgow previously. He has been the manager of a hotel in Aberdeen for four years. The company (a private company owning a number of Scottish hotels) was virtually a closed book, as far as the employees are concerned. No financial information was passed on to the hotel worker from the head office. Mr. B on his own initiative, started communicating the hotel performance to the staff. He has confessed that he had been biased towards giving all the bad information, to motivate the staff to work harder.

Mr. D runs a Tayside hotel belonging to a northern brewery. It was a new acquisition to the company when he took over this hotel. The company encouraged the joint consultative type of employee involvement. Going even further, Mr. D tried to interest and make the employees appreciate financial information. He had effectively been doing employee communication, and tackling employee education and consultation all under his own steam. Mr. D's comment is most revealing on the constraints of an authority relationship; he said:

"I run it almost as if it was my own unit, and perhaps the only time that I was hampered is perhaps if it was my own unit, then I would tell my staff a little bit more. But then they would be much more involved. They would have a much different attitude of mind working for a private individual than they would working for a company. They enjoyed the security of a company, perhaps if it means a little more secrecy. But if I were an individual employer, they don't have the security of a company, so they would require more information as to the performance of the unit. So in that case, I would tell them more about the performance of the unit."

Company secrecy is the crunch point. Local managers would feel inhibited to inform the employees if the top management did not show

an open attitude and promote employee communication. The fact that they are only a salaried manager puts real constraints on their perceived freedom to communicate company information to the employees.

Mr. C had trained and worked in the same large hotel company for forty years, and has been in charge of this seaside resort hotel in Lothian for quite a number of years. Mr. C put a strong emphasis on employee communication and operational training, and he attends to these duties very seriously. He gave his view on this;

"Well my personal reason is that you have got a captive situation. Watching a piece of instruction alright, I think they derive more from physically looking at that than (a) sending a memo, (b) putting up a notice on the noticeboard, or (c) just talking to them casually. . . . I always find if you stop the work for a few minutes, get them into a different environment, then they will realise that you are doing it for a purpose, and there is a damn good reason for doing it. It is all there. A lot of thought have gone into making the film, whatever you like to call it. There is no distraction what-so-ever. And then after that, you have a little mini-discussion and you ask people what did you see in that film."

This large hotel company did not issue a special employee report. Apart from staff training materials, copies of the annual report and accounts were usually left lying around. It was not specifically given to all the employees. However, Mr. C had started giving a verbal report to the staff on the hotel performance on his own initiative. He explained what he does as follows;

"Well, we do it on a hotel basis, so what is wrong about doing it on a company basis. My staff knows how this hotel is performing on an annual basis. It is on an overhead projector. I typed it out, and put it through the photostat machine onto a piece of film, and they are aware of how the hotel has done against last year. They are made aware of how we must improve on last year for next year. They are made aware of our pitfalls and local competition."

From his own personal experience, this manager was in no doubt that a group employee report would not jeopardize business interests, but that it could only do some good.

10.5.3 The most outstanding case of an independent hotel

The last of these pioneering cases of hotel management is so remarkable that its case history is quoted in detail in this section. As mentioned earlier, Mr. A , the general manager, is from Holland, and this independent hotel in the Borders is run by a private owner. The deputy manager is French. This mixed management team was unique in this sample with regard to employee incentive, involvement and employee communications. Their marvellous example is reported in detail for the readers' interest.

Apart from the head of department meetings, Mr. A the Dutch general manager introduced a whole range of employee involvement schemes. There is a pension scheme, an employee incentive scheme and an annual bonus scheme, all linked up with regular employee reporting. Their achievements are on record and the following describes what they do in detail.

"About six to ten times a year, the boss organises a large meeting to talk to all the staff and usually at the same time as the - we have a scheme in the hotel where customers can vote for the best employee. So that is the occasion for the boss to give his speech, you know how well the hotel is doing, how bad we are doing. What we should do, what we should not do, and at the end, the person who has the most votes for that period gets a prize of £25 or something like that. Because it is an on-going competition, it is just to add momentum to it because at the end of the year, at the staff dance, the winner gets a fortnight holiday for two in Spain, and the second gets a week's holiday. ...

"He uses the facts (on overhead projector), he will give a figure for last year, the real figure, the turnover, what has been spent and what is left. So there is nothing hidden there. It is the real thing. For example last year, we get a four-year comparison, and then he tells you what we want to achieve for next year. So he tells us we have to increase by so many percent. That is going to give us so much money. ...

"And then twice a year, a certain number of staff, which is all the management, all the heads of department, plus all the staff who had been here for over three years are invited to a talk. How we perceive the business that we are going to do. What we are going to do, what kind of profit we are going to aim for, and that is once a year, and the other is the results of what we have done, and we give out all the cheques because there is a profit-sharing scheme in the hotel.

So once a year, we are told what we should do if we want to get something, and once a year we get the results, even like last year, we get nothing, so it was a very poor year. All the five years before, we all got a cheque. Anybody who had been here for three years, even if he only does twenty hours a week. The hotel trade had been so nomadic, you know people have been moving so much. It is a way of having people to stay if you have a profit sharing scheme.

This scheme has been running for seven years. ... People are first graded according to unsocial hours. There are 100 points to be attributed. There are 20 points to the unsocial hours, 20 points for degree of responsibility. Say you are a laundry maid who works Monday to Friday, normal hours, who has little degree of responsibility, I think you should not get as much share as say the head waiter who supervises thirty people and who has to work any hours in the week. That guy may get 40 points, the maid may get the minimum points that you can give to here. And then the 60 points are the degree of effort, whether you are just doing your job and no more, or if you are doing something for the hotel, and that is it. Obviously if you are not doing anything for the hotel, then you should not have been in the profit sharing scheme in any case. If you go against the hotel, then you should not have been here for three years anyway."

Clearly, the management of this hotel thought all these extra employee incentive, involvement and communication efforts were worthwhile. It is also true that this independent hotel is a highly successful and reputable operation. Furthermore, the management has also achieved a good team and staff loyalty.

"Certainly, they get job satisfaction here. I won't be able to say that if I don't know that. We have 54 people here who have worked at least for three years in this hotel, which is more than one third of the staff. In the hotel trade, as I have mentioned to you, from what I know that is a lot. People have been here five years, some have been here for ten years. I mean the head chef have been here for forty years. So there must be something, there must be something with the place. I mean for me to stay for eight years, I mean it is certainly not for the pay. It is definitely not for the pay. I am quite certain that I could find a job that would pay me hell of a lot more, but may be I wouldn't get the same satisfaction as I would get here."

Certainly they can be proud of their excellent personnel record, and it is nice to hear the word 'satisfaction' which was not often spoken of by the other managers in the sample. A lot of organisations, large and small, can learn from their example.

10.6 Conclusions on the hotel findings

Valid reasons and substantiated arguments against giving employees information were not heard much from hotel managers. On the other hand, many may tend to think that;

"... To a normal manager, it is not worthwhile because you can't say that by giving employee information, then you can save so many pounds a week, because it can't be quantified. So there is very little that you can justify it."

This problem is inevitable. One cannot readily measure the usefulness and results of employee communication. However, the difficulty of quantifying achievements in money terms cannot undermine the case for employee reporting. There is evidence of the many uses of employee reports, including perceived usefulness, positive business results, and favourable symbolic values.

The outstanding case showed that employee reporting and employee reward/involvement schemes are useful management tools to be used

together. Hotel employees can be educated and motivated to take an interest in financial matters and company performance. Employee reporting is not a luxury just for the large public companies. Special thought has to be put into linking a package of tangible incentive schemes with a system of reporting to the employees. It requires faith, and commitment from management.

Employee reporting lets everybody see how their efforts have contributed to success. Employees need to be informed of the plans and progress as well so that there are clear goals that employees can work for. But information alone is not enough to motivate people. The offering of direct reward is essential. Reward and recognition can be given in money, in kind and in social terms. Then, employees will appreciate the link of one's effort to reward. A "caring and sharing" approach based on an effective system of employee reporting is the success formula.

The persisting economic and employment situation increases the need for employee reporting, to keep employees informed and to encourage effort. For several years, employee share schemes has been a popular issue in the political debate and lots of advantages were claimed for it. Unfortunately, similar attention has not been given to promote comparable profit/bonus sharing incentives schemes. There was also little attention given to encouraging managerial consideration and initiative for a consistent programme of employee information, motivation, involvement and benefit schemes.

Managers are clearly aware of the disadvantages of not communicating to the employees. On the positive side, employee communications

provide the social occasion for the whole "team" to meet, so they can identify with the leader and feel part of this successful team. The reciprocity benefits of these social as well as monetary rewards to the company is valuable. Indeed, it should be considered an investment in the human capital, towards building up goodwill and teamwork within the organisation.

Management need not automatically assume that employees cannot be trusted with business information. Not a single interviewee had any complaints about employees leaking out information or about any losses suffered in the course of employee reporting. At the corporate level, top management should report to the employees directly. In addition, companies should also consider encouraging divisional and local reporting for the employees. It is necessary to explain and discuss local issues. Managers need to show commitment and openness in employee information.

A first reaction to this view may be reluctance from many groups. Such a wide range of new ideas for the employees may seem to be just throwing money away. It is high time for it to be recognized that average workers, hotel employees and others, also need incentives to perform well, just like the highly-paid senior executive. Employee information and incentive schemes represent a necessary part of the maintenance of the human asset of the company.

CHAPTER 11 CONCLUSIONS AND RECOMMENDATIONS

The review of the literature in part I showed a gap in our knowledge of the managerial determinants in respect of employee information. In particular, a normative style of writing was prevalent, whilst the empirical research tended to favour large scale questionnaire surveys. The current study set out to extend our understanding of managers' perspectives. It used a three-pronged approach to explore managerial opinions about employee communication in an attempt to explain managerial behaviour in voluntary employee reporting. Rather than testing possible models and hypotheses drawn from the literature, the aim was to obtain qualitative insights into the variety of managerial communication objectives, attitudes, behaviour and relevant constraints within the U.K. hotel and drinks industry.

The study began with a documentary analysis of the narrative content and non-statutory sections of 68 annual reports and employee reports. An attempt was made to compare the style and tone of reporting in these two kinds of reports. This was followed by the second stage of the study - a postal questionnaire survey of communication practices in 33 companies. Finally, 50 personal interviews were carried out to explore managers' opinions about the many facets of the key issues.

Now, the significant conclusions about managerial objectives and behaviour in employee reporting in the hotel and drinks industry are summarised. Then the policy implications and recommendations for interested groups - the management, the employee group, the policy makers and the professional group are delineated.

11.1 The voluntary printed employee report

Documentary analysis of the narrative sections of the available printed employee reports showed clearly that voluntary employee communication and reporting is limited by the norm of corporate financial reporting. Employee reporting does not involve special accounting or the disclosure of new information. Certainly it is not about giving employees more information that is relevant to them. Although based on the information available in the annual report, the employee report is designed to convey certain themes in a clear form and in a way considered more relevant to the employee group. In the analysis of the coverage of different subject matters, the employee reports conveyed some messages with a different emphasis and tone compared with the annual report.

Significantly, the annual report serves as a public advertising document (and so does the employee report in a few companies). The annual report is taken as an opportunity to project the 'image' of the company, which is quite widely exploited by the range of companies in the sample. For the motivated management, the annual report also provides a platform to lobby for policy changes and to air managerial views. It is also the occasion for offering tribulations and an employee pep talk.

This study confirmed that the statutory annual report is indeed the most appropriate reference document for studying existing employee reporting. It is used as the source document and employee reporting is geared towards explaining to employees the financial results disclosed therein. For most purposes, the employee report is really a

derivative simple summary. However, this is not to say that it cannot have significant information and symbolic value. The findings also confirmed that the concept of the employee report has to be construed wider than just the written document so labelled. Companies use a variety of written, verbal and visual communication materials for their employees.

In this sample, most companies had extended employee information disclosures in the past fifteen years, and most managers agreed that in principle, employees should have ready access to the company's annual report. In many companies, representatives claimed that the annual report would be made available to any employee who requests to see it, but the fact of it actually happening was unheard of. Therefore, we have to conclude that the average employee still has little knowledge of the annual report and is unlikely to be interested or have the confidence to ask for it. A significant number of companies had introduced employee share schemes which means more employees receive the annual report in their capacity as shareholders. That aside, some of the companies which used to provide the employees with separate printed employee reports have started to give the annual report to all employees. With the continuing trend of employee share schemes and the spreading of employee reporting, employee access and interest in this public document are likely to increase.

11.1.1 The contrast between the annual report and the employee report

There is an accepted financial market media style of 'language' which is consistent amongst all company reports from all classifications of

companies. It puts the predominant emphasis on financial and economic coverage, focusing on the bottom line profit performance. Scant attention is paid to social issues. The trend is towards extending the narrative information content and improving the presentation of the annual report. There is an increasingly marketing approach to the design of company reports. Many of the large companies' annual reports have become ostentatious advertising/public relations documents. It is a prestigious prospectus for impressing the reader of the importance and status of the company. We have seen the narrative contents delving into the company's business empire, technological achievements, the company's charitable and community relations achievements.

The annual report also provides top management with a public platform to air their political views and to advocate policies in their own business interest. There is also a social integration function of the annual report. It is common for the chairman to include thanks and tribulations to the management team. Words of encouragement and acknowledgements for the employees are also to be recorded. However, it is unclear how such formal recognitions are received by the ordinary employee who does not normally receive a copy of this annual report.

From the detailed narrative content analysis, a major conclusion is that the most important function for the annual report is to tell an economic success story. The bulk of the narrative coverage was about sales and profit performance geared to financial market criteria. A large element of this has to be for company image and morale-boosting purposes. Although there is some awareness of the need to account for

the non-economic aspects of the company's performance, there is only very scant mention of social issues.

There are finer differences in the emphasis and the tone of the economic success stories reflecting the specific needs and interests of companies. For instance, more multi-business companies included more political content, more drinks companies talked about redundancies and jobs, and more large companies included more economic propaganda and defensive statements. Companies which provided employees some form of a report showed more concern to cover issues such as employee welfare, shareholder's interests, wider social interest group issues. They also claimed more success in respect of these social issues.

In contrast, the special printed employee report is generally more varied and also cheaper and smaller than the annual report. Still, the narrative content of the employee report also show a predominant emphasis on reporting economic achievements in terms of profit and sales. Public advertising declarations and political lobbying are less prominent. In a few companies, the use of the employee report as a prestigious public relations symbol has also been noted. In its glamorous design, these examples are truly the 'fringe' of corporate reporting. It may impress employees and outsiders. However, it is liable to give the impression that the employee report (or voluntary employee reporting) is a luxury for large prestigious companies only.

It is noticeable that the employee report utilizes more value-added or funds statements with some graphic techniques and narrative explanations. Over-shadowed by the 'Economic Success Story', the

employee report also carries more propaganda messages on the issues of survival and capital investment.

11.1.2 The purpose of the employee report

This study concludes that whilst the separate printed employee report was designed to inform the employees, it is not meant to provide new information. Managerial practice is to use information in the annual report and put it in a more specific, simpler, and perhaps more understandable form, to give the employees a feel for things. The signs suggest that management's aim is to bring home specific messages to the employees, the exact emphasis is dependent on the demands of the business. To that effect, the employee report fulfils an information function.

There is also a social integration function of the employee report in that nearly all chairmen took this special occasion to say 'thank you' to the workforce. It shows the significance of the element of formal recognition and social reward for encouraging the employees.

In the main, the practice of providing employee reports followed a single-loop no-learning broadcasting model. There was no systematic identification of the aims of the employee report, nor any intention to obtain feedback.

One cannot criticize what management are doing under the voluntary system outright. Clearly, the highlighted uses of the employee report are important to management. However, management generally have not shown any awareness of the relevance of the wider social and societal

framework of corporate reporting, especially in the design and the content of communication. Managerial behaviour does not indicate an appreciation of the potential of employee reporting as an information, social integration and work motivation aid. The realisation of the full potential benefits of the employee report has still to come.

11.2 Patterns of voluntary employee communication in the sample

By widening our horizon to the totality of employee communication, this study helps us to understand how employee reporting links in with managerial perceptions of organisational and industrial factors. The state of employee communication practice varies greatly. Methods and materials used range widely, from the relatively formal to informal, the regular and frequent to the less frequent and ad hoc. Reporting can be in a written, verbal or visual form. Usually it is a combination of the above.

Formally laid down employee communication objectives are rare. Yet the importance of giving financial information to the employees is clearly highlighted by managerial behaviour. Whether printed, verbal or visual, the employee report is dedicated to convey the financial results to the employees. It is like an employee's version of the annual report. This special importance given to reporting the financial results seemed to be more prominent in companies with employee share schemes and those using more regular methods of employee communication. Management must have reasons to put in a special effort to cover financial information. The ranking of managerial business aims suggests that some of the specific aims must

be linked with managerial perceptions of the all important business 'profit' objective.

From the questionnaire survey, responsibility in the area of employee reporting was shown to be shouldered by different specialist service groups. Significant influences and constraints to the design of communication system and methods used by businesses were highlighted, namely the traditional managerial style, the production technology used, and other organisational and industrial factors.

Companies tend to rely on traditional methods like notices, newsletters and joint consultative meetings to pass on information to the employees. Often, when a separate employee report is used, the tendency is to put it into a form similar to an existing company publication, or it is simply attached as a supplement. The choice seems more a matter of convenience. Given the dominance of the financial market style and tone of employee reporting, there could be little consideration of the different needs of internal communications.

The implementation of the communication system is also limited by the existing organisational structure and management style. In the sample, corporate control or power is mostly concentrated at the top of the hierarchy. Accordingly, employee reporting was set up in a centralized mould of managerial control. Information is disseminated from the top of the group down to the employees.

In a few cases, there was a conscious decision to move to a more decentralized organisational structure, and some matching of a

decentralized approach to employee communication was seen. In these cases, middle and subsidiary-level management were able to participate and make some decisions in employee communication.

Physical proximity of the production and service sites are dictated by demand. The production technology in turn dictates the feasibility of various communication methods. Brewery and distillery companies can call all production and administrative staff together at large sites for briefing meetings. It is possible for top executives to address the whole company personally. A lot of drinks companies still boast a long established family tradition of open employee communications, and this personal quality was preserved in some ways.

In contrast, companies with a major stake in the hotel trade have serious constraints in a form of dispersed production and service sites. Even at the local units, it is more difficult to make all staff available for meetings at the same time, owing to the continuous service demands. Usually, within hotels, communication and consultative structures are not well developed. Hotel managers have not attended to employee communications, further than the operational briefings of the heads of department. A relatively new development is the use of audio-visual and video media. This technology allows a substitute degree of 'personal touch' and it enables the message to be delivered economically and quickly to all of the dispersed locations.

This study also looked into the strong suspicion about giving employees information. Some small companies still did not permit even hotel managers to know details of trading and financial results.

Future research must put more weight on studying the inactivity of the large section of management regarding communications. Major stumbling blocks are managerial assumptions that employees are not interested and conflicting views about the usefulness of and employees' right to information. Many of these problems are deeply rooted in the traditions of the society and industry.

11.3 Why did management start issuing the employee report?

A common suspicion has been that management provide information because they want to gain a more advantageous position in wage negotiations. This was examined in the study. A couple of respondents did confess to this motive, but the aim of attitudinal structuring did not usually seem to be significant in the on-going context of voluntary employee reporting. Managerial perceptions of the core objectives of voluntary employee reporting showed that a combination of pressing factors influenced or motivated this management initiative. There were a wide range of communication aims for carrying out voluntary employee reporting.

In answer to the important research question "Why did management start issuing an employee report and extending employee reporting efforts?", this study concluded that the most significantly reason related to the presence of a large workforce. Noticeably, this trend in employee reporting is also followed by the introduction of employee share schemes.

The expectation is that the symbolic value and the social motivation and involvement values of employee reporting, as well as

organisational factors, are important influences on management decisions. Managerial interview opinion data supports this view. Three main groups of factors for action in employee reporting were identified. These are:

- the influence of social trend or fashion,
- managerial commitment to employee information and involvement,
- the specific organisational circumstances calling for change.

11.3.1 The influence of the 'fashion' on management practice

Managerial perceptions did not indicate any direct external pressures for change. What was conspicuously missing was any perceived pressure or demand from the employees or the trade unions. Most managers did not see any threat from future legislation. Only a couple of management representatives talked about the European Community directives. At the same time, managerial opinions were strongly against legislative intervention which they argued to be inappropriate for this field. Obviously, managers would prefer do it on their own accord and get benefit from it. This also explains why some companies have jumped on the band-wagon of employee reporting.

Many managers saw what they recognised as an inevitable and growing trend of voluntary employee communication. Generally, the consensus is that in this day and age, management need to do something like this. More accurately, one needs to be seen doing the 'in-thing' to be regarded as modern reputable management. Managerial perceptions of social expectations is a source of pressure for action. At a certain point, the employee report has become not a mere fashionable idea,

but a necessity and an accepted positive image symbol for the company and the management.

There were contrasting personal views about the trend towards more extensive employee communications. There are cynics, strong believers, as well as those who have mixed feelings and doubts about the real use of such reports and information to the employees. There has been little evidence or proven records to convince practitioners. But all in all, the positive view dominates regarding the issuing of employee reports. The belief is that companies should do it since it is essentially a good and useful thing.

11.3.2 The factor of management commitment to employee communication

The research found that senior executives played a significant role in the decision to provide and develop employee reporting. The ideology in favour of employee involvement was popularized by the paternalistic liberal opinion leaders in industry. In many of the companies studied, the chairman was the prominent supporter, advocate and innovator in employee communication. We have seen one case where a change of leadership brought a totally new approach to employee reporting. Even where the initial idea came from personnel or other specialist functions, the enthusiastic support from the top executives was still crucial for real progress.

After instituting new employee communications, many top executives continued to devote a lot of time to their new role in the on-going employee communications, conducting communication tours, chairing discussion forums, or delivering their personal messages in a film or

a printed report. Even though only a small sample was studied, the findings show clearly the importance of the identification and commitment from the top echelons. It highlights the importance of focusing on the top managerial group for future research and development. If the aim is to influence or effect changes in company practice, the most effective avenue for change is by directly informing and influencing the opinions of the decision-makers in organisations.

11.3.3 Special organisational circumstances calling for change

This study concludes that specific organisational circumstances were significant causes for managerial reporting initiatives, especially in the timing of the change. The relevant organisational factors varied from company to company.

Following the waves of industrial unrest in the 1970's, there was an increased awareness of the short-comings of total reliance on the traditional formal management/trades union system of passing information on to the employees. Voluntary employee reporting was a break away from such a rigid mould. Management recognized the need for and the possibilities of direct management/employee communication channels. This explains in part the increase in employee reporting by companies in the late 1970's.

Specific organisational factors like corporate growth and large company size added pressure for change in employee communications. The introduction of a new communication medium such as the employee report was thought to serve as an unifying symbol also. It was aimed

to promote employee involvement and identification, to give the staff a sense of identity or to reinforce this identity.

Organisational re-structuring and decentralization of managerial control affect the divisions and subsidiaries of groups in many respects. In the area of communication, it can lead to new thinking in employee reporting. It opens up possibilities for local management initiatives, to do something which best suits their own needs. There are strong arguments for the divisional or subsidiary employee report in providing a useful information channel. The workforce will appreciate that a local report has more relevance to their situation.

One cannot expect to transplant solutions from one organisation to the next, for each has its own unique history and culture. However, there is always scope for learning from the problems and experience of others. It is important that managers should explicitly consider the whole range of internal as well as the external factors of influence. The organisational policy makers must be committed to exploring the best combination of communication methods for their own employee needs.

11.3.4 A critical pressure influx model for explaining change

There was little evidence to believe that management have been coerced into carrying out voluntary employee reporting under direct external pressures. Equally, management did not embark upon it purely out of a sense of noblesse oblige. The evidence showed consistently that a multi-factorial change model is required for explaining the

development of employee reporting. A whole host of internal and external factors have influenced managerial behaviour.

Managerial perceptions of the social trend of good open management, top management's identification and commitment to employee communication, and special organisational circumstances were important change factors. Ideas have been discussed for some time. Managerial perceptions of the pressure of this influx of forces eventually overcame a critical point of organisational inertia, triggering off actions.

Under the existing voluntary system, there has been a great diversity of different communication materials and managerial initiatives to explore the possibilities of employee reporting. Managers are of the opinion that they have done something worthwhile. They felt a sense of pride in what they were doing. Furthermore, they are able to see new meanings in and significance to employee reporting. It is reasonable to suggest these positive views on such communications may be shared throughout the organisation. All of these would have been lost if management was simply compelled to carry out employee reporting, to satisfy certain disclosure requirements from the start. Employee reporting is still in the formative years of development, and this study warns of the disadvantages of legal intervention at this stage.

11.4 Why do management carry on with employee communications?

Similar to other areas of organisational objectives, employee communication objectives have not been systematically or formally

identified. There were only two exceptional companies which had employee communication procedures and aims laid down in a formal policy document. Some respondents had difficulty conceptualizing communication objectives. Any aims-in-use were deemed to be embodied in employee reporting practice. Thus some managers confused the means as the ends of employee reporting in their questionnaire answers.

Managers did not consciously link employee reporting with collective bargaining aims. In fact, sometimes, quite the opposite case was true, where managers deliberately segregated these two aspects of communication responsibilities. Managerial opinions on the many possible communication objectives and the relative importance of these with respect to their own companies ranged widely. 'Employee trust and commitment' and 'good communication' were ranked as the more important communication objectives. In addition, managers also emphasized other social objectives such as 'saying thank you to the workforce', 'encouraging employee involvement', and 'promoting a sense of identity with the company amongst the employees'. All these indicate a strong managerial belief in the social and symbolic significance of employee communication.

It is possible to understand the managerial perceptual processes that may have taken place. Individuals use their own behaviour to construct reality (the 'Enactment Process'). They develop socially acceptable justifications for their behaviour as a way of making such behaviour meaningful and explainable (the 'Rationalizing Process'). Those who are induced to engage in some behaviour for little or no apparent reward adjust their attitudes to develop more favourable attitudes towards the task itself (the 'Insufficient Justification

Effect'). This analysis showed an overall favourable picture of employee communication, as there were few negative managerial opinions about employee reporting.

However, the research must conclude that managers did not recognise a social stewardship model for employee reporting. What is more, nobody put much weight on 'accountability to the employees' or 'acknowledging employee's right to information'. Managers perceptions of employee reporting objectives differed in importance according to their personal background. This is shown by the following results; more of those managers with higher formal education chose the 'information for decision-making' objective rather than 'to promote information channel', more managers belonging to professional bodies emphasized the aim 'to make employees proud of the company', and lastly, more managers with union negotiations experience stressed the objective 'to inform the employees'. This highlights the importance of ensuring that everyone within the organisation should have a voice, to have one's views heard.

This study concludes that there are four main categories of managerial objectives in employee reporting. These identified groups of communication objectives are summarised as follows.

11.4.1 Social objectives for employee communication

The dominant strand of thought found is to do with the social identification, motivation, satisfaction and commitment of the employee group. The primary importance of these social objectives was

shown by the strength and spread of managerial perceptions of these uses of employee communication.

a. Employee identification and the company identity

Managers thought employee communications like the employee report helped to achieve and to reinforce group identity. Employee alienation is the worrying problem especially for a large organisation (measured by size of the workforce). Employee communications were aimed to give people a direct link and a greater sense of security under the group company. Ultimately, management hoped that employees would identify with the interests and future of the whole organisation.

b. Employee motivation, involvement and contribution

In more vague terms, managers had some thought of using employee communication as a motivational tool. Their reasoning was that by improving employees' understanding of the business and telling employees about the company performance, employees would feel more involved and motivated to contribute to the aims of the company. They were unclear about how this extra involvement, motivation and contribution can happen, but they continued to behave in a laid-back and wishful thinking manner.

c. Information as a reward for employee satisfaction

An intrinsic value of communication highlighted is the directly rewarding experience for the employees to be informed. Simply telling

employees how well they have done can give them satisfaction. The employees can know that their part of the work has contributed towards the company's success, and that their contribution has been acknowledged. Managers thought by communicating this to the employees, there could be a happier staff working for the company.

d. Employee trust and commitment

Managers believed that by maintaining an open style of management, they would build up employees' confidence in management. Employees can see that management has the ability and competence to manage. They will also understand more and trust managerial judgement and decisions. Trust and confidence in managerial leadership is unquestionably paramount if employees are to take responsibility and be committed to what the management is trying to achieve.

11.4.2 The information and good communication objectives

This group of opinions emphasized the aim of improving employee communication and information. Managers recognised the significance of good communication as a prerequisite for efficient organisation. They believed that good communications is so important that it is also a significant objective in itself as well.

'To inform the employees' and 'To have a well-informed workforce' were regarded as core organisational communication objectives. Many managers, especially the headquarter and specialist function managers, stressed effective communication as one of the aims of employee reporting.

There is the risk that line management may follow a mechanistic approach to employee reporting and feed-back, seeing it as a routine passing on of information. In businesses which are traditionally more closed regarding business information the need for better employee information is not so well recognised. This is shown by the fact that fewer hotel managers identified this group of information and communication objectives.

Very few interviewees were able to pin-point the possible educational role of employee reporting. The scope for a more interactive managerial learning process was also generally missed. Local general managers may benefit from some training in the area of employee reporting. Organisations may consider bringing in external consultants to develop these aspects of employee information. If management neglect these perspectives, the future for employee reporting is likely to be much impoverished.

11.4.3 The aims of better industrial and employee relations

In the organisations visited, nobody criticized the state of employee relations in their own company. However, most interviewees said they thought that there could be improvements. More serious concern was expressed about the status quo of industrial relations in the country, and they saw employee communication as one of the means to bring about positive changes.

Significantly more managers from the reporting companies cited the industrial/employee relation aims for employee communication. It reflects the perceived importance of the aim of improving industrial

relations. Marginally more of the drinks company managers voiced the industrial relations objectives. This underlines that fact that perceived needs are higher in industries more affected by union strife. But clearly, this significant industrial relations objective must be interpreted at a global level, and not bound just to the bargaining table.

a. Management/employee work relations

The most prominent theme in this area of industrial/employee relations is the need to break down 'barriers', to get rid of the 'THEM and US' traditional attitude in British industry. The managerial aim is to impress upon the workforce the ideology of a 'team' and 'good teamwork'. Ultimately, the goal is the promotion of a cohesive organisation with good relations at the workplace. Everybody can feel that they are a significant member of the 'team'. This view was widely agreed by representatives throughout the managerial hierarchy.

Certainly management should consider extending this 'team' ideology. There is scope for re-thinking about the structure of organisational responsibility, reward and incentive schemes, so that the team ideology is not mere rhetoric.

b. The aim of getting employee cooperation

In contrast to the former group of opinions, some managers emphasized the aim of gaining cooperation, acceptance and support from the employees. This view implicitly re-affirms the traditional

management/employee adversarial model of industrial relations. Here, the chief factor is the desire to influence employee opinions. In changing economic circumstances, many strategic measures taken by management were unpalatable to the employees. Management probably felt the need to justify their decisions and actions, and they wanted cooperation from the workforce to make the implementation of policies easier.

c. To achieve a direct channel of employee communication

There was a conscious effort to break away from the old mould of relying on union communication channels. Managers were dissatisfied and thought it unwise to leave it to the unions to pass on information to the shop-floor. Some representatives spoke strongly on the need to reassert their responsibility and right to communicate directly to the employees. They felt a direct management/employee channel is the more effective way to put across their story in an effective and undistorted way.

d. An underlying collective bargaining objective

It was noted that there were a couple of cases where managers admitted the aim of influencing wage negotiations when the employee report was started. However, looking at the on-going reporting situation, this specific objective of influencing wage negotiations did not feature significantly amongst managerial opinions. On many unprompted occasions, the company representatives took great care to point out that they have not and do not wish to use employee communications deviously to manipulate wage negotiation. Managers were wary of

misusing employee reporting. Managers talked about a more sensible system of collective bargaining as a by-product of employee communication. Employee reporting will have the result of a more informed workforce. With a better appreciation of general business factors and financial constraints, there can be more stability in the collective bargaining process.

11.4.4 The objectives of better performance and profitability

The last group of employee reporting objectives raised by managers have to do with the financial aims of better efficiency and performance, which normally meant better profitability. 'Profit' was ranked the most important overall business objective by most respondents. Therefore, it is not surprising to find that the 'profit' motive also features amongst the reporting objectives as well.

Where 'profit' and other financial measures are the criteria of managerial performance, it is likely that managers will see everything they do in terms of these aims. Significantly, more of the lower level managers in the sample stressed these financial business aims for employee reporting. In contrast, fewer of the drinks managers had mentioned the 'profit' motive as one of the communication objectives. Such differences can only be speculated at.

11.4.5 Concluding comments on managerial opinions in the on-going employee reporting objectives

Emerging from the analysis of managerial perceptual data are multi-faceted objectives for carrying on employee reporting. This set of

communication objectives found follows four main themes, namely social, information, industrial relations and financial. Individuals put different weights on these identified categories of employee communication objectives, and the pattern of opinions seems to be largely linked to the individual's training, responsibility and business environment.

However, these findings are based on espoused managerial opinions. Unless there had been genuine efforts toward consensus goal identification, there is no guarantee of corporate awareness of the uses of communication. Research can only be tinkering at the 'official version'. Nevertheless, in the absence of such corporate goal definition, the findings and conclusions of this research is important and perhaps more relevant because it is the line management who have to interpret and implement policies. What managers say must to an extent be linked to what they do. It is encouraging to find such a range of positive opinions about the likely uses of employee communication.

One of the conclusions is that the relevance of collective bargaining attitudinal structuring to voluntary employee reporting is limited. The ritual of employee communication, the information content, the tangible document, the act of giving and receiving are best understood in a reciprocity, exchange and social symbolism framework. Managerial practices are imbued with social significance. To a limited extent, a managerial financial control perspective was also vaguely in use.

In general, the active managers thought they were doing something worthwhile. They liked to think that they were giving employees information out of their own good practice, not as fulfilling a legal, social or moral obligation. Some of them regarded employee communication as one of the tools for helping to achieve their business financial aims. But the overwhelming wish was to project a good image, to be seen as open and communicative to the employees. Hence there was little interest in knowing the employee response, so there was simply no need for systematic monitoring. This meant that there can be no learning process by management.

Firstly, although employee information is highly relevant to the ideology of employee participation in industry, nobody discussed this perspective at all. Managers only spoke against moves for democratising British industry. Employee participation seems to be a sore point which is indicative of the traditional British management culture. Management needs to be persuaded that rather than a threat to their power, information and participation can indeed enhance managerial power and control (e.g. the system in W. Germany). However, such arguments may not be forthcoming under dogmatic policies of the U.K. government, even though it is an essential condition for extending individual democratic rights.

More importantly, attention is drawn to some significant gaps in the managerial reporting model-in-use. Accountability and responsibility towards the workers interests are still not widely recognised in managerial ethics. Managerial attitudes are largely against the employee's basic right to know. They disliked terms such as 'rights' and 'accountability', and they argued that nobody has any 'God given

rights' to anything. Therefore, managers refused to see any moral basis for employee reporting. By doing so, the employers put the employees in a permanently disadvantaged position, deprived of a power base for involvement and self-determination. Freedom of information and equal opportunities can only be illusive ideological dreams.

All in all, the status quo of employee reporting is restrictive. Some guidance and encouragement are needed so that managers can begin to explore the inherent advantages of communications both in regard to financial and other worthy aims, and to consider the merits of an interactive learning model and the social stewardship model for reporting.

11.5 Managerial views on different important issues

11.5.1 Managerial beliefs in the positive results of reporting

Corresponding to the strongly favourable attitudes to employee reporting, most managers were equally positive about the results of communications. Success was claimed in all categories of communication objectives, but claims of achievements in respect of financial performance were noticeably less by comparison. On the other hand, managers did not refrain from expressing doubts and criticisms on the real achievements of employee reporting.

There were widely homogeneous and positive views especially amongst the younger managers about the achievement of the social objectives of employee reporting. More group senior managers claimed success in

respect of industrial relations aims. However, more managers directly involved in the hotel trade were silent on the result of better employee relations. These are managerial perceptions of effects of employee communications, and it seemed to reflect the areas which interest and concerned the individual manager.

Notably, only three companies obtained systematic survey evidence to back up their claims. A few others claimed favourable impressions from informal observations at the work place. For most companies, scientific evidence appeared irrelevant because managers are convinced of the good in doing employee reporting. Management held overwhelmingly positive views on the achievements of employee reporting based on their strong personal faith in communication. They did not feel the need to justify the expense and effort involved.

11.5.2 The limits of employee communication

This study shows the diverse methods and media used for employee reporting. Business and organisational constraints, and the style of top management are key factors in its development. Managerial rankings also reflect the importance of careful maintenance of personal contact via direct employee communication to the shop-floor.

Regardless of rank, industrial and personal background, nearly all of the respondents welcomed developments for more employee information. Generally, opinions favoured employee reports. Most of them also agreed with the view that the annual reports and accounts should be made readily available to all the employees as well. This is a sensible step since it is the recognised source document for

employee information. It must be desirable, therefore, to familiarize the employees with financial reports.

Divisional and local unit reports were also called for by some respondents to add to the corporate employee report. So far, employee reporting development did not follow a cohesive and consistent corporate accountability and reporting framework. It was mainly the result of the self-motivated initiatives of a small number of individuals. A new personality joining the board can bring about a completely different approach to employee reporting. The relevance of employee reporting in the future will suffer if it is still subjected to such centralized managerial control which excludes wider involvement from other interested parties.

11.5.3 Refusal to recognise employee information rights

Employee reporting practice is totally supply-determined. Management's decision to report has little to do with any managerial perception of the employee's interests, rights or needs. Managers did not see employee reporting as a good principle stemming from the employee's moral interest and rights. They reject the proposition that providing the employee report could be seen as symbolically acknowledging employee interest and the right to know. They also expressed doubts about the possible significance of the report to the employees.

Such managerial style has also affected the degree of openness in the information given to the employees. There were no problems with general company information but the attitudes on disclosing budget,

forecast and manpower planning to the employees were totally hostile. Most managers thought these and other sensitive information cannot be entrusted to the employees.

Opposition was particularly strong from the manager/shareholder group. They emphasized the importance of shareholders interests and the need for confidentiality. Although all these aspects of the constituent group interests are inter-related, managerial opinions ranked the interests of shareholders and customers in an absolute position. Employee interests became non-issues in comparison, where shareholders and customers are concerned. Hence, it will always be difficult to make a case for the employees' interest and right to know.

11.5.4 Conflicting views about 'why' / 'why not' report to employees

Strong arguments have been raised for and against employee information. Firstly, the inactive managers rationalized their position with several justifications. For example, there is the fortress status of the private company. The convenient veil of confidentiality is used whenever it suits management. In some hotel companies, even the hotel managers were not allowed full knowledge of the trading results and the financing of the establishment they run.

In some cases, managers believed that although employee communication is good, it is too expensive. The common attitude was that employee reporting is one of those 'frills' that only large companies can afford. Occasionally, managers stated that employee reporting was not necessary in a small-sized company, that spending resources on

employee reporting was considered unjustifiable. It clearly boils down to the question of priority.

These justifications for inactivity need to be questioned. The potential benefit and cost of employee information could be considered in a more rational manner. Even in some companies with a workforce of several thousands, the management may still declare total faith in informal and ad hoc communications. Efforts to formalize and systematize employee communication need not cause more bureaucracy. Voluntary employee reporting can be used to support and reinforce informal communications, bringing further benefits to the employees.

Managerial conception of the average employee is a deep-rooted problem. Employees are seen to be only wanting to come to do a days' work and getting their wage packet. Most of them are thought to be uninterested in company affairs, especially financial information. Given that they are assumed not to be able to understand the information anyway, it seemed unnecessary and wasteful to give employee reports.

However, many managers spoke strongly in favour of employee information. More significantly, the study has found some striking examples of managers, including some in small private businesses, who demonstrated benefits from their own initiatives in employee reporting. These local hotels do enjoy good informal communications and also employ a lot of the so-called 'small' people. A couple of the hotels even have an efficient staff consultative committee as well. Indeed the most thoroughly thought out package of employee

information, involvement and incentive system was found in an independent hotel. What is more, the management of these independent business concerns have shown remarkable achievements in terms of their financial results, standards and reputation.

Ultimately, small size, private status, lack of need and employee interest need not preclude action. Such a narrow attitude in providing employee information is not defensible. Concluding from the different strands of thought gathered from managers about the uses of employee reporting, the doubts and reservations are out-weighed by the advantages of employee reporting. Also there is little evidence to cast doubts on the voluntary managerial initiatives in employee reporting. Being a continuous process, management appreciate the importance of credible information. Dishonest manipulation or misinformation certainly is not in the company's long-term benefit. Whereas on the positive side, many rewards are to be reaped relating to the social and symbolic values of employee reporting.

One cannot be complacent about the status quo because many companies still have not taken on board many issues related to employee reporting. Therefore, the most significant implication from this study is that research and publicity must concentrate on the success stories of communication initiatives, to influence managerial perceptions, identification and commitment. In order to push voluntary employee reporting higher up the priority scale, management need to be convinced of the good that can come from employee reporting. The excellent examples of employee communication discovered in this research may help to raise managerial priority and

also direct attention to the positive actions that could be pursued in voluntary employee reporting.

Management has an important role in directly involving the employees in the exploration of the wide range of methods and objectives of employee communication and involvement schemes. At the same time, information providers need to be cautious of the public relations element of employee reporting which promotes the impression that employee reporting is only a non-essential window dressing activity.

11.6 Future prospects for employee communication developments

11.6.1 Prospects in employee communication from the managerial point of view

Voluntary employee reporting and the employee report emerge favourably from this study. Managerial perceptions are encouraging with the mixed feelings and reservations more than balanced by positive views about employee reporting. In conveying financial results and other information to the employees in a simple way, managers also perceived many uses of employee reporting. It incorporates social, informational, industrial relation and performance objectives. They believe strongly that communications are intrinsically good and that managerial initiatives were rewarded by employee satisfaction and good results.

The trend of initiatives to provide employees with reports were chiefly self-motivated by individual managerial convictions, with extra impetus from the societal change, the economic and industrial

conditions of the late seventies. In so far as the voluntary efforts in employee reporting goes, not much criticism can be raised except that the managerial horizon was not cast wider to explore further possibilities.

For the group of active managers, it may be worthwhile for them to broaden their horizons to look more closely at the social, symbolic and motivational aims of employee reporting. Attention can be paid to the systematic formulation of corporate communication objectives of employee reporting, and to the implementation of managerial learning and control models from the literature. Equally, the demand side of the communication process warrants more attention. Consideration must be given to integrate employee reporting with corporate policies such as decentralization, employee share-ownership and motivation incentive schemes. Companies could reap real advantages from improved performance and better managerial control.

However, most companies have done little to extend the availability of company information to the employee group. A lot of inertia and resistance need to be overcome. The drinks industry cannot claim to be a leader in the field and the hotel trade certainly is much further behind. Yet, this study has highlighted many possibilities. In the small sample of companies, there were a handful of excellent examples of determined and committed and independent-minded hotel managers achieving good results. Their experience plus that of the reporting companies should encourage the non-committed management. There are many immediate social and symbolic values of employee communication beneficial to both the company and the employees. The strength of consensus is that there is little to lose but a lot to

gain. Furthermore, employee communication need not be expensive and confidentiality of information need not be an insurmountable problem either. Once management is convinced that employee communication is worthwhile, then it is sensible to act promptly. If they wait for legislation, they stand to lose all of the goodwill of a voluntary act.

For the foreseeable future, the U.K. is likely to see a continuation of popular capitalism, of an extended free market participation designed to favour the small lay-investor. Also, this is going to be developed within the more socially and environmentally sensitive societal context. The ethical investor and consumer movements will grow in importance which will highlight neglected issues. Individual freedom and rights are top of the agenda. In all walks of life, the social trend will be for more free information. The process of change in the system is slow (e.g. against mounting concern about the social impact of the multinational and large business corporations, the development of international accounting standards is slow to come (Gray, 1984)). Nevertheless, our view for the future has to be more open to employee information and participation matters (see e.g. the European Community proposals for the European p.l.c. (Bulletin of the European Communities (1989, vol. 22, no. 7/8)).

Irresponsible or insensitive behaviour will attract strong criticisms. Management in the commercial as well as the public and voluntary sectors need to respond to increasing demands for openness and visible accountability. What is abundantly clear is that it is important to demonstrate managerial competence, to legitimize their

power. As regards the employees, the obligations under the employment contract are inadequate. Managerial attention has to go beyond enlightened personnel policies, to consider a total package of employee reward, information, commitment and involvement. Each company will have to find its own best combination and system for employee communication, and it is necessary for there to be room for critical review, learning. As long as management maintains an open attitude, the future use of voluntary employee reporting as a management tool is likely to be beneficial.

11.6.2 Future prospects of employee communication from the employee's point of view

This research concludes that in the development of employee communications, employees have been kept in a passive recipient position. Although employee participation and involvement are long debated issues, it is unrealistic to expect management to relinquish absolute power and control. Very little has done in enabling an opportunity for small degree of self-determination for the employees. The kind of involvement opened to the workforce through the popularized employee share schemes is only marginal. Employees have little leverage to demand information or opportunities to improve their situation. What is more, the threats of redundancies and unemployment are worrying.

Nevertheless, there is some consolation from the research findings. Firstly, even though managerial attitudes are against employee rights, the opening up of employee information must have implications towards the employee's legitimate right and interest to be informed.

The starting of a direct communication channel between management and employees must be construed as a positive sign. At least managerial initiatives represent a first step in answering the need to do something for the employees.

This study has shown that voluntary employee reporting is not about blatant propaganda. There were no grounds to suspect mis-use or devious manipulation of the continuing reporting by management. There seemed to be a genuine and determined managerial effort to open up, to give financial and business information to the employees on a continuous basis. Managers also seemed sincere in their perceptions of the social, reward and symbolic purposes of the communications. Therefore, employees can feel a legitimate sense of reward or recognition from receiving the employee report. If every individual member of the organisation could feel that his or her contributions were recognised and valued, it can only be good for human relations.

On a more optimistic note, employee communications can hold out some hope for the workers in the future. Although the status quo of voluntary employee communication represents only a limited one-way channel of information, it provides an introduction, a first stepping stone for employees. In time, employees will become more familiar and confident with financial information. With this strengthened business sense, plus the increased stake in the company (e.g. via participating in the employee share schemes), they can develop interests and skills in corporate information and business matters. They can be really building the groundwork for a real chance to participate in business decisions, and to work in their own interests.

The increasing social and political trend for individual freedom and rights can be useful to increase the relative power of employees with respect to the employment relationship. In addition, the spreading of the popular share-owning democracy adds weight and encouragement for the ordinary employee to take an active part regarding their stake and interests in the work organisation. As the awareness of the need for information increases, information being the necessary requirement which enables involvement, it will in turn give impetus to change in the form of added social pressure for more open communication.

Most employees will need opportunities to learn to be assertive and to get involved. The average worker is unaccustomed to stand and speak or to make demands. Unless managerial support is given, progress towards more two-way or interactive employee communication will not be likely. Just as the development of a formal consultative system, persistent managerial efforts to push for the new employee communication system is essential for results. The most profitable avenue to engineer change is to work on managerial perceptions and commitment to open employee information. Management have to be convinced that educating the employees to a level of understanding and interest regarding company finances is desirable. Management need to be aware of their role in encouraging and training the staff in a sincere and sensitive way. With this managerial support and encouragement, employees may be able to find their voice to participate, influence and contribute to organisational goals.

11.7 Implications for public policy makers

A serious drawback in public policy making in this field is the lack of a global cohesive perspective for tackling corporate social responsibility and accountability issues, including the needs of the employee group. Under the voluntary system, management has made piecemeal changes on a reactive basis. In recent years, research and policy debate have woken up to the problem of the governance of various aspects of corporate responsibility. Most crucially for employee reporting, the emphasis must be on developing an integrative and consistent framework towards employee information, motivation, involvement and participation.

In the political and popular debate, ideas such as employee consultation, the employee report, employee share ownership and profit-linked pay settlements have been popularised. Many ideological and motivational benefits have been claimed by the advocates of these schemes, with scant attention to the need to study systematically their implementation and results. For instance, the promotion of employee share schemes was claimed to be a great success by the government ministers simply based on the number of new shareholders in industry. They were not interested in empirical evidence of the motivational benefits claimed.

Policy makers should be reminded that we are not dealing with merely intangible philosophical concepts but social and economic policies which have an impact on people. They must take note of the message from this study on the need to focus research into the subject area of employee information and motivation. In the area of social

responsibility and accountability, it is essential for official directions, support and funding to set pointers, coordinate research and monitor developments in industry.

A debateable issue in employee reporting is the place for legal enforcement. Opinions in the field clearly demonstrated the desirability of employee communications. Our concern is whether legislation should be brought in to compel the non-active companies. Undoubtedly, legal enforcement is the most effective means for influencing social behaviour, but of course there are drawbacks from relying on the legal enforcement framework. A study on the impact of legislation on companies' response to the setting up of Joint Health and Safety Committees (Beaumont & Deaton, 1981) found most firms moved quickly to comply with the stipulated provisions when legislation was imminent. However, some firms only established the required arrangements after a considerable period of time.

It is evident that managerial attitudes are strongly against legislative intervention in the area of voluntary employee reporting. Statutory requirements could only enforce a degree of compliance with some specified standards. Yet, it is futile for legislators to try to spell out minimum requirements and hope that the results would be useful to the user. Negative responses of hostility, non-compliance, minimum support and evasion from the supplier of information are bad risks with such an interventionist style. They might create yet another gigantic monster or a mere skeleton of an universal employee report which can serve no purpose. More significantly, if the principle is right, why should the social choice be forced to just accepting poor legal standards?

Lessons from company law disclosure requirements also urge caution about reliance on the disclosure principle. Furthermore, the political lobbying system and the British legal institutions should not be relied upon for its efficiency. Therefore, all in all, the balance of arguments from this research is against legal intervention. Hence the question has to be whether the alternative voluntary system can be improved for better prospects and promises for open information?

If employee reporting is to be relevant, it has to be determined by supply and demand. A more constructive role for legislators is to concentrate on laying down the basic framework of protection for a self-determination model of information supply and demand. First and foremost, the information rights of the employees and the social accountabilities of management need to be defined. To protect the weaker party, there must be provision for a mechanism for statutory redress for complaints. Public policy makers and other interested bodies have an important part to fulfil - to inform opinions and to amplify the arguments of social persuasion. Probably none speaks more powerfully than the real life cases of good employee reporting and results. More exposure for the extraordinarily sophisticated systems of employee communications and results achieved is the key to encourage wider awareness and adoption of voluntary employee reporting. We look to the official and professional bodies for financial and strategic backing to enable empirical and experimental research, and to help promulgate the results.

Unfortunately the popular media is biased towards the sensational disasters, and the reporting in the field of industrial relations is no exception. Simple success stories seldom make the news headlines.

Therefore, to extend the strategy for applied research, an information medium or forum, or some kind of publicity campaigns are required on a continuous basis for the dissemination of research findings for the benefit of all.

Another important aspect of policy implication concerns the aim to involve the wider social interest groups, such as the workers, the shareholders, and the financial market operators in the debate. Wider participation in the debate is essential for exploring and specifying the set of corporate social responsibility objectives which is applicable to different categories of organisations. An attempt can be made to define a societal framework for reporting and managerial performance assessment which takes into account interests of the wider social stakeholder groups. We are well aware that to an extent, each organisation has its own culture which exerts strong influences. There is a tendency to assume this to be the dominant explanatory variable. Our interest is whether it is possible to start from the vantage point of universalistic organisational communication theory towards examining the mediating effects of the particular cultural factors (Pascale, 1978).

To fulfil their spearheading function, the professional and specialist groups need to re-consider their own social role in respect to the values of the larger society, and this must be a matter of priority. An interventionist approach may have to be used but it had been warned of the moral issues involved in direct intervention and premature application of organisational theories (Pinder, 1977). For instance, intervention to improve communication among work groups and hierarchical levels in a 'long-term intergroup

intervention' field experiment (Schuler, 1979) has substantially facilitated communication about difficult issues within the organisation, and has earned confidence from employees and management. However, the intervention was experienced as quite stressful for all parties. Therefore reasonable care must be shown in a sensitive manner to guard against avoidable stress and conflict.

11.8 Implications for future development of the corporate report

First, on the development of the annual report and accounts, a recent proposal was the substitution of a short leaflet type of an abridged report instead of the full annual reports for the shareholders.

Probably, it would be at the chairman's discretion whether the substitute is to be adopted. However, the findings of this research oppose this line of thinking. It argues instead for more attention to be paid to the full annual report. Management has come to be more open in giving the annual report to the employees as well. Even within this small sample of companies, some have already started to give all employees a copy of the full annual report, instead of providing only a brief leaflet kind of employee report. The general feeling behind this change is that employees should be treated as intelligent beings as well.

The producer of the annual report must be more aware of the increasing relevance and importance of this document to lay investors, recipients like employees and the general public. With the growing promotion of employee share schemes and the Conservative policy for popular capitalism, the call should be for more accessible and more intelligible information. An abridged version of the annual

report may be welcomed, but it has to be an addition to the full document rather than a substitute for it.

Dissatisfaction with the status quo of financial reports has often been heard from the lay user-groups, and there will always be the conflicting demands of the sophisticated specialist and the ordinary reader. Even for internal employee reporting, different levels of interest and understanding have to be catered for. This study established that employee reporting already encompasses a great variety of printed, verbal and visual communications. Managerial perception also showed different ideas as to of communication objectives. Therefore, the trend is definitely for more open communication and greater accessibility of financial reports, not less.

This early picture of managerial behaviour in companies active in voluntary employee reporting is encouraging. There seemed to be many different initiatives to meet the various requirements in the different organisations. This highlights the importance of a systems approach to corporate reporting, drawing on a combination of communications media and methods. It will guarantee flexibility to meet the varied demands. Attention to the employee group and wider public interest groups is desperately needed because of the more significant stakes involved. There is a strong case for a dedicated employee report as well as a social report.

Some companies already used an audio-visual or video communication aid round the local business centres. It enabled a consistent message to be passed on to all of the local workforce. This development must

be welcomed. Large corporations could explore similar communication exercises at the local community level, rather than continuing expensive national advertising campaign. But the important proviso for all such communication systems is that the recipients of communications shall be provided with a platform to be involved, to have their opinions taken into account. Communication must also be on a continuing basis and the need for personal contact is paramount. Senior and local management should be present to take questions so as to impress upon the audience the importance of the communications.

Companies can benefit from newer communication technology to design a popular communication package to accompany the printed report. Specialist and technical experts can no doubt contribute to the development of a more generally understandable reporting language. Special emphasis can be made to explore and experiment as to ways of improving the clarity of narratives and the use of graphic techniques for financial reporting to the lay user groups.

More important than the methods and medium of reporting, research attention must focus on the objectives and the information content of corporate reports. There are many controversial topics which the accounting profession is addressing. Acceptable solutions will take a long time to hammer out. Take for instance the important issue of objectives of corporate reports, accountants are still far from reaching an agreement. Some identified the need for an explicit statement of objectives (Carsberg et al, 1974). Yet, the contrary view argued that any objectives formulated would be vague and useless (Parker, 1977). The Corporate Report defined the fundamental objectives of corporate reports in broad terms, to communicate

economic 'measurements' to those having 'reasonable' rights to such information. Others stressed the user's needs in a positivist framework, emphasizing the need to inform users (Beaver, 1978 & 1981), to help them to make 'good' decisions (SEC, 1979). Another approach starting from particular uses of financial information, attempting to deduce from these uses the sort of information that was 'serviceable' (Chambers, 1977).

These normative 'decision-making', 'user-needs' and 'agency theory' models in fact by-pass wider interest groups like the employees, the community, the consumers, and environmental interest groups. They are not recognised as having the proprietary right to information, so they are the so-called 'free-riders'. A social justice alternative is to treat information as a free good once it is generated, such that maximum welfare efficiency is ensured by making it publicly available to all societal constituents. This could be linked to the 'social responsibility' concept for corporate reporting, and a managerial social stewardship and accountability framework, both of which need to be enforced through free information.

U.K. research and debate in corporate social responsibility, social accounting and social reporting have gathered momentum only in the last decade or so. They represents exciting subject areas demanding urgent work for progress. However, a unifying framework of development to spearhead social accounting research has proved very difficult (Hopwood, 1985). Conflicting personal/professional values seemed to be the stumbling blocks. Yet, corporate social accountability issues are more relevant than ever before (e.g. see

Gray et al 1987), and accounting scholars and practitioners must be more aware of the problems and the underlying issues of the conflict.

The rising scenario of more complicated and imprecise information and the use of more novel language or media of communication has significant implications for future reporting standards. With the growing trend and impact of verbal and visual communication media, a statutory framework for a 'fair message audit' can be explored for protecting the lay-user groups. Accountants may join force with the other specialist professions to serve as an audit panel for giving an independent view of the information content of the oral and visual reports.

There is also a prominent trend which is the increasingly advertising or marketing approach to corporate reporting. This raised the question of whether such conspicuous advertising needs to be kept in check. Interested parties should explicitly consider it amongst the other uses of company reports. Employee reports are based on the annual report and often follow a similar format and style. Therefore, this issue of the advertising purpose of company reports has wide relevance in society.

How do people respond to the marketing approach to corporate reporting? Are people happy with this advertising use of such documents? How do they perceive the information content? Are they favourably inclined towards the projected company image or do they have difficulty to see any importance or use of a glamorous document?

Finally, a warning has to be made regarding the increasing marketing approach to corporate reporting. In the area of social perceptions, this research has pinpointed the importance of the perceived symbolic values of company reports. Whether intended or otherwise, the company reports are symbols. A glossy annual report can be a prestigious public relations document for the company, whilst the employee report may also be an identity symbol for the employees and management. To the outsider as well, the reports are signals about the company or the management. These social and symbolic functions can work advantageously for many interest groups. It gives more prominence to issues and provides incentives to improve managerial performance. Yet, legislators have to be wary of the unavoidable element of information providers who will attempt unscrupulous manipulation, which represent cost burdens to society. In combatting such risks, policy makers might direct research into various safeguarding methods including ideas such as the 'fair message audit'.

11.9 Recommendations for further research

Given the prevailing depressed economic climate of the country, current Government policies and the strength of traditional British management culture, it is probable that corporate social reporting and employee reporting developments will be slow to develop. Yet, undoubtedly, the social trend towards wider participation and involvement will continue. Hence information disclosure issues are poised to increase in relevance. Opportunities for case studies, action research and critical research (although unlikely to be easily available) must continue to be sought.

We must remain hopeful about future prospects for voluntary corporate reporting. Employees represent the most readily accessible subject group for researching issues and problems of communication of financial information to wider lay user-groups. It may also be expected that lessons learned from employee reporting will be valuable for developing internal as well as wider external managerial accountability. To ensure the relevance of the profession's service to a wider society, accountants (joining force with management and other experts in organisational disciplines) must extend their horizons, and adopt a broader societal perspective in their research to develop corporate financial, employee and social reporting.

11.9.1 Further research into the managerial determinants

Employee reporting continues to operate within a voluntary framework and this study has shown that the strongest factor in the development of voluntary employee reporting comprises managers' attitudes and beliefs. Therefore, it is necessary to concentrate on the managerial factors. The present research demonstrated retrospectively how observed employee communication initiatives all originated from interested and committed management. It is important to extend our understanding of the processes involved by means of longitudinal case studies about organisational change. A better understanding of the dynamics of the change process can aid interested parties in identifying relevant concerns and how to direct social change.

This study showed managerial opinions about employee information issues throughout the organisational hierarchy to be largely homogeneous. It indicated a rather uniform managerial class culture

maintained by the socialization process within the organisational structure. One useful exercise would be to study managerial perceptual factors with a larger sample. An exhaustive case study design could include all managers within the hierarchy of one large multi-business organisation. Interviewing could be combined with participant observation. This could provide a feel of real-life communication situations as well as useful comparisons of managerial beliefs throughout the hierarchical and functional positions.

Contrasting patterns of managerial attitudes in employee reporting found between the hotel and drinks industries cannot simply be attributed to assumed industrial differences. Given the domination of the large multi-business corporations, industrial classification (like the results of testing against the status of the p.l.c.) may not have high explanatory power. Future research may find it more useful to focus on studying managerial cultural differences with respect to production technology, the organisational control structure and relevant external social and structural factors.

This research also observed that research access at the top level of organisations is very difficult. Independent researchers can spend a lot of time negotiating but still be refused. Therefore, interested official and professional bodies must play a key role to support, sponsor and even introduce research initiatives. Senior executives may be more supportive if they are being approached privately as members of learned professional bodies.

Given more exposure and a wider awareness of the possibilities, management may be interested in action research to develop their own

employee communications and participation systems. However, even in a consultant's capacity, the researcher must scrupulously uphold the principles of professional integrity and academic independence.

11.9.2 Research into employees' perception of corporate reports

Views of the information provider must be contrasted with the perceptions and aspirations of the different participant groups in the communication process and in particular the recipients of the communication. Specifically, research can continue to concentrate on individuals' understanding of the information reported. It would be especially useful to test the different impact of words, diagrams, illustrations and other communication aids on employees.

Accounting research must take note of the special importance of the financial results in general voluntary employee reporting, and that the employee report was essentially the dedicated financial information document for employees. This research has highlighted the significance of the social symbolic processes of employee reporting. It is necessary, therefore, to focus on employee perceptions of any similar values ascribed to the communications. How do employees perceive the information received from management? Are extended managerial communications seen as propagandist or a sign of genuine goodwill? What do they see as the objectives that management are trying to achieve? With continuing employee reporting, are they gaining more understanding or confidence in financial information? What use do they make of it? Are they proud of the dedicated employee report, or do they think it a waste of time and money?

Employee reporting may also be regarded as a first step in corporate social reporting, and it is right within the U.K. context that the information needs of the employee group should be treated as a priority. Research must go beyond political rhetoric to seek better insights and understanding of the processes and constraints of voluntary corporate reporting. Clearly, this research and other recent studies such as those on the readability of accounting reports (Adelberg, 1983; Lewis et al, 1986; Jones, 1988; Adelberg & Farrelly, 1989) strongly argue for a multi-disciplinary approach to the subject of voluntary corporate reporting. Expertise from different social science disciplines needs to be brought together, and the various official funding bodies and professional and academic organisations could consider making cooperation an explicit policy.

11.9.3 Research paradigm and methodological issues

It is hoped that this thesis will encourage more 'naturalistic' research focused on managers as agents of organisational change. The assumed existence of one objective truth out there must be refuted, and one needs to be cautious of the deficiency of established research paradigms. Whilst some topics lend themselves to linear causal analysis, others require closer understanding of the social context and of circular interdependencies (Patton, 1990).

Our findings show that prevalent normative and positive economic rational conceptions about voluntary employee reporting are simplistic and unrealistic. We must therefore challenge the dominance of these perspectives and their implicit behavioural model and value bias based on the image of the narrow financially calculative man. It

is also time to suspend prejudgements about required universal economic efficiency in order to allow alternative theoretical frameworks like that of the social contract (Gray et al. 1987) and the social stewardship model to be brought to wider public debate.

Undoubtedly, individualism, private choice and economic calculation play a part in all aspects of life, but other moral and religious values are also deeply embedded in the national culture. Many issues of rights and responsibility, freedom and social justice, and professional ethics need to be explored as part of the shared values. Accounting is no longer taught as purely a technical value-free science. Perhaps the accounting professions may also start to address explicitly the issues and need for ethical/moral training in their own professional interest.

For the accounting research community, premature theoretical and methodological closure about an overall conceptual framework is unhelpful (Laughlin et al, 1989). There has to be a wider involvement of debate for development. Although the established research culture is biased towards the 'objective logical-deductive methodology', the more 'naturalistic' research methodology has advantages of its own. Instead of only standing on one leg (the logical-deductive pure science model), social accounting research must build strong roots in alternative forms of social science thinking.

Apart from the historical studies and research methodology studies, fieldwork using the interpretive research paradigm is still lacking in the U.K.. The value of this kind of approach has been reported in a series of field research studies in the U.S. in areas of budgeting

and management control (see Covaleski & Dirsmith, 1990). This research has also demonstrated some of the benefits of naturalistic enquiry, of the holistic interpretive approach and of qualitative methods. For example, it has shown the complex symbolic and social meanings embedded in communicating financial results, which have been missed by other research in the field. Therefore, we conclude that this interpretive style of analysis could be usefully applied to field research into wider areas of accounting in the U.K.. At a later date, when the results of more interpretive field research are available (e.g. see Laughlin, 1987), it may be possible compare the usefulness of different research perspectives in the area.

Finally, the value of interpretive research is not to offer re-testable conclusions or solutions, but insights, interpretations and pointers leading to greater understanding as a basis for collective and individual choice (within pluralistic and democratic values). One of the important roles of 'radical' accounting and research must be to uphold the ethics of public argument (Arrington & Puxty, 1989), and this can be pursued through an informing and enabling role. Towards this end, the blossoming of a research paradigm debate is liberating and encouraging worthwhile work. Perhaps accounting research has begun to undergo a painful rite of passage, developing the maturity to cope with ambiguous social realities.

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APPENDIXES

- 1.1 Names of responding companies.
- 1.2 Definition of hotels and company size.
2. Report narrative analysis coding.
3. Examples of report statement coding.
- 4.1 Report content analysis schedule.
- 4.2 Report narrative analysis schedule.
- 5.1 Company communication questionnaire.
- 5.2 Hotel communication questionnaire.
6. Communication (open-ended) questionnaire.
(plus supplementary business & personal questionnaires)
7. Opinion scale questionnaire.
8. Objectives ranking questionnaire.
9. Readability tests

APPENDIX 1.1 NAMES OF RESPONDING COMPANIES

Allied Breweries Ltd. (including Ind Coope Alloa Brewery Co. Ltd.)
Allied-Lyons p.l.c.
Associated Leisure Ltd.
Arthur Bell & Sons Ltd.
Arthur Guinness Son & Co. Ltd.
Bass Ltd. (Crest Hotels Ltd.)
British Rail (British Transport Hotels)
Comfort Hotels International p.l.c.
Gleneagles Hotels p.l.c.
Grand Metropolitan Hotels Ltd.
Greenall Whitley & Co. Ltd. (G.M. Hotels Ltd.)
Holiday Inn Inc.
Horizon Travel p.l.c.
James Burrough Ltd.
Ladbroke Group p.l.c. (Ladbroke Hotels Ltd.)
Matthew Clark & Sons (Holdings) p.l.c.
Mount Charlotte Hotels p.l.c.
Saga Holidays Ltd.
Scottish & Newcastle Breweries Ltd. (Thistle Hotels)
Seagram Distillers Ltd.
Stakis p.l.c. (Stakis Hotels & Inns Ltd.)
The Distillers Co. Ltd.
The Highland Distilleries Co. Ltd.
The Wolverhampton & Dudley Breweries, Ltd.
Trusthouse Forte p.l.c.
Vaux Breweries Ltd. (Swallow Hotels),
Whitbread & Co., p.l.c.

(The list excludes small companies and private independent hotels in order to preserve the anonymity of the individual managers.)

APPENDIX 1.2 DEFINITION OF HOTEL AND COMPANY SIZE

Essentially, the market is characterised by a variety of establishments offering a differential spectrum of services and goods, namely accommodation, food and drink (similarly defined in CIR (1971)).

"The primary characteristic of hotels is that they provide customers with lodging; Secondly, hotels generally also provide food and drink." ILO (1965), p.11.

"An establishment of a permanent nature, of four or more bedrooms, offering bed and breakfast on a short term contract and providing certain minimum standards." NEDC (1976), p.3, footnote.

Here, an operational definition of the size of hotel is needed for the sampling procedure. The HCITB defined large size hotels as those employing 200 or more employees, whereas others defined it as establishments with 75 or more beds (Meidan (1979)) or 75 or more rooms (DoT). The number of rooms is considered the more straight forward criteria for the sampling of hotels.

Comparison of the size of companies is done in terms of the total gross sales. The sample is conveniently divided into half large size and half small size companies for statistical analysis.

Furthermore, given the subject of this study concerns employee communications, another measure - the size of the workforce - is also considered to be relevant. Therefore, the total number of employees as per the annual report provides the criteria for dividing the sample of companies into half with a large workforce and half with a small workforce.

APPENDIX 2 REPORT NARRATIVE ANALYSIS CODING

<u>Code</u>	<u>Statement characteristic</u>	
Pl	Plans	
P	Policy	} Declarative
O	Objectives	
D	Denial	
R	Rationalization	} Defensive
Pr	Projection	
Ps	Political situation	
Pc	Political case	} Propaganda
M	Message	
B	Best	
Fo	Forecasts	
Be	Belief	} Factual
S	Situation	
N	Neutral results	
F	Failure results	} Success
A	Achievements	

<u>Code</u>	<u>Economic subject matter of statements</u>
1. A	Adaptability, structure, organisation
2. B	Best, leader, prestige, reputation
3. Bu	Business, operation, product range, spread
4. C	Competition, competitiveness
5. Ci	Capital investment
6. D	Disposal, closure, selling off investment
7. E	Efficiency
8. G	Growth, acquisition, expansion, diversification
9. I	Innovation, new technology, research
10. L	Liquidity, cash flow, working capital
11. M	Market share, size
12. P	Profitability
13. Pc	Price/cost control, economy
14. S	Standard, quality, product and service
15. Sa	Sales, volume
16. Su	Survival
17. As	Assets

Con't APPENDIX 2 REPORT NARRATIVE ANALYSIS CODING

<u>Code</u>	<u>Social subject matter of statements</u>
1. C	Communication, management/employees
2. Cr	Consumers
3. Cu	Customers
4. Cy	Community
5. E	Employment
6. Et	Environment, conservation
7. I	Information, employees' right to be informed
8. J	Jobs, saving jobs
9. O	Ownership share scheme for employees
10. P	Public
11. R	Good industrial relations
12. Rb	Bad industrial relations
13. Ry	Redundancy
14. S	Shareholders, investors
15. Se	Security of employment
16. Su	Suppliers
17. W	Welfare, work conditions, benefits for workers
18. L	Law
19. Ly	Loyal workforce
20. T	Training of staff

APPENDIX 3 EXAMPLES OF REPORT STATEMENT CODING

Example 1. "A poor summer, which did little to encourage soft drinks consumption contributed to a dull year for our associates, ... together with a decline in the demand for mixers reflecting the depressed spirits market." was coded as one PrSa statement.

Example 2. "With ale sales holding steady, the Group's overall share of the beer market has been maintained." was coded as one AM statement.

Example 3. "This was a very encouraging performance because, while this quality brand is good value, it sells at a high price in the market place, an area which is festooned at the present time with innumerable brands, each assiduously seeking to sell at a lower price than the competition." was coded as one BS statement and one SC statement.

Example 4. "But even in an age of mass mobility the pub plays an important role in providing a stabilising influence in the local community. It is, therefore, vital that licensees, brewers and Government should work together to ensure that the public house's unique standards of friendly relaxation and social responsibility will still be enjoyed in the years ahead." were coded as one MCy statement and one MBu statement.

Example 5. "X Hotels specialises in the needs of the business traveller and is able to provide first-class conference suites and full banqueting facilities at most hotels." was coded as one PS statement and one BS statement.

Example 6. "In the United Kingdom the Company acquired a modern 85 bedroom hotel at Basingstoke and another hotel of 58 bedrooms at Welwyn Garden City." was coded as one AG statement.

Example 7. "The Shareholder Voucher scheme has proved very popular and all shareholders are cordially invited to sample the Company's hotels at modest cost again this year." was coded as one social AS statement for the first half and another one social AS statement for the second half.

Example 8. "Further, the Chancellor again disappointed the industry by his failure to extend to spirits the concession of credit for the payment of duty which is already allowed on a number of other alcoholic beverages." was coded as one PCL statement.

Example 9. "In producing and marketing our products, we use purchased materials and also services such as power, transport, advertising, etc. To the extent that the prices at which we sell our products (less the excise duty on spirits) exceed the cost of the materials and services used, the Group's resources may be said to have created wealth. This wealth is described as 'value added'." were coded as two SBu statements.

Example 10. "Nevertheless, our present belief is that the Group's world sales by volume will be close to those of last year, and will result in a modest improvement in operating profits." was coded as one BeP statement.

REPORT TYPE (Annual or Employee)

Hotel Group			
YEAR			
Highlights			
Ill. Value added			
Ill. P/L			
Ill. B/S			
Ill. S/A			
Tables, charts maps, graphs			
Segmented dis.			
Non-stat. Finan. statements(no.)			
Graphs & Ill. (no.)			
Forecasts			
Post y/e info.			
Employment rep.			
Length of rep.		GM	
Stat. accounts		GW	
Directors rep. & stat. info.		GLi	
Operating subsi.		GLD	
Names & add.		GLCust	
Shareholder info.		GSupp	
Advertising		.	
Narratives: Chairman's rep. Business review		RFedB RInfo	
Company philosophy		.	
community benefit		EconV	
Non-stat. A/C & Ill.		EconF	
Total length(A4 equi.)		P4csqt	

Hotel group

YEAR, REPORT TYPE

Featured in Directors' rep.

Policy for disabled

Employee SH. scheme

SER benefit scheme

Pension scheme

Community service

Y.O.P.

Equal opp. Employment policy

Financial figures

Comparatives

P/L

B/S or asset sum.

S/A

Funds statement

Value added

Statistics

Graphs

FF Sales

FF Profit

FF Current tax

FF Borrowing

FF Expend. Cap exp

FF Inv. M.V. St.

FF Dividend P/S

FF Depreciation

FF Assets

FF Share Funds^{MV}

Company philosophy statement w.r.t.

SERs

Customers

Employees

Environment

Public

Management support

Communication

Disabled

Discrimination

Consumers

Client **GROUP** Schedule No. _____
 Subject Matter **Report type** Prepared by _____ Date _____
 Accounting Date **198_** Reviewed by _____ Date _____

		Social												Total						
		1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19
		C	Cr	Cu	Cy	E	E+	I	J	O	P	R	Rb	Ry	S	Se	Su	W		
Plan	Pe																			
Policy	P																			
Objective	O																			
Denial	D																			
Rationalization	R																			
Projection	Pr																			
Political Situation	Ps																			
-case	Pc																			
Message	M																			
Best	B																			
Forecast	Fo																			
Belief	Be																			
Situation (firm)	S																			
Neutral	N																			
Failure	F																			
Achievement	A																			
TOTAL																				

ROBSON RHODES

Appendix 5.1

COMPANY EMPLOYEE REPORTING QUESTIONNAIRE

CONFIDENTIAL

All information will be treated in strict confidence.
No names will be quoted.

INTRODUCTION:

The subject of this research study is the communication of company information to employees.

The purpose of this survey is to discover the patterns of practices and aims of employee reporting by firms that operate in the Scottish Hotel Business.

It is extremely important to get responses from all types of organisations, regardless of the size, composition and structure of the business, and whether or not the company issues an employee report.

Please assist by filling in this short questionnaire, answering all questions to the best of your knowledge, and return it promptly to:

Mrs. W.Y. Hill, Department of Accountancy,
Glasgow University, 67 Southpark Avenue,
Glasgow G12 8 LE.

209 CALKINS STREET
EDINBURGH EH1 1JG

COMPANY EMPLOYEE REPORTING QUESTIONNAIRE

Key: please mark with a cross where appropriate.

1. Does your company issue an annual printed report especially for employees which includes some financial results of the company?

yes no

2. Are individual employees entitled to request for a copy of the company's Annual Report?

yes no

3. Are employees automatically given a copy of the company's Annual Report?

yes no

4. Does your company have a set of published policies in communicating corporate information to employees?

yes no

If yes, please list them below.

5. How many times a year (on average) would employees receive the following communications?

no. of times in a year not used

- a. Notice on notice-board
- b. Company newspaper
- c. Company magazine
- d. Company journal
- e. Newsletter
- f. Employee report
- g. Annual Report
- h. Special purpose printed report
- i. Briefing group
- j. Consultative employee/management meeting
- k. Large group presentation
- l. Forum
- m. Video
- n. Film
- o. Slides
- Any others?

	no. of times in a year	not used
a.		<input type="checkbox"/>
b.		<input type="checkbox"/>
c.		<input type="checkbox"/>
d.		<input type="checkbox"/>
e.		<input type="checkbox"/>
f.		<input type="checkbox"/>
g.		<input type="checkbox"/>
h.		<input type="checkbox"/>
i.		<input type="checkbox"/>
j.		<input type="checkbox"/>
k.		<input type="checkbox"/>
l.		<input type="checkbox"/>
m.		<input type="checkbox"/>
n.		<input type="checkbox"/>
o.		<input type="checkbox"/>

What kinds of information does your company communicate through each of the following types of communication?

Company trading results
 Pension and welfare
 Employment statistics
 Health and safety
 Investment plans and budgets
 Manpower and work planning
 Organisational changes

	Company trading results		Pension and welfare		Employment statistics		Health and safety		Investment plans and budgets		Manpower and work planning		Organisational changes	
	yes	no	yes	no	yes	no	yes	no	yes	no	yes	no	yes	no
1. Notices	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
2. Company newspaper	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
3. Company magazine	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
4. Company journal	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
5. Newsletter	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
6. Employee report	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
7. Ad hoc printed report	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
8. Briefing group	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
9. Consultative meeting	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
10. Oral presentation	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
11. Forum	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
12. Video	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
13. Film	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
14. Slides	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Any other major information items?

From the list in Question 5 ('a' to 'b'), please indicate which are the five most useful methods of communication for your organisation.

--	--	--	--	--

Of these five, the most useful one is

--

Which company employees usually attend the following:

unit managers supervisory staff lower-level employees

	unit managers		supervisory staff		lower-level employees	
	yes	no	yes	no	yes	no
1. Briefing group	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
2. Large group oral presentation	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
3. Forum	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
4. Audio-visual presentation	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Would you (or a representative of your organisation) be willing to grant me an interview so I may explore further your company's attitudes on employee reporting? yes no

Please give your name, tel. no., and indicate any preferred days and time for the interview.

Please ensure that no answers are left out, and return the questionnaire promptly.)

EMPLOYEE REPORTING QUESTIONNAIRE FOR HOTELS

INTRODUCTION:

The purpose of this survey is to discover the patterns of practices and aims of employee reporting by large and medium size hotels in Scotland.

It is extremely important to get responses from all types of establishments regardless of the structure, composition and size of the business.

All information will be treated in strict confidence.

No names will be quoted.

Please assist by filling in this questionnaire, answering all questions to the best of your knowledge, and return it promptly to:

Mrs. W.Y. Hill, Department of Accountancy,
Glasgow University, 67 Southpark Avenue,
Glasgow G12 8 LE.

EMPLOYEE REPORTING SECTION:

Key: please mark with a cross where appropriate.

1. Does your hotel have a set of aims in communicating business information to employees?

yes no

If yes, please list them below.

2. How many times a year (on average) would employees receive the listed communications?

- a. Notice on notice-board
- b. Written report from hotel management
- c. Small briefing group
- d. Large group presentation
- e. Forum
- f. Video
- g. Film
- h. Slides

	no. of times in a year	not used
a.	<input type="text"/>	<input type="checkbox"/>
b.	<input type="text"/>	<input type="checkbox"/>
c.	<input type="text"/>	<input type="checkbox"/>
d.	<input type="text"/>	<input type="checkbox"/>
e.	<input type="text"/>	<input type="checkbox"/>
f.	<input type="text"/>	<input type="checkbox"/>
g.	<input type="text"/>	<input type="checkbox"/>
h.	<input type="text"/>	<input type="checkbox"/>

Any others?

1. What (do you think) are your company's objectives in communicating corporate information to the employees?

2. What is your view about making the company's Annual Report available to the employees?

- | | | |
|--|--------------------------|--------------------------|
| | yes | no |
| a. Should it be done? | <input type="checkbox"/> | <input type="checkbox"/> |
| b. Do you think they are entitled to it? | <input type="checkbox"/> | <input type="checkbox"/> |

3. Do you think whether it would make any difference if, apart from the financial statements, the financial figures in the other parts of the Annual Report were also audited? yes no

4. What do you think would be the likely future state of legislative requirements for reporting to employees?

5. What is your opinion on the published annual employee report?

- | | | |
|---------------------------------|--------------------------|--------------------------|
| | yes | no |
| a. Should it be published? | <input type="checkbox"/> | <input type="checkbox"/> |
| b. Is it an important document? | <input type="checkbox"/> | <input type="checkbox"/> |
| c. Is it an useful report? | <input type="checkbox"/> | <input type="checkbox"/> |

6. What do you think the company has achieved by employee reporting?

- X7. Why (in your opinion) does your company not report any financial information to the employees?
- X8. Why (in your opinion) did your company decide against the employee report?
19. Why (in your opinion) will your company not consider issuing a special report for the employees?
- *10. Why (in your opinion) did your company first start to issue a special annual printed report for the employees?
- *11. Can you describe how a special employee report was started and instituted?
- *12. What (do you think) are your company's current aims in issuing employee reports?

13. What do you think employee reporting should achieve?

14. What in your opinion should be the aims of the annual employee report?

a. Who should prepare it?

b. Should outside consultants or specialists be enlisted?

c. What form should the report take?

d. What method of presentation should be used?

e. What types of information should be included?

	yes	no
-Financial information?	<input type="checkbox"/>	<input type="checkbox"/>
-Budgets and forecasts?	<input type="checkbox"/>	<input type="checkbox"/>
-Employment information?	<input type="checkbox"/>	<input type="checkbox"/>
-Trading review?	<input type="checkbox"/>	<input type="checkbox"/>
-Organisational information?	<input type="checkbox"/>	<input type="checkbox"/>
-Manpower planning?	<input type="checkbox"/>	<input type="checkbox"/>
-Business development?	<input type="checkbox"/>	<input type="checkbox"/>
-Company objectives & policies?	<input type="checkbox"/>	<input type="checkbox"/>

f. Should the financial figures in the employee report be audited by an independent qualified auditor?

yes no

*15. What does the employee report mean to you as a member of the company?

*16. Does it signify something about your company?
If it does, please explain.

yes no

*17. Does the employee report signify something to the employees?
If so, what?

yes no

*18. For yourself,

	yes	no
a. Have you used the employee report?	<input type="checkbox"/>	<input type="checkbox"/>
b. Did you-read through it thoroughly?	<input type="checkbox"/>	<input type="checkbox"/>
-read all rather quickly?	<input type="checkbox"/>	<input type="checkbox"/>
-read some of it in detail?	<input type="checkbox"/>	<input type="checkbox"/>
-glance through it?	<input type="checkbox"/>	<input type="checkbox"/>
-not read it at all?	<input type="checkbox"/>	<input type="checkbox"/>
c. Did you find it useful?	<input type="checkbox"/>	<input type="checkbox"/>
d. Is there any information in the report which is new to you?	<input type="checkbox"/>	<input type="checkbox"/>

*19. What(do you think)has the company achieved by issuing the employee report?

*20. What changes (in your opinion) should be made to the company's employee report?

COMPANY EMPLOYEE REPORTING (FACTUAL) INTERVIEW QUESTIONNAIRE

1. Does your company give employees:
- | | | |
|--|--------------------------|--------------------------|
| | yes | no |
| a. aggregated group trading information? | <input type="checkbox"/> | <input type="checkbox"/> |
| b. divisional trading information? | <input type="checkbox"/> | <input type="checkbox"/> |
| c. unit-level trading information? | <input type="checkbox"/> | <input type="checkbox"/> |
| d. no trading information at all? | <input type="checkbox"/> | <input type="checkbox"/> |

(Trading information includes financial information, planning, policy, and other information relating to the business of the company.)

2. Who is responsible for :
- | | | | | | | |
|---------------------------------|--------------------------|--------------------------|--|--------------------------|-------------------------------------|--------------------------|
| | deciding what to present | | preparing employee communication materials | | presenting oral or visual materials | |
| | yes | no | yes | no | yes | no |
| a. personnel at group-level? | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| b. personnel at division-level? | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| c. personnel at unit-level? | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |

(What are their positions in the organisation?)

3. Can you please give estimates of the resources used in 1981 for producing, distributing/ presenting, and receiving the communicated materials?
- | | | | | |
|--------------------|--------------------------------------|--|---|--|
| | total out-of-pocket production costs | total out-of-pocket distribution costs | total company time for preparing materials (in man-hrs) | total company time for attending meetings (in man-hrs) |
| a. written reports | £ <input type="text"/> | £ <input type="text"/> | <input type="text"/> | <input type="text"/> |
| b. oral reports | £ <input type="text"/> | £ <input type="text"/> | <input type="text"/> | <input type="text"/> |
| c. visual reports | £ <input type="text"/> | £ <input type="text"/> | <input type="text"/> | <input type="text"/> |
| d. other methods | £ <input type="text"/> | £ <input type="text"/> | <input type="text"/> | <input type="text"/> |

4. Is your company currently considering the use of an employee report?
- | | |
|--------------------------|--------------------------|
| yes | no |
| <input type="checkbox"/> | <input type="checkbox"/> |

5. Has the use of an employee report been considered before?
- | | |
|--------------------------|--------------------------|
| yes | no |
| <input type="checkbox"/> | <input type="checkbox"/> |

6. Will your company consider issuing an employee report in the near future (say during the coming three years) ?
- | | |
|--------------------------|--------------------------|
| yes | no |
| <input type="checkbox"/> | <input type="checkbox"/> |

7. Can you please give estimates of the total costs of producing, printing and distributing the employee report ?
- | | | | |
|--|------------------------|------------------------|------------------------|
| | 1979 | 1980 | 1981 |
| | £ <input type="text"/> | £ <input type="text"/> | £ <input type="text"/> |

8. Is there a special staff member appointed to be responsible for the employee reporting? yes no
If yes, what is the person's position?

a. is there a regular internal production team?
(excluding printing)

b. does the person report directly to the board of directors?

c. does the person report directly to a member of the board?

d. Is there an Industrial Relations or Employee Communication (or Relations) Department in the firm?

e. Is there a Public Relations (or Affairs) Department in your company?

*9. Was there any assessment of the impact of the employee report? yes no

If yes, please give details of the response and content of any assessment report.

*Has there been any extension made to the Management Information System to enable the function of Employee Reporting? Yes No

~~any questions or comments on what have been covered so far?~~

GENERAL BUSINESS QUESTIONS

- | | yes | no |
|--|--------------------------|--------------------------|
| 10. Does the group headquarters exercise central control over the operation of individual hotels in: | | |
| a. pricing? | <input type="checkbox"/> | <input type="checkbox"/> |
| b. buying? | <input type="checkbox"/> | <input type="checkbox"/> |
| c. advertising? | <input type="checkbox"/> | <input type="checkbox"/> |
| d. hiring of department heads? | <input type="checkbox"/> | <input type="checkbox"/> |
| e. training? | <input type="checkbox"/> | <input type="checkbox"/> |
| f. salary and wage rates? | <input type="checkbox"/> | <input type="checkbox"/> |
| g. capital expenditure? | <input type="checkbox"/> | <input type="checkbox"/> |
| any other areas? | | |

11. What criteria are used for assessing the performance of hotel managers?

EMPLOYMENT (STATISTICAL INFORMATION) SECTION:

1. How many permanent (Full+Part-time) staff were there in the following categories:
- | | | |
|------------------------------|--|--|
| a. managers and supervisors. | at the beginning of 1981? | Of these, how many had left in 1981? |
| | <input style="width: 100px; height: 20px;" type="text"/> | <input style="width: 100px; height: 20px;" type="text"/> |
| b. other employees. | <input style="width: 100px; height: 20px;" type="text"/> | <input style="width: 100px; height: 20px;" type="text"/> |

2. What are the recognised unions for:
- a. managers and supervisors?

b. other employees?

not unionized

3. What percentages of employees belonged to unions?

a. managers and supervisors?

b. other employees?

	1979	1980	1981
a. managers and supervisors?	<input style="width: 60px; height: 20px;" type="text"/> %	<input style="width: 60px; height: 20px;" type="text"/> %	<input style="width: 60px; height: 20px;" type="text"/> %
b. other employees?	<input style="width: 60px; height: 20px;" type="text"/> %	<input style="width: 60px; height: 20px;" type="text"/> %	<input style="width: 60px; height: 20px;" type="text"/> %

not applicable

4. What were the staff turnover rates of permanent staff? (No. of quits in the year over average no. of members in the year times 100 .)

a. managers and supervisors?

b. other employees?

	1979	1980	1981
a. managers and supervisors?	<input style="width: 60px; height: 20px;" type="text"/> %	<input style="width: 60px; height: 20px;" type="text"/> %	<input style="width: 60px; height: 20px;" type="text"/> %
b. other employees?	<input style="width: 60px; height: 20px;" type="text"/> %	<input style="width: 60px; height: 20px;" type="text"/> %	<input style="width: 60px; height: 20px;" type="text"/> %

5. What were the average absenteeism? (No. of working days lost per person per year.)

a. managers and supervisors?

b. other employees?

	1979	1980	1981
a. managers and supervisors?	<input style="width: 60px; height: 20px;" type="text"/>	<input style="width: 60px; height: 20px;" type="text"/>	<input style="width: 60px; height: 20px;" type="text"/>
b. other employees?	<input style="width: 60px; height: 20px;" type="text"/>	<input style="width: 60px; height: 20px;" type="text"/>	<input style="width: 60px; height: 20px;" type="text"/>

6. What were the total no. of working days lost due to industrial action?

	1979	1980	1981
	<input style="width: 60px; height: 20px;" type="text"/>	<input style="width: 60px; height: 20px;" type="text"/>	<input style="width: 60px; height: 20px;" type="text"/>

BUSINESS (STATISTICAL INFORMATION) SECTION:

For years:

1979

1980

1981

1. What were the total sales?

£

£

£

2. What were the operating profits?

£

£

£

3. What were the occupancy rates?

%

%

%

4. What were the total numbers of

a. full-time employees?

b. part-time employees?

5. What was the total payroll?

£

£

£

6. What % of sales were from overseas visitors?

%

%

%

7. What were the total no. of bedrooms?

8. What were the total no. of hotels?

PERSONAL DATA SECTION:

1. Are you Male or Female ?

2. Are you over 50 46-50 41-45 36-40 31-35 30&under ?

3. Do you own shares in the company? yes no

4. Are you a *union /trade association member?
Please indicate which *union/trade association. yes no

5. Do you take part in union negotiations?
(Representing the *employees/employer.) yes no

6. Have you been with this organisation for up to 1 1-5 6-10 over 10 year

7. Do you expect to change your job within the coming year? (The new job will be in *a new/the present company.) yes no

8. What level of formal education did you complete? 'O'level 'A'level Higher Diploma First Degree Postgraduate

9. Do you belong to any professional organisations? yes no

10. What are these professional organisations?

11. What is the department/division you work in?

12. What is the title of your position?

OPINION SCALE QUESTIONNAIRE

INTERNAL COMMUNICATION SECTION

Introduction: The purpose of this section is to ascertain opinions of personnel concerning internal communication in your company, that is your personal opinion. Please use the scale to say which you feel is closest to your opinion about the each one of the following statements.

- a. Information is not readily available.
 (1) Agree (3) Disagree (5) Mixed feelings
 (2) Strongly agree (4) Strongly disagree (6) Not sure
- b. Information reaches me too late.
 (1) Agree (3) Disagree (5) Mixed feelings
 (2) Strongly agree (4) Strongly disagree (6) Not sure
- c. Information is reliable and accurate.
 (1) Agree (3) Disagree (5) Mixed feelings
 (2) Strongly agree (4) Strongly disagree (6) Not sure
- d. Information is often useless and not important.
 (1) Agree (3) Disagree (5) Mixed feelings
 (2) Strongly agree (4) Strongly disagree (6) Not sure
- e. The language in the information material is often difficult.
 (1) Agree (3) Disagree (5) Mixed feelings
 (2) Strongly agree (4) Strongly disagree (6) Not sure
- f. I get too much information.
 (1) Agree (3) Disagree (5) Mixed feelings
 (2) Strongly agree (4) Strongly disagree (6) Not sure
- g. Information does not reach me.
 (1) Agree (3) Disagree (5) Mixed feelings
 (2) Strongly agree (4) Strongly disagree (6) Not sure
- h. Top management conceals important information.
 (1) Agree (3) Disagree (5) Mixed feelings
 (2) Strongly agree (4) Strongly disagree (6) Not sure
- i. I cannot express my opinions freely in my organisation.
 (1) Agree (3) Disagree (5) Mixed feelings
 (1) Strongly agree (4) Strongly disagree (6) Not sure
- j. My opinions do not count and nobody listens to what I say.
 (1) Agree (3) Disagree (5) Mixed feelings
 (2) Strongly agree (4) Strongly disagree (6) Not sure
- k. I get a lot of information about my work and organisation from my superiors and top management.
 (1) Agree (3) Disagree (5) Mixed feelings
 (2) Strongly agree (4) Strongly disagree (6) Not sure

- l. I get a lot of information about my work and organisation from colleagues and fellow employees.
 (1) Agree (3) Disagree (5) Mixed feelings
 (2) Strongly agree (4) Strongly disagree (6) Not sure
- m. I get a lot of information about my work and organisation from company newspaper/magazine/newsletters/bulletins/notices.
 (1) Agree (3) Disagree (5) Mixed feelings
 (2) Strongly agree (4) Strongly disagree (6) Not sure
- n. I get a lot of information from other company written materials.
 (1) Agree (3) Disagree (5) Mixed feelings
 (2) Strongly agree (4) Strongly disagree (6) Not sure
- o. I get a lot of information about my work and organisation from meetings and committees.
 (1) Agree (3) Disagree (5) Mixed feelings
 (2) Strongly agree (4) Strongly disagree (6) Not sure
- p. I get a lot of information about my work and organisation from rumors.
 (1) Agree (3) Disagree (5) Mixed feelings
 (2) Strongly agree (4) Strongly disagree (6) Not sure
- q. I get a lot of information about my work and organisation from the mass media and newspapers.
 (1) Agree (3) Disagree (5) Mixed feelings
 (2) Strongly agree (4) Strongly disagree (6) Not sure

SATISFACTION SECTION

Introduction: The following statements are to ask for your feeling of satisfaction in communication and other organisational matters. Please use the scale to indicate how much you agree or disagree with each statement.

- a. I am satisfied with the amount of information I get from my superiors and top management.
(1) Agree (3) Disagree (5) Mixed feelings
(2) Strongly agree (4) Strongly disagree (6) Not sure
- b. I am satisfied with the amount of information I get from my colleagues and fellow employees.
(1) Agree (3) Disagree (5) Mixed feelings
(2) Strongly agree (4) Strongly disagree (6) Not sure
- c. I am satisfied with the amount of information I get from the company newspaper/magazine/newsletters/bulletins.
(1) Agree (3) Disagree (5) Mixed feelings
(2) Strongly agree (4) Strongly disagree (6) Not sure
- d. I am satisfied with the amount of information I get from the other company written materials.
(1) Agree (3) Disagree (5) Mixed feelings
(2) Strongly agree (4) Strongly disagree (6) Not sure
- e. I am satisfied with the amount of information I get from the meetings and committees.
(1) Agree (3) Disagree (5) Mixed feelings
(2) Strongly agree (4) Strongly disagree (6) Not sure
- f. I am satisfied with the amount of information I get from the company rumors.
(1) Agree (3) Disagree (5) Mixed feelings
(2) Strongly agree (4) Strongly disagree (6) Not sure
- g. I am satisfied with the amount of information I get from the mass media and the newspapers.
(1) Agree (3) Disagree (5) Mixed feelings
(2) Strongly agree (4) Strongly disagree (6) Not sure
- h. I am satisfied with the chances for promotion and advancement in my company.
(1) Agree (3) Disagree (5) Mixed feelings
(2) Strongly agree (4) Strongly disagree (6) Not sure
- i. I am satisfied with the instructions from my superiors.
(1) Agree (3) Disagree (5) Mixed feelings
(2) Strongly agree (4) Strongly disagree (6) Not sure
- j. I am satisfied with the assessment of work in my company.
(1) Agree (3) Disagree (5) Mixed feelings
(2) Strongly agree (4) Strongly disagree (6) Not sure

- k. I am satisfied with the salary I am getting.
(1) Agree (3) Disagree (5) Mixed feelings
(2) Strongly agree (4) Strongly disagree (6) Not sure
- l. I am satisfied with the benefits I get from the company.
(1) Agree (3) Disagree (5) Mixed feelings
(2) Strongly agree (4) Strongly disagree (6) Not sure
- m. I am satisfied with my work in this organisation.
(1) Agree (3) Disagree (5) Mixed feelings
(2) Strongly agree (4) Strongly disagree (6) Not sure
- n. I am satisfied with participation and my possibilities to influence matters concerning my work.
(1) Agree (3) Disagree (5) Mixed feelings
(2) Strongly agree (4) Strongly disagree (6) Not sure

COMMITMENT SECTION

Introduction: In this section we look at what it means to you being a member of your organisation. Some people feel themselves to be just an employee, there to do a job of work, while others feel more personally involved in the organisation they work for. The following statements express what people might feel about themselves as members of their organisation. Will you please indicate on the scale provided how much you agree or disagree with each statement.

- a. I am quite proud to be able to tell people who it is I work for.
(1) Agree (3) Disagree (5) Mixed feelings
(2) Strongly agree (4) Strongly disagree (6) Not sure
- b. I sometimes feel like leaving this employment for good.
(1) Agree (3) Disagree (5) Mixed feelings
(2) Strongly agree (4) Strongly disagree (6) Not sure
- c. I am not willing to put myself out just to help the company.
(1) Agree (3) Disagree (5) Mixed feelings
(2) Strongly agree (4) Strongly disagree (6) Not sure
- d. Even if the firm were not doing too well financially, I would be reluctant to change to another employer.
(1) Agree (3) Disagree (5) Mixed feelings
(2) Strongly agree (4) Strongly disagree (6) Not sure
- e. I feel myself to be part of the organisation.
(1) Agree (3) Disagree (5) Mixed feelings
(2) Strongly agree (4) Strongly disagree (6) Not sure
- f. In my work I like to feel I am making some effort, not just for myself but for the organisation as well.
(1) Agree (3) Disagree (5) Mixed feelings
(2) Strongly agree (4) Strongly disagree (6) Not sure
- g. The offer of a bit more money with another employer would not seriously make me think of changing my job.
(1) Agree (3) Disagree (5) Mixed feelings
(2) Strongly agree (4) Strongly disagree (6) Not sure
- h. I would not recommend a close friend to join our staff.
(1) Agree (3) Disagree (5) Mixed feelings
(2) Strongly agree (4) Strongly disagree (6) Not sure
- i. To know that my own work had made a contribution to the good of the organisation would please me.
(1) Agree (3) Disagree (5) Mixed feelings
(2) Strongly agree (4) Strongly disagree (6) Not sure

TRUST AND CONFIDENCE SECTION

Introduction: The following are some statements which express opinion that people might hold about the confidence and trust that can be placed in others at work, both colleagues and senior management. Would you please use the scale to say how much you agree or disagree with each statement.

- a. Senior management at my firm is sincere in its attempts to meet the point of view of the employees.
(1) Agree (3) Disagree (5) Mixed feelings
(2) Strongly agree (4) Strongly disagree (6) Not sure
- b. Our firm has a poor future unless it can attract better senior executives.
(1) Agree (3) Disagree (5) Mixed feelings
(2) Strongly agree (4) Strongly disagree (6) Not sure
- c. If I got into difficulties at work I know my colleagues would try to help me out.
(1) Agree (3) Disagree (5) Mixed feelings
(2) Strongly agree (4) Strongly disagree (6) Not sure
- d. Senior management can be trusted to make sensible decisions for the future of the firm.
(1) Agree (3) Disagree (5) Mixed feelings
(2) Strongly agree (4) Strongly disagree (6) Not sure
- e. I can trust the people I work with to lend me a hand if I needed it.
(1) Agree (3) Disagree (5) Mixed feelings
(2) Strongly agree (4) Strongly disagree (6) Not sure
- f. Senior management seems to do an efficient job.
(1) Agree (3) Disagree (5) Mixed feelings
(2) Strongly agree (4) Strongly disagree (6) Not sure
- g. I feel quite confident that the firm will always try to treat me fairly.
(1) Agree (3) Disagree (5) Mixed feelings
(2) Strongly agree (4) Strongly disagree (6) Not sure
- h. Most of my colleagues can be relied upon to do as they say they will do.
(1) Agree (3) Disagree (5) Mixed feelings
(2) Strongly agree (4) Strongly disagree (6) Not sure
- i. I have full confidence in the skills and competence of my colleagues.
(1) Agree (3) Disagree (5) Mixed feelings
(2) Strongly agree (4) Strongly disagree (6) Not sure

- k. Most members of staff would get on with their work even if more senior supervising staff were not around.
(1) Agree (3) Disagree (5) Mixed feelings
(2) Strongly agree (4) Strongly disagree (6) Not sure
- l. I can rely on other members of the company not to make my job more difficult by careless work.
(1) Agree (3) Disagree (5) Mixed feelings
(2) Strongly agree (4) Strongly disagree (6) Not sure
- m. Our top management would be quite prepared to gain advantage by deceiving the employees.
(1) Agree (3) Disagree (5) Mixed feelings
(2) Strongly agree (4) Strongly disagree (6) Not sure

BUSINESS OBJECTIVES SECTION:

Here are some objectives a business organisation may have.

Group 1 <i>To achieve</i>	Group 2 <i>To be or to aim at</i>	Group 3 <i>To</i>	Group 4 <i>To act in the interest of</i>
(1) Sales	(1) Leader in business	(1) Provide security of employment	(1) Government
(2) Profit	(2) Effective organisation	(2) Good industrial relations	(2) Shareholders
(3) Liquidity	(3) Innovation & new technology	(3) Openness in management	(3) Consumers
(4) Competitive-ness	(4) Standard & quality of goods and services	(4) Maintain and save jobs	(4) Employees
(5) Market Share	(5) Survival	(5) Good communication	(5) Customers
(6) Growth	(6) Long-term investment	(6) Hold price rises below inflation	(6) The public
(7) Efficiency	(7) Cost control & trimming	(7) Keep pay rise in line with government guideline	(7) Suppliers
(8) Productivity		(8) Uphold equality principles	(8) Licencees
		(9) Fulfil social responsibilities	(9) Local Communities

Any others?

For each group, please indicate which four do you think are the most important for your company.

Group 1

Group 2

Group 3

Group 4

Out of the four, the most important one (for each group respectively) is:

Group 1

Group 2

Group 3

Group 4

--

--

--

--

Comparing the final choices for groups 1, 2, and 3, the most important one amongst the three is:

--

REPORTING OBJECTIVES SECTION:

Probable objectives in reporting to employees:

- (1) to provide a channel of information.
- (2) to educate them in company matters.
- (3) to inform the employees.
- (4) to ^{make} them feel proud of the company.
- (5) to influence their wage demands.
- (6) to acknowledge their right to be informed.
- (7) to instill trust and commitment.
- (8) to be accountable to the employees.
- (9) to give a message.
- (10) to give them information for making decisions and forming opinions.

any others ?

Out of the objectives of employee reporting listed above, please indicate which do you think are the four most important ones for your company.

Amongst these four, the most important one is:

As shown by the analysis of profits of our on-going divisions on page 1, all our businesses stood up well to the economic recession. This has _____ particularly true of our _____ time and property development _____. The former, as I _____ out last year, are _____ the last to suffer, _____, as in our case, _____ there is no dependence _____ a narrow section of _____ population and our operations _____ nationally based. Our betting, _____ and amusement machine hire _____ achieved their highest ever _____, while all our other _____ time activities did reasonably _____.

Our hotel business increased _____ profitability and, in so _____, went against the industry _____. Trading was difficult but _____ advantages we have, in _____ our hotels are in _____ positions and are modern, _____ built units spread across _____ country, stand us in _____ stead. We believe that _____ hotel industry as a _____ and our hotel division _____ particular, will come into _____ own in 1982, when _____ anticipate that demand for _____ accommodation will begin to _____ supply. There has been _____ dearth of new developments _____ recent years, but we _____ one of the few _____ have continues to build _____. When normal conditions have _____, very good yields on _____ asset based business will _____ achieved.

.....

The pattern of _____ to date in 1981 _____ similar to that of _____. We have to work _____ for every £1 of _____ and to ensure that _____ overheads are under strict _____. We do not anticipate _____ major downturn in our _____ and are confident of _____ good year. We plan _____ maintain the high level of capital investment, seeking new opportunities to increase our cashflow businesses and to continue building our strong asset base.

We had no doubt when we acquired Liggett that we would satisfy one of our original objectives by adding value to our spirits and wines activities throughout the world. Quite apart from _____, and the beneficial effect _____ exports from the United _____, the move has given _____ impetus to the international _____ of some of our _____ activities. For instance, we _____ begun to apply dairy _____ developed at home to _____ operations of three small _____ ingredient companies recently acquired _____ the United States, and _____ use the resulting product _____ in our United Kingdom _____. This is only one _____ example, albeit a promising _____ with considerable market potential, _____ the way in which _____ aim to create additional _____ from our existing operations. _____ regard this as one _____ the prime tasks of _____ and will continue to _____ the need for innovation _____ we are in business.

.....

We could not have _____ a major shift in _____ geographical balance of our _____ without increasing the ratio _____ total borrowings to shareholders' _____. We are equally determined _____ to maintain an adequate _____ of capital investment in _____ mainstream activities in the _____ Kingdom and elsewhere. Accordingly, _____ are examining the scope _____ releasing funds from some _____ our peripheral activities.

In _____ absence of any tangible _____ of a recovery in _____ spending, I cannot take _____ optimistic view of the _____ economic prospects for the _____ Kingdom. The American economy _____ also entered a recessionary _____ and this has begun _____ affect the level of _____ demand in some of _____ United States markets. Grand _____ has often demonstrated its _____ in difficult trading conditions _____ shareholders will be glad to learn that our results in the current year to date are holding up well.

