

CHAPTER ONE

INTRODUCTION

1.1. Aim

This project seeks to give an example of how to measure the success of a specific company, if its objective was to improve the quality of life of the people involved in it. I will do this by adapting the various tools that exist to measure the quality of life of human beings to the specific requirements and conditions of the business environment.

1.2 Rationale

Companies are one of the most important social institutions of our times. Exchange between transnational corporations account for 70% of the world trade. The influence of their decisions and actions can have greater influence than those of some countries (de Colle 1994). Companies have taken the role of religious, family and education institutions in setting the values of society (Bollier 1996). Nearly 40% of the waking life of employed people is spent in work-related activities (ABS 1997).

So what are these organisations for? The most basic and elemental answer is to satisfy material human needs. They provide the necessary products and services people need to live and they are an instrument to create and distribute wealth (Ackoff, 1994).

In practice, wealth takes a predominant role. Companies are normally created to produce profits for their owners, and people seek jobs in order to receive a regular income. Furthermore, a company's performance is measured by the amount of money that it is making. The importance of money to companies is clearly reflected in popular sayings such as: "the bottom line is..." or "the business of business is business". It is even supported by a strong ideology known as 'the neo-classical perspective' (Pava, 1996). This point of view is clearly expressed by Friedman (1970): "The social responsibility of business is to increase profits" (p. 32).

Because of the fact that the main objective of corporations is to make money, it is inevitable that wealth takes precedence over humans. People get focused on achieving the company's goal, and sometimes sacrifice their time, personal relationships, interests, and even health to achieve it. Companies get so absorbed in making money that they are willing to use scarce and precious natural resources to manufacture goods that are not necessary for human satisfaction or development. And when they find out that these products are not really needed, they spend millions of dollars on advertising campaigns to be able to sell these products. It is all in the name of profits.

Through the activities of companies, societies have fallen into a vicious circle of depleting their natural resources and demanding that their members work harder to be competitive in international markets. This often results in the production of millions of

products that are not needed, with short useful lives, or which are harmful to society's well being.

This does not seem to be logical. Should we not be working to have a better life instead of making money? Should the main objective of a company not be to improve the quality of life of the people involved in it? Should not money be only a medium to achieve this and not an end in itself? Then, why do the most significant of social entities of our time seek to make money instead of improving the lives of the human beings who created them?

I believe that the main objective of companies should be to improve the quality of life of the people involved in them. Some of the practical implications of this shift in objective would be that companies will have to assess if their activities are having a positive or negative influence on the quality of life of the people involved with them; if they are providing their associates¹ enough income to have a good standard of living; if their associates have enough time to develop in other areas of life; if their work is satisfying; if they are providing a product or a service that enhances the quality of life of their clients; if they are affecting the environment; if their presence is an asset or a burden for their community. By answering and acting upon these questions there could be a dramatic shift in the way that companies do business, and how society values their activities.

¹ The term 'associates' is used in this thesis to refer to everyone who works in a company: from the owners or general managers to the lowest rank of employees.

To further illustrate this idea I will use an example. First, let us imagine a company focused on making money. This company will be considered a huge success if it is generating a good amount of profits. Maybe its employees are suffering from health problems because of the conditions in which they work; or may be the managers are stressed, with not enough time to develop other areas of their lives such as family or leisure activities; or may be the company is seriously affecting the environment with its practices. All of this would not be important if the firm is generating a profit: it would be considered to be a success. Now let us consider this same company, with the same profits and problems, but its members are convinced that the organisation should exist to help them have a better life. They would not consider this company as very successful. In fact, they would have to change many things to be sure the organisation is improving their quality of life. They would not only look for economic rewards from the organisation, but also satisfaction in their work, working hours that consider their personal life, the opportunity to acquire new knowledge, etc. Achieving this would not be easy, but if they start with the wrong objective, it is guaranteed that they will never be able to accomplish it. If they are heading in the right direction, at least they will have the possibility of getting there.

People and companies should keep on working for their personal benefit. But they should stop for a moment and analyse if making profits is the best thing they could achieve. They should think about what are they sacrificing for these profits, and if there would be a simpler and more direct way of satisfying their material needs.

1.3 Scope

This, then is the general idea on which this thesis is based. But it would take several years of research to fully explore the implications of changing the fundamental objectives of business. We would need to clarify what would be the consequences of this change, how to implement it, how to measure its success, how to relate the new goals to the economic interests of stakeholders, government, clients, and owners.

I have decided to tackle what I consider to be one of the first obstacles for someone who might be interested in implementing this idea: how to measure the success of a company with this new objective. Normally corporations are only concerned with profits. If earnings are increasing, the company is doing well. But if their objectives change, their way of assessing their performance must change. Basically, they would be interested in knowing how their activities are influencing the quality of life of their stakeholders. Ackoff (1994) identified six groups of people that have some kind of interest in the firm: employees, debtors, consumers, government and the public, investors and lenders, and suppliers. I have decided to focus on just one type of stakeholder: the employees (including managers and directors). I believe that they are the group that will be affected the most by the company's activities and they should be the first to receive its benefits.

Therefore, the main objective of this thesis is to:

AIM Design and implement an instrument to measure the success of a specific company if its objective was to improve the quality of life of the people involved in it.

- Q1 What are the limits, and relations, of a company's activities to the quality of life of its associates?
- Q2 What is the tool, or combination of tools, that can assess how a company is influencing the quality of life of its associates?

1.4 Plan of the thesis

The first issue addressed in the thesis is a clarification of the concept "quality of life". We all have a general idea of what it refers to and most of our activities have the implicit objective of improving it. But what do we exactly mean by "quality of life"? What are the different approaches that explain it? What are the different ways of measuring it? These and other questions will be answered in the literature review. After clarifying the concept of quality of life I will describe how it has been applied in several disciplines. Specifically, I will provide support to the idea of having the improvement of quality of life as a valuable and operational objective and some examples of its application in the business environment.

Once we have a general idea of the concept of quality of life, I will address the specific objective of the thesis: the development of an instrument to assess the influence of a company on the quality of life of its associates (Chapter 3). First, I will define what characteristics the instrument should have to be an effective tool to measure a company's performance. Then I will provide the relevant information in order to decide what areas of human wellbeing should be measured and a description of the specific tools I will use to assess these areas.

In order to have an example of the application of this instrument, I will assess the performance of a specific company with this new instrument. This process will provide feedback about how the instrument works and about the implications of its results (Chapter 4).

Finally I conclude with a critique of how the instrument worked, and what could be subsequent topics of research in this area (Chapter 5).

CHAPTER TWO

LITERATURE REVIEW

The first issue addressed in the literature review is the concept of quality of life. We have to be able to understand what it is meant by quality of life if it is being suggested that this should be the main objective of a company. I will focus on explaining what is quality of life, and how can it be measured. The second issue is a description of how the concept of quality of life has influenced the practice of other disciplines. Finally, I describe some examples of the application of this idea in the business world.

2.1 What is quality of life?

Quality of life has been described as an illusory, often intangible concept (AICPA, 1977). To certain degree this is true, but it captures an idea that we can all relate to, and to different degrees understand. One of the main difficulties of the concept is that it includes a vast array of elements. This is clearly stated in the definition UNESCO (1977, quoted in Dube 1988) gives of quality of life:

Quality of life is an inclusive concept, which covers all aspects of living including material satisfaction of vital needs as well as more transcendental aspects of life such as personal development, self-realisation and a healthy ecosystem (p.58).

Brock (1993) identified three major philosophical approaches in determining the quality of life. The first is dictated by normative ideals based on religious or philosophical systems. This approach comes from rational thought and is independent of subjective experiences or fulfilment of wishes. For example, we might believe that the good life must include helping others because this is dictated by our religious principles. The second approach is known as utilitarian and is based on whether people can obtain the things they desire. It is assumed that people select the best quality of life for themselves that is commensurate with their resources and their individual desires. The third approach defines quality of life in terms of the experiences of individuals. If someone perceives his/her life as satisfactory, it is presumed to be so. This approach is closely related to the concepts of joy, pleasure, contentment and life satisfaction.

Another way of conceptualising quality of life is in terms of standard of living. This concept is closely related to welfare economics. Increasing the standard of living of a particular group would be synonymous with enhancing their quality of life (Sirgy et al. 1995). Yet another approach is that proposed by Allardt (1993). This approach is based on satisfying three types of needs: needs of 'having', of 'loving' and of 'being'. The first relate to material conditions, such as economic resources, housing conditions, working conditions, health, and education. The second refers to the needs of relating to other people and of forming social identities. The third is defined as the needs for integration into society and for living in harmony with nature (for example, involvement in political activities, engaging in leisure activities, enjoying nature).

There are two broad concepts that we should consider from this analysis. The first is the classic concepts of utilitarian and welfare economics. These approaches will provide the guidelines to measure how the company is satisfying the material needs of its associates. The second is the evaluation of how each individual perceives the influence of his/her job on their quality of life. This will incorporate a subjective parameter of the person's quality of life. In summary I will use quality of life as a concept that can include objective measurements such as economic situation, housing, income and subjective elements such as joy, satisfaction, happiness, realisation.

The next important question to ask is how we can measure quality of life. In the last few decades two major scientific approaches have developed to measure quality of life: objective measures or social indicators, and the measurement of subjective well being (SWB) (Diener and Suh 1997).

2.2 Objective quality of life

Objective quality of life is the degree to which living conditions meet observable criteria of the good life, such as: income security for everybody, safety in the street, good health care, education. In this context, 'objective' refers to the method of measurement, which is based on explicit criteria of success that can be applied by impartial outsiders (Veenhoven, 1996).

This objective measurement of quality of life is closely related to the development of the Social Indicators movement. This term originated in 1962 when the American Academy of the Arts presented a report on the second order consequences of the space program on American society. In their report titled "Social Indicators" (Bauer 1966) they concluded, "the problem of measuring the impact of a single program could not be dealt with except in the context of the entire set of social indicators used in our society (p.1)". The first governmental support to develop social accounts was in the United States in 1967 when it introduced The Full Opportunity and Social Accounting Act. The objective of this Act was to "encourage such conditions as will give every American the opportunity to live in decency and dignity" (Senate Bill S.843 1967, quoted in Land and Spilerman 1975, p.9). The US Department of Health, Education and Welfare, defines the term as follows:

A social indicator... may be defined to be a statistic of direct normative interest, which facilitates concise, comprehensive and balanced judgments about the condition of major aspects of society. (US Department of Health Education and Welfare 1969, quoted in Andrews 1976 p.3)

The purpose of having such information is to a) evaluate particular government programs, b) establish a system of social accounts analogous to the national economic accounts, and c) establish social goals and set social policy (Land and Spilerman 1975).

Social indicators programs analyse different areas that affect people's lives. Some of them take an exhaustive approach by trying to analyse all areas of concern for humans, and

others just focus on the most representative ones. It will be useful to review the areas that these programs have identified as having an important influence in quality of life of humans:

- The Human Development Index selected health, education, and income to measure the quality of life of people. (UNDP, 1990).
- The OECD (1976) identified health, education, employment, leisure, income, physical environment, social environment, personal safety and the administration of justice, social participation and accessibility to goods and services as having an important role in determining the quality of life of humans.
- Sheldon, Bernert and Land (1972) identified the following areas as important: population, employment, income, knowledge, technology, education, health, leisure, safety, housing, transportation, physical environment, social mobility and stratification, family, religion, politics, voluntary associations, alienation, use of time, consumption behaviour, and satisfaction.

Diener and Suh (1997) present an analysis of the ability of social indicators to measure quality of life. Objectivity is one of the main strengths of this approach. These indicators do not rely heavily on subjective perceptions and as a consequence they are convenient measures for making comparisons across nations, regions and time. A second strength is that they normally reflect normative ideals of a society. For example, people are likely to value an absence of crime or clean air. One of the important weaknesses of social indicators is that they are fallible. For example, rape incidents are greatly underreported to the police and therefore

rape statistics are suspect. Another weakness is that there is an inevitable role of subjective decisions in selecting and measuring the variables. For example, an index of deforestation in a country may not take into account the relation between old-growth forest and new, managed groves.

2.3 Subjective quality of life

Subjective quality of life is how people appreciate their life personally (Veenhoven, 1996). For example, how satisfied are they with their income, whether they feel secure in the streets, how they judge the overall quality of their life. The most important distinction is that with this measure each person is the judge of how good is his/her life.

The interest in subjective measures of quality of life started in the 1960s in an effort to understand why objective qualities of life bear so little relation to subjective appreciation of it. In the 1970s there were two important advances in this area. The first was the distinction between overall life satisfaction and satisfaction with specific life domains. Instruments were developed to measure satisfaction with life as a whole and satisfaction with specific aspects such as work, marriage, or leisure. The second advance was the identification of three interrelated components that influence subjective well being: life satisfaction, positive affect and negative affect. Affect refers to how a person usually feels, and life satisfaction refers to the degree to which a person perceives his/her aspirations to have been met (Veenhoven 1996).

Satisfaction with life is usually measured with questionnaires. Other types of measures such as observable behaviours, body language, or ratings by peers have not proved to be reliable measures (Noelle-Meuman 1977, Veenhoven, 1984). Direct questioning has proven to be a reliable measure (Veenhoven, 1984). There are however some problems that should be considered. Specifically, it is important to note that responses can be influenced by the precise wording of questions, answer formats, and sequence of questions (Strack and Martin 1987).

Several studies have identified which life domains have a major influence on individual subjective well being. Argyle (1987) identified social relationships, work, leisure, and personality traits as especially important. Campbell (1976) identified family life, marriage, income, housing, job, friendship, health, and leisure activities. A more exhaustive list was proposed by Andrews and Withey (1976): the nation, the national government, local government, economic situation, community, services and facilities, education, jobs, neighbourhood, friends and associates, home, leisure, family, self, interpersonal relations and seasonal changes.

2.4 Quality of life as the ultimate objective

There are several disciplines that bear some relation to concepts of quality of life. They give different connotations to its definition, but they all agree upon the idea that the ultimate goal is to improve in one way or another the life of human beings. For example, there have been efforts to implement systems by which medical treatments are evaluated on the basis of their influence on quality of life. In a paper on how to assess the health of a nation, Gold et al.

(1996) explains how health related quality of life (HRQOL) measures are becoming increasingly important for evaluating the effectiveness of medical interventions. A similar approach has been taken in psychology. Argyle (1987) explains how most previous research has been concerned with illness rather than wellness, and how this new approach in psychology focuses on the causes and explanation of positive happiness. Another discipline that has tried to explain issues of quality of life and happiness is philosophy. Almost 2500 years ago, Aristotle argued that happiness is the highest of all goods achievable by action. He distinguished a good political arrangement from a bad one by its successes and failure in enabling people to lead flourishing lives (Aristotle, in *Nicomachean Ethics*, 1947). Even in marketing, there is a new orientation that promotes the idea that a primary marketing objective is to enhance a wellbeing dimension of a target segment of consumers (Sirgy et al. 1995). But for our purposes, perhaps the most interesting evolution of this kind is the one that has taken place at the economic and political level. I will review this in more detail.

2.5 Economy and quality of life

In Victorian days, philosophers and economists talked of 'utility' as an indicator of a person's overall well being. In utilitarianism, the quality of life of a society depended on whether the citizens could obtain the things they desire. It is assumed that people select the best quality of life for themselves that is commensurate with their resources and their individual desires (Diener and Suh, 1997). Utility was thought of as a numeric measure of a person's happiness. Given this idea, it was natural to think of consumers making choices so as to maximise their utility, that is, to make them as happy as possible (Varian, 1993).

The utilitarian approach still undergirds much of modern economic thinking. Nevertheless there are limitations to a definition of quality of life that rests solely on economics and people's ability to obtain in the market place goods and services that they choose. Diener and Suh (1997) point out some of the problems with this theory: economic progress may not guarantee important factors such as an absence of crime, it might even be inversely correlated with certain facets of quality of life such as leisure time or a healthy environment, and it de-emphasises important elements that influence well-being such as love, self development, and meaning in life.

The first essay to question economic growth as a valid objective for the general well being of societies was Kenneth Boulding's "The economics of the coming spaceship earth" published in 1966. From then onwards there have been numerous publications that deal with this idea in several manners: Nicolas Georgescu-Roegen's "The entropy law and the economic process" (1971); Schumacher's "Small is beautiful: economics as if people mattered" (1973); Herman Daly's and John Cobb's "For the common good" (1989); Robert Constanza's edited volume, "Ecological economics"(1991), and many others. The main message of these papers is a redefinition of the basic assumptions of development and economy. Shumacher (1973) says that the unlimited growth assumption leads to business practices that rapidly deplete the planet's resources, destroy natural beauty, create mindless tasks for workers and breed violence through greed and envy. Daly and Cobb (1989) argue that a great deal of excessive egoism found in business practices can be tied directly to the unlimited growth assumption.

Empirical research has also contributed to strengthen the idea that income does not equal to quality of life. For example, there are countries that can achieve the same ratings in social indicators index (indicators that measure quality of life) with half the income of comparable countries (Diener, 1997). A study of the casual flow between social development and economic growth concluded that there is no uniform casual relationship (Muzamdar 1996). And even at a personal level, studies have proven that wealth has little influence on life satisfaction (Heady and Wearing 1992, Michaelos, 1980).

The most important implication of this new economic thinking is a shift in the objectives of social development. Thirty years ago it was the tacit assumption of the economic school that that the purpose of development was to increase national income (Haq 1995). Dube (1988) explains how in early economics, development meant the capacity to generate an increase of 5% to 7% in the Gross National Product each year. He describes how the UN's target for the 1960s was a 6% annual growth rate of GNP. But now it has been proved that there is no automatic link between economic growth and human progress.

Mahbub ul Haq (1994), one of the main people responsible for the Human Development Report for the UNDP, states that: "The concept of human development makes it quite clear that the primary objective of development is to benefit people, to improve the quality of life available to us" (p. Vii). S.C. Dube (1988) gives a more detailed explanation of the idea:

While economic growth is necessary, per se it does not constitute development. It has to be linked to a set of well-defined human, social and cultural objectives. Economic growth has to be understood as an instrument of human development. It should first be able to meet the basic needs of the people at large and then move on to improving and enriching their quality of life. (p. 62)

This idea is also supported by several international organisations. For example the Organisation for Economic Cooperation and Development (OECD, 1970) stated that: "growth is not an end in itself, but rather an instrument for creating better conditions of life" (p. 7). Similarly, the UNDP has created one of the most influential social indicators: the Human Development Index (UNDP, 1990).

We do not need the United Nations to tell us that the ultimate goal of most people is to be happy, and that we all try in different ways to improve our quality of life. But it is interesting to note how several disciplines have begun to assess their performance directly on how do they influence quality of life; and to understand that economic growth has not proven to be the best way of enhancing our quality of life.

2.6 Business and quality of life

An interesting question would be if this rationale has come into the business environment. If social development has moved away from GNP and other economic measures as indicators of

a society's well being, have companies questioned their pursuit of profits, as the best way to benefit their members? On a general basis, the answer is no. The mainstream ideology of business has never questioned the fact that the main objective of companies is to make money. There has been a strong movement urging companies to be aware of their social responsibilities, but this is a very different approach. Supporters of the corporate social responsibility (CSR) movement support the idea that the main objective of companies is to generate profits, but that it is desirable that they engage in voluntary activities which promote society's well being (Pava 1996). My proposal is that companies should change their main objective, not because it is their 'moral responsibility', but because it would be a better way of improving the life of everyone involved in the company.

As we said, this is an idea that has not been studied in the business world, but there are some examples of companies and theories that resemble it. One of the most relevant is the thesis proposed by Russell L. Ackoff in his book "The democratic corporation". He says that corporations should focus on facilitating and encouraging the development of society and their stakeholders. He defines development as "the ability and desire to satisfy one's own needs and legitimate desires and those of others" (Ackoff, 1994, p. 45) and states that this development is best reflected in the quality of life. He contrasts this to the concept of growth, that is an increase in size or number, and is best reflected in the standard of living. Although Ackoff is using different terminology, his idea is similar to mine: companies should not be interested in growth alone, but in the development of their stakeholders. Interestingly enough, he defines his

proposal as a "prescription for recreating corporate America and rediscovering success" (Ackoff, 1994, cover page).

Another interesting example that relates to my idea comes from a company named SEMCO. This is an organisation from Brazil that for the last couple of decades has been implementing a series of radical policies that have improved in one way or another the quality of life of its members. Some examples of these policies are that employees are able to decide when to come to work and when to leave; managerial staff set their own salaries; everyone has access to the company books; everyone *has* to take 30 days of vacation a year; there are no dress codes; anyone can do modifications to their working environment; directors are interviewed by their subordinates before they get hired (Semler 1993). The results of this and other ideas are quite astonishing. The company has been able to prosper in a very unstable economy, and more importantly it is acknowledged to be the best company in Brazil to work for, with a waiting list of thousands of applicants hoping to join it. This is a good indicator that people are interested in receiving other benefits from their jobs, apart from a steady income. It is important to note that the changes that have occurred in SEMCO have not originated from a change in a company's objective, but from a leader interested in benefiting himself and his employees. Nevertheless, a change in objectives as I am proposing, would necessarily bring very similar transformations.

2.7 Conclusions

The first important conclusion from this literature review is that although the concept of 'quality of life' includes a vast array of elements, it has developed into an operational concept with practical and reliable ways of being measured. The second conclusion is that disciplines like medicine, psychology, philosophy, marketing, economy and politics, have already explored the possibility of having the improvement of human's quality of life as their ultimate objective. The third important conclusion is that economic growth has not proven to be the most effective way of improving human's quality of life, and that in fact it can have several harmful side effects. And finally it is interesting that there is practically no research done on the possibility of using companies to improve the quality of life of their stakeholders instead of only generating profits. This absence of research on the area makes this study an interesting and useful contribution to the existing literature.

CHAPTER THREE

METHODS

I will now address the specific question stated for this study: How to measure the success of a specific company if its objective is to improve the quality of life of its associates.

I need to design an instrument that will produce information on how the company influences the quality of life of everyone who works there. I will call this report “The Quality of Life Report”. It would be used instead of the balance sheet to evaluate the performance of the organisation. For example, everyone who works in the corporation should be able to know if the business is being able to provide its members with enough income to achieve a good standard of living, if it is affecting in any way their health, if it is offering satisfying jobs, etc. If the members of the company notice a generalised dissatisfaction with a specific area, corrective actions could be taken to solve the problem.

It is important to note that normal economic reports, such as the balance sheet, will still be vital for the company. After all, it is through the generation of profits that a company can survive and have any impact on the quality of life of its members. The generation of money would be the medium to enhance the well being of the associates, but it would not be the main objective. Most importantly these economic reports will not indicate the performance of the organisation; neither they would be the only objective on which to base future plans. In fact,

planning and evaluation would be based on information produced by the Quality of Life Report.

The instrument produced by this thesis should be applicable and accessible to any company. In order to do this, the following characteristics must be observed:

- The areas and issues covered must be applicable to any business.
- It must be inexpensive to implement.
- It should not be time-consuming to apply.
- It must have a way to identify problematic areas outside the issues covered by the questionnaire.

By designing an instrument with these characteristics, any company no matter its size, nature of business, location, or structure, will be able to use The Quality of Life Report to assess its performance. Obviously, some organisations could do some modifications to have a more in depth analysis. For example, a multinational corporation could afford to do a more comprehensive study, or a chemical manufacturer would have to be especially aware of the health of its associates. Nevertheless, by applying this instrument as it is, any firm can receive useful feedback on how it is influencing the quality of life of its associates.

In order to develop this tool, I start by describing what type of measurements are available to assess quality of life, and which one was adopted in this study. Next, I present a list of areas that affect quality of life, and which were assessed in this research.

Following, there is a detailed description of the literature developed around each area and what methods were used to measure them. Lastly, I give a description of the characteristics of the instrument developed and how the results should be presented.

3.1 Areas of assessment

There are two basic approaches when attempting to measure the quality of life of a person: the first is to measure overall satisfaction, represented by a single measure and the second is to measure the different life domains that influence life satisfaction (Argyle, 1987). Although the first approach has been proved to be quite reliable in measuring quality of life (Veenhoven, 1991), it is of little use for our purposes. For one thing, it is affected by areas out of the influence of a company, like marriage or personality traits (Hart 1996). It is also a measure that has little variation through time, and responses can only be classified on general, broad categories (Veenhoven 1991). So for the purposes of this study it is better to take the second approach because it enable us to assess only those areas that have some relevance with the activities of the company. But to select what domains should be measured is a difficult task. In order to do this I will use the lists of areas that were identified in the literature review as affecting quality of life. Then I will review some studies that have identified how companies affect the life of their members. With this information I will be able to identify what areas should be measured.

The following items were identified in the literature review (chapter 2) as affecting in some way the quality of life of individuals:

- the nation
- the national government
- personal safety
- administration of justice
- local government
- personality traits
- community
- seasonal changes
- physical environment
- neighbourhood
- accessibility to goods services and facilities
- income
- health
- work
- leisure
- education
- social relationships
- social participation
- marriage
- friendship
- family life

Although companies can have some kind of influence in any of these elements, not all of them should be assessed. First, the areas of the first column are discarded because these are outside of the limits of this study. I am developing an instrument that measures how the company influences the quality of life of its members, not the influence of the quality of life on the community or its clients.

In order to decide which of the elements of the second column should be assessed it is necessary to identify what areas are affected by companies' activities. Several studies have looked at this issue:

- Perman (1991) in a study about the non-monetary characteristics of jobs identified paid vacation, interesting work, learning new things on the job, and risk of disability as especially important. (Income was intentionally discarded in this study.)
- The Institute of Public Accountants, in an attempt to produce a document which would register the social performance of corporations, identified the following areas: income, security, health, work place conditions, transportation, job content, coworker relationships, management worker relationships, non-work opportunities (opportunities for leisure, and company sponsored participation in social, cultural and recreational activities), personal assistance, opportunity and equity (AICPA, 1977).
- Landsbury (1978) in a study about the quality of working life in Australia identified: income, health, opportunity to develop human capacities, opportunity for continued growth and security, social integration, constitutionalism in the work organisation, work and the total lifespan (effects of work on other spheres of life), social relevance of work.

By analysing these lists of concerns, we find three areas that constantly repeat themselves: income, health issues, and education. There are other areas that are mentioned in one or two of the studies like equity, job content, social relevance of work, security, coworker relationships and opportunity for development. These aspects are normally grouped in the

more general concept of 'job satisfaction' (Smith, 1969). Finally there are elements like community participation, paid vacation, transport, and opportunities for leisure.

A comparison of the areas found in these two analyses clarifies our options at this stage:

Quality of life domains:

- health
- education
- work
- income
- leisure
- family life
- social relationships
- social participation
- marriage
- friendship

Business Literature:

- health
- education
- job satisfaction
- income
- opportunities for leisure
- paid vacations
- transport
- community participation

To decide which of these areas should be measured in our study I will define what is the exact role of a company under this new concept. The study is based on the believe that companies should be social institutions that exist to provide their associates with the necessary elements to develop as human beings, without interfering with their personal lives. In other words, they should provide with the tools for development (eg. income, health, time, etc.) without pressuring people to develop in any specific way. For example, a company should

provide its members with enough money, time, and education to be able to engage in leisure activities, or to be able to develop as family members, but it should not try to act directly upon any of these domains of life.

Not only should the company provide associates with these elements, but also it should do it without affecting other areas of well being. For example, the health of a person should not be affected by his/her work. And finally, the activities that every individual does in order to be provided with these elements should be a source of satisfaction in itself. In other words, the intrinsic values of work should also enhance a person's quality of life.

Comparing these criteria to the list presented above, family life, marriage and friendships are discarded because companies should not interfere with a person's personal life; leisure and community participation are discarded because they are not necessary tools to develop in other areas of life; paid vacations and transport are included under a concept we labelled as time management; and social relationships are covered under the concept of job satisfaction. The areas that result from this analysis are:

Job satisfaction

Income

Time Management

Education

Health

For each one of these areas I will answer three different questions: what relationship does it bear to quality of life, how can a company influence it, and how am I going to measure this influence.

3.1.1 Job satisfaction

Job satisfaction can be defined as the degree to which people like their jobs (Spector 1997). It has been identified as one of the main domains that influence subjective well being (Argyle 1987). In a study by Campbell (1976) people gave more importance to job satisfaction than friendship, health, and leisure activities. Not only this, but it has proven to be the strongest source of unhappiness (Benin and Nienstedt 1985). Only family, marriage and standard of living are domains that have stronger influence on quality of life (Campbell, Converse and Rogers, 1976).

Job satisfaction is not only an important domain in subjective well being, but it is also an area that can be very easily manipulated by a company. There are certain characteristics of jobs that have strong influence on satisfaction, and it only takes a change in policies to promote improvements. For example, autonomy has been identified as an essential component in intrinsic job satisfaction (Loher, 1985). By teaching managers to delegate their responsibilities on their workers, not only do they liberate themselves from excessive workloads, but also they give their employees the authority to decide on issues that directly affect their work.

There are two ways of approaching the measure of job satisfaction. The first is to ask the respondent to take every aspect of his/her work into account and give an opinion about their over all job satisfaction (Argyle 1987). The second is to ask about each of the different facets of work: pay, social conditions, working relationships etc. and sum up the results.

For the purposes of our study the two approaches were included. The first one provided a general opinion that it is sometimes difficult to get if you only sum up the different parts that constitute it. The second approach provided specific information about the areas that are especially problematic. This same approach has been used by several studies. One of the most recognised is that of Quinn (1974) in the 1972-73 Quality of Employment Survey. He included both measures on the basis that they do not provide the same information, and they both provide useful results.

To measure global job satisfaction a single-item measure was used. Although this approach has received some criticism, a meta-analysis of single item measures of overall job satisfaction found an average uncorrected correlation of .63 (SD=.09) with scale measures of overall job satisfaction (Wanous, P. 1997). Wanous concluded that these measures are appropriate for studies where there are situational constraints. Specifically, the global satisfaction measure used in The Survey of Federal Employees (1991) was used, because of the clarity and simplicity of its wording.

Smith (1969) identified five different areas that affect work satisfaction: pay, promotion, supervision, intrinsic satisfaction with work and people on the job. Of these, intrinsic satisfaction and people on the job are particularly important (Andrews 1976). Intrinsic job satisfaction again is divided in several facets. A meta-analysis done by Loher (1985) found that the following features had the highest correlation with job satisfaction: task identity, task significance, skill variety, autonomy, and feedback.

To measure satisfaction in the different facets of work the Job Satisfaction Survey (JSS; Spector, 1985) was used. This instrument addresses nine job domains: pay, promotion, supervision, fringe benefits, contingent rewards, operation conditions, coworkers, nature of work, and communication. This instrument was developed in 1985 and has been tested for internal consistency, reliability and validity, proving to be an accurate questionnaire to assess job satisfaction. I have chosen this scale because it is shorter than more popular facet scales, like the Job Descriptive Index (Smith et al. 1969) or the Minnesota Satisfaction Questionnaire (Weiss et al. 1967) without compromising its results or its scope. Another advantage of this scale is that each facet is measured by four independent questions, making it possible to choose the specific domains that are needed for the study. Specifically, I excluded those questions targeted at evaluating satisfaction with pay and fringe benefits because these issues were assessed separately.

In order to be certain that everyone in the company has a chance to express their personal opinion, an open question in this area was included. It asked them to mention the one

aspect of their job that they would change if they could. This provides a very useful parameter to check if the study is covering all the elements that are important for the associates.

3.1.2 Income

Interestingly enough, various studies have reported that income has a weak relation to subjective quality of life (Heady and Wearing 1992, Michaelos, 1980). People have rated their financial situation as one of the least important factors affecting their life satisfaction (Campbell, Converse and Rogers, 1976). However, there are two aspects of income that are important for this purpose. The first is when pay is not sufficient to cover basic necessities such as clothing, household, and food. This is clearly reported by Bradburn (1969):

Those who have considerably below-average incomes, and particularly those who combine low income with heavy family responsibilities, are likely to have a low sense of well being. Beyond a certain income level, the effect of further increments in income is moderate. (p. 105)

The second issue that affects pay satisfaction is comparison effects. Runciman (1966) reported that satisfaction with income is derived from comparing our income with other people, or with our past earnings. This process produces satisfaction or dissatisfaction because it is used as an indicator of our own performance. If we are being paid more than our colleagues, we will feel that we must be better at what we are doing than them. This comparison is normally made with other people in the same occupation, neighbours, relatives, and schoolmates (Fraser, 1984).

Having this perspective in mind, I left out scales that measure satisfaction with pay from comparison effects because this is based on the idea of using income as an indicator of performance. This thesis is suggesting that companies should not use profits as indicators of their performance. Companies should only pursue the generation of wealth as a medium to satisfy the material needs of their associates. The only way of achieving this is that people who work in companies value money in the same way. If they are measuring their success with the amount of money they are earning, it would be impossible to ask them to measure the success of their company in a different way. If I included the assessment of pay by comparison effects I would contradicting the basic idea of the thesis.

Based on this argument, the study only assessed if the organisation is giving an adequate standard of living to its associates. To do this, a comparison of the individual's income to average expenditure of Australians (taking into account family responsibilities) was reported. Note that his comparison is with expenditure and not with income. This will assess pay against what is needed to live, not to what other people earn. This comparison will provide an objective indicator of how is the company providing for the material needs of its members. For example, if someone's income is below what would be expected to be his/her normal expenditure, the company should notice this signal to further investigate the problem. Likewise, if someone's income is several times larger than what he/she needs, the situation should be examined because that person could be putting too much pressure on the company's capacities (and on the environment, employee's workload, resources, etc.). Two questions taken from Quinn's (1974) Quality of Employment Survey regarding the personal opinion of

each associate were included. Again, these only focus on the sufficiency of economic resources to cover material needs.

3.1.3 Health

Health is rated, in Britain and the USA, as the second most important domain of subjective well being after marriage (Argyle 1987). House, J. (1976) stated that "physical and mental health are perhaps the most basic indicators of the quality of life and work in a society". It is quite self-evident that health is a crucial factor in quality of life. In fact it is not only a crucial element of it, but also a prerequisite for a vast array of activities that affect it (OECD 1978).

Health is an important area of concern for organisations. Considerable efforts have been made to improve working conditions and safety regulations. For example, General Electric has an active role in improving the health of its work force by developing fitness, and safety programs (Anthony, Perrewe and Kacmar, 1993). Specific laws that require a safe and healthy working environment also control this issue. Implementing and controlling these systems can dramatically lower industrial accidents. For example, a survey showed that in Latin America there were 22 industrial accidents per 100,000 workers, in comparison with the United States where only 3.6 occurred (Anthony, Perrewe and Kacmar, 1993).

Four aspects of health related issues were measured:

Employers health orientation

Job tension norms

Health information

Working conditions

The first three will be assessed with questionnaires developed by Ribisl and Reischl (1993) in a study done to measure the climate for health in organisations. The 'employers health orientation' scale measures the extent to which employees believe that the organisation is concerned about their health. The 'job tension' norms assess how often do people see their co-workers burdened by job stress. The 'health information scale' assesses the frequency with which health information is distributed or disseminated. The internal consistency coefficients for these instruments were .87, .84 and .80 respectively. It is important to note that the health information scale was trimmed down from 6 items in the original study to two items in this instrument. This was done because the other four items were not applicable the organisations at hand.

The fourth issue, working conditions, were assessed with three items taken from the instrument developed by Quinn (1974) to report on the quality of employment in the US Department of Labor.

The results of these questions provided useful information on how the company affects the health of its associates. It addressed areas of physical health such as working conditions, of psychosocial health such as job stress, and the efforts of the company to improve these issues. A health assessment of the members of the company was omitted because many areas outside

the control of the company influence an individual's health, and it represents a complicated and expensive task.

Information was gathered about the policies of the company relating to this area. I questioned about the efforts to promote health programs in the organisation, and how do they ensure that working conditions of their members are adequate.

3.1.4 Time management

Under the term of 'time management' I studied the issues relating to working schedules, vacations, leaves, shifts, etc.

Family life, marriage, and leisure activities are some of the most important sources of satisfaction in life (Campbell et al. 1976). Although a company cannot have much influence in these domains, there is one factor that can be of basic importance: the amount of time devoted to them. Work has been identified as the main determinant in a person's time structure (Argyle, 1987). As such it will determine how much time will people have available for developing in other areas. How the company manages the time of its associates can be one the main issues influencing their quality of life.

For example, there have been numerous studies about the conflicts between work and family. A study done in 1991 reported that 34% of the people from the USA had "considerable

amount of work-family conflict" (Hugick and Leonard, 1991). Rodgers and Rodgers (1989) in a study done in USA about the relation of business and family life, found that "employees who perceived their supervisors as unsupportive on family issues reported higher levels of stress, greater absenteeism, and lower job satisfaction" (p. 123). Similarly, the relation between work and leisure has produced considerable debate. One interesting result of a study about American lifestyle, is that for 19% of those in full-time work, leisure is more important than work, and for another 32% it is equally important (Veroff et al. 1981).

There are two ways a company affects the schedule of its associates. The first is the total amount of time devoted to work. Although there were some predictions in the 1960s that by 1985 the length of the work week will not exceed 30 hours and that there would be 12 weeks of vacation guaranteed (Fourastie, 1965), this does not seem to be the case. People seem to be having to give 110% of their time and effort to get ahead of competition. In a study done in Canada by Zuzanek and Smale (1997) it was found that employed people in Canada had heavier workloads in 1992 than in 1981, and that they felt more rushed. In fact, a study done by Robert Half International (1991) reported that men were willing to cut their salary as much as 25% to have more family or personal time. Measures like different shifts, reduced working days, and variations in retirement age were identified by Lansbury and Prideaux (1978) as possible solutions to this problem. But maybe the most important one, would be a shift in values by the decision-makers of companies. By conceptualising the organisation as a provider of quality of life, they could be willing to sacrifice profits in order to assure that everyone in the company (including themselves) has enough time to pursue other interests.

The second way that the company affects the schedule of its associates is by the degree of flexibility in their working hours. If a worker can decide at what time he/she starts work, or when to take a break during his/her shift, this can help when trying to pursue other personal interests. There are several things that a company can do to give more flexibility to its associates. Some typical patterns include: hours averaging schemes, flexible daily hours, individualised free time schemes, flexitime plus shift systems, a combination of full time and part time systems, job sharing, temporary transfer to day work, and career break schemes (Kogi 1995).

Lastly, the time it takes the members of a company to transport themselves to the organisation premises, is an important area that can contribute to giving them more spare time

I assessed three different aspects of time management:

- Facts about the associates' schedule. This assessment provided an insight on how much time do the associates devote to work and how it is distributed. It included information about the number of working hours, paid vacation, overtime, transportation time etc. The questions were taken from Quinn's Quality of Employment Survey (1974).
- Indicators of the amount of control over work schedule. This assessment provided information on the degree of flexibility that the associates had regarding their working schedule. These indicators were taken from a study done by Perman (1991) on non-monetary characteristics of jobs. She used two questions to determine this: whether the

respondent could decide when to come and when to leave work, and whether he/she could leave work for half an hour without informing their supervisor.

- Associates' satisfaction with their company's 'time management'. This assessment provided a broader evaluation of how satisfied each member of the company was with his/her schedule. This was assessed with four questions extracted from the Survey of Federal Employees (1991). They address such issues as "the balance between work and personal responsibilities", and how the company supports these obligations.

An open question was included to inquire about any possible problem that could be overlooked in this area. Again, this question was taken from Quinn's Quality of Employment Survey (1974).

In this area I also supported the information from the questionnaires with a review of the company's policies. Specifically I reported on official policies about flexibility and transportation needs.

3.1.5 Education

The relationship between education and quality of life is somewhat obscure. For one thing, studies have found a near-zero effect on life satisfaction (Heady and Wearing 1992; Ross and Willigen 1997). The main reason for this seems to be that more educated people have higher expectations than less educated people. However, education does affect well being by reducing emotional and physical distress. Poorly educated people have higher level of depression,

anxiety, malaise, aches and pains, and lower levels of enjoyment, hope, fitness, and energy (Ross and Willigen 1997). This study also showed that education has a positive effect on the type of work, the economic situation and the personal relationships of an individual. From another point of view, education has always been one of the main objectives of social development, and one of the main indicators of quality of life (OECD 1976, UNDP 1990, Carlucci and Pisani 1995). The main reason is that it is considered as a necessary element to develop in other areas of life (OECD 1976). All of this shows that although education does not have a direct influence on subjective quality of life, it has such an important role in improving other areas of well being, that is an objective worth pursuing by the company. In fact, a study done on non-monetary characteristics of employment revealed that the opportunity of learning new things on the job is equivalent to an 89.7% pay increase (Perman 1991).

To have a better understanding of the relationship between education and the company's activities, I start by defining the different aspects of education. The UNESCO (1974) provided the following definitions:

Learning: Any change in behaviour, information, knowledge, understanding, attitudes, skill, or capacity which can be retained and cannot be ascribed to physical growth or to the development of inherited (instinctive) behaviour patterns (p.18)

Education: Organised communication to bring about learning (p.18)

The OECD (1976) suggests three general purposes for learning:

1. To improve competencies: For direct and indirect application to work, and for general welfare and survival.
2. To promote self-fulfilment and better interrelationships within society: For leisure, organisational development, and self-improvement.
3. To enhance social action: For social and community development and individual and community politisation.

When someone engages in working activities, they normally 'learn' new things from a natural and unstructured process. This kind of learning procedure can influence any of the three elements mentioned above. But companies also organise formal 'education' programs. Normally they are organised to influence the first of the objectives mentioned above: competencies for indirect and direct application on work. In fact, the main reason to invest in employees' education is to improve the company's performance (Walker 1992, Mabey and Salaman 1995). This kind of training is necessary, but if we are concerned with increasing the quality of life of the company's associates, we will also have to focus on other areas such personal relationships, health issues, environmental problems, history, science, etc. It would be desirable to provide opportunities for education that targets other areas of well being and not only the improvement of work-related competencies.

To understand how the company influences the level of education of its employees, I assessed three issues:

1. What are the current efforts of the company to promote or organise education programs for its associates? This assessment indicated if the company is interested in developing the level of education of its associates. I used the percentage of people working on the company that has engaged on any type of courses, as an indicator of these efforts. To find out what kind of support does the company provide, the study also inquired if these courses were suggested by the company, were paid by the company, and if they were taken during normal working hours. A third indicator was to ask how often is information about education programs disseminated in the company.
2. Which of these courses are focused on developing working competence and which are focused on developing other areas of well being? This assessment was useful because it showed if the company is interested in developing its employees' level of education to improve its productivity or to improve the associates' quality of life.
3. How satisfied are the members of the company with their level of education and what kind of education programs would they be interested in taking. This last assessment was necessary to find out if the company should increase or decrease its efforts in education programs. It also indicated what type of courses should the company promote.

I also gathered information about the policies of the company relating to this area. Specifically I asked about the efforts to promote education programs in the organisation, and how they would support courses related and not related to work.

3.2 Quality of Life Report

All these areas of assessment are to be included in a report I will call “The Quality of Life Report”. It will provide the company with the necessary information to know if it is helping its members improve their quality of life. Three parts form this report: questionnaires, policy report and results. I will now give a brief description of their characteristics.

3.2.1 Questionnaires

The questionnaire (Appendix 1) consists of 82 questions addressing each of the five areas explained above. They basically consist of three types of questions: (a) those whose purpose is to gather raw data, (b) those whose purpose is to ask the opinion of the respondent, and (c) those which are intended as an indicator of how are things done in the company. All the questions of type b and c were taken from studies done by specialists in the area. They are normally designed through a lengthy and complicated process in which they test their questionnaires. They go through five steps, from the definition of each facet to the compilation of norms and validation evidence (Spector 1997). For each instrument there are precise instructions on what modifications can be made, how to score the results and what are their applications. By using these instruments, or modifications of them, we can be certain that our results will be providing precise and valid information. I will not go over the specifications of each instrument. The references for all the questions are given in the preceding section. For questions type a (those that gather data) I did not rely on pre-designed instruments. These types of items are not so delicate because they are asking objective and simple information. None the less, most of these questions were also copied from questionnaires that are commonly used.

The reason I decided to gather most of the information directly from the companies associates, and not from other sources, like payroll, newsletters, policy manuals, health reports, etc., is because the idea of the whole report is to know how is the company helping each of the associates. It is not so important to have the 'correct' policies in place, but to know if they are actually improving the quality of life of all the members of the company. With time, this should be a process where everyone in the organisation gets involved and participates. Modifications, to this instrument, to policies, and even to company's objectives should come from everyone in the firm. Every person should decide by him/herself what are his/her special needs, and then have a way of expressing them in the organisation.

3.2.2 Policy report

This report consists of information about the areas identified above, that cannot be asked directly to the associates of the company. For example, it would be difficult to ask an employee if the company would be willing to finance a course for him/her, so I directly approached the people responsible for that type of decisions. These 'official policies' will help understand why things are the way they are in the company. It is important to note that the policy report is not an exhaustive one of all the policies relating to the five areas. Instead it only presents information about issues that could not be asked directly to the associates.

In a bigger company this policy report would be based on written statements. It is normal practice to have policy manuals where the general rules of the company are gathered. But in the case of our example, the company is too small to have these kind of statements. To

overcome this obstacle, I interviewed the general manager to ask him about the company's policies.

As stated above, I was only concerned with those issues that the associates would have not been able to answer. Three areas presented these kind of problems: health, education, and time management. The information I needed in each areas has already been described in the preceding section. To be sure all the issues were addressed I elaborated a list of questions to use as a guideline in the interview. These questions were:

1. Are there any flexibility programs to help company's associates meet other responsibilities?
2. Are working hours fixed, or flexible?
3. Can an employee leave the premises for half an hour to go on a private errand without telling his/her supervisor?
4. Would a member of the company have permission to take time off during normal working hours to:

exercise?

take a course not related to their work?

take a course related to their work?
5. Does the company promote in any way education programs for its members?
6. Does the company promote in any way health programs for its members?
7. Would the company pay for one of its members to enrol in a course related to its work?

8. Would the company pay for one of its member to enrol in a course not related to its work?
9. Does the company have any program to minimise the transportation time of its associates?
10. What kinds of measures are taken to ensure the working conditions of the employees are adequate?

The first three questions address the issue of flexibility with working schedule. In order to fully understand how the company manages the time of its associates it was necessary to find out what are the official rules. These answers provided a different point of view of that given by the associates on this matter. The fourth question provided a useful indicator of the importance that the company gives to education and exercise. Questions 5, 7 and 8 were included to use as indicators of the company's commitment to its member's education. Questions 6, 9 and 10 were designed with the idea of exploring any programs the company has to benefit its associates in the areas addressed.

3.2.3 Presentation of results

The results of the Quality of Life Report will be presented to the company in the simplest way possible and supported with attractive graphics. The reason for doing so is because all the associates should be able to understand these results. They have to be involved in the whole process in order to act upon the study's findings.

We should end up with a report looking very similar to the way results are presented in magazines. Most of the answers will be expressed in percentages, and accompanied by clear and attractive graphics.

3.3 Conclusions

In this chapter I have presented all the ideas, justifications and theoretical bases for the instrument I have designed. Although many other approaches could have been taken to target the same aim, I believe that an effective instrument has been produced. It provides the necessary information to understand if the company is being useful in enhancing the quality of life of its members, without representing a complicated or expensive task for the organisation. The report also opens a new communication vehicle for the company's associates. It gives each individual a chance to express how the company is affecting their quality life, and what changes they think are necessary. It is also true that this is a first attempt to design this kind of instrument, and there are probably many ways of improving it.

CHAPTER FOUR

APPLICATION OF THE 'QUALITY OF LIFE REPORT'

4.1 Company's background

The Quality of Life Report was applied to a small company that assembles and distributes projectors used in lectures and presentations. The business has been running for ten years. At the moment there are 16 people working in the organisation. Eleven of them work inside the offices, one is a storeman, and four are sales people. There is no actual production done in the company. They store, assemble and deliver the projectors. For the purpose of this study I will call the company “ABC Projectors”.

The Quality of Life Report can be applied to any organisation. ABC Projectors was chosen purely by chance. The idea was to use it just as an example of how does the instrument works. The results of the questionnaire would be very different if it would be applied to another type of company. For example, its size, structure, or position on the production cycle could affect its results. Nevertheless, this is irrelevant to the study because the objective is to design and test an assessing tool, not to research about the general influence of companies in the quality of life of its employees. Although the results of the study would be different if another company had been chosen, the objective of giving an example of how the instrument works would remain the same.

4.2 Results

In the following section I present a discussion about the results of applying the instrument designed throughout the study to ABC Projectors. It is shown how ABC is influencing its associates in each of the five areas assessed. For each area, I present an exhaustive analysis of the information gathered by the questionnaires and the policy report (raw data is given in Appendix 2 and Appendix 3). I also show how this information was presented to the company. The results were presented to ABC in a simple and attractive format. Most of the answers were summarised and supported with graphics. This was done with the idea of attracting the attention of all the members of the company and involving them in the study.

Only 14 people of the 16 members of ABC answered the questionnaires. One associate did not want to participate because he believed there were too many personal questions in the instrument. The other member who is not considered, completed only half the questionnaire, so it was impossible to include his answers.

The average age of the respondents is 36 years; 57% are woman and 43% are men. In average, they have worked in ABC Projectors for 2.8 years.

4.2.1 Job Satisfaction

The first interesting result from the application of our instrument is that 93% of the people at ABC Projectors reported to be satisfied with their job when asked to make an overall judgement. The result from this global assessment is very important because each individual

will take into account its own preferences and tastes. This is a strong indicator that ABC is offering good working standards for its associates.

The assessment of specific job satisfaction domains offered congruent results with the global measures. Four out of the seven areas analysed received scores above 80 (on a 0-100 scale). It seems that members of ABC are especially satisfied with their supervisors. This domain received an average score of 94 with an answer range between 88 and 100. In spite of this, there are some areas that seem to be having some problems:

	Score (0-100 scale)	Standard Deviation
Operating Procedures	69	16
Communication	71	15
Promotion	74	12

As we can see, these three areas received relative low scores. It is interesting to note that if ABC decided to improve operating procedures and communication it could not only improve the satisfaction of its associates, but very probably it would also have important benefits in its operations. In fact, these are classic symptoms of problems with management systems (Anthony, Perrewe and Kacmar, 1993). The third area that is presenting problems would be much more difficult to solve, because of the size and nature of the company. In such a small company as this one, in which the owners are the managers, it is almost impossible to offer employees good opportunities of promotion.

When the members of ABC were asked to mention one thing they would like to change in their job, the answers were remarkably varied. In spite of this, there are two things worth noting:

- a) 30% of the answers had to do with operating procedures, which is congruent with the results presented above, and
- b) one member said that he/she had too much responsibilities, and another member mentioned that he/she had too few responsibilities. This could indicate a problem with the distribution of tasks.

This information was presented to ABC as it is shown in the following page. Basically, it is the same information discussed here but in a more simple and graphic way. This should encourage everyone in the company to get involved with the results.

4.2.2 Income

Although data about the income for each employee was gathered, because of confidentiality issues I cannot publish it in this report. I will limit to say that the total family income for all the members of ABC was above the average Australian Expenditure (ABS 1993-1994) for their category (single person, couple, couple with children). If the company would be willing to publicise full information, I could draw conclusions about the capacity of each of its members to satisfy their material needs.

Eighty six percent of ABC's members think that their income is enough to cover their monthly expenses. Fifty seven percent of the associates believe their income is enough to live as comfortably as they would like. From this information we can conclude that ABC is providing enough income to satisfy the material needs of its associates.

One additional result that was obtained from this analyses, is that the person who earned the highest salary at ABC, only earned two and a half as much as the one who earned the least. This could be taken as an equity parameter, where ABC proves to do quite good. In fact, in some first world companies the difference between the highest salary and the lowest salary can be eight times as much, and in third world countries can be eighty times as much (Semler, 1993).

This information was presented to ABC as it is shown in the following page.

4.2.3 Health

ABC received scores ranging from 52 to 92 in its concern for the health of its members. This indicates that there is no consensus as to how concerned is ABC with the health of its associates. A way of having a more clear picture of this issue, is to take into account that 71% of the people who work in ABC said that information about health related issues was disseminated once a month or less. This is indicating that the company is not taking an active role in improving the health of its associates. Nevertheless, there is one aspect of the health issues that ABC seems to be interested in improving: working conditions. This is reflected by the fact that 70% of the people at ABC like the physical conditions of their job and only one member thought that he/she was exposed to unhealthy conditions. This is congruent with the statement of the general manager when she mentioned that ABC had just initiated a program to improve the working conditions of the company.

Only two members of ABC felt that their job had a negative influence on their health. This indicates that there are few health problems arising from the employees' activities at work. Nevertheless ABC should be aware that:

- a) half of the its people said they experienced significant tension from their job,
- b) the only two people who agree with the idea that their job affected their health, mentioned that his was caused by stress, and
- c) it is the generalised perception at ABC that people who work there experience stressful situations at least once a week.

This indicates to the company that many of its members handling too much responsibility or workloads.

In conclusion, although ABC does not have an active role in improving the health of its associates, it seems there are no significant health problems in the company.

This information was presented to ABC as it is shown in the following page. It can be seen that full interpretations are not provided in the sheet. This was done with the idea of simplifying the data without losing valuable information.

4.2.4 Time management

In the previous chapter I identified two aspects of time management that were especially important: amount of time devoted to work and flexibility regarding working schedule.

In ABC people work on average 45 hours a week, five more hours than the average in Australia (ABS, 1998); they take 33 minutes to get to their work, seven minutes more than the average in Australia (ABS 1994); they took 14 vacation days last year in average in comparison with 20 days that is the norm for Australian workers (ABS 1998); and they work 4 hours overtime a week in comparison with 7.3 of Australia (ABS 1997). In three of these categories the members of ABC are worse off than the average Australian. From this we can conclude that the members of ABC are having heavier workloads than employees in other companies. This conclusion is supported by the fact that 58% of the members of ABC felt they rarely had enough time to finish all of their work.

ABC received a relatively high score regarding its flexibility on working schedules (84) with a small concentration of results between 74 and 94. Furthermore, the indicators of flexibility that were included in the assessment showed that 79% of ABC's workforce can decide when to start and end working, and 50% can go on a private errand without informing its supervisor. This supports the general manager's statement when she said that ABC's policy is to let its members organise their own working schedule as long as it does not interfere with their responsibilities.

All of this indicates that ABC's associates have slightly heavy workloads and the company is quite flexible in its working schedules. Nevertheless half of the people in ABC are not satisfied with the balance they have achieved between their work and family life. This could be a result of inefficient communication in the company, because although the general manager said that anyone in the company could go in a private errand without informing their supervisor, only 50% of the members of ABC believed they could.

This information was presented to ABC as it is shown in the following page. It is important to note that in the above discussion I did not address the difficulties that associates had concerning the schedule or overtime. This is because no specific problem arose from the results; nevertheless it is important to present them to ABC.

4.2.5 Education

There are three interesting aspects of the influence of ABC on the education of its associates. First, ABC seems to have an active role in developing the education level of its members. This is reflected in the fact that 79% of the respondents said the organisation was concerned about their education; 78% had taken at least one course since they joined the company; 71% had taken at least one course paid by ABC; and 64% had taken a course during working hours.

Second, these efforts are only focused at improving the associates' education in work-related areas. This is reflected by the fact that only 20% of the courses the members had taken with ABC were not focused at work-related issues. More importantly, the general manager said that ABC is mainly interested in helping its members develop their working competences.

Third, 50% of the members are not satisfied with the level of education they have achieved. In fact, 86% would like to improve their work-related skills, and 93% would like to improve non-work related knowledge. It is interesting to see that there is preference for non-work related areas. This is an indication that the associates of ABC are genuinely interested in improving areas of their life apart from their work, and that ABC could have an important role in achieving this.

In conclusion ABC has a positive effect on its associate's education, but the company should also include non-work related areas in its educational efforts. One way of doing this

would be to display and distribute more information about work and non-work programs in the company. At the moment, the majority of the associates say this is done once a month or less.

This information was presented to ABC as it is shown in the following page. Education levels in ABC were not addressed here; nevertheless the results are presented to the company.

4.3 Conclusions

Conclusions for this chapter are drawn at two levels. First, the results of applying the “Quality of Life Report” on ABC Projectors are summarised:

- Most people at ABC are satisfied with their jobs
- ABC has no significant health problems
- ABC is flexible with working schedules, but imposes heavy workloads on some of its members
- ABC has a positive influence on work-related education of its members, but ignores other type of programs.
- ABC provides enough income for its members to cover their material needs.

Second, the performance of the Quality of Life Report as an instrument to measure the influence of a company in the quality of life of its members is discussed. The instrument provided the information required in the previous chapter in an efficient way with a minimum of effort. Each member did not have to spend more than twenty minutes to answer the questionnaire and the policy report was drawn from a thirty-minute interview. By these parameters the Quality of Life Report proved to be an effective instrument to provide the company with specific information on how its activities are affecting the quality of life of its members. The information was gathered and presented in such a way that organisations can take immediate actions on those specific issues that are presenting problems.

However, I did encounter some difficulties in the process of applying the instrument. By identifying these issues and solving them in future studies a better instrument can be developed. The main problems I faced were:

- The answer scale (Disagree Very Much, Disagree Moderately, Disagree Slightly, Agree Slightly, Agree Moderately, Agree Very Much) is somewhat confusing. Specifically, it is hard to tell what is the difference between 'moderately' and 'slightly' if they are not expressed in the scale's order.
- Instead of asking if the company had paid, promoted, suggested, or allowed to enrol in a course during working hours (questions 56, 57, 58 59), it would have been more useful to ask how many courses the company had paid, promoted, suggested or allowed to take during the working hours.
- The results of question 47 (During the average week, how many hours of job-related work do you do in your house) were not useful. The question was supposed to be an indicator of the company's flexibility, but it did not work because there was no way to know if they worked in their house because it was better for them or because they had too much work.
- It would be a good idea to match the questions regarding working schedule, level of education and income (45, 46, 48, 49, 50, 53, 81, 82) to the way they are expressed by the Australian Bureau of Statistics. This would facilitate the comparison of results.
- Ideally, the income of each associate should have been presented and compared with the average expenditure for Australian families. But this could not be done because of confidentiality problems.

CHAPTER FIVE

CONCLUSIONS

5.1 Summary

The main purpose of this study was to design and implement an instrument to measure the success of a specific company if its objective was to improve the quality of life of the people involved in it. The first and most obvious question that arises from this aim is why a company would have this objective. Ackoff (1994) stated that the main function of a company is to generate and distribute wealth. This creation of wealth has become the sole objective of great part of human activities. Companies are willing to sacrifice their member's time and health, and deplete scarce natural resource to increase profits. We seem to forget that money should only be a medium to improve our quality of life, and that in many cases there are more effective ways of improving our lives that through the generation of wealth. In fact, empirical research has found a weak relationship between wealth and the quality of life of human beings. Based on this reasoning, this study works upon the idea that companies should shift their objectives from making profits, to improving the quality of life of their members. Furthermore, we saw in chapter 2 how other disciplines such as medicine, psychology, marketing, and most importantly in economy have already begun a shift from the specific objective of their disciplines to a more ambitious objective of improving the quality of life of its members.

From the vast array of research possibilities that this idea can generate, I decided to focus on developing an instrument to assess the performance of a company if its main

objective was to improve the quality of life of its members. In order to do this, I first gave a general review of the literature that has developed around the measurement of quality of life. We saw that in the last 25 years it has developed in two directions: the measurement of objective quality of life and the measurement of subjective quality of life. The first tries to measure issues that can be assessed by a third party, such as income, housing, level of education or health. The second asks directly the person who is experiencing these issues. It asks the person if he/she is satisfied with its income, housing, education, health, or life in general. The two approaches are useful and normally complement each other. Both of them were included in our instrument.

Quality of life can be measured as an overall judgment of how good life is or a measurement of the different life domains that affect quality of life. I decided to take the second option of measurement because it provided more useful information for the company to assess its performance. After an analysis of the several domains that have been identified to affect quality of life, I decided to assess five domains: job satisfaction, income, health, time management, and education. For each one of these areas I answered three questions: what relationship does it bear to quality of life, how can a company influence it, and how am I going to measure this influence. This analysis answered the first question of our research: What are the limits, and relations, of a company's activities, to the quality of life of its associates? With this information I produced an instrument that consists of a questionnaire of 82 items and a report of the companies policies to describe what is the influence of the company on its members. Specifically this instrument answered the second question of our research: What is

the tool or combination of tools, that can assess how a company is influencing the quality of life of its associates?

This instrument was applied to ABC Projectors. This is a small company that assembles and distributes projectors. The results of the study revealed that in most areas the company has a positive effect on the quality of life of its members. It is providing them with enough income to cover their expenses; it has contributed to increase the level of education of most of its members; it is not affecting their health; it is demanding reasonable time contributions from most of them; it has flexible working schedules; and most people at ABC are satisfied with their jobs. Nevertheless, some problems were identified such as lack of communication, inefficient working procedures, some of the associates were stressed and overworked, and ABC associates were more interested in non-work education programs which the company does not promote.

The instrument proved to be an effective tool to provide a picture of how the company is influencing the quality of life of its members. Even so, it did have some problems; the most important being that the answer scale used was somewhat confusing and some of the questions included were not useful.

5.2 Review

This study successfully provided an example of how a company's performance can be assessed if its main objective is to improve the quality of life of its members. The main contribution of

the research is the creation of a tool to assess how an organisation is influencing the quality of life of its associates. This tool is not only useful to someone who is interested in this shift of company's objectives, but to any manager who would like to get feedback on the general consequences of his/hers company's activities.

The questionnaire developed here can be used as presented or as a basic model that can be modified to the company's specific needs. The assessment tool we developed is ideal for a company with limited resources, being very simple and inexpensive to use. Nevertheless it is important to note that it would not be suitable for all companies. For example, a company that asked their members to realise risky activities should apply more sophisticated instruments to assess its influence on the health of its associates.

An interesting contribution to the literature of quality of life has also been made. This study has brought together several tools that assessed the influence of companies in the quality of life of their members into one instrument that assesses the overall performance of companies. By doing this it is giving new uses to existing tools and it is opening a new branch on the research of quality of life.

5.3 Implications

The work done in this thesis has implications at two different levels. First, and perhaps most important, it has questioned the generalised idea that the main objective of a company's activities is to make money. To question if a social institution that has such a powerful

influence in the lives of every human being is pursuing the right goal is a healthy and interesting exercise to engage in. Furthermore, throughout the thesis I have given theoretical and empirical evidence that shows that maybe it would be better for the members of companies, the community, and the environment to pursue the improvement of the quality of life as a main objective. I even gave some examples in which this objective can help companies improve their efficiency, productivity, and economic situation.

The second important implication is that a first step has been taken towards the achievement of this change in objectives. There is now a specific instrument to measure the success of a company if its objective was to improve the quality of life of its members. Although many adaptations could be made depending on specific situations, it gives a starting point to work from for anyone who would be interested in exploring this new idea.

Further research on the area can also be identified at these two levels. First, at the general level of shifting companies' objectives, it would be interesting to study the influence of organisations on the quality of life of other stakeholders such as clients, community, or the environment; the economic consequences of this idea; or the management implications of shifting companies objectives. Further research should also be one at the more specific level of how to measure a company's performance with this new objective. Some interesting alternatives would be to try other techniques to evaluate quality of life apart from questionnaires; to design a process by which the members of the company could decide what

areas of quality of life and what specific elements of each area are most important to them; or how could it differ from transnational companies to small community businesses.