

Letter from the Editor

BY ALBERT J. MILLS

Hello everyone. Welcome to the second issue of the *Workplace Review* based on papers presented at the 40th annual conference of the Atlantic Schools of Business. In line with the tradition of the journal we remain committed to the aim of reflecting the best of research from across the Atlantic region – particularly leading-edge research from our universities. Articles are selected for their local appeal, practical application, and their ability to speak to a broad audience. Above all else we remain committed to make the *Workplace Review* dedicated to better workplace practices, devoted to discussing issues of practical concern to businesses throughout Atlantic Canada.

In this issue we examine a range of issues from the role of the Balance Scorecard for public sector agencies, through to questions about meaning in work. In the first of the following articles Daphne Rixon (Saint Mary's University) examines the use of the Balanced Score Card (BSC) technique in a public sector agency and concludes that BSC can be enhanced where stakeholders are invited to take part in developing the strategic plans and targets. The second article by Candace Blayney (Royal Roads University), Karen Blotnicky (Mount Saint Vincent University) and Peter Semadeni (NSCC) examines the challenges and opportunities facing firms competing for labour in the accommodations sector in Halifax. Their study indicates that labour shortages are rooted not simply in financial considerations but industry image problems, underlying workplace issues and lack of managerial understanding of the underlying problems. They conclude that future research needs to focus on the demand side of the labour force issue, with greater attention paid to the needs and expectations of Generation X and Y workers. The third article by Derrick Hayes (Cape Breton University) "explores two of the present governance and legal issues that are being faced by Cape Breton Not-For-Profits and their board members as they evolve from the original guidance contained in the Sarbanes-Oxley Act of 2002." Hayes concludes, among other things, that a primary aim of board membership should be that board members should be

knowledgeable in financial accounting, budgeting, and the different types of assurance that can be received from the independent accounting firms.

Our fourth and fifth papers raise important theoretical questions about studying and understanding Fast Moving Consumer Goods (FMCG) and meaning at work. In the first of these two papers Asad Aman and Gillian Hopkinson (Lancaster University, UK) analyze power relationships between different groups in Pakistan's FMCG distribution channels through a narrative inquiry approach. They demonstrate how this approach can be useful not only to academics but also to practitioners in the field – with implications for the Atlantic and other regions of Canada, as well as Pakistan. The final paper, by Scott MacMillan (Mount Saint Vincent University), examines meaning at work through a critique of various popular theories of workplace calling, career and spirituality. Using an existential approach, MacMillan asks us to take issues of meaning into our own hands, hearts and minds through individual reflection that centers on our own sense of self.

We hope that this collection of articles will encourage thought and discussion at various levels on how to create better workplaces across the region.

THE BALANCED SCORECARD AS A STAKEHOLDER REPORT FOR PUBLIC SECTOR AGENCIES

Daphne Rixon

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This paper explores a Canadian public sector agency's employment of Kaplan and Norton's (1992) Balanced Scorecard (BSC) to provide progress reports on achievement of its strategic plan. This research contributes to the BSC literature by expanding the framework to include stakeholder involvement in developing the strategic plan and related targets and to improve dissemination of the report.

Introduction

The purpose of this paper is to explore a Canadian public sector agency's employment of Kaplan and Norton's (1992) Balanced Scorecard (BSC) to provide stakeholders with progress reports on the achievement of its strategic plan. This exploratory study compares the agency's BSC to Kaplan and Norton's (1992) original commercial scorecard and then to Kaplan's (2001) modified NPGO scorecard. Since the agency's BSC was based on its strategic plan, the paper also examines stakeholders' level of satisfaction with the strategic plan and its measures as well as the consultative approach taken by the agency in developing the plan. Finally, the study explores stakeholders' awareness of the strategic plan.

It is important to study utilization of the BSC in a public sector context since many organizations rely on it as their main reporting tool. Therefore, it is beneficial to evaluate how well this particular tool meets stakeholder accountability needs. This exploratory case study contributes to the body of literature on public sector stakeholder reporting by examining the implications of using the BSC as the chief reporting mechanism for public sector agencies. The paper further contributes to the literature through its extension of the BSC framework.

The Balanced Scorecard and Stakeholder Reporting

The BSC is described by Talbot (1999) as a holistic approach to accounting for organizational performance since it encompasses several management initiatives: total quality management, just-in-time, lean production, customer focus, activity based costing, employee empowerment and process re-engineering. Multidimensional performance reporting models, including the BSC, have become popular in the public sector because they counteract the traditional emphasis on financial measures (Modell, 2004). Moreover, the BSC has been used to implement various government initiatives. Wisniewski and

Olafsson (2004) and McAdam and Walker (2003) have analyzed its role in assisting with the implementation of the United Kingdom's Best Value initiative introduced in 1997 as part of the government's modernization program. Further studies examine public sector use of performance measurement and the BSC. For example, Chan (1984) focused on the BSC in municipalities in Canada and the United States. Chow et al (1998) studied the BSC in the healthcare sector. Likierman (1993) explored the role of performance indicators as managerial tools in the public sector. Similarly, Johnsen (2005), Propper and Wilson (2003) and Freer (2002) examined how performance measurement has impacted the public sector. Many of these frameworks on their own are insufficient in meeting the needs of a public sector organization. Therefore, researchers have introduced other models such as the Public Service Excellence Model (Talbot, 1999) to incorporate the best of other frameworks. While the Public Service Excellence Model extends the concept of the BSC, it does not address stakeholder involvement and broad dissemination.

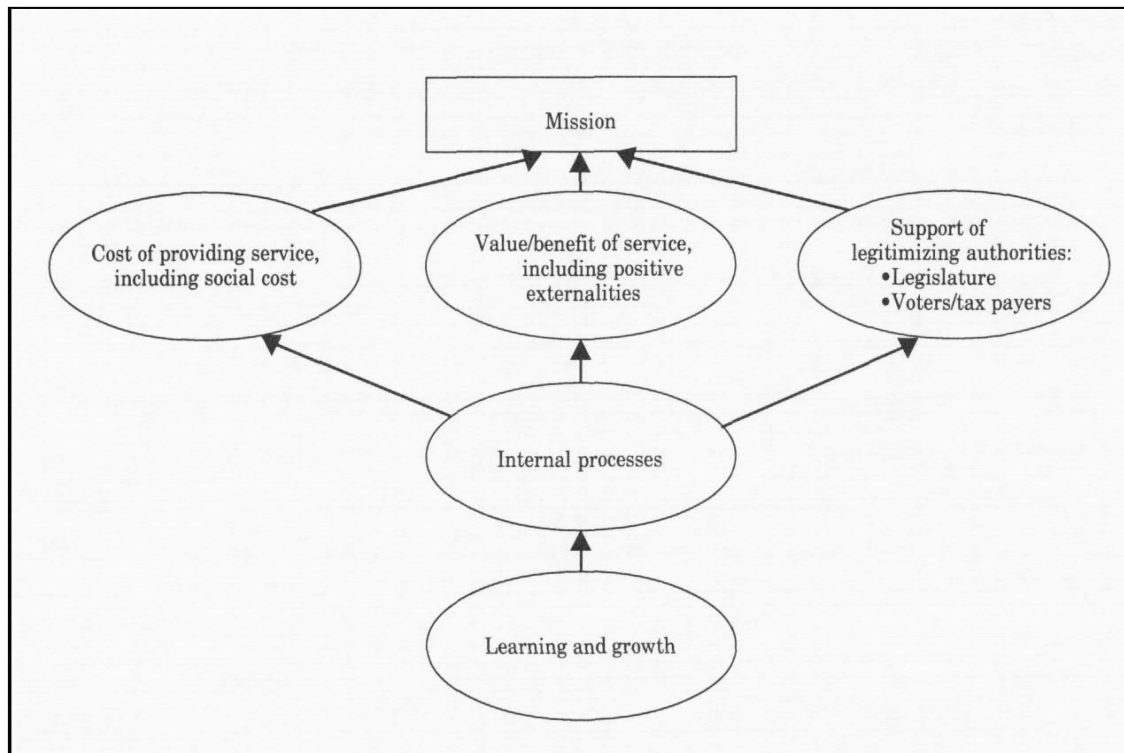
Since its introduction, Kaplan and Norton (2001a) have expanded on the application of the original BSC concept by adding a strategy map that specifies how critical elements of these perspectives are linked to organizational strategy. According to Kaplan and Norton (2001b), the BSC has evolved from a performance measurement system to an organizing framework for strategy implementation. Kaplan and Norton (1996) maintain that the BSC is not intended to replace an organization's day-to-day measurement systems. Instead, BSC measures are chosen to direct the organization toward achievement of its strategic objectives.

McAdam and Walker (2003) found that the lack of adaptation for the public sector resulted in somewhat simplistic views of customers and stakeholders. Kaplan (2001) also recognized the difficulty in implementing the original BSC framework in non-profit government organizations (NPGO's) and subsequently recommended that an organization's mission, as the overarching objective, be featured with customers/constituents placed at the highest level on the BSC. When adapting the BSC for the public sector, Johnsen (2001) concurs with Kaplan (2001) that the focus on shareholders, employees, customers and financial results must be replaced with public management concerns with other stakeholders such as clients and citizens. Kaplan's (2001) modified NPGO framework for public sector organizations is comprised of three high-level perspectives which he suggests be identified before organizations determine their objectives for the internal processes as well as the learning and growth perspectives (Figure 1):

- 1) Cost incurred: includes expenses of operating the agency and the social costs imposed on citizens. The framework is based on the assumption that agencies should minimize the direct and social costs required to achieve benefits.
- 2) Value created: refers to surrogates for value such as improved mortality rates and public safety. This aspect of the modified NPGO scorecard assumes that public sector organizations tend to use more output than outcome measures.
- 3) Legitimizing support: assumes the organization strives to meet the objectives of its donors.

Figure 1: Modified Balanced Scorecard for NPGO's
Source: Kaplan (2001)

Various researchers have illustrated the BSC's role as an external communication tool.



Forgione (1997) points out that in the insurance and financial services industry, one Swedish company, Skandia, used the BSC to communicate information to external market participants. Similarly, Aidemark's (2001) study also found that the BSC was regarded as a communications tool since it clarified goals, fostered dialogue and articulated the complex work of health care professionals to management and politicians. However, these studies focused on one-way communication of results to stakeholders rather than on soliciting their input in strategic plan development. In other words, many of the previous studies did not emphasize the importance or role of two-way communication with stakeholders.

While the modified NPGO scorecard (Kaplan, 2001) recognizes the differences in focus of private versus public sector organizations, it does not provide a mechanism to engage stakeholders by inviting them to be involved in the development of the strategic plan and related targets. Sanderson (2001) contends that the viewpoints of all major stakeholders should be considered in the selection of key measures and targets and that a participative approach is needed. Ultimately, to ensure the BSC is meaningful, it is beneficial to give stakeholders a proactive say in the strategic direction of the organization (Friedman and Miles, 2006; Rixon, 2010a). Friedman and Miles define involvement as providing stakeholders with an opportunity to present their own proposals. Consultation is a passive approach whereas involvement is a proactive approach. Without this level of stakeholder engagement, managers tend to provide information based on their subjective perceptions of what they believe stakeholders want (Daake and Anthony, 2000).

In addition to fostering a two-way communication process, the accountability value of a strategic plan and BSC is enhanced when it is broadly disseminated to stakeholders. Indeed, the existence of a BSC in and of itself does not automatically guarantee that an organization will meet its stakeholders' accountability expectations. While the provision of information is viewed as one means of fulfilling accountability expectations (Chandler, 1998), accountors must do more than merely publish information; they must distribute it as well as ensure the public is aware of its existence and has access to it (Stewart, 1984). Therefore, it is important for a public sector agency to make a reasonable effort to increase stakeholder awareness that the annual report is available (Coy et al, 2001). This responsibility can be discharged through press releases, websites and newspaper inserts (Hooks et al, 2002; Hodges et al, 2002). It has also been suggested that public attention can be gained through cross-jurisdictional comparisons (Ammons, 1995) since benchmarking has developed into an accepted approach to compare an organization's functions and processes (Talbot, 1999).

Methodology

This exploratory case study is based on the Workplace Health, Safety and Compensation Commission in the province of Newfoundland and Labrador, Canada. All Workers' Compensation Boards (WCBs)¹ in Canada are similar in that they are public sector agencies established by provincial government legislation to provide wage loss, health care, rehabilitation and long-term disability benefits to workers who are injured during the course of their employment. This mandatory, collective liability system is compulsory for employers and workers (Rixon, 2010b).

The methodology for this case study is comprised of a documentary review of the Newfoundland WCB agency's strategic plan and BSC as well as face-to-face in-depth interviews with representatives from the two main WCB stakeholder groups and senior agency officials. Fifteen respondents selected for the semi-structured interviews were comprised of representatives from six trade unions, six employer associations and three WCB executives. Employer and trade union respondents were selected from 17 employer associations and 15 trade unions which participated in the agency's semi-annual round table meetings. Respondents selected for this study reflect a cross-section of industries, rural and urban regions as well as small and large stakeholder groups.

The interviews were conducted at the workplaces of the respondents and were of one to two hours duration each. During the semi-structured interviews, after the researcher posed a series of open-ended questions, respondents completed a questionnaire comprised of checklists and Likert-scale questions. The responses to the open-ended questions were audio taped,

¹ Most provinces in Canada refer to their workers' compensation agencies as "Workers' Compensation Boards" (WCBs). Others such as New Brunswick and Newfoundland and Labrador use the term "Commission". However, for simplicity, the term WCB will be used to refer to all workers' compensation agencies in Canada

transcribed, analyzed and coded using NVivo software. Checklist and Likert-scale questions were summarized and tabulated using spreadsheets. Responses of industry associations are identified as ER, trade unions as TU and agency executives as EX.

Case Study Findings: Discussion and Analysis

The Newfoundland WCB introduced its first BSC in 2001 for the five-year period 2002 – 2006 to monitor performance and report on its strategic plan. It was issued semi-annually to industry associations and trade union representatives attending its round table meetings and it was also included in the annual report. The agency's BSC included the financial, customer, internal business processes and learning and growth perspectives (Kaplan and Norton, 1992). The scorecard design reflected the original version of Kaplan and Norton's (1992) BSC rather than the NPGO version (Kaplan, 2001) since the agency's BSC was developed prior to the introduction of the NPGP version.

The WCB's six goals, the number of strategies for each along with an indication of Norton and Kaplan's (1992) corresponding BSC perspectives as depicted in Table 1. Three goals (A, B and D) were aligned with Kaplan and Norton's customer perspective, whereas there was one goal for each of the remaining perspectives: financial, internal business processes and learning and growth. This finding is consistent with the agency's mandate to provide services to injured workers and employers. Therefore, it makes sense that 15 of the 28 goals (54%) would be targeted towards its customers, defined as workers and employers.

Goal	BSC Perspective	Number of strategies
A. Prevention focus achieving results B. Injured workers and employers better served C. Financially secure D. Stakeholders sharing responsibility for changes E. WCB operating more efficiently F. Knowledgeable employees satisfied and retained	Customer Customer Financial Customer Internal Business Processes Learning and Growth	4 7 4 4 4 5

Table 1: WCB Balanced Scorecard

Source: WCB Balanced Scorecard 2002-2006 and Kaplan and Norton (1992)

Although the agency's BSC design was based on Kaplan and Norton's (1992) scorecard framework, for the most part it can also be correlated with each of the levels of Kaplan's (2001) modified NPGO framework. Kaplan's (2001) modified BSC overarching objectives were reflected in the WCB's mission statement, which emphasized the agency's dual objectives to prevent and manage workplace injuries and to provide a reasonable level of benefits based on reasonable assessment rates (premiums). The modified BSC's 'cost incurred' to provide service correlated with Goal C – 'to be financially secure'. The value or benefit of the service incorporated two of the WCB's goals – Goals A and B. Goal A, which focused on prevention, created value by reducing the cost of injuries and replacement workers for employers by minimizing wage loss for workers, and through

containing health care costs. Goal B emphasized service to employers and workers, and this fits with the value/benefit of the service under the NPGO modified model. The legitimizing support category correlates with Goal D due to emphasis on co-operation and partnership with the agency. Legitimizing support is provided by the funders (employers) and beneficiaries (workers). These groups correlated with voters and taxpayers under the NPGO modified BSC. The agency's objective with this goal was to attain greater co-operation from workers and employers in achieving the strategic plan. When the plan was developed, the agency was in a financial crisis and required full co-operation from employers and workers in reducing and managing injuries. Finally, the Minister of Labour, through legislative responsibility, provides legitimizing support. The modified BSC's internal processes correlates with the agency's Goal E, operating efficiently. Learning and Growth is reflected in Goal F: knowledgeable workers satisfied and retained.

However, despite this correlation, there were several subtle differences between the intent of the modified NPGO scorecard and its 1992 version as utilized by the WCB. Kaplan (2001) contended that NPGO's should minimize the direct and social costs associated with provision of benefits. This is a slightly different connotation than that ascribed by the WCB whose objective, as indicated in its mission statement, was to provide a 'reasonable level of benefits to injured workers based on reasonable assessment rates for employers' (Workplace Health, Safety and Compensation Commission Annual Report, 2005). The WCB's objective is not necessarily to minimize costs since the agency's goal is to provide reasonable benefits, not the lowest level of benefits possible.

Another aspect of the NPGO scorecard differentiation relates to its legitimizing support category. Kaplan (2001) contends that agencies should aim to meet the objectives of their funding source, which is assumed to be government. This is different for the WCB since its source of funding is provided solely through premiums from employers. Therefore, the WCB has to not only satisfy the needs of its funders (employers), but also to meet the needs of beneficiaries (injured workers). Thus, the legitimizing support for the WCB is derived primarily from the funders and beneficiaries and secondarily from government, which has legislative responsibility for the agency. It is interesting to note that the WCB's strategic plan did not make any specific reference to support government. This can be attributed to the its self-funded status, which avoids a dependence on government funding. That being said, the agency reports to a Minister and, therefore, it could be argued that there needs to be greater linkage to government.

The semi-structured interviews identified several concerns with the WCB's strategic plan. These include low employer awareness of the plan, moderate stakeholder support of the plan and related targets, exclusion of certain critical performance indicators, shared responsibility for goal achievement, weak targets, insufficient stakeholder involvement in selecting the targets and the need for more relevant comparisons. Each of these concerns is discussed in the following section.

Stakeholder Awareness The semi-structured interviews revealed a lack of awareness of the strategic plan by three of the six employer respondents. In contrast, all six trade unions were aware of the WCB's strategic plan. One explanation for three employer respondents' lack of strategic plan awareness is that the same representatives did not attend all the round table meetings where the BSC reports were disseminated. This suggests an opportunity to improve communication among the stakeholder groups since the agency may not have had a process to internally disseminate information gained at the round table deliberations. Since attendees could vary, the round table meetings may not have been an effective consultation and feedback tool for all stakeholder groups. Clearly, communication between

stakeholder group representatives attending the round table meetings and their underlying constituents is important in improving the value of the BSC as an accountability tool.

In addition, it is also incumbent on the agency to increase stakeholder awareness of this report (Coy et al, 2001). Distribution of BSC reports at round table meetings and in the annual report is a fairly narrow dissemination. Attendees at the round table meetings include 17 employer associations and 15 trade unions, while the annual report was published on its website and hard copies were mailed upon request. As suggested by Hooks et al (2002) and Hodges et al (2002), increased stakeholder awareness of the report could be achieved through the media.

Stakeholder Support for Strategic Plans and Targets Although most stakeholders were aware of the strategic plan, this did not necessarily translate into support. Only four employer and four union respondents believed the plan was appropriate, as illustrated in Table 2.

Table 2: Support for Strategic Plan and Related Targets

	Strategic Plan Support		Appropriate Targets				
	<i>ER</i>		<i>TU</i>	<i>EX</i>	<i>ER</i>	<i>TU</i>	<i>EX</i>
Strongly Agree	0	4	0	1	1	0	1
Agree	0	4	1	0	1	0	0
Neither Agree/Disagree	0	0	1	0	0	0	0
Disagree	0	0	0	0	2	0	0
Strongly Disagree	0	0	0	0	1	0	0

Source: semi-structured interviews

Table 2 shows that five of the six union respondents supported the strategic plan targets. Meanwhile, there was only moderate employer support; two agreed and one strongly agreed with the targets. In response, one of the WCB executives concurred with the employers' view that the targets were not ambitious enough. The moderate level of support by both primary stakeholder respondents, four each for employers and unions, is somewhat surprising since both groups were given an opportunity to have input into this plan through their Board representative. This may indicate that members of the Board of Directors did not adequately consult their constituents before agreeing to the strategic plan targets.

Even more surprising was the finding that the WCB executives were divided on the appropriateness of the strategic plan. One executive disagreed with the plan and one disagreed with its related targets. Although the Board of Directors was ultimately responsible for the strategic plan, there was a collective responsibility among the Board of Directors and WCB executives for its development, implementation and achievement. The lack of full WCB executive support suggests there may have been a gap between the approved plan and what the strategic plan would have contained had the executives been solely responsible for its development. An alternative explanation may be that as the agency neared the end of the strategic plan cycle, WCB executives recognized that the original plan needed to be revised to reflect the organization's early achievement of its

targets.

A further issue raised by respondents related to the WCB achieving targets well ahead of schedule, but not adjusting them accordingly for the subsequent years. It is essential that strategic plan targets be realistic, attainable and challenging. Some of the employer and agency respondents claimed that the targets were not set high enough, particularly since many of the five-year targets were achieved in the first two years. Artificially low targets may cause constituents to lose faith in the strategic planning process and may negatively impact the organization's credibility. If it appears that the five-year targets have been achieved after the first year or two, as an example, one employer respondent indicated the agency should adjust them accordingly. This view was shared by a WCB executive who noted:

‘There should some provision...that we can modify the goals at some predetermined interval, that you go back and revisit your goals. The current strategic plan right now is so far ahead in certain goals that the original goals are really meaningless, we should go back and revisit those and if we have to, revise the targets.’

Shared Responsibility Some of the strategies to achieve Goal A were the joint responsibility of the WCB and Occupational Health and Safety (OHS)². One employer respondent expressed concern that the strategic plan involved goals over which the organization did not exercise full control. Another respondent did not consider this joint goal to be very practical or realistic due to the difficulty in holding both parties accountable. It is difficult to hold the WCB accountable for a goal which requires the cooperation and involvement of another organization. Conversely, it could be argued that this is an area where government could play an oversight role by ensuring the objectives for both the WCB and OHS are complementary and mutually supportive.

Key Performance Indicators Lacking Respondents identified several deficiencies with the key performance indicators (KPIs) used in the BSC. There were a number of areas where the WCB did not provide performance information desired by the respondents (Table 3). The performance indicators were selected by the Board of Directors with assistance from the WCB executives, without consultation with stakeholders. Arguably, had stakeholders' input been solicited, indicators such as return-to-work success rate, denial rate, total claims costs and average cost per claim would have been included in the strategic plan targets.

² Occupational Health and Safety (OHS) is a division of the Department of Government Services.

Table 3: Key Performance Indicators Not Provided by the WCB

Key Performance Indicator	ER	TU
Return-to-work success rate	5 5 4 6 6 4	5 6 3 3 3 3
Number of claims denied		
Number of claims paid directly by employer		
Total costs (employer paid and WCB paid)		
Cost per claim (WCB portion)		
Investigation results		

Source: semi-structured interviews

As illustrated in Table 3, there was a high level of employer and union interest (five each) in the return-to-work success rate indicator. In view of the role of the WCB in facilitating the medical recovery and return-to-work of injured workers, it was surprising that a key performance indicator for this crucial outcome did not exist. Data were available on the number of claimants who were no longer in receipt of benefits, but there was no follow-up to determine if they returned to work and if so, whether they returned to the same employer, in the same job or another job, or to a different employer. Without this data it is extremely difficult to evaluate the WCB's success in administering claims. Rather, the approach taken by the agency was to view claimants who were no longer in receipt of benefits as a proxy for success. This may be viewed as a success for the agency in reducing costs, but does not reflect success for injured workers if they did not fully recover and resume their earning potential.

The performance indicator addressing number of claims denied reflected the WCB's diligence in evaluating acceptable claims. A claim can be denied if it is determined that the injury did not occur during the course of employment. The high level of interest of all union respondents reflects their concern that potentially legitimate claims may be denied. Five out of six employer respondents were also very interested in having this information. Employers would also be interested in the denial rate since having more claims denied would reduce costs and consequently their premiums. Despite availability of data on the number of claims denied, this performance indicator was not reported.

Four employers and three unions indicated interest in the number of claims paid directly by employers. Union concern with the number of claims paid directly by employers is lower than expected in light of the potential for this practice to introduce a two-tier system. Claimants who continue to be paid by their employers do not experience any delay in obtaining benefits, whereas the majority of claimants are removed from their employers' payroll and have to wait for payment from the WCB. A possible explanation for the low interest may be lack of stakeholder awareness of this practice, coupled with its limited utilization. However, this information is available and could be reported.

Total cost information (costs paid by WCB and cost paid by employers) was of interest to all employer respondents, but only three unions expressed interest in this data. The financial statements and BSC report included costs incurred by the WCB, but not the costs borne by employers related to workplace modifications and accommodating workers in new jobs. Total employer and WCB cost data was of particular interest due to the increased expectations for employers to participate in the Early and Safe Return-to-Work (ESRTW)³ program. Data on total cost (WCB and employer paid) were not captured.

As depicted in Table 3, all six employer respondents were interested in cost per claim information, while only three unions desired this data. This information was readily available and could have been reported by the agency. Cost per claim statistics would aid in the evaluation of claims cost trends on a longitudinal basis. Given the significant level of concern by government, the Board of Directors and other stakeholders with the agency's financial condition, it is surprising that cost per claim information did not play a more prominent role in the strategic plan and BSC reports. Cost concerns were frequently raised by employer respondents, whereas trade unions did not emphasize costs since funding is the responsibility of employers. The contrasting levels of interest on the part of employers and unions in the performance indicators reflected the multi-faceted and often conflicting objectives of these key stakeholders.

Employers were slightly more interested in investigation results than trade unions, with four employers compared to three unions desiring this information (Table 3). This stands to reason since investigations could potentially result in denial of claims or in the termination of benefits. The agency had this information available, but did not report it. The publication of this information is a sensitive issue since employers may lobby for increased investigations while unions would be concerned about loss of benefits. The use of investigations has a negative connotation since it implies that some workers may be fraudulently receiving benefits. Clearly, there is a delicate balance in maintaining the financial stability of the system while balancing the rights of workers to obtain benefits.

It is important to note that all the indicators used in the BSC were designed to help the organization achieve its six main objectives. Therefore, it could be argued that the six KPI's that stakeholders desired but that were not provided may not have been relevant for achievement of the strategic plan. Conversely, it could be argued that if these measures were important to stakeholders, they should have been included in the strategic plan. However, use of the BSC did not preclude the WCB from gathering and publishing additional KPI's that were of interest to stakeholders. The BSC measures are not intended to replace an organization's day-to-day operational measures (Kaplan and Norton, 1996a).

Stakeholder Involvement The study found that stakeholders preferred to play a greater role in developing strategic plan targets. While employer and union stakeholder groups participated in developing the strategic plan, respondents indicated they were not sufficiently involved in selecting the specific performance indicators and targets used to monitor and measure the success of the plan. It is important to distinguish involvement from consultation. According to Friedman and Miles (2006), consultation is comprised of the agency soliciting feedback on management's plans, whereas involvement provides stakeholders with an opportunity to present their own proposals. In spite of the significant role played by the Board of Directors in developing the five-year strategic plan, it appears that there was insufficient engagement of the stakeholder groups in the process. This also points to a governance issue since Board members may not have had an adequate level of consultation and input from their

³ Early and Safe Return to Work (ESRTW) is a program requiring all employers and workers to cooperate in the worker's early and safe return to suitable and available employment with the injury employer. This usually occurs at the same time as the worker's active medical rehabilitation. constituents. The strategic plan and BSC report should reflect stakeholder needs in order to be a relevant accountability and reporting mechanism. Stakeholder involvement would improve the accountability value of the plan and the resulting targets.

Comparative Referents As illustrated in Table 4, all six employer respondents and five

union respondents identified regional Atlantic⁴ WCB's as their preferred comparative referent. The second most desired referents were national WCB key performance indicators. National statistics were readily available from the Association of Workers' Compensation Boards of Canada, which is an umbrella association of the WCB agencies in Canada. All the same, the WCB did not provide any national comparative referents in its annual report and published only two Atlantic referents. While stakeholders were interested in interjurisdictional comparative information, they also continued to value year-over-year actual results. Of the six employer respondents, five also preferred year-over-year actual results; in contrast, only three union respondents had this preference.

Table 4: Comparative Referents

Source: Semi-structured interviews

Preferred comparative referents	ER	TU	EX
Regional (Atlantic) workers' compensation agencies	6 5 3 3	5 4 2 3	2 0 3 2 0 3
National workers' compensation statistics	1 5 4 0	1 3 2 1	2 0
Budgets Targets Private sector insurance companies			
Year-over-year actual results 5-year actual results Canadian average			

Given the emphasis on accountability, the limited stakeholder interest in comparing actual results to budgets or to targets is perplexing, particularly since this is the practice of government. This suggests that stakeholders viewed the reporting requirements of the WCB as somewhat different from government. While the WCB did not publish its budget, actual results for selected performance indicators were compared to targets in the BSC report. The lack of interest in comparing to the private sector insurance companies is interesting given the public demand for government services to be provided in a manner that is as effective and efficient as the private sector.

Year-over-year comparisons were desired by employers, but were of limited interest to unions. In contrast, the WCB executives indicated more interest than employers and trade unions in comparisons to budgets than year-over-year results. Comparisons to budgets could portray the agency in a favourable light when they do not exceed the budget, whereas year

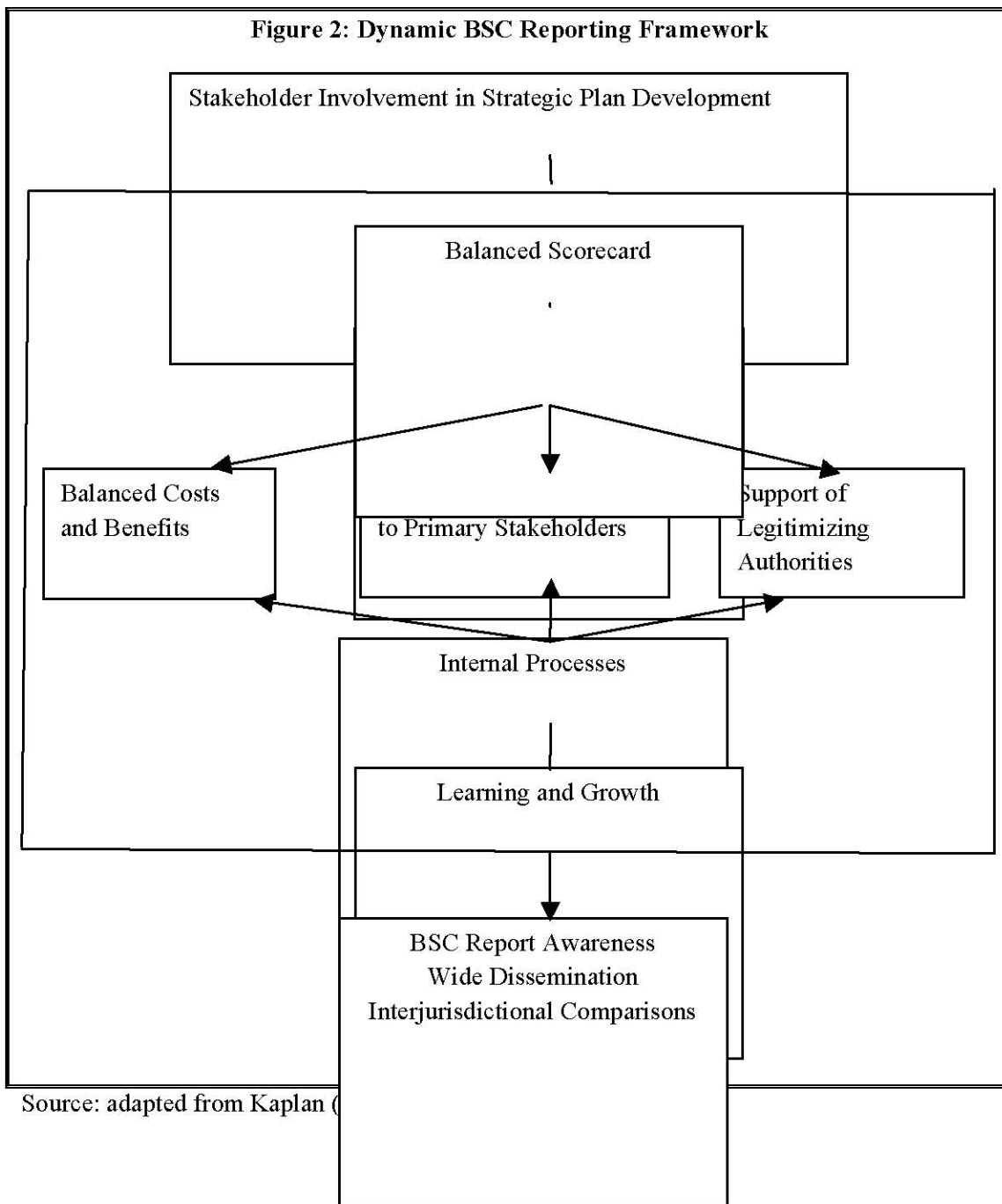
⁴ Atlantic Provinces refer to the region comprised of four provinces: Newfoundland, Nova Scotia, New Brunswick and Prince Edward Island.

over-year comparisons could highlight unfavourable cost trends. In addition, comparisons to other jurisdictions may lead to stakeholder requests for variance explanations in situations where the agency's costs were higher than some of their counterparts. Five-year actual results were of interest to more employer respondents than union respondents. Only one union respondent and no employer respondents identified the Canadian average as a desired comparative referent. This stands to reason since the Canadian average would not be all that meaningful as a result of the varying sizes of the WCB agencies. Overall, the addition of interjurisdictional comparisons, where applicable, would improve the accountability value of the BSC and, as noted by Ammons (1995), this will likely increase public awareness of the agency's BSC.

In summary, the WCB's use of the BSC as a stakeholder reporting mechanism was only moderately successful. A pervasive theme that emerged throughout this study concerned the lack of two-way communication with stakeholders. In particular, the study revealed an insufficient level of communication among the Board of Directors and their constituents, minimal stakeholder involvement in selecting the BSC indicators and low stakeholder awareness of the strategic plan. Furthermore, the respondents indicated that they would like to have more input into the strategic plan and selection of its related targets. These findings are consistent with Sanderson's (2001) contention that all stakeholders should participate in the selection of targets and measures. However, the approach taken by the WCB was reflective of the communication style described by Aidemark (2001) which was more of a one-way communication approach with the organization explaining its work.

Figure 2 illustrates how the modified NPGO balanced scorecard framework could be extended to include stakeholder involvement in developing the strategic plan and to increase awareness of the report through broader dissemination. The Dynamic BSC Reporting Framework is based on the modified BSC for NPGO's (Kaplan, 2001), but also incorporates a significant level of stakeholder communication in its development and dissemination. In addition, the Dynamic BSC Reporting Framework includes interjurisdictional comparative referents to further enhance its accountability value.

The objective of this exploratory case study was to examine the implications of using Kaplan and Norton’s BSC as a stakeholder report to demonstrate accountability for public



sector agencies. This study has shown that while an organization’s BSC may reflect all the elements of Kaplan and Norton’s (1992) BSC as well as Kaplan’s (2001) modified NPGO scorecard, this does not necessarily indicate that it will meet stakeholder needs. This study found that accountability is enhanced when stakeholders are invited to participate in developing the strategic plan and its targets. In addition, where feasible, the accountability value of BSC reports could be improved by including interjurisdictional comparative referents.

Furthermore, if the BSC is to fulfill an accountability role, the agency should ensure that there is increased public awareness of the report.

This research contributes to body of literature on the BSC as a reporting tool by expanding the framework to include stakeholder involvement in developing the strategic plan and related targets and to improve dissemination of the report. While this study is based on a single organization, its findings are expected to be applicable to all other Canadian WCB jurisdictions. Further research is needed to determine the applicability of the Dynamic BSC Reporting Framework for other public sector agencies.

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EXPLORING THE LABOUR SHORTAGE IN THE HALIFAX ACCOMMODATIONS

INDUSTRY:

INDUSTRY PERCEPTIONS OF CAUSE AND EFFECT

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The purpose of this study was to examine the challenges and opportunities facing firms competing in the accommodations sector in Halifax, Nova Scotia, with the goal of recommending new strategies for attracting and retaining qualified staff. Data was collected from Halifax accommodations firms. The results reveal that while there are some financial limitations that lead potential employees to migrate to larger cities in search of higher pay, that is only one part of the problem in seeking qualified labour. Rather, issues impacting the labour shortage include industry image problems, underlying workplace issues and lack of managerial understanding of the problem. Recommendations are provided for overcoming these difficulties.

Introduction

The purpose of this study was to examine the challenges and opportunities facing firms competing in the accommodations sector in Halifax, Nova Scotia, with the goal of recommending new strategies for attracting and retaining qualified staff. The difficulty experienced by many firms in the tourism services industry, particularly those in accommodations and food and beverage sector, are not unique to Nova Scotia. Destinations throughout the world are preparing workforce strategies to combat worker and skill shortages. These are forecast to get worse.

In Canada, British Columbia's Chamber of Commerce in April of 2002 published a Skills Shortage Initiative which identified retention and human resource development strategies as vital. The 2007 Alberta Workforce Strategy for the Tourism and Hospitality Industry represented a collaboration of industry and government to address these types of challenges over the next 10 years.

In the United States, the President's 2006 High Growth Job Training Initiative identified the hospitality industry as a priority sector which has, and will, undergo high growth between 2002 and 2012, and will add 1.6 million new jobs to the US economy. Recruitment and retention challenges and solutions are identified as "overarching issues."

Monroe County's Florida Keys and Key West faced a desperate situation with normal retention challenges exacerbated by high housing costs. Four out of every five tourism workers are housing cost burdened (over 30% of their income goes toward housing costs). Sixty-four percent of tourism workers have plans to leave the Keys within the next 5 years. At the other end of the US, Wisconsin's Department

of Transportation presented a 2000 report “Bring Them Home. A Workforce Crisis Strategy” to the Governor’s Council on Tourism.

Globally jurisdictions are facing similar tourism human resources challenges. New Zealand’s 2006 Tourism and Hospitality Workforce Strategy, investigated perceptions of tourism careers. Without a sufficient resource of talented and motivated workers, the accommodations industry will be hard pressed to deliver the high service level and added value that travelers have come to expect.

The competitive nature of the hotel industry leads to little variation occurring between properties. As a result, the delivery of a competitive service level is a standard method used to differentiate and to be successful in this environment (Chang, 2006). Good service or excellent service is meant to please the guests and to create a competitive advantage. This strategy of offering service that cannot be copied or excelled by other competitors is the core of any service industry and the hospitality industry is one that depends on its employees to deliver the core product, the service.

The challenges of the global marketplace have compelled firms in the hospitality industry to transform themselves into truly customer focused business enterprises – irrespective of the products and services they sell. The quality of services has become recognized as the vital value-assessment variable in predicting a hospitality firm’s success” (Kandampully & Promsivapallop, 2005).

Motivated employees are necessary to deliver the level of service required for hotels to remain successful in the ever increasing competitive market. The product delivered in this service market is highly intangible and the employee service levels and customer interaction are very important parts of the overall product experience for the guests. Therefore, management has to ensure that employees are trained and motivated to fulfill this critical element of their jobs.”Employee satisfaction depends on a variety of factors such as the manager’s style, the employee’s personality, and the particular stressors of the workplace” (Poulston, 2009, p. 24.) The hospitality industry is well documented as a high stress environment (Ghiselli et al, 2001; Hsieh et al, 2008; Lo & Lamm, 2005). This is now coupled with another challenge: that of a decrease in qualified staff to fill the ranks.

The tourism industry is an important component of the economy. “In 2008, tourism activity generated over \$74 billion in revenues, represented 2% of Canada gross domestic product (GDP) and employed over 660,000 Canadians” (Industry Canada, nd.). Within this projected growth also lies the inherent demand for jobs. Labour demand in the tourism sector in Canada is projected from 1.7 million jobs in 2005 to 2.2 million jobs in 2025, a 33% increase. Alberta is forecasted as having the greatest growth in potential labour demand at 52% with the Atlantic Provinces having the lowest. However, the labour force size is not projected as being able to sustain this demand with a forecast by 2025 of a shortfall of nearly 350,000 jobs (Canadian Tourism Human Resource Council ((CTHRC), 2008). This shortfall number was updated in 2010 and now is forecasted as 219,000 full year jobs by 2025, a 10.3% of potential labour demand (CTHRC, 2010). This number may not be the largest in Canada “...but the Atlantic Provinces could endure the most acute shortages as a percentage of overall demand” (Ibid, 2010, p. 15).

In Nova Scotia the economic recession eased the labour shortage but only temporarily. Nova Scotia’s tourism sector had a surplus in 2009 of approximately 977 full-year jobs. As the market conditions improve, it is forecasted by 2025 the shortage for Nova Scotia’s tourism sector could reach over 6,300 full-year jobs, with the greatest amount in food and beverage services, followed by accommodation, transportation, recreation and entertainment and travel services (CTHRC, 2010). Out

migration will also impact the population of Nova Scotia with a forecasted average of 714 young people per year

The reasons for the workforce shortage in the tourism industry includes demographic changes such as an aging population, declining youth, increase in immigration leading to language barriers, and more women entering other careers. Historically, women were a large percentage of the part time labour force depended upon by many of the hoteliers. Lower fertility rates have also dampened the population growth. To compound the situation, the industry has a negative image for substandard wages, non-exciting working conditions and little to no benefits. It is currently difficult to attract people into the tourism industry due to its image so high turnover is already a challenge in the industry. “Other industries offer higher wages, better working conditions, career pathways and learning opportunities” (Tourism Industry Association of New Zealand, 2006, p. 8).

A number of groups have identified the workforce shortage in attempts to devise strategies to mitigate the impact. The Tourism Industry Association of New Zealand noted that: “The tourism industry will need around an additional 100,000 people to maintain and grow the industry. Almost 5,000 people per year will be needed for expansion alone (without accounting for replacement)” (Tourism Industry Association of New Zealand, 2006, p. 6). The Arizona Office of Tourism determined that: “...hospitality industry job openings will exceed the national average by 287 percent over the next ten years” (Arizona Tourism, nd. p.3). The Alberta Tourism Industry concluded that: “Employment in the accommodation and food services segment of the industry is expected to grow on average by 2.2 percent annually over the next five years and generate almost 10,913 new jobs by 2011” (Alberta Employment, Immigration and Industry, nd.). According to the Monroe County Tourist Development Council, Florida: “Three out of every five tourism workers is planning to relocate outside of Monroe County over the next five years, an estimated 8,000 tourism workers” (Bennett, 2006, p. 64).

The President’s High Growth Job Training Initiative, US Department of Labor noted that: “As the percentage of youth in the workforce has declined, the hospitality industry has sought new sources of labor, such as immigrants and older workers, in order to avoid facing an insufficient supply of workers to satisfy demand” (US Department of Labor, 2006, p. v). The Canadian Tourism Human Resource Council concluded that: “By 2025, the tourism sector will see a labour shortage equivalent to almost 219,000 full-year jobs” (CTHRC, 2010, p.i). Some of the disadvantages of a workforce shortage have been lessened by the current negative economic conditions not only by decreasing the number of tourist arrivals but also by decreasing the expenditure of money on leisure activities such as dining, taking vacations, visiting spas, and participating in weekend get a ways. However, the problem will persist unless some action is taken to remedy the situation. There is a danger that the persistence of this shortage will increase the tendency to accept employees with lesser skills and knowledge and intensify the erosion of service excellence in the industry.

This paper explores the labour shortage by auditing labour supply in the accommodations sector among members of the Hotel Association of Nova Scotia (HANS), located within the Halifax Regional Municipality (Halifax). The conclusions in this paper include recommendations to create and maintain a viable workforce.

Methodology and Research Goals

Three goals directed this research. The first goal was to identify the nature and extent of the labour shortage affecting local accommodations service providers. This goal required auditing properties to determine:

- the percentage of total labour force by department and turnover rates
- the extent to which employee complement and turnover impacted service levels throughout the tourism industry demand cycle

The second goal focused on identifying what employers believed were the key contributing factors to the labour shortage. An attempt was made to identify whether or not perceived causes of the labour force were actually contributing to the shortage, or whether some perceptions were more myth than reality.

The final goal of this research was to make recommendations to employees and industry associations to overcome the labour shortage and to assist firms in recruiting the talent that they needed to succeed.

Given that this study was descriptive and that in-depth information was required a case study approach was used. Firms were recruited through the Hotel Association of Nova Scotia (HANS). The survey had the support of the Nova Scotia Tourism Human Resource Council, an industry organization geared to providing upgrading, certification, and training support for employees across the tourism industry. A total of 30 firms qualified for inclusion in the survey by being in the tourism sector, and by being located in Halifax. After consulting with the industry to identify the information that would be most helpful in defining the labour shortage problem, and after completing a comprehensive literature review of global labour shortages in the tourism industry, a set of information needs was developed. An online questionnaire was developed for administration to HANS members that agreed to participate in the survey. The questionnaire was very detailed, requiring firms to do data mining of their own human resource systems, while also demanding time of human resource directors and/or general managers. Data was collected throughout the fall and winter of 2007/2008. The data collected described the labour shortage in the 2006-2007 tourism season from September/06 to August/07.

Seventeen firms responded. Nine firms offered both accommodations and food and beverage services, while four offered only accommodations services, and four more offered only food and beverage services without accommodations. This paper focuses only on those firms that offered accommodations, with or without food and beverage services on-site, numbering 13 cases out of the 17 completed.

Results and Discussion

Property Size and Employee Complement

Most of the firms had 200 rooms or less. Those offering food and beverage facilities had larger capacities, with five properties having 200 rooms or more. Four firms offering food and beverage on-site had fewer than 200 rooms. All of those offering accommodations only had less than 200 rooms.

Ninety-six percent of all employees were full-time, making up the largest component of all properties studied. As would be expected, larger properties had larger employee complements. Seasonality was a factor in the number of employees hired by the firm, as would be expected, but it seemed to have little impact on full-time employment, affecting part-time employment. Average occupancy ranged from 52% to 90% with the lowest occupancy rates reported in December through January, and the strongest months reported in June through October.

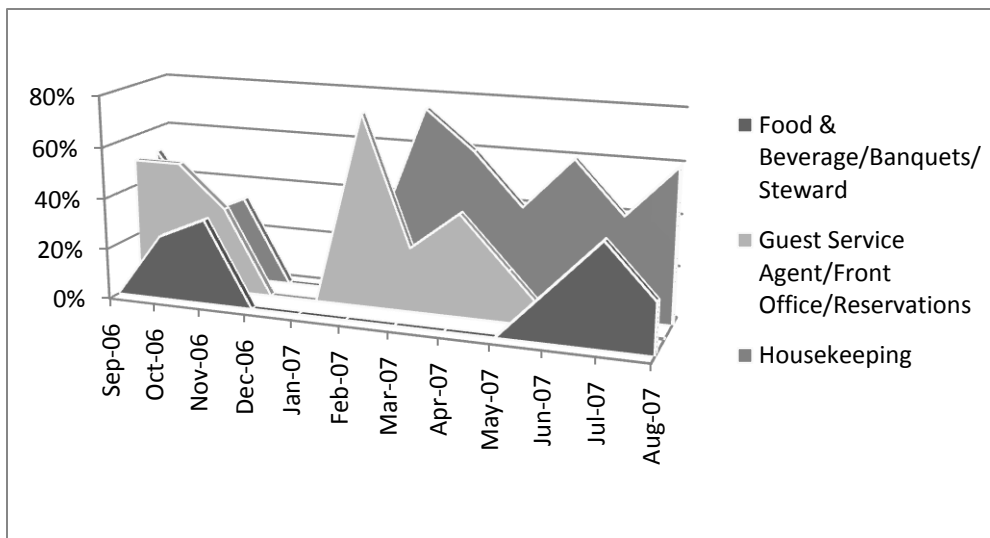
An average of 75% of all employees were full-time regardless of season for larger properties (300 or more rooms), while the those with over 200 but less than 300 rooms had an average of 83% full-time workers regardless of season. Smaller firms, those with less than 200 rooms, averaged about 30% full-

time employees regardless of season. This trend demonstrated that smaller properties hired fewer full-time workers as a percentage of their overall labour force, allowing them to have enhanced flexibility in deploying staff, while also saving on salaries and benefits often accorded to full-time workers.

Labour Shortages and Turnover Rates

Staff shortages, as defined by the properties, appeared to affect part-time positions more than full-time positions. The shortage of full-time staff ranged from 5% to 6% of all employees, while part-time staff shortages ranged from 5% to 29%, demonstrating much higher levels of volatility. Staff shortages were more acute in some departments than others. The most heavily impacted department appeared to be housekeeping. This shortage impacted service levels throughout the year regardless of seasonality. The second-most impacted department was guest service agent and front-desk staff. Again, this shortage appeared to be generalized across seasons. Food and beverage staff was also impacted by labour shortages, but the greatest impact appeared to be during the peak seasons, with very few unfilled positions during the low season. The results are summarized in Figure 1.

Figure 1: Percent of Properties Reporting Labour Shortage by Department



Turnover rates were also higher in the housekeeping and front office departments. At a minimum, 60% of properties were experiencing turnover rates of at least 31% in their housekeeping departments, and nearly 31% of properties had turnover rates of up to 60% in their front office positions. The highest turnover rates reported were for housekeeping, where over 15% of properties reported turnover rates of 61% to 99%.

Wages and Salaries

A continuing challenge in labour intensive sectors is the rising cost of labour relative to sales. With the vagaries of the tourism sector, such expenses continue to impact profits. This led to the need to carefully balance expenses across many cost categories. The survey investigated the starting salaries and hourly wages for a number of positions. Information was also collected regarding the salaries and wages

of workers once they had completed their probationary periods. This permanent wage was then used to compare the median hourly wages of workers in selected occupations, in various Canadian cities and provinces.

The wage comparisons show consistently higher wages are being paid for guest service and front desk positions, than are being paid for housekeeping positions. This may be one reason that employers are faced with greater difficulties in staffing housekeeping positions. The statistics also reveal that higher wages are paid in larger provinces, and that wages in the metro Halifax area are generally higher than those for Nova Scotia as a whole. The results for the guest services agent and housekeeping departments are summarized in Figure 2. Comparative medians from outside of the current study are provided by the 2006 Canadian Tourism Compensation Study commissioned by the Canadian Tourism Human Resource Council and conducted by the Hay Group (2006).

Figure 2: Comparative Median Wage Range Analysis for Halifax Accommodations Firms and Other Regions

Region	Guest Service Agent Median Wage (Low/High)	Housekeeping Median Wage (Low/High)
Halifax (Current study)	\$10.60/\$11.40	\$10.11/\$11.28
Halifax Metro	9.50/9.96	10.01/10.57
Calgary	10.70/12.85	9.50/13.26
Greater Toronto Area	10.27	10.25/12.50
Nova Scotia	8.78/9.98	8.06/9.98
New Brunswick	9.22/9.63	8.50/9.00
Prince Edward Island	8.94/11.00	8.97/10.00
Newfoundland & Labrador	8.00/10.50	9.50/13.26
Alberta	12.37/13.44	11.16/12.08

There is the possibility that qualified workers are leaving the province to seek higher paying work elsewhere. Wages are higher in Alberta than they are in the East, but the difference is not enough to compensate for the higher cost of living in the province of Alberta. The differences in the cost of living between the cities of Halifax and Calgary are summarized in Figure 3. The Consumer Price Index for 2007 for the two cities was 118 for Calgary and 112 for Halifax (Statistics Canada, 2008). The results reveal that a typical household in Calgary pays more than \$11,000 more in expenses annually than a comparable household in Halifax, not including taxes, insurance, pensions, and monetary gifts or contributions. This difference is not easily met by the wages in Calgary which are less than one percent higher on the lower range median, rising to only 13% difference for the highest range median. Despite the favourable market difference, Halifax employers must acknowledge the reality that higher wages can also be found in more affordable cities across Canada, making it harder to keep qualified people in Atlantic Canada, and in Halifax.

Figure 3: Analysis of the Cost of Living in Halifax and Calgary (2005)

Average Household Expenditure	Calgary	Halifax	Difference
Total personal consumption	\$58,345	\$47,161	\$11,184
Taxes, insurance, gifts and contributions	27,208	20,729	6,479
Total expenditure	\$85,553	\$67,891	\$17,662

A different picture emerges when wages are compared for food and beverage positions for food services located inside accommodations properties. The results are summarized in Figure 4. The results reveal that Halifax area servers and cooks are paid competitive wages when compared to Canada as a whole, Nova Scotia, New Brunswick and Prince Edward Island. However, wages are less competitive when compared to those in the greater Toronto area. Cooks' wages were comparable to those paid in Calgary. Generally, hosts/hostesses in Nova Scotia were not as well paid. The results shown do not include gratuities.

It is necessary to consider managerial and executive level salaries for accommodations sector career paths in order to evaluate the remuneration in the field. While managerial salaries were not considered in the survey conducted, information on median salaries was available from the 2006 Tourism Compensation Study. This information for various parts of Canada, across various positions, is summarized in Figure 5. The results revealed that Nova Scotia is competitive for many managerial positions. The Nova Scotia median, and that of Halifax in particular, was higher for General Managers than the Canadian median. However, managers and executives living in the larger cities, including the greater Toronto area, are among the highest paid. Halifax metro leads the way in Atlantic Canada, but does not have competitive salaries with Calgary or the greater Toronto area. However, given that the cost of living is higher in those particular cities, Halifax offers comparable salaries overall. This is less true of Nova Scotia, which offers the highest salaries in Atlantic Canada, but not high enough to attract talent from outside of Atlantic Canada, or possibly, to attract and retain homegrown talent. This may be a disincentive for highly qualified people, including potential innovators and industry leaders, to stay in Halifax.

Figure 4: Comparative Median Wage Range Analysis for Food and Beverage Operations Inside Halifax Accommodations Firms and Other Regions

Region	Server Median Wage (Low/High)	Cook Median Wage (Low/High)	Host/Hostess Median Wage (Low/High)
Halifax (Current study)	<i>\$9.15/\$10.52</i>	<i>\$10.00/\$14.27</i>	<i>\$7.75/\$10.59</i>
Halifax Metro	<i>8.13/9.61</i>	<i>9.00/12.70</i>	<i>7.75/8.50</i>
Calgary	8.06/8.70	11.73/15.15	na
Greater Toronto Area	6.76/9.25	9.88/16.95	8.00/12.00
Nova Scotia	<i>7.75/9.45</i>	<i>8.67/12.50</i>	<i>9.32/9.74</i>
New Brunswick	7.00/7.70	8.77/10.61	na
Prince Edward Island	7.58/8.35	8.84/9.68	na
Newfoundland & Labrador	na	na	na
Alberta	7.78/8.52	11.75/14.30	10.17/11.95

Figure 5: Managerial and Executive Salaries in the Accommodations Sector (Total Cash Median including Bonuses)

Region	Accommodations Service Manager	Catering Manager	Director of Sales and Marketing	Executive Chef	Executive House-keeper	Food and Beverage Manager	General Manager
Canada	\$43,048	\$40,750	\$64,334	\$56,000	\$39,039	\$50,000	\$70,892
NS	38,000	34,122	59,750	55,000	35,878	42,228	75,000
Halifax Metro	43,374	35,149	59,750	56,000	38,692	47,475	77,500
NB	33,000	33,500	62,000	45,000	36,850	40,558	60,000
PE	27,000	na	na	42,555	25,350	30,500	50,000
NL	35,762	na	50,750	37,850	na	na	57,625
AL	43,676	45,928	72,727	69,969	45,953	53,721	90,000
Calgary	53,894	45,300	87,073	58,057	48,000	46,200	98,000
Greater Toronto Area	51,000	48,667	92,000	68,000	56,546	50,000	109,000

Employers' Perceptions of Factors Impacting Labour Supply

Respondents were presented with a series of eight statements that summarized the views that many hold towards the causes and issues impacting labour supply in the tourism and hospitality management sector. The statements covered three critical issues impacting the tourism industry: overall image, labour pool, and working conditions. Respondents were asked to indicate if they agreed with each of the statements using a five-point scale: 1) Strongly agree, 2) Agree, 3) Neutral, 4) Disagree, 5) Strongly disagree. There is some inconsistency in the ratings of the statements, which demonstrates that there is a lack of agreement among employers regarding what are the root causes, or enablers, of the labour shortage. This lack of consensus thwarts the abilities of organizations to deal proactively with labour supply issues. There is one issue with which all employers agree, and that is the belief that jobs within the hospitality sector are simply not attractive to potential employees.

Industry image issues were measured by two statements. The first statement, "Jobs within the hospitality sector are not attractive to many potential employees" struck a chord with respondents with 94% agreeing with the statement and 6% remaining neutral. The second statement, "It is hard to make a career path from entry level jobs in the industry" was agreed to by 65% of the respondents, while 18% disagreed, and 18% were neutral. This reveals that while they believe that hospitality-related jobs are not inviting to potential employees, they personally believe that it is possible to have a career path from entry level jobs. Possibly, this reality should be communicated to potential employees, and those seeking career information. The industry suffers from a negative image that is also enhanced by, "The lack of knowledge about the industry's career ladder and lattices among parents, teachers, guidance counselors and youth" (US Department of Labour, 2006, p. 7).

Three statements focused on labour pool issues. The first statement, that "there are not enough qualified employees graduating from local universities or community colleges" was agreed to by 59% of respondents, while 18% disagreed and 24% remained neutral. The next statement, "many potential employees are leaving the province to seek work" was agreed to by 82% of respondents, with 18% remaining neutral and no disagreement. The final statement, "there just aren't enough employees to go around – regardless of pay and benefits" was agreed with by 65% of respondents. Twelve percent

disagreed and 24% remained neutral. These responses show some soft agreement (in the 59% to 65% range) with the exception of labour migration, indicating that they did appreciate that there is a bona fide labour shortage.

Occasionally, working conditions can be detrimental to attracting employees. Three statements addressed working conditions. The first statement, “businesses cannot pay competitive wages to keep employees in the industry” was agreed to by 82% of the respondents, with 6% disagreeing and 12% remaining neutral. The next statement focusing on working conditions was, “lack of flexibility in work hours makes jobs less attractive to potential job candidates.” This statement was agreed to by 65% of respondents, while 24% disagreed and 12% remained neutral. The last statement, “it is difficult to compete locally in terms of pay and benefits” was agreed to by 71% of respondents, with 6% disagreeing and 24% remaining neutral.

These results demonstrate that most employers realize that something needs to be done to improve working conditions in the industry to reduce turnover and to attract qualified talent. These statements focus primarily on remuneration, benefits and work hours. By far, the biggest issue agreed to by respondents was the inability to pay competitive wages to keep employees in the industry. However, these issues did not focus greatly on the softer side of the job: the part of the job that rewards the human spirit and encourages personal growth. There is evidence that much more is needed to make a career attractive to qualified individuals. Studies of turnover have addressed these issues in different ways. There are three categories of turnover which particularly affect the tourism & hospitality industry. The first is systemic, inherent to the industry and to individual characteristics within an enterprise. This includes turnover caused by seasonality, end of employment contracts, return to school, worker retirements, and the like. Systemic causes of turnover are tough, if not impossible, to change in the short term. Fortunately, most of these can be forecasted, and their consequences anticipated. The second category includes those reasons for leaving which are less than palatable to management and less easy to detect, but perhaps more controllable. Examples include better prospects elsewhere, conflict with supervisors or colleagues, better pay or benefits, lack of job security, lack of advancement opportunities, and so on. A third turnover category is influenced by environmental factors. These factors include public transportation, availability of day-care, and lack of affordable housing. A Cornell University Hotel School Research Review revealed that the average cost of front desk turnover alone was 30% of salary, with an added loss of productivity of 20% for 16 days among remaining employees following the loss of a coworker (May, 2006).

When trying to attract qualified labour, particularly during a labour shortage, there is also a need to understand how careers differ from jobs, if in fact such a distinction really exists. One study calls into question that assumption. In 2005, the Center for Hospitality Research at Cornell University’s School of Hotel Administration surveyed graduates of their School of Hotel Administration to assess what hospitality professionals want from their jobs. Notwithstanding that these are university graduates who might have loftier motivations than their hourly counterparts, the results are relevant, particularly for supervisory/managerial associates. The resulting themes from the Cornell study revealed that graduates did not expect different things from career positions or jobs (Taylor & Walsh, 2005). The results are summarized in Figure 6. It is particularly interesting that, for each question, most of the eight responses were of a self-actualization or learning nature, and only one of a compensatory nature. The similarity in the listings and the ratings between what students sought in a job, as well as in a career, cannot be overlooked. These findings demonstrate that personal growth and development, challenge, the opportunity to contribute, and financial success, are all important even when attracting less qualified staff or part-time employees.

In another surprising study in 2001, hourly employees were asked to rank 10 items in order of importance that they wanted from their jobs (Neibrugge, 2001). Their employers were then asked to guess how they thought their employees would rank the same items. The results, shown in Figure 7, were

surprising. Not only was there no synchronisation between each ranking, but the employee's top three were all in relatively "soft" items, probably in areas which would not cost a business much to satisfy.

A survey conducted by Leeds Metropolitan University on hospitality employees in the "English Riviera" in 2004 produced a different profile, albeit with some common features. Figure 8 shows the average scores of factors contributing to staff turnover based on the following scale: 1) Not at all important, to 10) Extremely important.

Figure 6. Career and Job Aspirations (Taylor & Walsh, 2005)

What do they want from their careers?	What do they want from their jobs?
Growth opportunities (23.4%)	Growth opportunities (16.4%)
To learn and be challenged (15.5%)	Challenging job (13.2%)
To make a difference (9.2%)	Fair compensation (11.5%)
Financial success (7%)	Learning opportunities/experience (10%)
Personal satisfaction (7%)	Satisfaction (7.6%)
Joy in the work (7%)	Work-life balance (7.3%)
Work-life balance (3.8%)	Joy in the work (7.3%)
Independence (3.8%)	To accomplish something (3.1%)

Figure 7: Employers' and Employees' Rankings of Important Job Attributes (Niebrugge, 2001)

Employees' Rankings	Item	Employers' Rankings
1	Interesting Work	5
2	Appreciation and Recognition	8
3	Feeling "in on things"	10
4	Job Security	2
5	Good Wages	1
6	Promotion/Growth	3
7	Good Working Conditions	4
8	Personal Loyalty	6
9	Tactful Discipline	7
10	Sympathetic Help with Problems	9

Figure 8: Ranking of Factors Contributing to Staff Turnover

Item	Employers' Rankings
Low Pay	7.5
Long/Disagreeable work hours	5.8
Unpleasant interpersonal environment	5.1
Personal	5.1
Unsuited to tasks involved	5.0
Lack of career prospects	4.8
Unpleasant job role	4.8
Low Pay	7.5

This survey produced some more predictable results, with the traditional “low pay” mantra being leveled at the industry. However, some of the factors would inevitably be disquieting to the concerned manager. Clearly, the factors and rankings in all surveys will not hold true for all businesses, all locations, or all situations at all times. It is therefore vital and incumbent on managers to stay up-to-date on the priorities of their employees.

Conclusions and Recommendations

The labour force study of Halifax accommodations firms revealed that while the full-time employee complement is less stressed by turnover and labour supply than the part-time complement, there is cause for concern. The greatest areas of labour shortage are in front office and housekeeping, two very critical departments that have a direct impact on customer service.

Based on this analysis the following recruiting and retention strategies are recommended:

1. Do research to gain current information and enhance managerial understanding of labour force and workplace issues: The industry is aware of the most pressing issues, but there are gaps in areas that management should be aware of in dealing with the labour shortage. The labour shortage is anticipated to continue for many years. As a result, creative recruiting and retention strategies are required in order to move the industry forward and to do away with myths and assumptions.
2. Perception is reality and a positive industry image must be created and sold: The image of the hospitality industry constantly needs to be sold to change the perception of low wages and dead end jobs. It is the challenge of the industry on a daily basis to constantly improve the image – “change the organizational culture inside companies through job rotations and continual learning to counter the negative messages coming from within the industry itself” (US Department of Labor, 2006, p. V).
3. Financial concerns are real, but not insurmountable: Another key consideration in the area of recruiting is understanding the real picture of wages and comparables in other regions. While there is some outmigration to larger cities there is enough competition in Atlantic Canada to make attracting employees challenging for Halifax firms. While cost of living is a concern, not all employees who travel outside of Atlantic Canada are aware of the cost of living challenges and how their lifestyles will be affected. Despite this, it is difficult for local properties to effectively communicate that local wages can deliver a better standard of living even if they are lower than those of national competitors.
4. Professional development and upgrading for line supervisors and human resource managers is necessary: People skills are needed both inside and outside of the organization. Such training and

education will serve to improve operational decisions, particularly those related to managing the human resource.

5. The workplace issues must be resolved to eliminate labour force issues: The most critical shortage is in the housekeeping department. This department is rife with irritable working conditions, harsh expectations and the potential for employee abuse by customers. The job must be elevated and professionalized by recruiting the best people and providing them with training and support. Improving pay and benefits must also be considered as a means to this end.

Much remains to be done to obtain a clear and comprehensive picture of trends impacting today's hospitality sector. Strategies must be developed to deal with volatility in the sector, and to better assist organizations as they strive to meet new challenges. Future research should focus on the demand side of the labour force issue, rather than the supply side. Supply side issues, such as departments most heavily affected, recruiting sources, pay and benefits are being well documented. What is needed is more of a focus on the needs and expectations of Generation X and Y workers and baby boomers who are anticipating late retirement. How do they seek information about career choices and opportunities? How does work define them, and how do they incorporate careers and lifestyle choices? What do they expect in terms of pay and benefits, and what would it take to get them to stay in Nova Scotia and to seek local jobs? Research must address both workers who have remained in Nova Scotia, as well as those who have left in search of better opportunities. Nova Scotia's employers are in the unique position of being able to attract loyal Maritimers back home. All that is needed is a recipe that appeals to their tastes and goals.

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BOARD GOVERNANCE ISSUES WITH NOT-FOR-PROFIT ORGANIZATIONS: KNOWLEDGE OF FINACIAL STATEMENTS AND ASSURANCE RECEIVED

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Cape Breton not-for-profits are trying to find what amount of adherence to the guidance contained in the Sarbanes-Oxley Act of 2002 is necessary to ensure their organizations are accountable and transparent to their stakeholders. I will explore what financial reports are presented to the boards and the assurance levels received on the annual financial statements as it pertains to good governance by Cape Breton not-for profits. Accordingly I will compare them to international organizations in order to illustrate what is done and what should be best practice.

Introduction

This paper will explore two of the present governance and legal issues that are being faced by Cape Breton Not-For- Profit's and their board members as they evolve from the original guidance contained in the Sarbanes-Oxley Act of 2002 and proceed down a more business like path in the future. The two issues are: what financial reports are presented to the boards and the assurance levels received on the annual financial statements. Both of these issues lead to the governance of an organization and how it is steered to fulfill their goals and objectives in both the present and the future.

Board members knowledge of financial accounting as it pertains to what financial reports are presented to the boards and their content as well as the assurance levels received on the annual financial statements were selected since they are specifically designed to provide financial tools by which management's performance can be measured and evaluated from both an economical and outcome point of view. Accordingly, it is essential for Board members to have the necessary financial accounting skills to properly analyze the financial statements and understand the assurances received. As Not-For- Profit's proceed down a more business like path in the future they must be productive in meeting the external competition and challenges that are facing in an ever growing business environment.

Background

Prior to the Sarbanes-Oxley Act (SOX) in Canada a Panel on Accountability and Governance

was formed to aid the not-for-profit sector in responding to the challenges of the day. The panel issued its final report: *“Building on Strength: Improving Governance and Accountability in Canada’s Voluntary Sector” (Broadbent Report)* in February 1999. “It recognized the strength of the sector and emphasized the responsibility of individual voluntary organizations for good internal governance.” (Gill 2001) It included a reference to the financial reporting issues prevalent at the time.

Then in 2002 the United States of America (USA) put into legislation the Sarbanes-Oxley Act (SOX). This Act was legislated to protect shareholders and the general public from misrepresentations and fraudulent acts as in the highly publicized collapses of Enron, Tyco and WorldCom. The Act is not a set of best practices but provides guidance in particular with respect to: auditor independence; corporate governance and responsibility measures and expanded financial reporting requirements. Not-for-profit entities are not immune to such situations. Accordingly a not-for-profit board should be proactive and ensure the promotion of due diligence in applying good governance policies rather than be a reactive board that sits back and waits to be legislated. Accounting professionals believed that although this legislation was enacted to stop questionable financial reporting and business practices for public profit orientated entities, that the not-for-profit sector would adopt these guidelines.

In the early years, knowledge of the act was widespread, however, adoption was not. In a 2003 Board Governance Survey of over 300 not-for-profits organizations in the USA conducted by Grant Thornton LLP in Chicago fewer than 40% of the population surveyed actually had meetings with their boards regarding the implications of Sarbanes-Oxley Act on their financial reporting and governance issues. Bob Leavy, National Partner of Grant Thornton’s Not-For-Profit Industry Practice stated: “Organizations that adopt similar policies to those that public companies are required to – such as ensuring that a financial expert sits on their board’s audit committee – could benefit in terms of positive reaction from donors and funders as well as prospective board members. Bottom line, organizations operating in any community that depends upon the approval of the public to succeed cannot afford to overlook the implications that heightened scrutiny demands; institutional trust must be upheld.” (Grant Thornton, 2003)

Institutional trust is earned and maintained by good governance policies issued from the organizations board of directors and maintaining high standards of financial reporting. The Board’s primary responsibility to fulfill the organization’s mission and vision statements; to safeguard the organizations resources and to manage them effectively and efficiently by allocating the proper financial resources and directing its human resources to fulfill its stated goals and objectives. Accordingly, the board of directors owes a duty of care (due diligence) to the stakeholders and can no longer just monitor the organization. This is supported in a 2004 paper by the Assembly of British Columbia Arts Councils where they stated: “Not-for-profit boards are responsible for the stewardship of the organization. Their role is to guard the mission of the organization and maintain high standards of accountability. Earning and maintaining the public trust is a key indicator that the board has fulfilled its governance role. Good governance is critical to ensuring that nonprofit organizations are effective and able to fully maximize their

resources.” (Assembly of British Columbia Arts Council, 2006)

“Canada reportedly has the second largest volunteer sector in the world, and its NPO’s have been referred to as the “cornerstones” of Canadian communities. Canadian NPO’s are diverse in their origins, structures and objectives.” (Beyond Numbers 2009) That being the case, where do not-for-profits turn in Canada for guidance to promote good governance and financial reporting that leads to organizational accountability and transparency in light of the present options?

It became evident at a not-for-profit seminar held for board members at Cape Breton University in 2007 and 2008, that there is no corresponding legislation to SOX in Canada. In addition, although they would not have to comply with SOX they would like to apply its guidance to their organizations. While numerous paper and research has been done in the USA very little comprehensive data is available to assist Canadian organizations. At present, all Canadian not-for-profit organizations must adhere to the standards contained in the accounting sections of the CICA Handbook. Given the limited resources of most organizations, it tends to be onerous on them to keep up with and apply the new standards of reporting imposed on them by generally accepted accounting principles in the CICA Handbook; outside funding agencies and the government. Globally, our economy is intertwined with the rest of the world and rapidly responds to international events, especially those of the USA. To that end I will explore the two issues relating to good governance by Cape Breton not-for profits and compare them to organizations internationally in the USA using the information contained in the Grant Thornton LLP Surveys as benchmarks in order to illustrate where they need improvement and conclude with a recommended best practice.

Methodology

To explore board member’s knowledge of financial accounting as it pertains to what financial reports are presented to the boards and their content as well as what assurance levels received on the annual financial statements were selected since they are specifically designed to provide financial tools by which management’s performance can be measured and evaluated from both an economical and outcome point of view. Accordingly, as indicated in the original guidance contained in the Sarbanes-Oxley Act of 2002, it is essential for Board members to have the necessary financial accounting skills to properly analyze the financial statements and understand the assurances their organizations receive. Both of these issues lead to the governance of an organization and how it is steered to fulfill their goals and objectives in both the present and the future. In addition, I will compare them internationally to not-for-profit organizations in the USA.

I have examined the Sarbanes-Oxley Act of 2002 and have drawn on literature and websites from both the profit and not-for-profit worlds. The profit world has been included given that was what SOX was originally created to provide guidance for and I have included sections of the Canadian Institute of Chartered Accountant’s (CICA) Handbook and the International Financial Reporting Standards (IFRS).

In addition, to recognize the global environment that our not-for-profits are in I have reviewed articles; surveys and reports from around the world as they pertain to financial reporting issues and SOX. The most notable literature would be from the United States of America with supplementary literature from Ireland; United Kingdom and Australia.

This paper also draws on the ongoing research by the author. In particular a local survey which was sent to over 300 not-for-profits in Cape Breton with a response rate of greater than 10% to solicit information on financial reporting practices and the skill set of board members and their issues with follow up interviews done at not-for-profit seminars in 2007 and 2008 held at Cape Breton University. The organizations surveyed ranged in size from revenues of \$100,000 to \$1,500,000 with an employee base from one to twelve full time positions. The 36 completed surveys with follow ups allowed me to draw a comparison between Cape Breton not-for-profit board practices and internationally to not-for-profits in the USA.

As discussed in the introduction, I have selected the board member's knowledge of financial accounting as it pertains to what financial reports are presented to the boards and their content as well as the assurance levels received on the annual financial statements to determine what is best for Cape Breton Not-For- Profits for this paper. These were selected given the importance of the organization's sustainability and their need to have an effective and efficient board of directors. While the comparison of not-for-profit boards of different financial size is simplistic, it allows us to make the comparison and draw out a best practice for smaller not-for profit firms.

Issues

Organizations and board members in many cases don't understand why good governance matters, let alone understand that good governance allows them to achieve their organizational goals. In particular that financial reporting and its analysis are integral to good governance. There is no shortage of issues that lead to bad governance from board members, but what helps make them good members and make the link between good governance and meeting the goals and objectives of the organization. For example, the majority of the public including board members believe the financial statements are the responsibility of the outside accounting firm. In fact, the financial statements are the responsibility of management and the outside accounting firm reports on the conformity to Generally Accepted Accounting Principles (GAAP) from the CICA Handbook.

In section 1000 (Financial Statement Concepts) and 4400 (Not-for-profit Organizations) of the CICA Handbook: "Financial statements include a statement of financial position (balance sheet); statement of operations (income statement); statement of changes in net assets and a statement of cash flows." These will vary with the size of the organization and the assurance received. The three types of assurance reports that can be received from an independent outside accounting firm are an audit; review and compilation. They provide different levels of assurance and therefore are at different costs to the not-for-profit. An audit is a review based on generally accepted auditing standards (GAAS) of the financial statements; internal control system and support documentation to report an opinion "whether the statements present fairly the financial information in all material respects in accordance with generally accepted accounting principles", (CICA Handbook) which is the most costly. A review report assesses "whether the information being reported upon is plausible within the framework", (CICA Handbook) and

provides negative assurance that the information in all material respects in accordance with GAAP, which is less costly than an audit. A compilation simply puts the information in a readable form and provides no assurance on the financial information and is the least costly.

Board members must be knowledgeable in financial accounting; financial statement presentation and the different types of assurance you can receive from the independent accounting firms. Do they understand what annual statements are presented and what level of assurance they have and/or require and how does it compare to the interim reports presented at the board meetings?

These questions were posed to participants at Not-for-profit seminars held at Cape Breton University in 2007 and 2008 with follow ups done from 2007 - 2009. At present, all Canadian not-for-profit organizations must adhere to the standards contained in the accounting sections of the CICA Handbook. Most board members from the 36 completed surveys said they read and understood the annual financial statements (92%) and all knew what type of assurance they received from the outside accounting firm (Audit 40%, Review 30% and Compilation 30%). This is a very positive result given that a 2006 survey indicated that "...50% or more of their board members have the ability to read and understand financial statements." They all expressed the fact that cost was the major contributor to determining what type of engagement they solicited from the outside accounting firm followed by covenants imposed by financial institutions and government. Greater demands of the funders and donors as well as a need to be accountable and transparent will push most organization towards an audit or at a minimum a review. These restrictions will impose a further drain on the financial and human resources of the small not-for-profit organizations.

Of those audited 50% had audit committees in place compared to 65% in the USA (Grant Thornton, 2009). Interestingly during my literature review I noted that this was 40% in Ireland (Price Waterhouse Cooper, 2003). The USA percentages have been consistent since their 2005 survey. In this connection, each Cape Breton not-for-profit audit committee had a professional accountant; another business executive and someone with multiple board experience serving on them versus USA not-for-profits having these people on their audit committee's at 75-80%. This was higher than I expected given the fact that in my opinion the professional communities in small areas such as in Cape Breton are being tapped out and the individuals are reaching the burn out stage. Accordingly, they are reluctant to commit since it is harder to backfill their positions on small local not-for-profit boards. The healthier boards are the ones that have a mixture of older members for continuity and newer members to add vitality. Without such a mixture of skilled board members these organizations are not sustainable in the future.

Information pertaining to the interim reporting and budgeting that was also retrieved in 36 follow-up interviews in 2009. It indicated that management reported financial information to the board of directors as follows: 84% on a monthly basis, 8% quarterly and 8% semi annually. The financial statements presented to the board were the statement of operations (income statement) 92% of the time; the statement of financial position (balance sheet) 70% of the time; the statement of changes in net assets 39% of the time and the statement of cash flows at 44%. None of the organizations had complete financial statements presented except for at yearend. In this connection, although annual budgets were prepared 75% of the time, they were not analyzed until the yearend figures were produced and variances were reported at that time. Of those whom had annual budgets, only 11% prepared monthly variance analysis for board

meetings. In half the cases the executive director was the presenter of the interim financial information and provided limited support documentation. In my opinion, this is unacceptable considering the overall risks associated with being a board member in today's litigious world that director's liability insurance will not cover.

Good Governance indicates that each board member must know the financial direction the organization is going (the budget) given that they are board approved and are responsible in theory for the strategic direction of the organization. You must evaluate from a strategic point of view, where you are and where you want to be in order to stay in business. The alignment of strategic goals and budgets for not-for-profits must be at the top of the board's priority since organizations can take many varied paths along the road. Accordingly, the budgets must be revised periodically in response to the ever changing political and economical climates that influences them. There is no cookie sheet approach to budgeting and/or financial presentations that fits all organizations; one size does not fit all. This leads to the question of what is the skill sets required to achieve the goals and objectives of the organization in this regard.

It is observed that the demographics of the Grant Thornton surveys would be similar to the not-for-profit demographics in Canada if we take into account that in terms of size 93% of not-for-profit organizations in Canada have revenues of less than \$1 million. "Hospital and universities and colleges represent less than one percent (1%) of all organizations but account for thirty-three percent (33%) of all revenues." (CICA, 2009) The local survey's had two participants from the hospital and university setting which represents less than ten percent (10%) of the surveys which would lead to the split in size.

What does this hold for the small not-for-profit boards given the guidelines from SOX back in 2002; the emergence of International Financial Reporting Standards in the near future combined with the fact that not-for-profit are still waiting to find out where their home is in Canadian GAAP. That is under the private sector or under the public sector of accounting in the Handbook.

Concluding Remarks

As shown one size does not fit all, the diversity of the Not-for-profit sector in Canada is too wide. Many not-for-profits believe to build a cohesive membership you look for people with similar backgrounds and social standing. However, homogeneous teams are often not well suited for complex tasks or problems that require creative solutions as is the case in Community Development or Not-for-profit settings. In these cases a team with diverse skill sets and social standing are needed in order for the organization to be in their business in the long term. Accordingly there is a trade off when selecting from the nominees between homogeneous and heterogeneous dynamics.

"Board members may be supportive and passionate about the agency and its mission but not well-versed in financial statements, cash flows and internal controls." (Stone Bridge, 2007) This partially answers why board members think they can read and understand the financial statements and would know the differences between the three types of assurances, but would not be able to articulate them completely. "Not-for-profit organizations have stewardship obligations

to contributors, members, lenders, and/or other users of their financial statements, including the public at large.” (Beyond Numbers 2009). These pressures combined with a board’s proactive behavior and self-regulation will always be a more powerful tool than compulsory compliance under GAAP. Cape Breton boards have strived for greater disclosure and transparency to be accountable to all stakeholders. Some additional training with regards to reading financial reports and budgeting should be provided, especially in light of the upcoming changes in reporting standards from the CICA and IFRS expected to be enforced in 2010 and 2011, respectively. This should improve the relevance and reliability of the financial statements and improve the transparency and accountability of the organization.

I believe this should start with ensuring that board members are knowledgeable in financial accounting; budgeting and the different types of assurance you can receive from the independent accounting firms. This is imperative, given the fact that the board members must approve the content of the financial statements; the budgets and the presentation of the financial reports most notably the financial statements and in their analysis. Both the financial statements and budget must provide the board with the necessary information to make informed decisions about the selection of programs and the allocation of its scarce financial and human resources. During the budgeting process we must strive to keep board members focused on the forest and not the trees. We must get them to ask the right questions. Does the budget line up with the organizations goal and objectives? What assumptions were made in order to prepare the budget? Who is responsible to monitor the budget and report the outcome to the board? What are the organizations policies regarding these issues?

Monthly financial reporting is the best way to provide the board with the necessary information to make those informed business decisions. In my opinion the monthly reporting should at a minimum include a statement of operations (income statement) and a statement of financial position (balance sheet). In addition at minimum annual budgets must be prepared with monthly budgets being the preferable option in order to see the strategic direction of the organization is heading in the near future and those should then be compared to the actual results. All variances from those budgeted should be analyzed and the results reported to the board. Accordingly, the budgets then can be revised periodically in response to the ever changing political and economical climates that influences them.

For those that are audited (at present 40% of those surveyed) the creation of a strong audit committee and/or enhancement of present audit committee will lead to the best governance over the external and compliance reporting as indicated by SOX and GAAP. The fact that they all had a professional accountant; another business executive and someone with multiple board experience serving on their audit committee was extraordinary. However, Cape Breton not-for-profits should strive to exceed the number of audited organizations with audit committees in the USA of 65%. In addition, consideration to rotating the audit firm every five years, not-forprofits should ensure that non-audit procedures are not carried out by the auditing firm are encouraged under SOX.

In this connection, to reduce board risk organizations should put together a new board member orientation package that would incorporate the above as well as include such things as the organizations vision and mission statement; articles of association; by laws; board chart and organization chart and a history of the organization. The ongoing education of its members starting with the orientation package will reduce the overall risks associated with being a

board member in today's litigious world that director's liability insurance will not cover.

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BATTLE OF NARRATIVES IN A CHANGING FMCG DISTRIBUTION CHANNEL

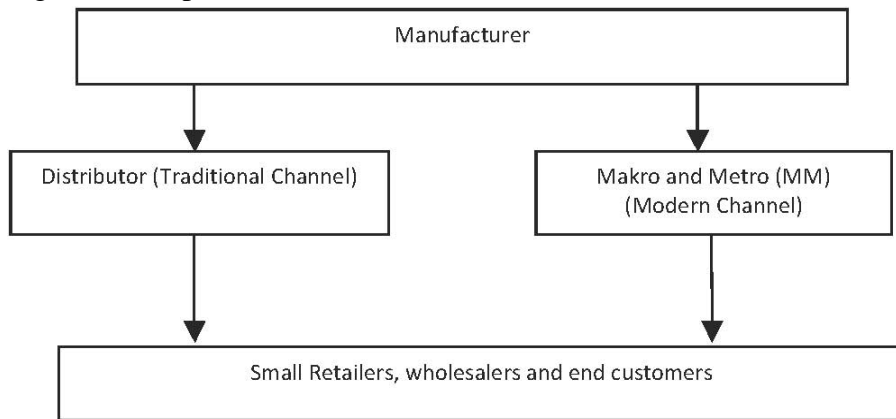
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This paper presents analysis of power relationships between different groups in Pakistan's FMCG distribution channels through narrative inquiry approach. Different groups in a channel deploy group narratives on which battle for power is waged. A focus on narrative is valuable for academics as well as practitioners, as it provides an alternative and insightful method for analysis of power relationships between different groups and organizations in a channel.

Setting the Scene

The term 'channel' is extensively used in sales and marketing literature in which it generally represents networks of distribution and wholesaling businesses on the demand side of a supply chain. In most Asian countries, in the absence of large superstore style retailing formats, these businesses typically engage in sales and distribution of products of manufacturers to a large number of small independent retailers. Pakistan's Fast Moving Consumer Goods (FMCG) distribution channel consists of three dominant organizations. These are manufacturers (brand owners), the distributors and international wholesalers Makro and Metro, here onwards called 'MM'. The distributors represent the traditional side of the channel, whereas MM represents the modern side. See Figure 1. Traditionally the manufacturers who are also the brand owners used to sell and distribute their products through local distributors. These distributor businesses distribute these products to around half a million small convenience style retail outlets in the country. The distributors have salesmen who deliver the products to the retailers at their doorsteps. Entry of MM in 2008 has provided an alternative channel in the country, in which the manufacturers sell their products directly to MM without the involvement of distributors. Retailers and some affluent end customers come to MM's premises to buy the products (Aman & Hopkinson, 2010). Thus the role of traditional distributors is eliminated in this modern alternative. Thus MM and local distributors are now in direct competition.

Figure 1: Simple Flow of FMCG Products



The entry of MM in Pakistani market in 2008 provided an interesting situation as it was perceived as a major change in the existing structure. Various channel roles were being redefined, power being exercised and resistance being posed by channel organizations. To collect primary data in this interesting scenario, the first author made two extensive trips to Pakistan to interview people working in these organizations in the channel. He interviewed 39 participants in the manufacturer's business, the distributors' businesses and in MM. The interviews were recorded and notes were taken. After a careful content analysis of the data that emerged out of the interviews, we came up with the 'group narratives' told by people in five different groups in the channel. Two of these groups are managers of MM and the owners of distribution businesses, here onwards called the 'distributors'. In this paper we will focus on only these two groups and their group narratives.

We use Andrew Brown's strategy of writing narratives of different groups in an organization where the author takes up the position of the spokesperson for the groups and writes the narrative on the behalf of the groups. 'The illusion that these groups speak for themselves is just that, an illusion. It is an authorial strategy that makes the researcher/author the spokesperson for others, which requires him/her to explicitly acknowledge his/her 'own participation in the construction of social reality', and which dictates the need to be reflexive about the representations s/he has produced (Knights, 1992, p. 515)' (Brown, 1998). It is worth mentioning here that construction of these narratives, as Brown argues, 'is not just a 'writing up', but an artful process involving the manipulation of research material to produce a plausible account. (Atkinson, 1990; Watson 1995)' (Brown, 1998). It is also worth noting that this whole paper could be recognized as a narrative which is 'designed not just to inform but to persuade' and that in this paper like in any other research, 'it is the author's voice, not the research participants, that is most privileged'. (Brown, 1998). In this research paper, we aim to discuss the power relationships between the different groups in a channel through the narratives these groups construct. Complex questions like which group's narrative is more powerful? Which narratives sit comfortably with each other in the channel and which narratives engage in resistance based relationships, are explored. We argue that power relationships between different channel groups can be studied by studying power relationships between collective identities constructed in their group narratives and that by doing so we can deepen our understanding of power, hegemony and resistance exercised by different groups in a channel. To set the scene for the upcoming battle of group narratives, we will briefly discuss the concept of power and its application in channels research. After that we

will discuss the inseparable relationships between power and narrative and narrative and collective identity and the scarcity of such research in channels literature. Then, we will present the three group narratives, namely, MM's narrative of Confidence, Distributors' narrative of Endurance and Distributors narrative of Despair. Discussion on power and politics of these narratives and relationships between these group narratives will be followed by conclusions. The concept of power remains at the centre stage of organization theory research. The concept has come a long way from Robert A. Dahl's (1957) notion of power in which he defined power as 'a quantitative capacity where A has power over B if A can get B to do something that B wouldn't otherwise do'. Following intense scholarship which rejects Dahl's fixed notions of power (e.g. Foucault, 1979), organization theorists in the past decade or so have engaged in the discursive aspects of power. This research on organizational power is closely associated with power embedded in organizational narratives. For some researchers, creation of a narrative by an individual of a group is an act of power (e.g. Vaara 2002). For Brown (1998), 'power is not a thing and nor it should be thought as an unexercised capacity. Power is, in part at least, expressed in and through narratives which groups deploy to legitimate interpretations that they believe favour their interests'. Authors of narratives while constructing a narrative also construct identities of different actors, including their own. 'Construction of narratives and identities is an intertwined process. Inevitably narratives construct subject position and attach identities to actors' (Vaara, 2002). In 2006 Andrew Brown highlighted the construction of collective identities in group narratives and their possible hegemonic implications. Power as a concept has dominated the channels literature throughout 1970s. The first attempt to define and measure power in channels literature was made by El Ansary and Stern in 1972. Their definition, although modified, revolves around Dahl's understanding of power. This definition has been used extensively in the channels literature ever since. Power in marketing channels research has rarely been studied in its discursive aspect. Exceptions include Gillian Hopkinson's work (2001, 2003). Thus, there exists a considerable gap in this area. In this paper, by using social constructionist lens, we employ narrative methods to study power relationships between different channel groups and strive to contribute to the thin literature available on discursive power in channels. Before we present the three narratives, we feel compelled to share our understanding of a narrative. We subscribe to the view of Ricoeur (1984): 'A story (narratives) describes a sequence of actions and experiences done or undergone by a certain number of people, whether real or imaginary. These people are presented either in situations that change or as reacting to such change. In turn, these changes reveal hidden aspects of the situation and the people involved, and engender anew predicament which calls for thought, action or both. This response to the new situation leads the story towards its conclusion' (as in Brown & Humphries, 2008). In the interviews, management of MM had only one group narrative to tell i.e. narrative of Confidence, whereas distributors told two distinct narratives. These are narrative of Endurance and narrative of Despair. We now present these three dominant group narratives present in the channel just after the entry of MM in Pakistan.

Narrative 1: Makro and Metro's (MM's) Narrative of Confidence

Section 1.1: 'Old days were 'Bad''

Before the entry of MM in the Pakistani market, the market situation was really bad. Pakistani customers had to suffer because of inefficiencies in the system. Thus the customers not only

ended up paying more for their goods but also received inferior service. ‘Take example of a restaurant owner, everyday he or his employee had to go to vegetables market, where he would find a middleman, then to meat market, there again he would find a middleman, and then to grocery wholesale market where he again would find a middleman, and at the end of the day the middlemen would take all the profits’ (Manager Makro). Other than this, ‘retailing and wholesaling in this country was totally undocumented before we came. Nobody in the retailing business used to pay any tax to the government. Thus, the people of Pakistan were losing out due to this type of distribution structure. Moreover, due to lack of foreign investment in the country, unemployment in the country was rampant. There were so many young graduates who were unable to find decent jobs’ (Manager Metro).

Section 1.2: ‘Then we (MM) came in’

Given the fragmented retail and the increasing buying power of Pakistani customers, we evaluated the market and we thought that there was huge opportunity awaiting us. So we entered the market.

Section 1.3: ‘We (MM) are Benefactors’

‘Because of the unorganized retail sector in Pakistan, there is a large number of middlemen (distributors) and due to their presence the retailers of the end customers cannot get good price. We want to provide best service to retailers or to the end customers at the best possible price. We want to pass on the price benefit to our end buyer’ (Manager Makro). Thus, we are now giving an alternative channel, an alternative to the middlemen. ‘The local businessmen like the shop owners and restaurant owners can now focus on their business better. They do not have to run around and go to different places to get better deals. They can get everything at lower prices from us, right under one roof’ (Manager Makro). We are definitely helping the local businesses and the local economy. We are not here to hurt anyone or to harm anyone’s business, not even the distributors or the middlemen. We are here to provide alternative channel, which is going to increase the size of the overall market, thus creating opportunity for existing and new businesses. ‘We are here for the benefit of everyone. To protect the distributors, we have this policy of discouraging sales to end customers, and restricting our sales only to retailers, who would normally buy from traditional wholesalers, however, if end customers start coming to us, we cannot stop them from doing this. We are here to do business and to provide lower prices to everyone’ (Manager Makro). ‘Since we are multinational investments, we abide by all the rules of the land. We regularly pay taxes to the Pakistani government. This has started a new era of revenue generation for the government in the retail sector. It is unprecedented in the history of the country. This obviously is going to benefit the government and in turn, the people of Pakistan’ (Manager Metro). On top of other benefits we provide to the country and to the people of Pakistan, we also help in creating more jobs for local people. ‘Our stores employ hundreds of people, and thus create hundreds of job opportunities in Pakistan.’ (Manager, Metro)

Section 1.4: ‘Manufacturer is Powerless and Business Savvy’

‘Multinational manufacturers do not have an option but to cooperate with us. We have international agreements with these multinational manufacturer and they have to abide by these

agreements. Our relationship with a multinational manufacturer here can affect our relationship with the manufacturer elsewhere in the world. Thus, the manufacturers cannot afford to turn away from us' (Manager Metro). Other than the international agreements we have, it is also in the business interest of the manufacturers to cooperate with us. 'They recognise this. We are giving them huge volumes of business as single buyers. This has huge advantages. They do not have to worry about so many distributors and then so many small shops. They can reduce their sales workforce. They just have to sell the products to us and we do the rest of sales and distribution for them. Manufacturers are not stupid, they are not cooperating with us just because of international pressure, but because of the real economic gains they can get from us' (Manager Makro).

Section 1.5: 'Pakistani Customers are Rich and Pro Modern Channel'

We believe that both Pakistani retailers and end customers are changing their shopping habits. 'The disposable income in the country has risen which has led to changes in the shopper behaviour. Opening up of international food chains is an example. People of this country want to get international experience in everything, be it entertainment, food, clothing or grocery shopping' (Manager Metro). In the past decade or so everything in this country has changed. 'A couple of decades ago a family having dinner in a restaurant was frowned upon, as it was thought that the lady of the house (*Khatoon e Khana*) could not make a proper meal at home. But now have a look at KFC anywhere in the country at night. It is difficult to find a seat there on Saturdays. So the point we want to make is that there is huge market of our stores in the country, not only for the urban retailers but also for end customers' (Manager Makro).

Section 1.6: 'Distributors are Less Significant'

The monopoly of distributors is now challenged as we have introduced this parallel channel in the market. With the growth of the modern formats, the significance of distributors in the distribution structure is diminishing. 'Manufacturers are realizing that distributors are a burden on them as they have to have a large army of sales force to manage their relationships with these distributors. Moreover, with the change in the shopping behaviour of Pakistani customers means more business for modern formats. Thus the distributors are losing their importance in the channel' (Manager Makro).

Section 1.7: 'Our future is Promising'

'We are not going to run away from this country, we are here to stay' (Manager Metro). Given our international expertise and knowledge and the growing need for modern formats in the country, our success in Pakistan is inevitable. 'Thailand was also very similar to Pakistan, lots of retailers, no organization but things have changed there. We are now a big business there and this is what we are going to be doing here.' (Metro, Manager). We are the future. We have started off from the bigger cities of the country, and we have medium and long term plans of expansion into level 2 and level 3 cities' (Manager Makro). We look forward to working with other channel members in the long term.

Narrative 2: Distributors' Narrative of Endurance

Section 2.1: 'The Good Old Days'

We remember the days before MM entered into Pakistan market, when everyone was happy. We were happy, the manufacturers were happy and the retailers and wholesalers were happy. We, the distributors, used to enjoy privileged position in Pakistan's FMCG channel structure. 'There were times when we were considered the elites of the cities we used to work in. We were 'sort of *chaurdhries* (meaning similar to local kings), and had connections with the higher ups in the right positions' (Lodhi). 'There were instances when the products used to get out of stock in the market, people used to queue outside our offices for products, and we could choose our customers. There were times when there was no need of sending salesmen to shops as people used stand in queue outside our offices' (Seth). 'The Area Managers of companies (manufacturers) used to speak to us with a lot of respect. In fact, the promotion of these Area managers used to depend on how good they were in maintaining close ties with us' (Sheikh). We were so powerful that some of the Area Managers of the companies would get hired by us after they retired from the manufacturer. The companies used to listen to us as we were the only channel. Money was also very good. The Return on Investment (ROI) was much better in those days. 'There was joy in doing business. We used to be the *badshah's* (kings), we set the targets for our ROI, not the manufacturer' (Lodhi) and the manufacturer did not used to have problems with that. The manufacturer needed sales and we used to give it to them. Our salesmen were happy and used to get good commission. The retailers were also happy as they used to get served promptly. If they could not find the product in the market they could always visit our distribution shop and get the products. Even when the things were in our control, 'our salesmen went to every nook and corner of the city to deliver our products. Thus, the service provided by us was extraordinary. Even the far flung retailers got their deliveries on their doorstep, thrice a week' (Gillani). In short, life was good as we were in charge of ourselves. There was no direct competition as such, and we and our employees had a lot of respect in the channel as well as in the local social circles.

Section 2.2: 'Then came MM'

We had started hearing about MM coming to Pakistan a long time ago. In fact we had visited some of their stores as manufacturers took us abroad so that we could see these formats. 'These stores were massive, nothing of the sort you could see in Pakistan in those days' (Sheikh).

Section 2.3: 'Manufacturer is Powerless'

We were excited to see these stores there and thought that it would mean more business for us. But to our surprise 'we were told by the manufacturers that these stores would be serviced directly from the manufacturer's warehouses and not through us. This caused a stir in our circles and a lot of anger and frustration started developing amongst ourselves' (Sheikh). Some of us went to see the manufacturers to convince them so that they do business with MM through us. But they said that this is beyond their control. 'They (manufacturers) say that this cannot happen. They are helpless' (Gillani). They said that 'since they have relationships with MM internationally, and they sell the goods directly to them abroad, they must follow the same format here' (Lodhi). We even offered to reduce our margin significantly for sales to MM, but

they could not do it for us here in Pakistan. And this is true, ‘nowhere in the world the manufacturer sells to these stores through the distributors’ (Sheikh). We believe that ‘manufacturers were under tremendous international pressure, otherwise why would they want to act against us, as we used to take care of 100% of their business’ (Lodhi).

Section 2.4: ‘as well as a Business Savvy (the manufacturer)’

But we also think that the manufacturer is shrewd. The manufacturer has realized that it makes sense to cooperate with MM and to develop them here in this country. We know that the manufacturer does not care about us. We have understood that ‘there is no such thing as loyalty....we are all prostitutes’ (Sheikh). All we care about is money; we go wherever we get it. If we put ourselves in the manufacturer’s shoes, we would have done the same, ‘see for yourself, the manufacturer has to keep a TSO (Territory Sales Officer) for every distributor. You tell me how much does that cost per month? At least PKR 100,000, right? Now look at MM, they just have one KAM and two Assistant KAMs in Karachi and Lahore and they are running the show. Plus, have a look at the margins, when the manufacturer deals with MM, they have more margins to play with. This is business, ‘survival of the fittest’ (Sheikh). ‘They (manufacturer) call us (the distributors) ‘Valued Business Partners’ but that is just the name. There are many distributors in Lahore and Karachi who are crying because of MM. What we believe now is that, agreed, there is some regard for distributors by the manufacturer as long as there is hope that the relationship is going to be profitable in the long term but there is nothing more than that’ (Raja).

Section 2.5: ‘MM is Bloodsucker / Robber’

We initially thought that MM were not going to harm us as Pakistan is a different country where people are not used to of going to such stores. Plus ‘we believed that since MM were coming in wholesale format they would not really affect us that badly, as all we would lose were a couple of local wholesalers and some rural retailers. Plus, we also thought that with this format they would not be able to survive in Pakistan’ (Sheikh). ‘We had seen the fate of Metro in India’ (Lodhi). But this belief of ours was only short lived as both MMs have changed their strategy dramatically. Within no time they have done away with multi packs and lifted customer restrictions. ‘Their official story that they are ‘professional wholesalers’ is just bullshit’ (Seth). MM is ‘not sticking with their original story (that they are going to sell to professional customers and retailers). This is not happening.... this is just a drama (a lie). They sell to everyone.... and they encourage it. Minimum purchase requirement of PKR. 2,000 is also senseless as these days everyone buys in excess of this amount’ (Sheikh). This has started to hurt us really bad as this strategy of MM is taking away our direct urban end consumers who are our bread and butter. MM keep on telling us directly and as well as through the manufacturer that they are not going to harm us and that they are going to increase the overall pie of the business. ‘This is just crap, they are competing directly with us and want to destroy us’ (Sheikh). Every single sale they make through their stores in our territories is our lost sale. We think that MM are really after us and that ‘they will do anything to get our business’ (Raja). They even want to deliver products to our customers through salesmen. ‘They want to take up our advantage of doorstep delivery’ (Seth). We have caught salesmen of MM in the local wholesale market a couple of times which proves our point. Moreover, ‘MM and shops of this sort are foreign investments. These (foreign investments) are bad. Agreed they bring money from abroad, invest it in this country but at the end of the day they rob the money of the poor consumers and send their profits abroad. The traditional or local retailers may have many drawbacks, but at least they keep the money within

the country. They are not going to suck the blood of the poor people' (Gillani).

Section 2.6a: 'We (Distributors) are Indispensable' and 'Pakistani Customers are Poor and Pro Traditional Channel'

MM is trying to invade our business but we are the backbone of the distribution system of any of the manufacturers in the country. We contribute 97-98% of sales of any manufacturer in Pakistan. A manufacturer cannot run its business without us. 'How many people have cars in this country? How many people are actually going to go to these stores to shop? We believe that these are shops only for the gentry and not for common people, and most of our business comes from common people and from small shops' (Lodhi). They (MM) cannot just come and take over our business. We are fully grounded in the fabric of Pakistani society. We will not be hurt by MM. There could be a short term fad, as 'we are a crazy nation and accept everything that comes from abroad' (Butt), but this will remain only for a short while and after people realize that they end up paying more at MM due to extensive displays and self service, they will come back to local shops which are serviced by us.

The retailers also don't really like MM, because 'one, the prices are not that good, two, the retailer has to allocate one full day to shop at MM, and has to pay for transportation. We provide service and goods at doorstep. Why would a retailer go there? Most of the retailers are going there just to see how the store looks like, so that they can say that they have been there' (Raja). Other than our firm commercial grounding in the structure of the channel we are also a part of the channel (traditional channel) which takes care of not only the grocery related needs of ordinary Pakistanis but also of the welfare of the citizens of this country. For example, 'You go to a village, or even to a small locality in Lahore, over there you will see many small retailers people know these retailers and the retailers know their customers by name and it is sort of a 'hang out' place for the people. They sit on the '*thara*' (meaning steps outside a shop) and discuss things so it is sort of a social place for the locality you can't do it at MM' (Gillani), as they are too modern for this. Plus 'we are a poor country and a huge chunk of our employment comes from retailing (small retail outlets). It is about 15-20%. It is livelihood of so many Pakistanis. If you go to villages, you will see so many women running grocery shops. It is very common that you will see a village house, where they have converted their drawing room into an outlet. So it (traditional trade) is an integral part of our society, and it gives us (Pakistanis) the opportunity that modern formats can never provide' (Gillani).

Section 2.7a: 'Thus, our future is Promising'

Thus, due to importance of traditional channel in Pakistan's retail industry, 'we feel that these international formats will not be successful in Pakistan. We have seen the case of Metro in India. It has been years that they are still trying to expand outside Bangalore, and have not been successful' (Lodhi). We also believe that big manufacturers might have cooperated with MM in the short run, but this cooperation is not sustainable in the long term since most of manufacturer's sales come through us. 'They (manufacturers) would not cut their feet with their own axe' (Butt). We understand that MM is posing a threat to us and manufacturer is not helping us currently but we feel that we will overcome these difficulties and will remain successful businesses.

Narrative 3: Distributors' Narrative of Despair

For this narrative please read Sections 2.1-2.5 followed with Sections 2.6b and 2.7b

Section 2.6b: 'We (Distributors) are Less Significant' and 'Pakistani Customers are Rich and Pro Modern Channel'

Times have changed now. 'We do not have that type of *Badshahat* (kingship) anymore. The joy of doing business has been lost' (Seth). 'Sometimes we are out of stock on a product and it is available at MM' (Seth). This is very disrespectful. The manufacturer has also started spending a lot of money on in-store advertising in these stores, and as a result we get very thin budget for this type of advertising in our territories. It is the first time that we have seen cuts in in-store advertising budgets in our territories. This really hurts our relationship with local retailers. Due to limited resources available now, manufacturer personnel have started taking more and more control of our business. 'We are questioned on everything we spend and how we do business' (Sheikh). Area Managers who used to act as our subordinates a few years ago now act like our bosses. We cannot function properly due to these issues. We are scared here. Some of us say that they will threaten the manufacture or quit the business, but the business situation is such that we cannot go anywhere. 'Many of us say that they will raise their voice in front of the manufacturer but when the time comes they all chicken out and listen to what the manufacturer is saying' (Sheikh). Pakistani customers also favour MM. 'Retail internationalization is taking place everywhere in the world and customers are increasingly shopping monthly and weekly with the rise in income levels. Thus, the modern formats are becoming more popular'. In terms of purchasing power of the customers 'who says we are a poor nation. No, we are not. We drink mineral water. We want to do whatever the westerners do and we worship whatever comes from the west. I don't think that we have lack of money. Have you been to City and 7th Avenue (names of local superstores)? Have you seen how many servants are there shopping for the '*Begmaat*' (meaning wives of the rich) there? There is abundance of money' (Sheikh).

Section 2.7b: 'The Gloom the future holds for us'

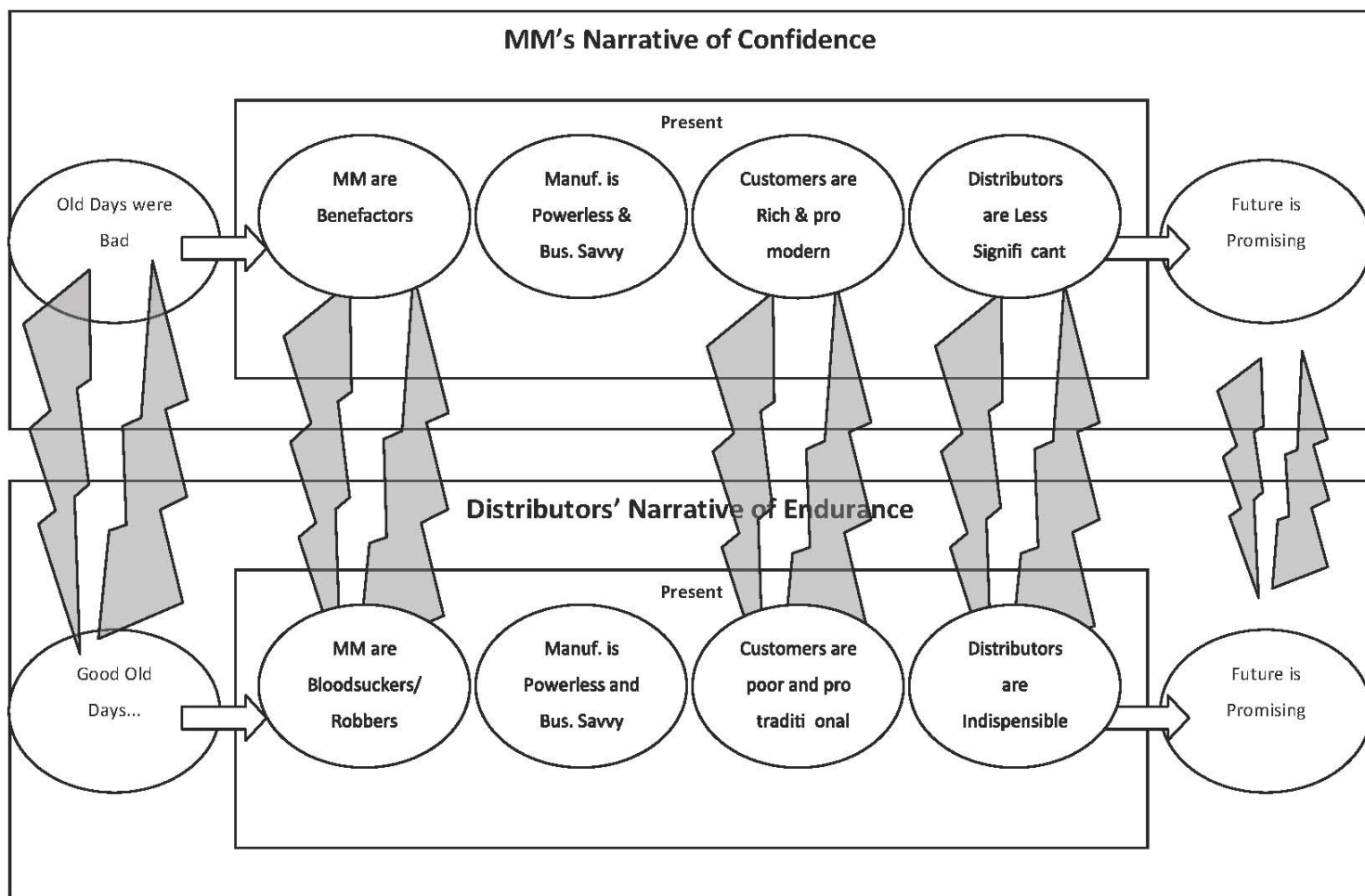
We feel that 'there isn't any potential left for the distributors in this country now' (Seth). With every passing day and month our share in the market is decreasing and there is nothing we can do about it. We are trying to carry on with the business till the end, but we feel that we must now look for some other business opportunities. We acknowledge that 'overall, business in the country is becoming tough' (Sheikh), but it can't be tougher than the circumstances we are facing in this business. Over here, 'our sales are going down and we have immense amount of credit stuck in the market' (Seth). We are pretty sure that we will not be able to carry on for long without a level playing field.

The Battle: MM's Narrative of Confidence and Distributors' Narrative of Endurance

Competing groups construct their own realities by telling stories and thus engage in battles over these competing realities. The narratives constructed are hegemonic in nature and try to mobilize

and reproduce active consent of other groups (Clegg, 1989). Thus, we see here that the two groups author narratives which negate the realities claimed by each other's narratives. We will here discuss the hegemonic nature of the narratives and will highlight the power struggle these narratives engage in. MM's narrative of Confidence constructs a reality in which MM is in a superior position in the channel. The narrative suggests that the overall channel was in a bad state before MM came in. Most of the channel members were suffering because of the inefficiencies. Then MM came in and tried to resolve all the issues. Thus, MM is constructed as a Benefactor. Construction of Manufacturer as Powerless and Business Savvy can be seen as an attempt to consolidate MM's position in the channel as a superior member which has international experience and which is highly valued by the manufacturer due to economic reasons. The narrative also constructs the distributors as insignificant but relieves MM of any accusation of causing any harm to the distributors. The narrative projects distributors as outdated but suggests that the distributors can still continue with their businesses successfully. The narrative then constructs the Pakistani customers on their side who are rich, modern and love shopping at modern formats, thus the future of MM in Pakistan is very bright. The narrative clearly constructs realities which project dominance of MM in the channel. These realities or construction of identities can surely be seen as an attempt by MM to consolidate a powerful position in the channel.

Figure 2: Power Relationship between MM's Narrative of Confidence and Distributors' Narrative of Endurance



The distributors author a counter narrative (Bamberg & Andrews, 2004) here called the narrative of Endurance, in which most of the realities and identities constructed by MM are challenged and alternative realities and identities are constructed (See Figure 2). As opposed to MM's construction of old days as 'bad', the distributors portray old days as 'good', thus rejecting the foundations of MM's narrative of Confidence as it undermines the necessity of MM's presence in the country. The narrative then poses strong resistance to the construction of MM as Benefactor. The alternative construction of MM's identity is quite the opposite, which is Bloodsucker or Robber. Interestingly both narratives construct similar identities of manufacturer.

MM's narrative constructs manufacturer as Powerless to create a superior and internationally influential position of MM, whereas the distributors' narrative of Endurance constructs this identity to suggest that distributors are facing current challenges alone and that there is no one to help them. Distributors' narrative also does not challenge the construction of manufacturer as Business Savvy. This is an interesting phenomenon, because in such a construction of manufacturer, the distributors in their narrative are accepting the value of the business proposition MM holds for the manufacturer. This acceptance of manufacturer identity can be seen as a sign of weakness of the distributors' narrative as it threatens the construction of distributors' identity of Indispensability, as we will discuss later. The distributors' narrative of Endurance strongly resists the construction of Pakistani customers as Rich and pro modern channel. The narrative constructs an alternative identity in which Pakistani customers are Poor and pro traditional channel, thus, strengthening the position of the distributors in the channel. Similarly, the narrative also rejects the Less Significant identity of distributors and constructs the distributors as Indispensible. Both the narratives then construct the future of their respective groups as promising. Since the narrative of the distributors, in many places, suggests that the prosperity of either of the groups is mutually exclusive, this construction of future of distributors as promising resists the construction of future of MM as bright as given in MM's narrative of Confidence. On the other hand, since MM's narrative portrays MM as benign benefactors, the narrative does not seem to have any problem with the bright future of the distributors. Since the resistance regarding the future of the channel members is posed only by the distributors' narrative, and is not both ways, we have denoted this resistance with small shaky arrows (see Figure 2). Reflexivity in narratives and collective identities as per Andrew Brown (2006) 'refers to 'that which turns back upon, or takes account of the self' (Holland, 1999, p.464)'. In other words it points towards how a group narrative constructs or positions the narrators in the overall narrative. We believe that a group narrative which constructs a coherent and consistent position of the narrating group is a strong narrative, whereas the one which constructs a dichotomous or paradoxical position of the narrating group is a weak narrative. MM's narrative of Confidence seems relatively stronger than the distributors' narrative of Endurance as it never compromised on the powerful position of MM, and maintained a coherent position of MM. The distributors' narrative of Endurance seems slightly weaker as it accepted manufacturer's Business Savvy identity. This acceptance of manufacturer's Business Savvy identity suggests acceptance or accommodation of economic value of MM for the manufacturer. This weakens the position of the distributors, and creates a paradox in which on one hand the narrative accepts the economic value MM has for the manufacturer and on the other hand the narrative constructs the distributors as economically Indispensible for the manufacturer. Thus, the distributors' narrative of Endurance, being low in reflexivity, does not establish a clear position for the distributors. It is important to mention here that the battle can be analysed the other way round as well, meaning the distributors' narrative of Endurance could be discussed first followed by discussion on the resistance posed by MM's narrative of Confidence. We believe that the results from such a

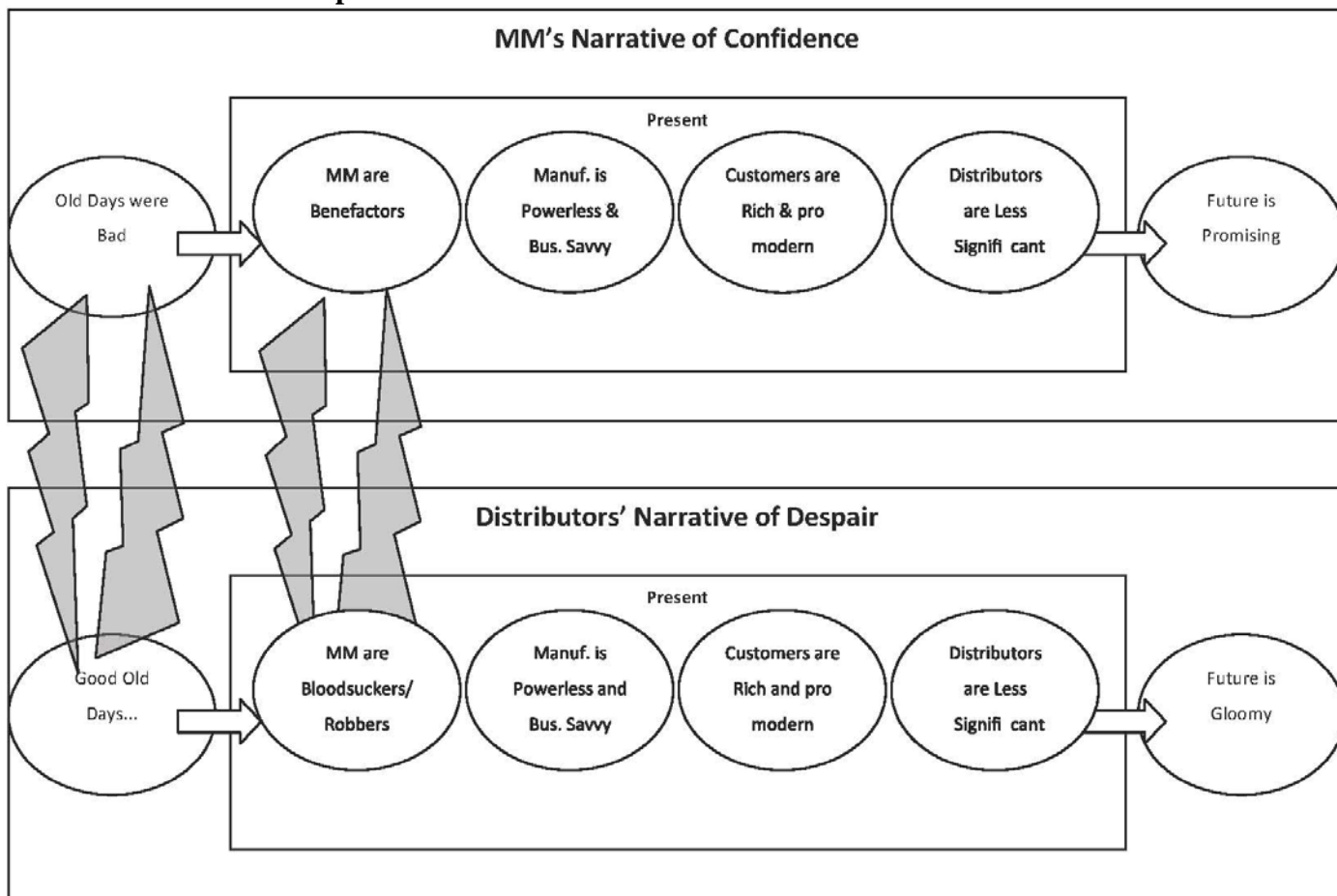
discussion would also point towards similar phenomena. We will now discuss the relationship between MM’s narrative and the distributors’ other less narrated but distinct narrative, the narrative of Despair.

Compliance : MM’s Narrative of Confidence and Distributors’ Narrative of Despair

We argue that in the battle of narratives discussed above MM’s strong narrative of Confidence has fractured distributors’ relatively weaker narrative of Endurance and created space for distributors’ narrative of Despair which is complying with MM’s narrative of Confidence on most grounds. Narratives of both the groups now sit easily with each other, where MM’s narrative of Confidence has clearly taken the dominant and more powerful position and the distributors’ narrative of Despair has taken a subordinate position. This could be a reaffirmation of power of MM’s narrative of Confidence.

Distributors’ narrative of Despair poses very little resistance to MM’s narrative of Confidence (see Figure 3). The only resistance is in the alternative construction of the old days and the construction of MM’s identity. The distributors’ in their narrative of Despair, despite their compliance with most of the realities and identities constructed in the narrative of MM, do not accept MM as Benefactors, and continue to construct a rather ugly identity of MM. Moreover, the narrative of Despair also constructs old days as good versus ‘the bad old days’ construction given by MM’s narrative. The narrative poses this minimal resistance to maintain a distinct position of the distributors. If this minimal resistance was not there, the narrative would have converted itself into MM’s narrative of Confidence and the distributors would have lost their distinct narrative. The Despair narrative says that MM is bloodsucker and the manufacturer is powerless. The manufacturer has not saved the distributors from the evil of MM, in fact the manufacturer has shown its inclination towards MM due to economic

Figure 3: Power Relationship between MM’s Narrative of Confidence and Distributors’ Narrative of Despair



reasons. The narrative further says that Pakistani customers are leaving them and that the distributors' have become unimportant and thus there is forecast of gloom. The domination of MM's narrative and subjugation of distributors' narrative must not be taken as the final status of these narratives. Embedded in the distributors' narrative of Despair is power which could rupture MM's narrative of Confidence. The gloomy future of the distributors' is certainly not included in MM's narrative and this is where the distributors narrative could rebound. Since the distributors' contribute 97% of manufacturer's sales in the country, a gloomy construction of the future of the distributors could trigger a response in the narrative of the manufacturer (which is not included in this paper) which could result in fracture in the MM's narrative of Confidence and acceptance of distributors important role by MM in the overall channel. In terms of identification of powerful or weak group narratives in a channel, we conclude that the narratives which have a dichotomy or a paradox in their reflexivity tend to be weak and are more susceptible to be influenced by other more powerful narratives (e.g. Distributors' narrative of Endurance got fractured by MM's narrative of Confidence). Group narratives which are able to fracture the narratives of other groups, by accomplishing acceptability of realities and identities by other group narratives are deemed more powerful (e.g. MM's narrative of Confidence). Moreover, these are always elements of resistance in even the most complimenting group narratives. These elements are there to maintain the distinct discursive positions of the groups involved.

Discussion and Conclusion

In this paper we have demonstrated the battle in which the narratives authored by different groups in a channel engage. Our analysis is consistent with the ideas of prominent scholars who have studied discursive power, and have advocated that power is never fixed and is always in a flux. Similarly the power relationships are never stable and are always in the state of becoming (Currie, 1998). In this paper, we advocate that the concept that organizations are storytelling systems (Boje, 1995) needs to be applied to channels as well. We argue that channels are also storytelling systems, and that different groups in the channel author their group narratives which are hegemonic in nature. These narratives define the power position of these channel members in the overall channel. A study of these power relationships can give an insightful picture of the power positions of different groups. Narrative research, while providing more dynamic understanding of the changing power positions and roles of different organizations in channels as well as of different groups working within those organizations, also provides an alternative to realist or positivist lenses being used in the study of power in channels.

The paper also presents an alternative perspective of looking at power relationships between narratives without the presence of 'official' narrative or grand narratives (Aaltio-Marjosola, 1994). The study goes contrary to many researches on power and narratives in which a grand narrative is resisted by relatively unheard 'smaller' narratives. We argue that in channels where organizations and groups within organizations are loosely linked, there is no grand narrative. There are only dominant narratives which are always in a state of becoming or being completed. At times the narrative of one group dominates the voice of the channel whereas at other times narrative of another group could take up that position. No narrative takes up a complete shape to dominate the narratives of other groups in totality. This concept of power relationships between micro narratives (not to be confused with Boje's micro storia, 2001) and not between the grand narrative and smaller narratives, could help organizational theorists understand the ongoing

power struggle between different groups in an organization form a fresh perspective. Concept of temporality as given by Brown in 2006 suggests that narratives engage in power struggle over the historic accounts they construct regarding an organization. Many narrative researches have been done in which the authors highlight alternative historic or nostalgic accounts (Brown & Humphries, 2002) constructed by participants. We argue that the concept of temporality does not need to be restricted to history only. From the analysis and data presented in the paper we have demonstrated that group narratives engage in power struggle over accounts regarding the future of their organizations. Thus, like construction of history of an organization in a narrative is hegemonic, so is the construction of the future of an organization. Thus, the concept of temporality could be used in broader terms. From practitioners' perspective, our study provides an alternative method of analysing changing power dynamics in the channels. Awareness regarding changing power relationships in the channel through a narrative lens could provide a well informed analysis of a situation, and could warrant a deliberate intervention by any of the channel members. For example, in the case presented in this paper, the manufacturer might not be comfortable with the distributors' narrative of Despair. As the manufacturer is engaged in business with both MM, and the distributors' a gloomy group narrative constructed by either of these channel members could affect the sales of the manufacturer. Thus, the manufacturer might want to construct a group narrative which could attempt to change the narrative of the distributors from narrative of Despair to a narrative having a positive outlook.

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MEANING IN WORK: AN EXISTENTIAL CRITIQUE OF THE DISCOURSE OF CALLINGS

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This paper is a critique of the discourse of work that is being indirectly promoted by the Job-Career-Calling model and the Spirituality in the Workplace field as they both encourage meaning in life to be found through one's work, i.e., through finding one's Calling. Using existential philosophy I argue that this "Calling" discourse is problematic as it situates work as the primary source of meaning for human existence. Although this may be appropriate for some people, for others it results in the inauthentic life.

Introduction

Reflecting on the meaning of life may be spurred by psychological crisis but it may also arise from an acute awareness that Henry David Thoreau was correct: most people do lead lives of quiet desperation. (Bellioti, 2001: 10)

The Job-Career-Calling model and the Spirituality in the Workplace field are both implicitly promoting the importance of work in Western society, i.e., that meaning is found through one's work. They imply that viewing work as a calling is preferable to work as a career and especially a job (Freed, 2003; Wrzesniewski, 2002; Wrzesniewski et al., 1997). As a result of work being privileged in this way people are being encouraged to find work that they view as a Calling in life. It is no longer sufficient to have work that is viewed as a job or even as a career. People are expected to make their work the main source of meaning in life, and to believe that fulfillment in life is directly dependent on their work life. However, does viewing work as "only" a job preclude a meaningful life? Is a career or calling necessary in order for the individual to view his or her work life as meaningful? Does the person who views work as *only* a job have a greater challenge in living a meaningful life than people who view work as a career or calling? Or, is it the opposite, that in fact other (non-work) avenues of life present a greater opportunity for fulfilling needs that lead to a more meaningful life? These questions will be explored in this paper.

One way to analyze how an individual makes choices and understands his or her work life in the quest for meaning is through existential philosophy. Existential philosophy provides compelling insights into the nature of the individual self, the circumstances and dilemmas of everyday life, and in particular, it gives us a way to view the creation of individual meaning, i.e., the *authentic life* in existential terms. It has been described as a way to interpret the predicament or dilemma of people in modern Western society and the resulting anxiety and anguish (Collins, 1952; May, 1959). Golomb (1995: 200) notes, "the existential question today is not whether to be or not to be, but how one can become what one truly is." Existentialism focuses on creation of the self, argues that human meaning is a subjective experience, and emphasizes that the goal of human existence is the meaningful or authentic life, specific to the individual. The starting point for an existential approach is the recognition that the human self is "the true center of philosophy and... the sole legitimating authority" (Lavine, 1984: 326). The existential self, as opposed to the 'psychological' self, is not pre-determined but continually being constituted by how the individual experiences the world and reflects upon those experiences (Kierkegaard, 1980). The self, therefore, is "one whereby my

personal history is very much a product of my current ‘situation,’ and how I construct my self and pursue that self that I am not yet” (Earnshaw, 2006: 124). The goal of life from an existential perspective is that the individual freely and consciously chooses his or her life.

In this paper I will argue that the discourse of privileging work that is implicitly being encouraged by the Job-Career-Calling model and many scholars in the spirituality in the workplace field is problematic from an existential perspective in that: (1) There is now a growing societal pressure on people to make work their primary source of meaning in life which is contrary to the individual freely and consciously choosing his or her life, and; (2) For many people, an emphasis on work may not be the path to the Authentic life as they may be ignoring other elements of life. Despite the importance of work in Western society, it is only one aspect of a person’s existence among many pieces, which ultimately must fit coherently together in order for one to feel that his or her life is meaningful.

The Job-Career-Calling Model

The Job-Career-Calling model provides a practical method to investigate the importance of work in a life with its three distinct categories. The model was introduced in the classic book, *Habits of the Heart* (Bellah, Madsen, Sullivan, Swidler, & Tipton, 1985), which was an in-depth look at how life was being lived in the United States. Bellah et al (1985) argued that people were oriented to their work in three distinct ways, as a Job, as a Career, or as a Calling. They defined a Job as “work as a way of making money and making a living...supports a self defined by economic success, security and all that money can buy,” a Career as work that “traces one’s progress through life by achievement and advancement in an occupation...yields a self defined by a broader sense of success, which takes in social standing and prestige, and by a sense of expanding power and competency that renders work itself a source of self-esteem,” and a Calling as work that “constitutes a practical ideal of activity and character that makes a person’s work morally inseparable from his or her life...links a person to the larger community...a crucial link between the individual and the public good (Bellah et al., 1985: 66). Therefore, a person with a Job orientation views work primarily as a means for economic gain, a Career orientation as a development path, and a Calling orientation as purpose in life and work that the individual would engage in even if he or she had no financial need for work (Bellah et al., 1985). The Job-Career-Calling categorization can be thought of as a continuum of personal investment with a Job orientation placed at one end, a Career orientation in the middle, and a Calling orientation at the far end (Wrzesniewski, 1999).

Job Orientation Career Orientation Calling Orientation

Low personal investment High personal investment

In a Job orientation, work represents the minimal personal investment whereas this is highest at the Calling orientation end of the continuum. People with a Job orientation view work as primarily “financial necessity” and typically they are counting the days until retirement with the belief that at that point they will be free to do what they really want to do in life. A Career orientation lies in the middle of the continuum as it involves a greater investment for the individual than a Job but less than a Calling. “The notion of a ‘career’ implies an organizational ladder to be climbed, but it also stands for an institutionalized life path and a series of choice processes” (Moen, 1998: 41). People with a Calling orientation to work do not separate their work from the rest of their life as people can do with a Job or Career orientation; a Calling *is* their life.

Historically, a career has been considered as work that is desirable, i.e., people are encouraged to seek out a career and not view their work as only a means of financial gain (Collin &

Young, 2000). However, in recent years careers have been replaced in importance by callings and people are now being encouraged to “find their calling” (Duffy & Sedlacek, 2007; Novak, 1996). Callings were originally related to religious endeavors, i.e., “called by God,” and examples include Mother Theresa and Billy Graham (Delbecq, 2004; Weiss, Skelley, Haughey, & Hall, 2004). Sometimes the term Calling is used interchangeably with vocation while others differentiate between the two with calling being defined as an “external” call, i.e., outside the self, and vocation being defined as an “internal” call (Dik & Duffy, 2009). “A calling is a transcendent summons, experienced as originating beyond the self, to approach a particular life role in a manner oriented toward demonstrating a sense of purpose or meaningfulness and that holds other-oriented values and goals as primary sources of motivation” (Dik & Duffy, 2009: 427). Callings have also been associated with work that serves the greater good of society (Wrzesniewski, McCauley, & Rozin, 1997). From a secular point of view, callings are usually identified by asking people what they would do with their lives if they did not have the financial need to work.

Whereas the Job-Career-Calling model was originally suggested in 1985, research on the model itself began in 1997 and the primary researcher to date has been Amy Wrzesniewski of New York University (Wrzesniewski, 1999, 2002; Wrzesniewski & Dutton, 2001; Wrzesniewski, Dutton, & Debebe, 2003; Wrzesniewski et al., 1997; Wrzesniewski & Tosti, 2006).

Wrzesniewski, McCauley, Rozin and Schwartz (1997) investigated the Job-Career-Calling model by surveying 196 university employees and found considerable empirical support for the distinction between the three orientations. They also found that work orientation was not occupation dependent, i.e., within the same occupation you could find people who viewed the same work as a job, career or calling. The work itself does not necessarily matter, only how it is regarded by the individual. For example, working as a police officer may be a Job for one person, for another it is a Career and for others still, a Calling. “Satisfaction with life and work may be more dependent on how an employee sees his or her work than on income or occupational prestige” (Wrzesniewski et al., 1997: 31). Lastly, they claim that the same work can start as a career or even a calling but over time turn into just a job. The new nurse may at first see his or her work as a calling but this may change significantly over time and later in life consider the same profession as a job.

We believe that we have demonstrated that it is easy for most people to assign themselves to one of the three Job, Career, or Calling dimensions, based on degree of agreement with three paragraphs representing the three work-relations. The differentiation of the three orientations was clearer and easier than we had anticipated. In accord with our predictions, we presented evidence indicating highest life and work satisfaction for respondents who see their work as a Calling – even when income, education, and occupation are at least roughly controlled (the administrative assistants). (Wrzesniewski et al., 1997: 30-31)

In her Ph.D. dissertation on the Job-Career-Calling model and job loss, Wrzesniewski (1999) found that work orientation influences behaviours after suffering a job loss. She also reported a relationship between age and work orientation. Her results indicate that younger job seekers were more oriented towards a career while older job seekers had stronger orientations towards callings.

Preliminary research implies that the most contented and therefore productive people are those who see their work as a calling (De Klerk, 2005; Wrzesniewski et al., 1997; Wrzesniewski & Tosti, 2006). “Calling-oriented individuals report higher job and life satisfaction, even after controlling for income, level of education, and occupation, than people who view their work as jobs or careers. These employees also report higher work motivation and are less likely to regret their choice of occupations” (Wrzesniewski & Tosti, 2006: 74).

Freed (2003) investigated the relationship between the three orientations and job satisfaction,

and found support that people with a Job orientation were least satisfied with their work, people with a Calling orientation were most satisfied, and that people with a Career orientation were in the middle. Other research has proposed that having a calling is connected with being perceived as a “success” in life (Heslin, 2005). It has also been suggested that people may be able to “re-craft” i.e., reframe their conception of their work, and change their view in order to find greater meaning in it (Parry, 2006; Wrzesniewski & Dutton, 2001). For example, if a hospital cleaner could connect his or her work to the greater purpose of helping others, then the work could be viewed as a calling instead of a job and result in greater meaning for the individual.

Banaga (2000) analyzed the interviews of sixteen people between the ages of 38 and 78 to investigate why people may view their work as a calling. The results indicated that callings are related to contribution and concern for others, and usually aligned with one’s faith. “The results of my study show that spirituality and religion can have a significant influence in the experience of work” (Banaga, 2000: 218). Duffy and Sedlacek (2007) surveyed 3091 first-year university students using a 20-item scale to investigate the presence of or search for a calling. They concluded that, “students searching for a calling and those who obtain a calling are at very different points in their career development, and that the process to find a career calling may take a considerable amount of time...it may not be until some students feel a calling that they truly understand the importance of work in their lives” (Duffy & Sedlacek, 2007: 598). In a review of the literature on Callings, Dik and Duffy (2009) hypothesize that finding a calling may be related to the influence of family and critical events in a person’s life, e.g., disasters such as the 9/11 attacks, or a more personal one such as a parent dying of cancer. They call for more research into the origins of callings and how ‘finding your calling’ might be encouraged in people (Dik & Duffy, 2009). This call has been echoed simultaneously by the Spirituality in the Workplace movement.

Spirituality in the Workplace

...as a context for human development, work activities provide a venue for becoming more than one used to be. In and through work, individuals develop themselves by expressing the occupational interests, vocational talents, and work values that move them from a felt negative to the perceived plus. This progressive development constitutes a spiritual quest for meaning and self-completion that, in the process, helps people become someone they want to be, a person they themselves would like. (Savickas, 1994: 5)

The “Spirituality in the Workplace” movement has added a new voice to the meaning in work discussion for academics and lay people since it emerged in the mid-1990s and has developed as a field quickly over the past decade (Bell & Taylor, 2004; Dalton, 2001; Elmes & Smith, 2001; Fox, 2003; Garcia-Zamor, 2003; Gibbons, 2000; Harrington, Preziosi, & Gooden, 2001; Howard, 2002; Lips-Wiersma, 2002a, b; McCormick, 1994; Mitroff & Denton, 1999b; Ottaway, 2003; Tischler, 1999). However it is viewed from a variety of perspectives and subsequently defined in many ways. Some scholars regard it from a religious perspective, i.e., bringing God into work practices, while others view it from a secular perspective. “Spirituality at work is not about religious beliefs...it is about people who perceive themselves as spirited beings, whose spirit needs energizing at work. It is about experiencing real purpose and meaning in their work beyond paychecks and task performance” (Harrington, Preziosi, & Gooden, 2001: 155). Dalton (2001: 18) comments that “it is possible to speak of spirituality as a universal human activity because life is filled with experiences that drive us to question and seek answers on the meaning and purpose of existence.” Mitroff and Denton (1999b: 83) define spirituality “as the basic feeling of being connected with one’s complete self, others, and the entire universe.” No matter how it is defined it is clear that spirituality in the workplace is an attempt to bridge the gap between work and the overall pursuit of a meaningful life.

We each need to find meaning and purpose and develop our potential, to live an integrated life. Spirituality encompasses the way an individual lives out his or her sense of interconnectedness with the world through an ability to tap into deep resources... spirituality is both highly individual and intensely personal, as well as inclusive and universal (Howard, 2002: 231).

The interest in spirituality and work has been linked back to the 1960s, when people were rebelling against many institutions and looking for different life experiences (Tischler, 1999). It has been connected to the 1980's and the "generation of wealth" as people were making increased salaries but were still not happy with their lives (Garcia-Zamor, 2003). The changing of the psychological contract between employee and employer, downsizing and massive company layoffs, and increased use of technology are also considered to be motivators of the spirituality movement (Harrington et al., 2001). Additionally influencing the spirituality and work movement is a heightened awareness of the fate of humanity and the world. Jaccaci and Gault (1999: 22) comment that "this renaissance, this dawning and awakening of humanity, is the emerging era of evolution...it is a time of our conscious creation of human evolution shaping all life on earth." Lastly, the events of September 11, 2001 in the United States had a significant on people. Since 9-11 many are re-evaluating their lives and their work, as they search for a deeper meaning in life, more than just achieving career success (Garcia-Zamor, 2003; Howard, 2002; Wrzesniewski, 2002). "We are at a time in history when we need to revise our entire view of ourselves, the nature of work and leadership of organizations" (Cacioppe, 2000: 48).

There are, of course, both physical and psychological benefits to having a healthy spiritual life. Parker-Hope (2001: 9) notes that "increasingly, the medical profession is promoting the notion that a person's spiritual well-being may be as important a factor in long-term health as are diet and exercise...it [the value of spiritual health] has become a widely accepted area of medical study." There has also been a connection proposed between spirituality and emotional intelligence -the more in touch with his or her spirituality, the greater will be his/her emotional intelligence, and therefore the more productive he or she will be at work (Tischler, Biberman, & McKeage, 2002). Lastly, a spiritual workplace, although it is debatable what that actually means, has been linked to ethical behaviour (Garcia-Zamor, 2003; Moberg, 2001; Pava, 1999).

However, many scholars in the spirituality in the workplace field are reinforcing the Job-Career-Calling model in arguing that work should be "meaningful" to the individual, and that work should be where we find our "purpose" (Fox, 1994; Harrington et al., 2001; Herman & Gioia, 1998; Mitroff & Denton, 1999a, 1999b; Raelin, 2006).

It is hard for many of us to separate our work from the rest of our being...we spend too much of our time at work or in work-related social and leisure activities for us to expect to continue trying to compartmentalize our lives into separate work, family, religious and social domains. As one result, the pressure many of us feel to recognize and respond to the sacred in us must find outlet in the secular workplace. If personal or social transformation is to take place, it will most likely take place at work. For, after all, life is about spirit and we humans carry only one spirit that must manifest itself in both life and livelihood. (Fairholm, 1996: 12)

To analyze the problems with this growing discourse privileging work and provide needed insights into how individuals make sense of life we can use existential philosophy.

Existentialism

The existential self is embodied. Being-within-the-world means that feelings and primordial perception precede rationality and symbol use and, in fact, activate them. The existential self is becoming. The experience of self is constantly unfolding as the individual adapts to new situations and possibilities for self-growth. The existential self is reflexive. The self is the focal point of all aspects of being: values, creativity, and emotions. The self is also the arena for the ongoing tension – if not conflict – between the individual and society. (Johnson & Kotarba, 2002: 8)

Existentialism is a multi-faceted view of the nature of individual “Being,” and as such, is made up of many varying perspectives (Baggini, 2005; Breisach, 1962; Burrell & Morgan, 1979; Cotkin, 2003; Grene, 1959; Kaufmann, 1989; Reinhardt, 1960; Reynolds, 2006; Schrag, 1977; Tanzer, 2008; Tillich, 1952). Though Sartre (1970: 25-26) himself argued that, “the word is now so loosely applied to so many things that it no longer means anything at all,” there is general agreement that existential philosophy attempts to make sense of and provide answers to the circumstances and dilemma of the human condition. Karl and Hamalian (1974: 13) argue that, “Existentialism, ultimately, is more a frame of reference than a fixed idea...a process of thought rather than a distinct movement.” The existential philosophers challenged our conception of what it means to be ‘human’ and in doing so gave us the ambitious goal of encouraging humanity to seek out an ‘authentic’ existence.

Existential philosophy can arguably be traced back to Socrates when he famously stated that a key problem of humanity was a lack of self-examination -“the unexamined life is not worth living.” However, the initiator of existentialism, as we know it today, is considered to be Soren Kierkegaard, as he was reportedly the first to reject the emphasis on universalism (existence is consistent for all people) in favor of a focus on the individual -“my listeners, do you at present live in such a way that you are yourself clearly and eternally conscious of being an individual” (Kierkegaard, 1956: 195)? Since Kierkegaard, many others have contributed to our understanding of existential philosophy – Buber (1958, 1967), Husserl (1967, 1970), Nietzsche (1974, 1990, 1999), Camus (Camus, 1967b, 1972), Jaspers (1957, 1969), Marcel (1949a, 1949b, 1950), Heidegger (1967), Sartre (1956, 1962, 1970, 1975), De Beauvoir (1983), Tillich (1952) and Frankl (1978, 1985), each providing his or her own unique perspective (Collins, 1952; Cotkin, 2003; MacDonald, 2001; Reynolds, 2006; Wahl, 1969). Others, such as Hegel, Dostoyevsky, Tolstoy and Kafka are sometimes included among the Existentialists, but their inclusion would be debated (Reynolds, 2006). Still others, such as Heidegger and Camus, rejected the existentialist label (perceiving it to be a negative characterization), but we cannot ignore their influence on the development of existential theory, even though they may address many different issues through their philosophy (Harper, 1972; Kaufmann, 1989; Reinhardt, 1960; Reynolds, 2006; Tanzer, 2008).

They share a common concern for what Husserl called the ‘life-world’ (Lebenswelt), for the world of everyday experience as opposed to the realm of transcendental consciousness. However, apart from this concern with the ‘life-world’ and the way in which men exist within it, it is misleading to view their work in similar terms. Each develops a theoretical perspective which, while adhering to a roughly similar position in terms of the various strands of the subjective-objective dimension of our analytical scheme, addresses itself to quite different issues and problems. (Burrell & Morgan, 1979: 243)

Despite existentialism’s ancient history, it is more recently rooted in nineteenth century Europe and only really came into prominence in the twentieth century following the end of World War II (Allen, 1973; Barrett, 1962; Cotkin, 2003; Tanzer, 2008). After the war, Europe went through a long period of recovery and the general population experienced profound feelings of confusion,

questioning, and disillusionment with religion, and were therefore, looking for a philosophical direction (Breisach, 1962; Cotkin, 2003; Reynolds, 2006). Heidegger, Sartre, and other philosophers provided answers and direction for individual life through their existential philosophy.

Existentialism is based on the premise that “existence precedes essence” – that people are thrown into the world and simply exist, and their essence is created through the lives they choose to live. The emphasis of existentialism is on the individual’s experience with life and not on a preconceived human nature. “What do we mean by saying that existence precedes essence...we mean that man first of all exists, encounters himself, surges up in the world – and defines himself afterwards” (Sartre, 1970: 28). This puts the onus, and hence responsibility, on the individual and how he or she chooses to live life. This notion of the individual creating meaning is quite different from the belief that humanity has a predetermined essence (see Locke, Hobbes, or Rousseau) or that it is for example the mode of production that creates man’s essence (Marx & Engels, 1963, 1968)), although Sartre was willing to strongly consider the latter possibility in *Search for a Method* (1963). In existentialism, essence and therefore meaning is created by the individual on an on-going basis throughout his or her life. For many existentialists, humans are a “tortured” species because of their incomprehension (of the “absurdity” as some would say) of life. We are thrown into this world but, as Sartre notes below, are given no rulebook for how to live.

According to Sartre, man, if he honestly reflects, cannot help realizing that his situation is like that of the player or the artist. Herein consists the absurdity of existence. Life has the same value as a game has – that is, whatever value the players choose to give it. One has to play the game, but one is never given a book of rules. (Barnes, 1959: 49)

Not surprisingly, many of the existential philosophers were atheists and believed that the “absence of God” resulted in “emptiness” for life, hence incomprehension, which must be somehow reconciled and filled (Breisach, 1962; Harper, 1972). Kierkegaard and Tillich are notable exceptions, as they believe that the only logical answer for how to live life is through devotion to God (Reynolds, 2006; Tillich, 1952). Regardless of their religious outlook, however, the existentialists were all tapping into people’s lack of, and search for, meaning in their lives.

Although there are many types of existentialism, there is general agreement that existentialism is focused on how the individual self creates meaning in a chaotic world (Barnes, 1959; Breisach, 1962; Reinhardt, 1960; Reynolds, 2006; Sartre, 1956, 1970; Wahl, 1969). Existential thought highlights the enormous possibilities of human existence and what can “be” for individual life; the focus is on individual Being and the reflexive Self that is always being constituted. “Wherever man has seen his life and his world as infinitely possible, as infinitely variable, as infinitely problematic, there existentialism exists as a region of the mind” (Karl & Hamalian, 1974: 13). For the Existentialists, “philosophy is essentially the study of Being” (Wahl, 1969: 95), i.e., what does it mean to exist. “Existence is reached most immediately and certainly in the existing self, although not even the existentialists can settle among themselves upon the exact nature of this self as revealed in a primary inspection” (Collins, 1952: 196). Heidegger himself noted that the most important question people can ask themselves is, “What is being?” He argues that this was the only true question of significance and everything else was secondary to the investigation of existence.

The question of what is “being,” is, of course, up for great debate (May, 1983; Reynolds, 2006), but many philosophers agree that it is related to an awareness or consciousness of oneself, that one “is.” For example, consciousness makes us aware of thoughts and feelings, and of time passing. Bugental (1965: 27) defines “‘be-ing’ as a name for the process of self-aware existing.” Sartre uses the terms “being-in-itself” (*en soi*) and “being-for-itself” (*pour soi*). Being-for-itself refers to the capacity for self-reflection, possessed by most humans, while being-in-itself refers to

that which does not have this capacity, i.e., objects which have no consciousness (Reynolds, 2006). May (1983: 17) defines Being as “the individual’s ‘pattern of potentialities.’” According to Heidegger, humans are unique in that they have an understanding of “being in the world,” and they must then deal with the possibilities or paths of life from which they must choose, rather than follow through instinct (Heidegger, 1967). As we make choices, therefore, we produce a new self, but that new self is only a temporary self as the individual is always changing based on new intentions, new choices and new experiences including one’s work life. Of the many choices people make throughout their lives, work is for most, a major choice which impacts other aspects of life, as people seek to live a meaningful existence.

Existentialism and Work

We live in extraordinary times, in which a majority of people in postindustrial societies have an unprecedented array of choices about how they live and work, and what they buy. Machines are our slaves, and the basic necessities of life are, for the majority of people, relatively easy to obtain. This is an era when life should be filled with all sorts of rewarding activities. Yet many find themselves caught up not only in long hours of work but in debt, and suffering from stress, loneliness, and crumbling families. (Ciulla, 2000:234)

The discourse of privileging work that is implicitly being encouraged by the Job-Career-Calling model and many scholars in the spirituality in the workplace field is problematic from an existential perspective in two ways: (1) There is now a growing societal pressure on people to make work their primary source of meaning in life which is contrary to the individual freely choosing his or her life, and;

(2) For many people, an emphasis on work may not be the path to the Authentic and therefore meaningful life as they may be ignoring other elements of life.

Firstly, the overwhelming existential challenge for the individual is the creation of “authentic” or meaningful existence, that is unique to each individual, and most importantly, to try to avoid the inauthentic life or living in Bad Faith. “Meaning in life is obtained through an authentic existence. The conditions for achieving this kind of existence are commitment to actualize one’s possibilities to choose and decide about the possibilities and to act on them” (Orbach, 2008: 284). The starting point for authentic action is the recognition that meaning must be determined by the individual self (Lavine, 1984). The individual must accept responsibility for his or her life and make living an authentic life a continual and never-ending goal. “Man moves physically, morally, and intellectually in view of an end, in order to attain a greater richness of his own being and existence as well as in order to enrich and enhance the being he finds in the surrounding world” (Reinhardt, 1960: 198). Authenticity is subjective to the individual and only manifests itself in the life that is ultimately lived, a life in which he or she is conscious and free. Golomb (1995: 10) notes, “though the term [authenticity] is indeed derived from *auctoritas*, the authority in question is self-directed – it is the mastery of one who freely creates the pathos of authenticity and strives to express and live it in the everyday.”

However, it is difficult to live Authentically as people are unduly susceptible to the influence of the herd (which could be other people or the discourse of the day) (Breisach, 1962; Heidegger, 1967; Pappenheim, 1959; Solomon, 1974). Heidegger says that we “fall” (fallenness) into inauthenticity and become what is expected of us in the “public arena” and behave according to the norms and rules of society. We escape from our true selves into a public life that is untrue or false. People may strive to identify a Calling that they believe to be in accordance with the norms of

society and not their true desires, i.e., made in Bad Faith. “Many people are like blind men feeling their way along in life only by means of touching a succession of other people” (May, 1953: 32). This makes choices about work difficult as people are influenced by the current discourse of work (and success in life) which equates success in life with success in the workplace. Grierson (2007: 34) notes, “If we can assign a verb to our passage through life, possibly the best fit is drift. We mark time and distance, and we may try roughly to hold a bearing, but we go where we’re pushed.” Today this means being pushed to “find your Calling” and young people are being encouraged to identify work that is their passion and to change their work if they do not see it as their passion. Ironically, then, people’s legitimate search for a more meaningful life experience, makes them vulnerable to the ‘meaning in work’ discourse. Many scholars argue that there is a “progress paradox” currently taking place in Western society – an increasing trend toward superficiality (materialism, celebrity worship, internet obsession), and at the same time, there are indications that people are also hungering for a more meaningful existence. Despite great advances in medical care and technology, and a much higher average standard of living, general well-being and happiness levels have not changed in decades (Easterbrook, 2003; Myers, 2000; Seligman, 2002). Anxiety, depression, use of medication, and suicide levels have, in fact, all dramatically increased, and meaning has become increasingly attached to security, comfort, consumption and material gain (Cottingham, 2003; Easterbrook, 2003; Myers, 2000; Wattanasuwan, 2005). The belief that increased wealth and materialism along with the resulting greater security and comfort would be the path to fulfillment and happiness has not materialized. “The great self-confidence of the Western technological nations, and especially of the United States, was in large part because of the belief that materialism – the prolongation of a healthy life, the acquisition of wealth, the ownership of consumer goods – would be the royal road to a happy life” (Csikszentmihalyi, 1999: 822).

Perhaps deep satisfaction is not to be found in the pursuit of material comfort, but in intrinsically meaningful activity. Accordingly, many people are reorienting their lives, away from the pursuit of wealth and towards the pursuit of meaning. They are reducing the number of hours they work, changing their jobs, working from home, or giving up work altogether. In each case, they are trading income for time to pursue goods they regard as worthwhile. (Levy, 2005: 176)

Therefore, it appears that we are increasingly searching for meaning and as a result vulnerable to the discourse that the meaningful life can be found through work. Work, whether it is a necessary evil due to the financial imperative, or our first love, is arguably one of the most important determinants of whether a person considers his or her life to be meaningful, and therefore Authentic. “Work is the most common experience of adult life... some love it, others hate it, but few of us are able to avoid it... because we spend two-thirds of our waking life on the job, work is the way we come to know the world and are known to the world... work becomes our identity, our signature on the world... to work is to be and not to work is not to be” (Gini, 2000: ix). Albert Camus’ legendary Myth of Sisyphus demonstrated what could arguably be the predicament of some people in relation to work. Sisyphus is condemned by the Gods to push a stone up a hill only to have it roll back down, and this continues forever (Camus, 1967a). Although some people love their work and their life, this picture of the futile life is undoubtedly the case for many others whether they would choose to admit it or not. For a significant number of people, life and especially their work, is mostly daily drudgery, a treadmill of existence from which they cannot get off, and from which they gradually watch time and their life pass by. It is not surprising, therefore, that many management scholars are focusing on the problem of meaning in work in the hopes of turning people’s negative experiences of work into the possibility of real engagement.

As noted, work can fulfill a variety of needs for the individual and the choice of work is usually one of the most important choices we make in life. Many people may come to feel that their work should be their life’s Calling. For some, the choice may lead to authenticity while for others it

may result in bad faith -made unconsciously or as the result of the societal pressure of the current discourse that is privileging work. “The situations into which human beings are cast are multiple...however described, they must be experienced inwardly by each individual, each Dasein, each being-in-the-world; and each living subject must effect his own authentic relationships with the situations he encounters throughout the “instants” of his life” (Greene, 1967: 129).

Above all else, existentialism is about awakening or rebelling from the “ordinary person” syndrome, the routine pattern of existence that society can inadvertently or overtly place on people (Olson, 1962; Reynolds, 2006; Wild, 1966). Breisach (1962: 4-5) contends that, “Existentialists have asked for a life in which man continuously questions his purpose and accepts responsibility for his actions, one which truly reflects man’s special position in this world.” From birth, different societies ingrain in people an imperative to live the “good” life, one which is usually determined by the approval of other people in that society. For example, in our Western context, a young person may choose to pursue a certain profession because it is one in which the parents have encouraged as opposed to what the person truly would like to do. This is traditionally followed by marriage, children, home ownership, and planning for retirement without perhaps thinking about the real desire for any or all of these things. The first problem with privileging work, therefore, is that growing social pressure to have a calling can prevent individuals from making informed, authentic choices. The second problem is the emphasis on work itself. A person’s life consists of a number of components, and like various pieces of a jigsaw puzzle, they must fit together in order to translate into authentic existence. Work is only one aspect of the puzzle that makes up a life and must fit with other aspects of life. “How people work affects the way in which they spend their time away from work, for it places constraints on the enjoyment of “free time” and conditions the overall mode of adjustment to life” (Rinehart, 2006: 1). Work and the other areas of a life (for instance family, hobbies, athletics and spirituality), should not be viewed as separate domains but merely as different components of the puzzle that is meaning. Viewing work and home life as totally separate implies that people can view each component separately and compartmentalize their life, which most research today shows is rarely the case (Cinamon, 2006; Eikhof, Warhurst, & Haunschild, 2007; Haar, 2006; Huang, Hammer, Neal, & Perrin, 2004; Judge, Ilies, & Scott, 2006; Perrone, Webb, & Blalock, 2005).

It could be that the interesting, fast-changing, and emotionally demanding work offered by tomorrow’s organizations will not prove to be the end-all and be-all to the elf-developer. Aspirations of getting more time with family and pursuing personal goals hint at other dimensions to their identities. To the extent we can set aside simplistic notions that ‘self-actualization’ is the pinnacle of human motivation, this makes room to consider how family feeling, community membership, and spirituality are transcendent aims of human development. (Mirvis & Hall, 1994: 378)

The existential Self is continually being constituted, and a person may be moving towards authenticity or away from it. For example, people may be influenced to believe that having a Calling is a necessary part of living a meaningful life; however, after having experienced a Calling they realize that they do not feel ‘right’ in this life, and regret their decision. A high priority on one’s work life will be especially difficult to sustain as a person ages and changes how he or she views life (Grierson, 2007; Hollis, 1993, 2005; McAdams, Josselson, & Lieblich, 2001; Wethington, Kessler, & Pixley, 2004). A person at age forty usually regards his or her life very differently than when he or she was thirty or twenty years of age, and as the individual changes, so too may his or her relationship to work. For example, upon graduation from university many students will usually seek a job or career that pays them the highest salary. They may choose work based on financial need if they have large financial debt accumulated throughout their university years, and pass up work that they would prefer in favor of work that pays the highest salary. As people age, their life circumstances will undoubtedly change, as well as their personal views on what is important to

them. This means that they may look to other possibilities when it comes to work or to expand other components of their life or to add new avenues of life. “There is a search for meaning and new life goals: Spirituality is becoming increasingly important, especially for people at mid-life. With the former goals now viewed in a different perspective, and with time seemingly suddenly shorter, the person may begin to search for new values, goals, and meaning in life” (Hall, 2002: 113). A young person may become a teacher with the initial feeling that he or she has found a calling, but as the years pass the work is viewed as a career and finally as a job. If they believe that their work should be a calling this will result in anxiety and frustration and perhaps existential angst.

Perhaps deep satisfaction is not to be found in the pursuit of material comfort, but in intrinsically meaningful activity. Accordingly, many people are reorienting their lives, away from the pursuit of wealth and towards the pursuit of meaning. They are reducing the number of hours they work, changing their jobs, working from home, or giving up work altogether. In each case, they are trading income for time to pursue goods they regard as worthwhile. (Levy, 2005: 176)

From an existential perspective we exist contingently, much of life cannot be predicted, and what may be meaningful at one point may have no meaning at a different point in time. Bugental (1965: 40) states, “Man lives in contingency...can and does take action that affects his awareness and experience...takes such action without ultimate guide posts of universal values or built-in instincts...in constant relation with his fellows while yet being separate from them.” Despite efforts to live authentically, it is difficult for most people as many events may be out of their control. Therefore, slipping into “bad faith” is always a potential danger, and shadows every person’s existence. For example, an occupation may be meaningful for many years for an individual but later in life hold little interest besides the salary; unfortunately, a typical situation for many people (Grierson, 2007; Hollis, 1993). Numerous unforeseen events will take place throughout the course of our lives. Some of these events will affect the self positively such as marriage and children, while others will affect the self negatively, e.g., death of a loved one or being fired. The effects of these unforeseen “happenings” of life (that all individuals will experience) are dependent on how they are interpreted by the individual. For example, the 9-11 tragedy resulted in varying states of existence depending on how the experience was interpreted by the individual. For some people it resulted in a major change in how they viewed their work (Wrzesniewski, 2002).

What is important to understand is that the same or similar ‘conditions’ can generate a shift from authentic to inauthentic ways of being, or vice-versa, or, indeed, provoke no shift at all. The impact of a tragedy like the destruction of the World Trade center in New York City may have been experienced by some as a moment of illuminating authenticity, but it as surely induced an inauthentic stance in others. Equally, for some it may have had no impact whatever upon their currently adopted way of being. (Spinelli, 2005: 111)

Ultimately, the pieces that make up a life, especially one’s work life, must fit coherently together in order for one to feel that life is meaningful. It does not matter how the life is judged by others, only how it is perceived by the individual. Therefore, what is of the most importance is how the individual perceives his or her overall life, and the value placed on work will vary based on how other components, e.g., family, hobbies, community involvement, that make up one’s life are perceived. Orbach (2008: 283) notes, “Authentic being is creating, and constructing one’s life on the basis of what one thinks, feels, and desires and not on conventions, norms, fashions, or expectations of others. In other words, to be oneself is to realize and actualize one’s subjectivity and one’s own possibilities and unique potentials.” This means that for some people work will be highly valued, i.e., as a Calling, whereas for others it will be far less important (Career or Job). The current discourse of work is conditioning people to believe that they must have a career or calling. However, a Job could be a conscious authentic choice for many people who wish to put their time and energy

into other aspects of life as opposed to their work life. Work that is viewed as a job and that can be left at the office tends to be less time-consuming and stressful. Banaga (2000) noted that a Calling may be connected to increased levels of stress and Careers and Callings are certainly much more time-consuming and have much greater effect on the individuals overall life (Wrzesniewski, 1999; Wrzesniewski et al., 1997). Most importantly, how many jobs can be callings, realistically? Most people would prefer to have a decent job that they can enjoy and which provides a reasonable income, but many have to settle for work that it not fulfilling and is far from a calling.

According to existentialism it does not matter how we view work; all that matters is that we choose our self by choosing our work freely. And this does not necessarily mean getting everything we desire, e.g., becoming leader of a country or a famous actor. “It is necessary to point out to ‘common sense’ that the formula ‘to be free’ does not mean ‘to obtain what one has wishes’ but rather ‘by oneself to determine oneself to wish’ (in the broad sense of choosing)” (Sartre, 1956: 483). Finding meaning in our work is not the existential goal; the goal is only that we consciously and freely choose our life.

Conclusion

The authentic life may indeed include work as a Calling, but the authentic life may also include work as a Job. What is important is that existence is judged by the individual and there are many ways to exist in this world. According to Sartre, we must never allow our humanity to be defined by others, only by ourselves (Sartre, 1956). No matter how well society may view a type of work, e.g., medical doctor, teacher, or artist it may be the wrong choice for that particular individual. “I may be connected to value, contribute to a wide network of relationships, and be deeply appreciated by my society, but if I lack the feelings, attitudes, intentions, and beliefs appropriate to my situation, my sense of meaninglessness will be acute” (Bellioiti, 2001: 80). And so it is up to the individual to ascertain whether the need for balance or security is authentic or externally imposed. “Ultimately, if he is to achieve authentic existence, the individual must make his decision alone, but this decision, made in solitude, at the same time reaches out into the social context which determines the self’s concreteness” (Schrag, 1977: 201). A life lived for others is contrary to the main tenet of existentialism; that is, for the individual to “choose one’s life” (Sartre, 1956). However, if the individual takes responsibility for the choice, then it could be argued that it is chosen in good faith and potentially leads to authenticity. The danger is not in what we choose as work, but in how we choose that particular work; if we give up our freedom to choose by not questioning our being. Therefore, the preliminary conclusions of this paper suggest that we must start to probe the emphasis on work as the primary source of meaning in life and particularly question the assumed value of a work calling.

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