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An analysis of the employee communications of a medium-sized chemical company.

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BOSTON UNIVERSITY
School of Public Relations and Communications

Thesis

AN ANALYSIS OF THE EMPLOYEE COMMUNICATIONS OF A MEDIUM-SIZED CHEMICAL COMPANY

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Submitted in partial fulfillment of the requirements of the degree of
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INTRODUCTION

Communications is the means through which an individual interchanges his thoughts or opinions with others. Similarly, through communication, an industry should seek to interpret itself to its workers as well as to its public.

In the past, industry recognized that many problems which complicated labor-management relations were the result of misinformation and misunderstanding by both sides. In recent years, however, management has become aware of the fact that the communications job is its own responsibility. In other words, management must communicate with their employees in its own way and in its own words.

Why communicate? There are many reasons why management must get on with this job: Management must communicate to make themselves known, understood and liked by their employees; A good communications program can minimize misunderstandings; A good communications program also gives management a better understanding of what employees want and what they are thinking; Misinformation and rumors can be stopped; Employees have better work attitudes when they know where they fit in the company, and why their work is important; The individual employee gains greater satisfaction with his job and his employer by knowing what is going on in the company.
Chapter I

THE PROBLEM AND DEFINITION OF THE PROBLEM

I. THE PROBLEM

Statement of the problem. It is the purpose of this thesis (1) to study the methods of communications between (a) the management and employees and (b) the employees and management in a chemical organization; (2) to offer suggestions that may help strengthen the existing communications program; and (3) to serve as a basis for a handbook in "X" Chemical Company.

Importance of the study. This study is of importance in that (1) it may serve as a basis for further study in the chemical industry; and (2) it may inspire ideas for developing, directing, and co-ordinating the communications aspect of the public relations functions in the chemical field.

Study procedure.

A. Sources to be explored.

1. Management's communications with Employees
   b. Various programs through which Management communicates with the employee.

2. Employees' communications with Management

B. Methods to be used.

1. Formal and informal interviews with management and employees.
II. DEFINITION OF THE PROBLEM

The Effect of the Industrial Revolution on Employee Communication. Before the Industrial Revolution, the average business enterprise was a small organization with the employer and one or two or possibly as many as ten employees working together. In many instances the employer did the same work, side by side, with his employees. Thus the employer knew his employees well. He knew their abilities and their limitations as well as something about their personal lives. There was no problem of communication in such a relationship. The employer communicated with his employees on the job. The employees knew the employer's problems in conducting his business successfully because they worked closely with the employer and shared his troubles and his ambitions for the success of the business enterprise. This kind of close relationship between employer and employee exists even today where the business enterprise is a small one.

With the advent of the Industrial Revolution, this relationship changed radically. The employer became a big corporation with thousands of stockholders who have no contact whatsoever with the hundreds of employees of the corporation. The employee lost contact with the management of the corporation.
because it was put into the hands of a group of management specialists who were removed from the immediate area where the work was being performed by the employees. Thus the employees were left to work without contact with the men who were running the business enterprise. This situation brought about the need for communication between management and the employees. A system had to be devised whereby management could communicate with its employees, so as to inform them about its problems and its program for the success of the enterprise. By the same token, it was necessary that the system of communication enable the employees to communicate to management their ideas, opinions, and desires as they were affected by working conditions and the like.

The mass production system has also brought about the need for a system of communication between management and its employees. Under mass production the employee's work is reduced to a small part of the job of producing the finished product. The employee does not require much skill to do the work assigned to him. A product is produced by the many operations of the employees, each doing his small part of the whole operation. No worker alone turns out the entire finished product. Since the employee does not produce the entire product, he loses the pride that goes into doing the entire job which he can view with a certain amount of satisfaction for a job well done. It is for these reasons that communication between management and the employee must be good to instill in the mind of the employee the idea that his work is
important and that without it the finished product could not be produced.

Since many employees do not fully understand the economic laws the average business concern operates under, they develop a feeling of insecurity for their jobs. It is management's responsibility to use a system of communication whereby it intelligently informs the employees of the economic status of the company as well as its long range plans. Such a system dispels unfounded fears and also educates the employees to changes that take place in the employment picture of the firm and which result from forces operating outside the control of the firm.

Because many employees have the idea that companies make exorbitant profits at their expense by giving them low wages, it is necessary to have a communication system from management to the employees whereby management can explain the reason for profits and the reason for putting back into Capital improvements the profits earned by the company. Thus the employees will better appreciate how the profit system works in the industrial enterprise and they will not feel that they are being exploited.

Workers who are not acquainted with the promotion and transfer system of the company feel that promotions and transfers take place as a result of favoritism or fancy. A good communication system fully informs the employees of the methods by which a company promotes and transfers employees. The
various factors that are considered before a promotion is granted and the system the company uses in evaluating a possible promotion help explain that the promotions are based on merit and not favoritism or fancy. A system of communication from management to employees can clear up any such misconceptions.

During the depression of the 1930's, the unemployed became disillusioned with the American business system because of its ups and downs. Also, the employees who managed to keep their jobs during the depression developed a feeling of insecurity they never overcame. The unemployed and the fortunate few, who remained employed, felt that they were helpless in spite of anything they did in the way of being faithful employees. As a result of the depression, the companies concentrated on personnel administration to reduce employee restlessness. A communication system was needed to carry the message of management to its employees that management was doing all it could to alleviate the unemployment situation and that management was doing all it could to gain friendly relations with its workers.

Today, management has become aware of the fact that it cannot gamble that, some way or another, the employees will get the information as to what management is trying to do in the way of making the company a successful business venture and a good place to work. It is necessary that management have its own communication system directed at its employees so that they are informed about what management is trying to
do. Also, the reverse is true. Management cannot gamble that, somehow or another, it will find out what its employees are thinking about management and its policies. It must have a communication system from employees to management so as to obtain the employees' ideas, opinions, and attitudes.

The Role of the Foreman. The foreman is often known as the first-line supervisor. He is the senior man in the rank-and-file team. However, in American industry, the supervisor is recognized as a member of management. He serves as a bridge between the two main groups within industry, namely management and labor.

The foreman is not considered to be a craftsman. Similar to the craftsman, however, he needs technical experience. His needed experience centers around the routine of his department and the job of each individual in it. This experience, however, can be gained only by time or through a foreman training program.

As a member of management, the supervisor should be well versed in company policies, operations, and technical processes. Intellectual ability is required for this job. To attain this goal, he must be well trained in principles of company operation.

Caught between conflicting demands, the job of supervisor has become more difficult. He must know more and be able to do almost everything.

Years ago, the supervisor found himself running his own
department at his own financial risk. His function was that of an executive.

Today, however, his duties, although heavy and difficult, are almost without executive elements. He no longer has the authority he once possessed. He has lost it both to the union and the new management groups. He makes fewer decisions. He no longer hires the people who are to work under him. He is now a member of management in name only.

Nevertheless, the supervisor, as a voice of management, is considered the principal and most effective channel for improving two-way communications with employees. Progressive management, therefore, is doing everything possible to supply him with information and assistance in strengthening the foreman-employee relationship.

**The Effect of Unionization on Communication.** Management and union both demanded the loyalty of the workers of the organization. Both appealed to the worker. However, the worker could not vote for one and not the other. He must be loyal to both.

This so-called "split allegiance" brought about much tension and conflict in the worker. It means that if he abandoned allegiance to the organization, he lost his self-respect, pride in his company, as well as pride in his work. However, if he gives up allegiance to the union, he again loses his self-respect by accepting control by the corporation.

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The worker is frustrated. He does not understand why he must choose between the two. He does not feel that because he pledged his allegiance to the union that he must be anti-corporation or vice versa. He looked to both union and management.

Neither union nor management is further interested in demanding absolute allegiance, as this can turn the employees against both. Both are interested in transforming "split allegiance" into "twin allegiance." They will succeed in doing this only by working together with a common purpose.

Unions have tried to communicate their intentions and purposes to their members with some success. Management, on the other hand, must establish and maintain clear lines of communication with unions so that they will have management's conception on all aspects of company operation. In this way employees will receive complete information on which to base their opinions.

Employee Media. There are three main modes of communication, namely, visual, written, and oral. Many companies employ these methods in conveying information to their workers.

Visual methods include exhibits, slides, posters, movies, illustrations, photographs, and visits. Written media of importance include manuals, handbooks, newsletters, house organs, annual reports, suggestions systems, letters to employees, circulars, and pamphlets. Important oral methods include lectures, departmental conferences, labor-management committees, counselling interviews, meetings, conversation,
collective bargaining, and grievance procedure.

Visual methods are gaining in popularity and effectiveness. This is due largely to the fact that these methods make it easier for the employee to understand the message that management intends to convey. Written media, on the other hand, have many advantages. These include wide coverage at low cost when distributed to large numbers, and the contents always remain unchanged. Oral media are considered to be most effective. The emphasis here is on personal contact. Many such methods require the active participation of employees and management thereby eliminating much of the mystery in the management-employee relationship.

Various media are used for one-way communication from management to employees. Such media include annual reports, movies, newsletters, bulletin boards, house organs, exhibits, posters, handbooks, slides, photographs, and illustrations. Other methods are two-way channels of communication. They are the grievance procedure, collective bargaining, meetings, interviews, conferences, committees, and conversations. Communication upward, namely from employee to top management, includes such media as suggestion systems, attitude surveys, and employee opinion polls.

Misunderstandings between management and employees often arise due to the failure of both sides to keep the other informed. Labor often neglects to inform management of situations which need correction. On the other hand, management is also guilty of not informing workers of matters
which directly concern them. There must be a feeling of unity between the two. In this way, the possibility of misunderstandings can be minimized. The above mentioned media indicate some of the methods used to obtain this end in transmitting information to employees and obtaining their opinions, suggestions and ideas.

The Role of The Executive in Communications. One of the many tasks which the executive must undertake is to establish and maintain a system of communication.

To do this, he must first appoint a staff of competent and responsible individuals who will help in the coordination of the entire communication program. In this way, he can see that information is channeled to the proper people at the right time and that employees have the opportunity to transmit their opinions and ideas to management.

He must coordinate the communication program with other company activities in such a way that employees can orient their behavior to organization objectives. In order to secure the cooperation of his workers in the common purposes of the organization, he sometimes resorts to the art of persuasion. In doing so, he must be skillful in using words that will appeal to his audiences' feelings. The words he uses must produce suitable effects on his employees. On the other hand, he must also make known and define the purposes and objectives of the organization to his employees. By coordinating the communication program he can inform those at the lower levels
of decisions and purposes so that the activities of these people can remain consistent with organizational objectives.

Chester Barnard, who is one of the leading authorities on communication, clearly recognizes the executive's function in employee communications. He claims that for a communication program to be successful in relation to the employee, four conditions must exist:

1. "he (the employee) can and does understand the communication; 
2. at the time of his decision he believes that it is not inconsistent with the purpose of the organization; 
3. at the time of his decision, he believes it to be compatible with his personal interest as a whole; and 
4. he is able mentally and physically to comply with it." 2

Also, the executive must consider the effectiveness of a communication system:

(a) "channels of communication should be known (b) objective authority requires a definite formal channel of communication to every member of an organization (c) the line of communication must be as direct or short as possible (d) the complete line of communication should usually be used (e) competence of the persons serving as communication centers, that is, officers, supervisory heads, must be adequate (f) the line of communication should not be interrupted during the time when the organization is to function (g) every communication must be authenticated." 3

Finally, a communication system should have the kind of coordination which insures its success:

"At first thought it may seem that the element of communication in organization is only in part related to authority; but more thorough consideration


3Ibid., pp. 175-181.
leads to the understanding that communication, authority, specialization, and purpose are all aspects comprehended in coordination. All communication relates to the formulation of purpose and the transmission of coordinating prescriptions for action and so rests upon the ability to communicate with those willing to cooperate."{

4Barnard, Chester I., op. cit., p. 184.
Chapter II

MANAGEMENT'S COMMUNICATIONS WITH EMPLOYEES

Employees of "X" Company are reached through various media of communication. These media are essential in disseminating information among employees concerning the Company, its policies, operations, products, etc. It is the task of the Personnel and Advertising Departments to gather and interpret the information as well as to choose the techniques most suitable for communications. The main objective in this program is to achieve complete understanding between management and employees.

There are three main modes of communication -- visual, written, and oral. "X" Company employs these methods in transmitting various types of information to its employees.

a. Visual, including:

Exhibits. The purpose of this medium is to help employees see where the various chemical compounds they work on fit into the final product.

These exhibits usually consist of long tables on which are mounted the materials involved in the formation of a product. Each display also includes lines extending from each object or substance to a chart telling what ingredients comprise the mix, how they are combined, and what results when the process is completed.
Besides the display of company products, other exhibits in the form of cutaway models are used to show the employees the various branch plants in existence. This type of display includes typewritten literature which identifies the plant, where it is located, and the products it produces.

These exhibits, which are conveniently located in the main lobby of "X" Company, are the responsibility of the Advertising department. This department formulates and sets up these various displays. It is the policy of this department to change such exhibits once a month.

**Slides.** The main objective of slides is to educate and inform the employee of the various products made at "X" Company. The black-and-white slides, made of acetate, are accompanied by an individual who reads or recites the narration while an operator changes the slides.

The research department uses slides for the study of various company products and for an evaluation of the performance of such products. This is done by showing the various products and subjecting them to certain tests to indicate the quality and importance of each ingredient or part.

Supervisors, on the other hand, make use of this medium to familiarize the employee with what the company makes, how these products are used, and by whom.

The advertising department is responsible for the make-up, preservation, and distribution of such slides. This department also assigns the conference room in which such slides
are to be shown. The size of the room is determined by the number of individuals in the attending group.

**Motion Pictures.** This channel of communication is used mainly for instructing employees in plant operations, products and safety.

There are four types of films shown on plant operations. One type is used to show employees how management operates and maintains the plant. A second type includes the various ways in which money is used to buy raw materials and finance production. A third type indicates the necessary know-how that is needed to turn out a usable product. The fourth type of film describes the various facilities used in the production of a product.

Films that are used for information regarding products, are so designed as to show the employees the destination and use of such products. Such films show the products as ingredients or parts of products of other manufacturers that contribute to food, clothing, health, housing, and transportation.

Films on factory safety are also shown. In one of these films, safety methods in the factory are clearly and dramatically shown. Workers learn plant safety regulations, and the audience sees how exercise of care by the men at work prevent accidents.

This form of communication is a 16 m.m. motion picture in black-and-white. The advertising department has the
assignment of producing and preserving such films. In some instances, however, the films are rented from established motion picture concerns or borrowed from other chemical companies in the general vicinity.

The foreman or department head is responsible for the showing of motion picture films to his group. These films are shown either in a conference room or the cafeteria, depending on the size of the group.

As a rule, a film, dealing with one of the above subjects, is shown in each department once every two-to-three months on company time.

**Photographs.** Photographs are used to show workers the end result of products, pictures of branch plants, and safety practices in the plant.

Photographs of the end result of a product help employees see where the company's ingredients or parts went and how they were used. Such pictures are accompanied with company literature which describes the ingredients or parts, where they are located, and the purpose of each.

Photographs are also used to show employees the various branch plants. These pictures include typewritten literature which names the plant, where it is located, and the products it produces.

Pictures on safety are shown to instruct employees on safe practices in the plant. These photographs show workers setting a good example of safety by using the necessary
These glossy, black-and-white prints, usually about 8 by 10 inches in size, are kept and distributed by the advertising department. Such prints may be found in the main lobby as well as on the bulletin boards.

It is the policy of the advertising department to change photographs once a month.

Illustrations. Illustrations, in the form of graphs, are used to relay financial and economic information from management to employees. This device is used primarily to show comparisons as well as to help workers to see in what respect the present situation differs from the situations in the past.

The advertising department is responsible for obtaining and interpreting such information. This department also makes the graph, which is 8 by 10 inches in size. Various color schemes are used to identify the topics under discussion.

Such graphs are found on bulletin boards throughout the plant and appear there four times a year.

Posters. Posters are used to promote safety ideas or ways of doing things pertaining to safety.

Safety posters serve the purpose of reminding employees to use safe practices in the execution of their duties. Such posters feature sketches of injured employees with an explanation for the reason of this accident.

These posters, made of cardboard, are 17 by 22 inches in size. They are attractive in appearance due to the color
schemes used in the make-up.

The personnel department is responsible for the acquisition and distribution of these devices. This department also changes such posters, which are located on bulletin boards throughout the plant, at least once a week.

**Bulletin Boards.** This medium serves to keep employees informed about the many activities of their company.

The material found on such bulletin boards consists of news about the company concerning its policies, plans, personnel, and products.

Important policy announcements as well as changes in company policies are often carried on bulletin boards. Personnel shifts are also made known by identifying the person involved and explaining his new position and duties.

Announcements of new products and new equipment also appear on this medium. Pictures also accompany this type of news as well as mention of the departments involved.

Bulletin boards are also used to show employees the end uses of products. This information is usually conveyed pictorially with captions to indicate the departments responsible.

Financial information, in the form of graphs, is also found on this medium. Such a graph tells the whole story down to the present and keeps employees posted on the condition of the company.

Bulletin boards also deal with special events involving employees. Retirements of employees, for example, are found on
bulletin boards. Recognition is given in the form of a photograph, together with biographical notes.

Other topics on the bulletin board concern information on approved vacations and holidays, lay-offs, safety, social security changes, and union notices. Each topic consists of a brief description of the importance of such notices, both to the employee and to fellow employees, together with some basic instructions.

A member of the personnel department has the assignment of securing and arranging material for this medium. Each topic appearing on the bulletin boards has a removal date which is not to exceed a period of one week from the date of issue. All bulletin board material is brief and in mimeographed form. Sentences are kept short and newsy to allow employees to read the board quickly and grasp the essential facts immediately.

The bulletin boards, twenty-four in all, are located in strategic places throughout the plant. They are found in rest rooms, near time clocks, laboratories, close to drinking fountains, waiting rooms, and at the cafeteria exit.

These boards, which have a cork backing suitable for thumbtacks, are a three-panel affair. The first panel contains local material and announcements. The second panel consists of safety posters, graphs, and photographs. The third panel includes notices on wages and hours as well as union news.

b. Written, including:

Direct Mail. The purpose of this medium is to get
company information into the family group rather than to just the employee.

Letters are used to explain any action taken by the company which directly affects the employee. These letters to employees, however, are used to a limited extent. Management makes use of this medium to introduce new benefit programs or to announce changes in existing benefits.

Letters of this nature never exceed more than two mimeographed pages. They are written in simple language that is understandable to its receivers.

The personnel department is responsible for the writing, addressing, and mailing of such letters intended for employees. This department also secures the president's signature which accompanies this literature. All letters, as well as the annual report and the monthly house organ, are sent by first-class mail.

Annual Report. The annual report is used to let employees know how the company has done and how it expects to do.

The report usually starts off with a highlight statement by the Company President. He tells how favorable or unfavorable the year was, discusses major changes, and mentions factors that may influence the future.

Information on products is also found in these reports. Such products and their uses are briefly described and sales of each are compared to sales of the past year.
The report also contains all the facts which appear in the consolidated balance sheet and profit-and-loss statement. The technical accounting terms are translated into words the employees and stockholders can understand.

Besides such facts, the report gives information as to how the results were reached. This is done by the use of text presentation and simple charts. Text information gives the reasons, for, how, and why the money was spent as it was. Charts show one fact each, such as sales, and show it clearly.

Black-and-white pictures of the branch plants and end products are also found in such reports. Each branch plant is shown and identified by accompanying captions. End products are displayed to show how they contribute to food, clothing, health, housing, and transportation. These photographs also include captions with information of the product and the use of each.

The annual report is 8-1/2 by 11 inches in size and colorful in appearance. It consists of a good quality of paper and type to signify respect for the reader and consideration for his ease in reading.

The advertising department is responsible for the make-up and presentation of this medium. The personnel department, on the other hand, is responsible for the mailing of these reports to stockholders and employees.

**Booklets.** Management uses booklets to give employees information about the company for which they work.
These booklets usually begin with a friendly statement to employees from the Company President. Following this, employees are given information as to where to come to work, where to report, when to report, and when to quit. Information as to holidays, vacations, and layoffs is also included.

Employees are also told of insurance plans, pension plans, retirement plans, credit unions, and employee organizations. Each of these benefits are described in detail to give the employees a general picture of company practices.

Employee books which are approximately 5 by 7 inches in size, are composed of good quality paper and print.

The personnel department is responsible for the make-up and circulation of this medium. Distribution is made to everyone in the plant, through the various supervisors.

It is the policy of this department to distribute such booklets as soon as new or revised material is released for general information.

House Organ. The purpose of this medium is to keep employees informed on all matters concerning the company.

The majority of material carried in the house organ deals with information on employees and employee activity. Recognition is also given the employees when and where possible by the use of photographs with captions.

Many other categories of news are also found in the editorial columns of the paper. Such categories include:

- general company releases;
- management activities;
- transfers and
promotions; new personnel; retirements; company products; news of the Quarter Century Club; speeches by company officials; stories on plant improvement; stories on company prestige; features on department operations; recreation; benefits to the employees; news of affiliated plants; and, news of research developments.

This medium is a 9 by 12 newspaper format publication. Published monthly, the paper is letterpress printed. Although this publication is basically four pages in length, it is expanded when news warrants.

A small but well-knit editorial staff from the advertising department is responsible for publication and distribution of this paper. This staff consists of an editor, assistant editor, and secretary. Approximately twenty department reporters work in conjunction with the editorial staff.

The editor obtains his house organ material through the regular channels of reporters and his own personal initiative. Frequently, department heads or supervisors call the editorial office with information.

Reporters hold their positions on a voluntary basis. The opportunity to write for the company paper is open to every employee at the plant.

In order to become a staff member, the employee must contact the office of the editor and inquire as to the possibility of writing for the publication. The editor then conducts a brief investigation through the employee's
supervisor or department head as to the worker's ability and sincerity. This conference determines whether or not he is given permission to write for the paper.

All material contributed by staff reporters is subject to editorial review before printing.

It is the policy of the company to send the employee publication to the homes of employees by direct mail.

c. Oral, including:

Lectures. Lectures are used to give technical information to employees.

This medium is concerned mainly with information about plant operations and benefit plans.

Lectures on plant operations are used to get the employee to see the company as a whole, how it works, what makes it "tick," and why teamwork is necessary.

Talks on benefit plans are used to give employees a fuller picture regarding fringe benefits as a whole.

Lectures to employees are given by members of management, usually in the cafeteria or one of the conference rooms, depending on the size of the group.

Such discourses are approximately twenty minutes in length and are on company time. Following a presentation a ten minute questions and discussion period is held. During this time employees may raise questions to clarify any misconceptions or misunderstandings.

As a rule, such lectures are given three or four times
a year.

Departmental Meetings. The purpose of this medium is to put across certain specific information to employees.

Company policies, products, and services are stressed in these meetings. Employees are told simple facts about the company itself; its position in the industry of which it is a part; how the company's products are made; how each department in the company contributes to the plant's operations; how and where the products are used; who the principal customers are; what is being done to develop new products and expand old market; the company's plans for the future; its benefit plans and other activities affecting the employees' security.

Meetings of this nature are conducted once a week between the department head or supervisor and his group. Each meeting is on an informal basis and employees are encouraged to ask any questions they desire and to offer suggestions for improvement.

Depending upon the topics under discussion, these weekly meetings run approximately twenty minutes on company time.

Informal Contacts. The purpose of this medium is to talk with individual employees on an informal basis.

Such contacts on the part of management are in the form of personal visits to all departments. Management is represented by a member of the personnel department. It is his responsibility to talk with individual employees on subjects
of mutual interest.

The various subjects discussed include: company policies, products, and prospects; company's financial standing; wages and salaries; plant changes; production problems; employee's job; changes in benefit plans; plant operations; and job security.

This face-to-face relationship between management and employees is conducted daily by the individual responsible for this medium. Different employees are contacted each day and depending upon the topic under discussion approximately twenty minutes is consumed in each meeting. These contacts are made on company time.

Employees are encouraged to ask any questions they desire. In this way management is able to discover what an employee thinks and feels about various situations.

d. Communications as applied to such programs as:

Counseling Service. The purpose of this service is to assist employees to solve their own problems.

Counseling service is conducted by the personnel department on an advisory basis. The counselor is consulted by employees for interpretation of various company rules, policies, and procedures. All interviews are strictly confidential and on an informal voluntary basis. Such interviews are conducted on company time.

When consulted by an employee, the counsellor becomes a "listener" until he is sure he understands the employee's
problem. If the problem is one which can be handled within the employee’s department, the counselor advised him to discuss his problem with the supervisor. If, however, the employee’s problem can best be handled by another department, the counselor refers the employee to this department. Whenever the employee is referred elsewhere, the counselor invites him to return if he is not satisfied that his problem has been solved.

If the employee does return, the counselor obtains his complete story and assures him that the matter will be investigated and that he will be advised of the outcome as soon as possible. When the investigation is completed, the employee is called in to complete any necessary details. If the investigation reveals that the employee was in error or that a fair solution had already been offered for his problem, the counselor then explains the rule, policy, or procedure involved.

The counselor never takes action on evidence given by the employee until the counselor has discussed the problem with the employee’s supervisor or department head. Between the two, they often work out a solution to an employee’s problem.

Emotional and social problems of a serious nature are never handled by counselors. Employees confronted with such problems are referred to an outside agency.

Copies of the interviews are sent to the personnel director who keeps them on file for future reference.

*Induction.* The purpose of this program is to
introduce new employees to the company.

A member of the personnel department meets with a new employee the day he reports for work for a two-hour discussion period. In this meeting the following areas are discussed: Information about the company, its history, operations, and products; Your job, including importance, relation to other jobs, and probationary period; Hours, including regular and overtime, attendance, lunch, and rest periods; Wages, including when and how paid, income tax, and social security; Company benefits; Employee organizations; Lockers; Washrooms; Vacations; Smoking rules; Parking facilities.

At the end of such an interview, the new employee is given a mimeographed pamphlet entitled "General Information." This pamphlet contains additional information concerning the above named topics.

All interviews are held in a conference room adjacent to the personnel department.

Orientation. The objective of this program is to introduce the new employee to his job.

The orientation program is the function of the department in which the new employee will work. It is the responsibility of the supervisor or department head to make the employee feel that he is a member of "X" Chemical Company. The orientation procedure takes place over a two-week period. The following areas are emphasized: Work, including what the job is, the purpose of the job, standards of quality and quantity
of the work, and encouraging the employee to ask questions; Associates, including introduction to fellow workers and to employees with whom he will work directly; Work facilities, including information on desks, supplies, machinery, lockers, rest rooms, and rest periods; Safety rules and equipment; Dispensary facilities; Benefit plans.

At the end of the two weeks period a follow-up is conducted by the supervisor or department head to check on the employee's progress and performance and his adjustment to his job and associates.

**Exit Interview.** The purpose of this program is to have departing employees leave with a feeling of good will towards the company.

All interviews are conducted on an informal basis by the Personnel Department. Such interviews are on a voluntary basis and are conducted the day the employee is to leave.

The employee is encouraged to discuss the reasons for his leaving as well as what he plans to do after he leaves.

The employee's attitude towards the company is also sought by the interviewer. This is done by asking the employee to comment on topics such as: rates of pay, supervision, working conditions, company policies or anything else affecting employee morale.

In some instances, an employee who has been discharged may receive a reconsideration of his case as the result of these interviews. If, however, separation is the only solution
for both parties, the discharged employee is enlightened as to
the reason for dismissal so that he may be able to adjust him-
self better in a future job.

The company gains valuable information through exit
interviews by uncovering, if possible, any weaknesses in its
program. Such information often serves to reveal problem areas
that may have gone unnoticed.

**Employee Recreation.** It is the policy of the
company to promote an employee recreation organization. The
purpose of this organization is to plan and administer functions
which will provide members an opportunity for recreation and
fellowship in their spare time.

Membership dues, which are collected once a year, are
One Dollar payable in September. The Company, on the first of
November, contributes One Dollar for every dollar of dues
collected by the 31st of October.

All employees of "X" Chemical Company working at the
Home Plant are eligible for membership. New Employees auto-
matically become members on the date of their employment. New
employees pay no dues for the remainder of the fiscal year in
which their employment started. Membership automatically
ceases upon termination of employment with the company.

Officers of the organization are elected annually by
the membership at large. The officers include a president,
treasurer, and secretary.

The President presides as Chairman over meetings of
the Planning Committee. He has no vote in the Planning Committee except in the case of a tie vote by other members. He may make deposits and sign checks which are countersigned by the Management Representative in the name of the organization. It is his duty to appoint subcommittees and their chairmen to administer specific functions.

The Treasurer is responsible for the financial activities of the organization. He may sign checks which are countersigned by the Management Representative and make deposits in the name of the organization. He must also maintain a record of the financial report for the organization's fiscal year from September 1 to August 31. Copies of this report are posted on the bulletin boards, inserted in the records kept by the Secretary and submitted to the Plant Management. The Treasurer, in conjunction with the President and Secretary, prepares for each fiscal year a tentative budget which is submitted to the Planning Committee for approval.

The Secretary is responsible for maintaining the records of the organization's activities. He receives dues payments, issues membership cards, and maintains a list of the current memberships.

The Planning Committee, on the other hand, consists of one representative for every twenty-five members in each of the various groups at the Home Plant. If the number of members in a group is not exactly divisible by twenty-five, an additional planning committee member is elected provided there are an additional fifteen or more.
A member of management represents the company on the Planning Committee and in all activities of the organization. This representative reviews the use of Company funds, countersigns all checks, and reports to Management on activities of the organization. He is on the Planning Committee as an "ex officio" member without voting power.

Officers and Planning Committee members are elected annually in September by the membership using a written ballot. It is the responsibility of the President to appoint, one month in advance of each election, a committee of five who are responsible for recording nominations for the various officers and conducting the election.

Each year the Planning Committee votes the social and recreational activities that are to be sponsored.

Recreational activities include: golf tournaments, outings, bowling tournaments, horseshoe tournaments, and softball games.

Social functions include: ballroom dances, barn dances, fashion shows, bridge and cribbage parties, and a Christmas party.

Many business firms offer their products at a discount to members of this organization upon presentation of a membership identifying the employee. Information listing the firms and products may be obtained from any member of the Planning Committee.

Health Program. The purpose of this program is to keep employees in good health.
The company maintains a medical clinic which is available for emergency treatment at all times. When an employee is injured while at work, complete medical care is given him by the plant physician and nurse. This includes hospitalization and treatment in the home if necessary.

The goal of this clinic is to prevent and alleviate as much illness as possible. The employees are urged to visit the clinic at any time for advice about their personal health problems.

Since poor vision is a detriment to good work, an annual eye examination is given every employee at company expense.

**Pension Program.** The purpose of this program is to provide greater security for employees after they retire.

Each full-time employee having three years of continuous service is eligible to participate in this program, if he remains in the service of the company until retirement. Refunds are provided for the employee in the event of termination of employment or death.

The normal retirement date for an employee who joins the Program is the first day of the month following attainment of his 65th birthday, if a man, or her 60th birthday, if a woman. An employee may continue in service for a limited period after his normal retirement date with the consent of the company.

Both the employees and the company contribute for future service annuity. Each employee contributes 2% of his
straight-time earnings up to $3000.00 each year and 4% of his straight-time earnings over $3,000.00 a year. The company contributes the rest of the money necessary to buy the Annuity each year. The company's contributions for employees are considerably larger than the employees own contributions.

Membership in this Pension Plan is voluntary. Employees interested in this program may apply at the Personnel Department for membership when eligible.

Group Insurance Program. The purposes of this program are:

(a) To provide for an employee's family in the event of his death.

(b) To provide the employee with an income when he is unable to work because of total and permanent disability.

(c) To provide the employee with an income when he is unable to work because of nonoccupational sickness or accident.

Company employees become automatically insured as soon as they have completed seventeen weeks of continuous employment. Under this plan, an employee, regardless of his age, is insured without a medical examination. The insurance is provided at no cost to the employee. The company pays the entire premium for this plan of insurance.

The Life Insurance is paid immediately upon receipt of proof of death. This Insurance covers an employee for the sum
of $1,000.00, payable to the employee's beneficiary.

The Total and Permanent Disability Benefits are paid as soon as proof of such disability has been received. The employee coverage in such a case is $1,000.00.

The Accident and Sickness Benefits are paid each week as due. In this case the employee receives $37.50 weekly. Payments of this nature commence on the eighth day of illness. Such payments may be received for as long as 26 weeks.

Hospital Expense Benefits are paid to employees upon presentation of an itemized bill from a hospital. Such benefits are not to exceed $7.00 for daily care and $35.00 for additional services.

Surgical Expense Benefits are paid upon submission of the bill from an employee's surgeon. This benefit provides for a maximum surgical expense insurance not to exceed $150.00.

As an insured employee, the person receives an individual certificate of insurance, distributed by the personnel department, setting forth the benefits to which he is entitled as well as the principal terms and conditions of the policy issued to the company which apply to the employee.

Insurance under this plan terminates when an employee leaves the employ of the company, except that the Life Insurance continues in force for 31 days from the date of termination.

Union. The importance of a union as a communication channel is fully recognized by management. This valuable
channel helps management get the right kind of information to its employees.

Management constantly supplies the union with information about the company, its operations, its policies, and its products. Much of this information, in turn, is passed on to the employees in union meetings, newspapers and other media.

The Personnel Director arranges to meet once a week with the union representatives on an informal basis and with the understanding that subjects concerning collective bargaining and grievances be eliminated. These meetings give management an opportunity to present facts about the company's operations before the union as well as for exploring problems that are of mutual concern. Such sessions also provide a means for an exchange of viewpoint and better understanding.

Information which management plans to release to employees is often given in advance to union representatives. This includes notices of operating changes etc. which affect the workers. Union officials are then informed and often become "agents" of company policy.

Any issues of importance are included in the agenda of the next management policy meeting, or referred to appropriate members of management for further discussion with the union.

**Credit Union Program.** The main objective of this program is to promote thrift among employees by the accumulation of their savings in small amounts. The Credit Union also loans funds to its members for worthwhile purposes.
All employees at the Home Office are eligible for membership. New employees may become eligible when they have completed seventeen weeks of continuous employment. In order to belong to the Credit Union, an employee must agree to buy at least one share of stock at a par value of five dollars, which may be paid for in installments. Each member is allowed one vote, regardless of the number of shares held.

The Credit Union itself is a separate institution, owned and operated by its members. It elects a board of fifteen directors, by and from the group. A credit committee, consisting of three members is also elected by and from the group. This committee passes on all loans and on all problems affecting loans. There is also an auditing committee of three members whose function is to make a quarterly audit, an annual audit and report, and, to check to see that the Credit Union is run according to the rules.

The directors choose from their own numbers a president, a vice-president, a treasurer, and a clerk. The treasurer is manager and is bonded. Detailed administration is placed in his hands.

The maximum number of shares which any one member may hold at any time is 400 shares or $2,000.00. The maximum amount of credit which may be extended to any one member, either as borrower, or endorser, or as both is $100.00 on an unendorsed signature; $300.00 with one co-signer or suitable collateral; $500.00 with two co-signers or suitable collateral;
$1,000.00 with three co-signers or suitable collateral; $2,000. with suitable collateral. The rate of interest charged on loans is 6% per annum, discounted on personal loans and 5% per annum, discounted on the purchase of an automobile. Dividends on deposits are paid at the rate of 4% per annum. Members, however, are not allowed to deposit sums larger than $50.00 per month.

This Credit Union was organized under state law and is subject to supervision and annual examination by state authorities.

Management, on the other hand, helps the Credit Union, by providing free office space and at times giving clerical assistance and legal advice, and making payroll deductions for members.

Employees may transact business outside of their working hours at the Credit Union office which is open from 12:15 P.M. to 1:00 P.M. and from 3:00 P.M. to 5:00 P.M. daily.

On-The-Job Training: The objective of this program is to have an employee become interested in his job and help him to acquire the knowledge and skill necessary to do his work well.

The new employee, or the employee transferred to work of a different nature, is broken in by his supervisor or an experienced worker assigned by the supervisor. Care is taken to ensure that the instructor is a good teacher, having an accurate account of the training needs of the employee he is to
teach.

The instructor attempts to adopt a friendly, interested attitude with the newcomer before beginning his instruction. He also attempts to arouse the employee's interest by explaining the importance of the job as compared to others. He then explains the job by making simple explanations and repeats as often as necessary. Safety in procedure and quality of product are emphasized at all times. The instructor also demonstrates the job by going through the entire procedure at normal speed. He then repeats the procedure step by step slowly, emphasizing the key points and pointing out possible sources of mistakes. During this demonstration the employee is encouraged to ask questions at any time.

Upon completion of this demonstration, the employee is then encouraged to try the entire procedure by himself. As he proceeds, the instructor asks questions to test this knowledge and correct his mistakes. The employee is then put on his own and is encouraged to come to the supervisor with any questions or problems that may arise.

During the first two weeks of his employment, a follow-up is conducted on the trainee's progress and performance. The trainer also checks the employee on his safety habits as well as quality and quantity of work.
Chapter III

EMPLOYEES' COMMUNICATIONS WITH MANAGEMENT

In contrast to the many media used by management in communicating with employees, the employees at "X" Company make use of only three media in transmitting information to management. These media include departmental meetings, the grievance procedure, and informal contacts.

Departmental Meetings. The employees use this medium to obtain various types of information from management.

In these weekly, informal meetings employees seek certain specific information. Employees want to know about the company, its background and present organization; what the company's policies are as they affect themselves and their fellow workers; what its products are; what is expected of them and how they're measuring up; who the principal customers are; the company's future plans; its benefit plans and any changes in these plans.

Each supervisor or department head discusses such topics with his group in hopes of enlightening them as to the information they seek.

Informal Contacts. Employees use this medium to talk to management on subjects of mutual interest.

The type of information sought by employees in this medium include: company operations and products; company policies and practices; information relating to special
situations which arise in the company; production problems; benefit plans; job security; chances for advancement; and the company's income as well as its profits and losses.

A member of management who is responsible for this medium explains to the employee what he wishes to know concerning the above mentioned topics. In this way, employees have their questions answered by having management come to them in the actual work situation.

Grievance Procedure. When an employee feels that he has been treated unfairly, he may institute grievance proceedings through his shop steward. Grievances can also be filed by a group of employees by selecting a representative from among them to report the grievance to the shop steward. An earnest effort is made to settle all grievances as promptly as possible.

Specific steps as specified in the union contract describe the procedure that is to be followed in a grievance action.

In the first step the shop steward attempts to settle the grievance by meeting with the employee's foreman in the presence of the employee.

If the grievance is not settled at the first step within two working days, a union official, the shop steward and the aggrieved employee attempt to settle the grievance by meeting with the superintendent and the foreman. In order to initiate this step, a copy of a written report made out by the foreman must be presented by the union to the superintendent.
within five working days after the first step proceedings have been exhausted. The discussion is then held within five working days after receipt of the written report from the union. The superintendent then gives his decision in writing to the union within two working days after the close of the discussions.

If a settlement is not reached at the second step, the union, if it wishes to proceed further, notifies the superintendent of its intention within five days after the second step decision has been rendered. Within two working days of such notice, the union and superintendent present to the President of the Company a joint, written statement setting forth the facts of the case. The union and the superintendent, within five working days thereafter, exchange and submit to the President of the Company copies of reports stating the policies, rules, or agreements involved in the case; arguments; and any action taken or desired. After submittal of these reports, both parties have five days in which to prepare written rebuttals for submission to the President and the other party. Within twenty-four hours after the expiration of the five-day period, the President or his appointed representative, the superintendent and the foreman meet with the employee, the shop steward, and three union officials or union representatives to discuss and settle the grievance. The President of the Company or his appointed representative then gives his decision in writing to the union within five working days after the termination of the discussions.
If the grievance is not settled by the above mentioned three steps within three working days from the receipt by the union of the President's decision, the matter may be submitted within the next two weeks by either party to the State Board of Conciliation and Arbitration. The findings, after arbitration as provided by law, are final and binding upon all.
As the foregoing study indicates "X" Chemical Company has in operation an unusually fine and effective communications program. Management has succeeded in interpreting company policies, procedures, and practices to the employees. All essential media are used to tell this story. Their effectiveness is beyond question.

A healthy management-employee relationship exists today at "X" Company. It is characterized by an almost complete absence of conflict and a friendly atmosphere. There appears to be no current acute problem to disturb this relationship. Both parties exhibit a quiet confidence that they can cope successfully with problems that may arise in the future.

The following suggestions are made with the realization that "X" Company will grow and prosper and that in turn the organization of the company will wish to keep pace with this growth and that of others in the industry. However, it should be noted that these recommendations do not represent a final answer to the basic problems considered. There is reason to believe that the effective application of these recommendations would result in some improvement in the present employee communications program.
RECOMMENDATION I

COORDINATOR OF COMMUNICATIONS

A communications program should be coordinated with other company activities in a gradual way. New media should not be adopted without first giving consideration to those already established in the Company. However, if a new medium is presented correctly and at the right time, it would have a favorable impact on employees. In order to do this, there must be a capable person appointed to coordinate all communications flowing from the various departments at the Home Office.

This Coordinator must have a clear conception of human behavior at all industrial levels, a liking for people, and a thorough knowledge of the objectives of management. He must have the ability to speak and write clearly as well as establish and maintain communication techniques. He must see to it that information is channeled to the proper people at the right time. He must also see to it that employees have the opportunity to make known their ideas and opinions to management. It is his responsibility to make use of scientific approaches in pointing out good company policies to employees. He must act as a clearing house for public and employee opinion surveys. It is his responsibility to establish and maintain the communications program within the framework of the Company.

Such an individual may be chosen from within "X"
Company itself. He may be the Personnel Director, the Advertising Director, or even a member of the Board of Directors. It is up to "X" Company to find this man who is both interested and qualified for this position. Whoever the man and whatever his title, the Coordinator must have a top-ranking position, one with executive authority.

It is therefore recommended that "X" Company consider using the services of such a person immediately.

RECOMMENDATION II

EMPLOYEE COMMUNICATIONS PROGRAM

1. Employee opinion polls, or employee attitude surveys, help management obtain opinions and facts from employees. It is therefore recommended that the Personnel Department make arrangements for periodic opinion surveys to better understand worker attitudes, desires, and goals. Such surveys also help reveal undesirable working conditions, unfair company policies, or even poor operating methods. These polls can also help remove obstacles that separate management from the worker by facilitating the free flow of ideas. They can also eliminate or prevent many difficulties before they become uncontrollable.

It should be noted, however, that such surveys should not be handled by amateurs. It is advantageous to use the services of an outside agency specializing in such polls.
2. It is suggested that the Personnel Department institute an open house program. Such a program should offer open house for employees, their families, and the community at least once a year. All new employees should be shown the whole plant as soon as they are hired.

A tour through the plant can tell the company story more thoroughly than speeches, written descriptions, etc. The tour not only informs but can also build good will and promote personal contacts with company officials.

This program often results in a positive effect upon employees who are curious about processes and personnel in departments other than their own, and who are interested in understanding the relationship of their jobs with those of other employees.

In addition to all the other values of an open house program, management will be impressed by the effect upon employee morale as a result of employee participation and more thorough employee education.

3. Payroll inserts are used continuously by many concerns. They offer management a chance to pack a message in the most important missive that every worker receives regularly from management - his pay envelope.

The message can range from notices of changes in policies or practices of management to matters relating to wages and salaries.

The style and content of such messages must be
watched closely. A serious question arises as to the value of using inserts week after week. An employee usually reacts negatively if he thinks he must read "propaganda" when he receives his pay. It is therefore suggested that inserts be used sparingly, when management has an important story to tell.

4. Many companies are supporting employee suggestion systems. They have found that this system serves as a safety valve. Instead of griping, employees can devote their energy to thinking out possible improvements in the business. An employee's attitude toward management can change when he understands that management is in favor of ideas and suggestions that would help the concern. In other words, workers who are able to obtain the suggestion habit think more constructively about their jobs, and can better understand the machines and tools with which they work. They become more skillful workers.

A suggestion system, when carefully administered promotes good employee relations by developing the "We" attitude, the feeling of really "belonging."

Management and employees stand to benefit from such a program. Management may benefit through improved employee relations, reduction of waste, better safety record, improvement in products, development of new products, and saving in man hours and materials.

Employees, on the other hand, can benefit through satisfaction of seeing their own ideas in use, personal
recognition, expressing themselves to management, and the chance to earn money.

1 In the Lincoln Electric Company, the Suggestion System, which has been in operation for many years, plays an important part in cultivating and cementing the harmonious relations which exist between management and workers. A Suggestion System Board, composed of a Chairman and three assistants, meets weekly to examine suggestions received from employees. If a suggestion is rejected, the Board explains to the employee making the suggestion why his idea was not suitable. Such explanations to employees play an important part in maintaining good management-employee relations. Employees are made to see that their ideas are given serious consideration. The worker has the right to request reconsideration of his suggestion if he thinks that his idea has been rejected for unsound reasons.

If, however, an idea is accepted and it reduces costs, the company pays to the employee making the suggestion one-half of the expected savings during the first year the suggestion is in use. In cases where no cost savings is expected, the worker still receives a cash award if the suggestion results in an improvement in production. Lincoln's management feels that this Suggestion System not only

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contributes much to the reduction of costs, but also incites the interest of all employees in efficiency throughout the company.

It is therefore suggested that the Personnel Department adopt and maintain an employee suggestion system with particular attention focused on the program in operation at the Lincoln Electric Company.
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