A COMPARISON OF THE COMPANY MAGAZINE AND THE GRAPEVINE
AS SELECTED COMMUNICATION CHANNELS
AT THE SOUTHLAND CORPORATION

THESIS

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By

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ABSTRACT

Thompson, Nora Jean, A Comparison of the Company Magazine and the Grapevine as Selected Communication Channels at The Southland Corporation. Master of Arts (Journalism), December, 1975, 83 pp., bibliography, 39 titles.

This thesis set out to evaluate and compare two communication channels at Southland, the company magazine and the grapevine.

Data were obtained through a survey in the Summer, 1975, magazine. Following an introduction, explanation of data-collection procedure of the survey, overview of communication in formal and informal organizations, and analysis of the survey data, conclusions were drawn that the magazine is an effective formal communication tool, but that it cannot serve all the formal communication needs of the company, and that expansion of the company's formal communication program is needed. Even so, the formal communication tool, The Southland Family, remains a more effective channel of communication than the grapevine.
# TABLE OF CONTENTS

<table>
<thead>
<tr>
<th>Chapter</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>I. INTRODUCTION</td>
<td>1</td>
</tr>
<tr>
<td>Statement of Problem</td>
<td></td>
</tr>
<tr>
<td>Purpose</td>
<td></td>
</tr>
<tr>
<td>Background</td>
<td></td>
</tr>
<tr>
<td>Hypotheses</td>
<td></td>
</tr>
<tr>
<td>Review of Literature</td>
<td></td>
</tr>
<tr>
<td>Limitations</td>
<td></td>
</tr>
<tr>
<td>Organization of the Study</td>
<td></td>
</tr>
<tr>
<td>II. DATA-COLLECTION PROCEDURE AND METHOD OF ANALYSIS</td>
<td>24</td>
</tr>
<tr>
<td>III. THE COMMUNICATION FUNCTION IN FORMAL AND INFORMAL ORGANIZATIONS</td>
<td>29</td>
</tr>
<tr>
<td>IV. OVERALL ANALYSIS OF DATA</td>
<td>39</td>
</tr>
<tr>
<td>V. SUMMARY, CONCLUSIONS, SUGGESTIONS FOR ADDITIONAL RESEARCH, AND SUGGESTIONS FOR MANAGEMENT</td>
<td>55</td>
</tr>
<tr>
<td>Preamble</td>
<td></td>
</tr>
<tr>
<td>Summary</td>
<td></td>
</tr>
<tr>
<td>Conclusions</td>
<td></td>
</tr>
<tr>
<td>Suggestions for Additional Research</td>
<td></td>
</tr>
<tr>
<td>Suggestions for Management</td>
<td></td>
</tr>
<tr>
<td>APPENDIX A</td>
<td>74</td>
</tr>
<tr>
<td>APPENDIX B</td>
<td>76</td>
</tr>
<tr>
<td>BIBLIOGRAPHY</td>
<td>80</td>
</tr>
</tbody>
</table>
CHAPTER I

INTRODUCTION

In this world that is a potpourri of humanity, a smorgasbord of different cultures, traits and practices, a cross section of red and yellow, black and white, it seems to be that varied heritage that is the pivot on which man's existence and well-being rests.

Although at times this heritage appears to be the reason for all the world's problems, a closer look at the situation reveals that the complexion of every walk of life makes life worth living. Variety truly is the spice of life.

On a more minuscule scale, it also seems to take more than one kind of communication to make the world of business revolve; in fact, all kinds, to make it revolve successfully. In recent years, communication and its influence on organizational behavior has become increasingly significant in efforts to coordinate the energies of people within organizations.

The importance of the problem of communication effectiveness in the organization is shown in the following statement: "A manager's number one problem today can be summed up in one word: Communication (11)."
Other authors also consider communication to be of paramount importance in the organizational scheme; it is the nervous system (3) and the lifestream (9) of an organized group. And, Thayer goes one step farther in recognizing the importance of communication in an organization when he maintains that administration is communication (10).

Communication may not be the determinant of morale; however, job-related information and suggestions do provide the employee with the means to do a job better. Thus, if one accepts the belief that there is a relationship among communication, productivity and morale (2, p. 319), the communication role should be explored to determine how management can communicate more effectively to meet employee needs and thus increase productivity and raise morale.

Statement of Problem

The problem of this thesis was to evaluate critically and compare The Southland Corporation's formal communication tool, namely its magazine, The Southland Family, and the company's informal communication channel, namely the grapevine.

Purpose of the Study

The purpose of this study can best be explained after the following preliminary comments.

Often, communication facilities in a growing company are chaotic and less than adequate or effective. The reason
seems to be that this area of the company's needs is not identified and is generally neglected by management. Thus, a formal communication system is similar to Topsy in Harriet Beecher Stowe's *Uncle Tom's Cabin* who "just grow'd" or does not grow at all, and the "information hunger" arising in such an organization has to be met at the informal, unorganized level, where no priorities can be established to distinguish between what is essential information and what is not (4).

Although other functions in a company--sales and profits, finance, marketing, merchandising, etc.--customarily operate with clearly defined objectives, carefully devised plans and a system of audit and measurement, employee communication activity too often simply operates from day-to-day, reacting to problems rather than anticipating them. The measure of a good communication function should not be how well it responds to a sudden crisis with a flurry of written communications or hastily called meetings, but how well it has identified the potential for crisis and has in place a program of management action and communication designed to prevent the crisis from developing.

Some companies the size of Southland have no corporate publications by which to reach their many publics and keep them informed.

Southland does.
Some companies have comparatively large advertising budgets for reaching customers, but are not willing to spend the much more modest sums necessary to reach other groups essential to their welfare, beginning with their employees but including shareholders, franchisees, suppliers and even their own management.

Southland is willing.

The fact that Southland has been publishing since the early 1950s an employee magazine entitled *The Southland Family* is proof that the company is willing, and, more, vitally interested in communicating with its employees and its various publics.

But the company has never asked those publics what they think about the job that the one formal communication tool, *The Southland Family*, is doing, and whether they get most of their information about the company from that formal communication piece, or whether they rely on an informal communication channel to find out what is going on around Southland.

The purpose of this study was to answer those questions, and to ask what else might be done. Further, the purpose of this study was to evaluate and compare the company magazine and the company grapevine, and to recommend improvements.

The informal communication function is better known as the grapevine, a term that came into use during the Civil War. Intelligence telegraph lines were stretched loosely
from tree to tree in the manner of a grapevine, and the messages thereon were often garbled for a variety of reasons. Thus, any rumor was said to be from the grapevine (2, p. 222).

Today the term applies to all informal communication. Grapevine communication is informal communication received primarily because of the personal interests of individuals and groups, rather than because of formal procedure and formal authority in a specific organization. Rumor is carried on the grapevine and is often used as a synonym for the whole grapevine; however, an important difference exists between the two terms. Rumor is grapevine information that is communication without secure standards of evidence being present and thus is likely to be incorrect, incomplete, and undesirable (2, p. 228).

This research was designed also to identify which of the two—the formal or the informal—is working more effectively; whether the work force of the company studied is receiving most of its information through official channels or from the grapevine.

Background

The company studied was The Southland Corporation, which has operations that include more than 5,600 retail outlets, 30 dairy processing plants, and candy, chemical, ice and truck leasing businesses, in 38 states, the District of Columbia, three provinces of Canada and Mexico.
In addition, the company has a 50 per cent interest in a chain of more than 1,000 retail outlets in Great Britain, and just last year entered into an area licensing agreement to build 7-Eleven Stores throughout Japan.

The firm began in 1927 when Joe C. Thompson, the company's founder and long-time president until his death in 1961, brought together several Dallas, Texas, ice companies to form Southland Ice Company. Soon he started selling a few grocery items in the retail ice houses. It was these small icedock stations, which within a few years had become known as Tote'm Stores, that gave birth to what is known today as the convenience food store industry, an industry that in 1974 captured more than 4 per cent of the total food business in America.

Southland expanded in the early 1950s outside the borders of Texas into Florida, and in 1957 to the East Coast, with its first stores in that area in the Washington, D. C. area. From that date to the present, growth has been of paramount concern. A chain of more than 100 stores in California was purchased in 1964. These stores were franchise-operated, heralding the company's entry into that increasingly important method of doing business. (Today more than 40 per cent of the 7-Eleven Stores are franchised.)

Complementing the company's store operations are dairy operations in twenty-nine states. The company's two Texas dairies, Oak Farms and Cabell's, were joined in the 1960s by
Midwest Farms in Memphis, Velda Farms in Miami, Embassy in Washington, D. C., Spreckels and Adohr Farms in California, Harbisons in Philadelphia, Wanzer's in Chicago, Briggs in Buffalo, Horten in Cleveland, and Bancroft in Madison, Wisconsin.

Additional acquisitions in the late 1960s included the prestigious Gristede's chain of gourmet grocery stores in New York City, and Barricini and Loft Candy Companies.

The company expanded its operations outside the continental United States in 1969 when it opened its first stores in Canada, then broke into the Mexican market early in 1971, with its first store in Monterrey, and finally went overseas with foreign investments in both Great Britain and Japan.

But as the company grows larger, will it become susceptible to a disease of "communication deficiency," a disease that often attacks a business organization that is unaware of, or even worse, unconcerned about its publics' insatiable desire for information?

There is strong likelihood that this disease will rear its ugly head, if it is not diagnosed when the first symptoms appear, and if precautions are not taken to ward off the illness.

The first preventative measure is to ask those publics what they think of The Southland Family; whether they get most of their information about the company from that source,
or whether they have to depend upon informal communication to find out what is going on around Southland.

Hypotheses

To carry out the purposes of this study, the following hypotheses were formulated.

1. By design, The Southland Family is an effective tool of formal communication for the management of The Southland Corporation.

2. The Southland Family cannot serve all the formal communication needs of an organization the size and scope of The Southland Corporation, because, first, the magazine is too broad in its subject content to touch individual interests; and, second, it is published only four times a year, too infrequently to report adequately all the news the employees need to know.

3. The company's informal communication system, namely, the grapevine, serves to fill some of the void existing from the lack of a sufficient formal communication system.

4. A need exists for the expansion of the company's formal communication program.

5. Until that need is filled, the grapevine is a more effective channel of communication at The Southland Corporation than The Southland Family.
Review of Literature

Keith Davis, professor of management at Arizona State University, who might be called the dean of grapevine communication study, has written several articles that have some relation to this thesis. They include: "Management Communication and the Grapevine," Harvard Business Review, September-October, 1953; "Grapevine Communication Among Lower and Middle Managers," Personnel Journal, April, 1969; and "The Care and Cultivation of the Corporate Grapevine," Dun's, July, 1973. Also, heavy reliance has been placed on Davis's book, Human Relations at Work: The Dynamics of Organizational Behavior, and more especially, on Chapter 13 of the work, "Informal Organizations."

Davis, writing in Dun's, said, "Wherever people congregate in groups, the grapevine is sure to grow (1)."

He said also that managers sometimes wish the company grapevine would wither and die because it is able to penetrate the most rigid corporate security with ease and because it cannot be held accountable for its errors. But the weedkiller that can stunt its growth has not yet been formulated. It is as hard to kill as the mythical grass snake that, when struck, broke itself into fragments and grew a new snake from each fragment.

For those managers who are so often "the last to know" about the grapevine's latest intelligence, it may be of some comfort to consider that it is a natural normal part of the
company's total communication system and is no more evil in itself than pain or the weather. It is also a significant force within the work group helping to build teamwork, motivate employees and create corporate identity.

In a sense, the degree of grapevine activity is a measure of a company's vim, vigor and vitality. If employees are so disinterested in their work that they do not engage in office talk, they are organizationally maladjusted. If they are so indifferent about their associates that they do not bother to discuss who will get the promotion, who brought in the big contract or which young executive is dating whose secretary, they are organizationally abnormal. A lively grapevine reflects a way of life: a deep psychological need of people to talk about their jobs and their company. Without it, the company would literally be sick.

More than merely a device to convey corporate gossip, the grapevine is an influence to be considered in all management action. Indeed, since the grapevine's influence may be favorable or unfavorable, managers are coming to realize that to get this vine to bear desirable fruit, they must feed, water and cultivate it. To integrate the grapevine's interests with those of the formal organization, they must listen to it, study it, and learn who its leaders are, how it operates and what information it carries.

When both the formal and informal communication channels are working effectively, they complement each other.
Each carries information particularly suited to its needs and capabilities so that together the two systems build effective communication within the company.

If the corporate grapevine enjoys something less than the high regard of management, it is because of its undeserved reputation as a channel of inaccurate information. Incorrect information, regardless of source or channel, should, of course, be stopped as soon as possible, but the manager must also be careful about what he attacks and how he attacks it. It is folly to strike at the entire grapevine merely because it happens to be the communication channel that carries the false information. Such an approach would be as injudicious as attacking a typewriter because of a few misspelled words.

Because grapevine errors are more dramatic and consequently more impressed on the memory, people think that the grapevine is less accurate than it really is. Actually, the reverse is true. Davis's research indicates that in normal business situations, between 75 per cent and 95 per cent of grapevine information is correct, even though most of the information is incomplete in detail. Resulting inadequacies mean that, in total, the grapevine probably produces more misunderstanding than its small percentage of wrong information suggests.

Moreover, the sinuousness of the grapevine--its ability to move in all directions inside and outside the
organization—is a fact of corporate life. Those managers who do not accept it, respect it and cultivate open channels of communication to offset it, may continue to find themselves out of touch with what is really going on in the company. They may also be the subject of the next story on the corporate grapevine.

Davis's classic study of communication within the management group (3) took place in a leather goods manufacturing company in Texas. His sample consisted of all 67 people in the management group of the company ranging from the top executives to the foremen. The company studied employed about 600 people. It was in a rural town of 10,000 people, and its products were distributed nationally.

In explaining some of the reasons for this study in his article in Harvard Business Review, Davis pointed out that management tended to overlook communication within its own group; and, since communication to and from the worker is dependent on effective management communication, it is advisable for management to appraise communication with each other. Davis contended that management communication has informal as well as formal channels. In other words, the grapevine is there no matter how far up the organization a person goes.

Sixteen pieces of information were studied over a period of about three months. The management grapevine's speed of transmission was found to be fast. The grapevine was also
found to be highly selective and discriminating in the material carried. It was active primarily at the place of work, and its relation to formal communication was one of joint activity. Where formal communication was inactive, the grapevine did not rush in to fill the void. Instead, a lack of communication existed. The grapevine was found to be active when formal communication was effective.

Davis found the grapevine chain to be a cluster chain. For example, a cluster chain results when one individual tells three selected organizational members; one of them tells two members; and then one of these two members tells one other. The resulting communication chain is cluster shaped.

The predominance of the cluster chain indicated that only a few people who knew a unit of information tended to transmit it to new receivers. Liaison individuals who told the news to more than one other person amounted to less than 10 per cent of the sixty-seven executives in each case. The evidence indicated that no group consistently acted in a liaison capacity. Different types of information passed through different liaison people.

Two dissertations also provided much valuable information and many guidelines. "An Episodic Study of Communication Networks Within the Management Group of a Geographically Decentralized Bank," by John Wayne Lee, clarified the nature and workings of the formal and informal communication
systems within the area studied, thereby adding to the body of knowledge on communication in an organizational setting (6, p. 191).

Lee's dissertation tested two hypotheses concerning formal communication and the effect of organizational levels and distance, and four hypotheses focusing upon informal communication. Results were as follows.

**Hypotheses rejected:**

1. The higher the organizational level, the greater the percentage of communication receivers and initiators.

2. The percentage of communication receivers and initiators in a management group is inversely related to the group's geographical distance from the source of an episode.

3. The higher the organizational level, the greater the percentage of communication receivers and initiators for grapevine information among managers.

4. Personal grapevine communication has a higher rate of per capita reception and initiation than does nonpersonal grapevine communication among managers.

**Hypotheses accepted:**

1. Oral communication is the predominant form of grapevine communication among managers.

2. Grapevine communication will tend to flow downward more than it will flow upward among managers.
In his recommendations for additional research, Lee suggested that additional research on the subject of informal communication is needed, but even more needed are studies of informal communication conducted in conjunction with those of formal communication networks. He is of the opinion that the study of one without the other can lead and has led to faulty and hasty generalizations, and that the relationships between the two are areas that could stand substantial investigation (6, p. 210). It is toward this goal that this project is directed.

"A Study of Grapevine Communication Patterns in a Manufacturing Organization," by Barbara Marting, entailed the investigation of grapevine action in communication systems (8, p. 15).

In general, her results indicated that line and staff members, managers and nonmanagers, male and female nonmanagers, male and female managers, and higher- and lower-level members do not have different grapevine communication patterns.

The grapevine communication patterns studied were found to be accurately received 98.42 per cent of the time. The initiation activity of the group studied was found to be less widespread than receipt; however, their initiation rate of 18.13 was the highest of any study made up to that time.
Management members were found to cross-communicate more than the nonmanagement members and their communication was found to travel faster than nonmanagement's.

Also of interest in Marting's study were several other related findings, such as: The predominant flow of information was downward or horizontal; the grapevine was fast; isolates were found; communication took place at the work location rather than away from it; and oral communication was the predominant grapevine means.

All of the aforementioned works were relied upon heavily in the formulation and preparation of this thesis. Following is a brief review of several other documents whose findings served as interesting side dishes to the main course.

Level's case study of human communication (7) had some special interest to this project. His most important conclusions:

1. Management need not have well defined communication policies in order to have a reasonably successful internal communication program.

2. Even though the bank has a good communication program, the employee's information about bank practices and policies was only mediocre. There was widespread ignorance, for example, about matters such as insurance and benefits.

3. Employees were found to prefer, by and large, the oral and more personalized media of communication to the written and impersonal.

4. Problem areas in internal communication were apparently most likely to occur in (a) stimulating upward flow of ideas, suggestions, and complaints; and (b) appraising job performance.
5. Some commonly accepted assumptions about communication were seriously questioned; for example: a large group of employees depending largely upon the grapevine for information seemed to suffer no ill effects (regarding information, morale, or "communication satisfaction").

6. No significant correlations were discovered between level of information and employee morale, or between level of information and communication satisfaction. A moderate correlation was found between communication satisfaction and morale.

7. An effective internal communication system is probably prerequisite to, but certainly no guarantee of, business success.

Finley, in a speech to the Dallas chapter, International Association of Business Communicators (5), said that people have a need to be somewhat dependent upon others, to feel that they are a part of a group upon which they can depend for support, and which likewise depends upon and values them as individuals. Such social needs are of value to an organization when they foster loyalties toward the company and the formal work group, as well as toward informal groups within the organization. In fact, the ability of these loyalties to satisfy employees can often compensate for dissatisfactions toward the organization due to factors such as pay, job duties, working conditions, etc.

But, even recognizing the benefits to an organization of satisfying the social needs of its employees, this should not be the sole accomplishment of its communication systems.

Employees have a need for information, and they will satisfy this need by some means. When important information
is not communicated properly by the organization, when news is blocked, when formal and informal versions conflict, or when information is withheld by management, people seek a reasonable explanation; and they seek it through the informal communication arm of the organization: the grapevine.

The grapevine often provides the needed emotional safety valve for frustrations and worries; and, although informal channels of communication are not always oriented to the goals of the formal organization, they do satisfy the personal needs of those who are spreading the information. It is used to satisfy the need for information, not to deliberately mislead; therefore, if the grapevine is controlled--and it can be--and used properly, it will be used in conjunction with, rather than as a substitute for, the formal channels of communication.

Just how well do the formal communication channels of an organization meet the security needs of its employees? And how can that organization go about better meeting those needs?

If some kind of formal communication system within the organization is already functioning as an effective mechanism for anxiety reduction, then employee survey information will provide hard data substantiating the importance of its continued success. If, on the other hand, problem areas can be identified, then there will be proof of the necessity to maintain open communication channels, and, furthermore, the
survey information will provide insight into any specific changes necessary for particular channels.

By surveying employee feelings, and then taking steps to improve communication, the potential exists for the company's formal communication system to truly contribute toward improved effectiveness of the organization.

Comments on the Literature Reviewed

The investigation of literature produced a copious amount of material germane to (a) formal communication, (b) informal communication, (c) grapevine surveys, (d) and rumor prevention and restraint; but at the same time, the investigation revealed a lack of research done on the comparison of any one of the abovementioned subjects with the other. For this reason, the title of this thesis was selected to more sharply focus on only one facet of each: the company magazine as the formal communication channel, and the grapevine as the informal communication channel.

Limitations

The research in this thesis was limited to the findings resulting from an employee opinion and readership survey that queried participants about:

1. Whether they believe that they are sufficiently informed about Southland activities and policies.

2. The effectiveness of The Southland Family in providing the information they receive about the company.
3. The effectiveness of other forms of communication, particularly the grapevine, in providing the information they receive about the company.

4. Whether they see the need for expansion of the company's formal communication program.

Organization of Study

An overview of this research project is briefly highlighted in the following chapter outlines, consisting of five chapters and two appendices.

Chapter I is divided into eight sections: (a) introduction, (b) statement of problem, (c) purpose, (d) background, (e) hypotheses, (f) review of literature, (g) limitations, and (h) organization of the study.

Chapter II describes the data-collection procedure, explains the construction of the questionnaire and the overall analysis of the data, and describes the statistical method of analysis.

Chapter III provides an overview of the communication function in both formal and informal organizations, and a summarization of the results of recent and related studies that show a relationship between communication and human relations forces in the communication process.

Chapter IV contains the overall analysis of the data.
Chapter V is divided into (a) summary, (b) conclusions, (c) suggestions for additional research, (d) suggestions for management to improve formal communication systems as a result of this and similar studies, and (e) suggestions on more effective use of the grapevine.
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CHAPTER II

DATA-COLLECTION PROCEDURE AND METHOD OF ANALYSIS

This chapter reviews the data-collection procedure and method of analysis used. But first, some background comments on the framework of the questionnaire will properly set the stage for this chapter.

The questionnaire was designed to find out precisely what the readers of The Southland Family want in the way of a company publication. Built into the questionnaire were inquiries to shed light on the effectiveness of the grapevine in comparison to the effectiveness of the magazine, and queries to enable readers to make their wants and wishes known regarding more formal communication.

It was inserted as a tip-in in the front of the Summer issue of The Southland Family, so that it was the first thing to catch the reader's eye once the magazine was opened. It was a four-page folder, 6½ inches wide and 11 inches long, and was printed on blue paper. It contained thirteen multiple-choice questions, and one open-end question asking for suggestions and comments regarding The Southland Family. From the moment results began to come in, it was obvious that the open-end question, in addition to supplying suggestions and comments, would be used as a sounding board.
by readers who were just waiting for a way to communicate a thought, idea, or even a gripe to the company. Some of the more helpful, colorful, and constructive answers to that question are discussed in Chapter IV.

Using the magazine as the vehicle to carry the questionnaire was considered a guarantee that the questionnaire would reach the reader at his home, since the magazine is mailed directly to the home, rather than being distributed at the work location. The thinking here was that the reader would have the questionnaire available to answer whenever he had a few moments of leisure at home, and also that it would be there along with the magazine and perhaps get better attention than it would have, had it been mailed or distributed in some way separately from the magazine. The idea of inserting the questionnaire in the front of the book was to demonstrate the importance that company management placed upon the questionnaire, and to show that it deserved top billing. Opinions on this idea were mixed, with another thought being that results would possibly have been better had the questionnaire been placed at the back of the magazine, so it would be there ready to be filled out after the reader finished the magazine, eliminating the time and trouble of returning to the front of the book to tear out the questionnaire.

All of the abovementioned action was carried out with management approval and with valuable guidance and direction
from the company's market research staff. Included in the magazine with the questionnaire was an addressed, postage-paid envelope, another assist to encourage replies. As the replies began to come in, each completed questionnaire was numbered, edited, and noted for any special comments, and then, in batches of 100, the questionnaires were delivered to the company's data processing department where they were key punched and prepared for computer analysis.

As another chief contributor to this project, the company's data processing department provided the technical assistance and know-how by writing the computer program to record the data for analysis. The method of analysis selected was divided into two categories.

First, data were analyzed according to demographics: company affiliation, sex, age, years of employment with the company, employment area, and salary or hourly wage earners. (The latter category was selected rather than "management" and "nonmanagement" because it was felt that it would provide more accurate assessment of the employee's work situation. For example, a store manager, who is salaried, would consider himself or herself "management" and this would push the "management" category out of proportion to "nonmanagement," had those breakdowns been used.)

Second, data were analyzed by way of a three-level correlation, correlating the answers to question 7, asking readers to check the one source that gives the most
information about Southland and the one source that gives the least information; question 8, asking readers their opinion of how well Southland disseminates company information; and question 12a, asking readers whether Southland needed more formal communication, and, if so, what types.

The questionnaire was pretested in the company's Dallas locations, among 100 employees including store and dairy employees, corporate office staff members, and lower and middle management personnel. Whereas the pretest had some geographic range to it, in that some copies of the questionnaire were sent to Dallas locations outside the corporate office building, it naturally did not provide a true sample geographically speaking; but it did comprise a cross section of all types of employees.

The results of the pretest were near phenomenal: 88 of the 100 questionnaires were returned.

As discussed in Chapter IV, the returns on the full-fledged survey came nowhere close to comparing with the results of the pretest. There could be several reasons why. One could be that the Dallas employees, even though they do not all work under one roof, feel more affinity for the company, since their jobs at least are in the city where the company's corporate office is situated. Another could be that The Southland Family is more oriented toward Dallas employees because of their proximity. Still another could be that employees who work with or near the magazine staff
were more inclined to cooperate in the survey and demonstrated that cooperation by replying to the questionnaire.

Whatever the case may be, the final results discussed in Chapter IV show a minute percentage of responses compared to the pretest's 88 per cent. However, it is the opinion of the researcher that what did not show up in quantity was certainly overridden by what was revealed in quality.

Appendix A outlines the company's communication goals and objectives, and explains the need for a communication audit, in the form of a readership survey of the company publication, to determine whether those objectives are being accomplished.

Appendix B contains a copy of the questionnaire inserted in the Summer, 1975, issue of The Southland Family, mailed to a list of 30,000 employees, stockholders, franchise owners, and governmental and civic representatives from areas of the country where Southland's divisional offices are located.
CHAPTER III

THE COMMUNICATION FUNCTION IN FORMAL AND INFORMAL ORGANIZATIONS

In this chapter, formal and informal organizations—and the communication function of each—are considered; and a summarization of the results of recent and related studies that show a relationship between communication and human relations forces in the communication process is presented.

The development of a framework of thought about communication in organizations includes the basic conjecture that most communication behavior is a result of interacting formal and informal forces within the work environment.

Management today is concerned about the integration of formal and informal organizational interests in the organization. Davis illustrates that a company's formal organizational factors of policy, structure, and procedures are the vehicles through which the informal organization operates (7).

Those policies and procedures—products of the formal organization—are made by individuals, individuals who are the leaders within the formal organization. It behooves those leaders to evaluate periodically their own philosophies and goals as they relate to the social sensitivity of the
work force. They should have an awareness of how their plans affect the fulfillment of employees' needs and wants in the situational social system at work.

The managerial leadership of a company needs to develop policies and procedures that happily meld individual, group and institutional needs with the organization's social system. This "happy marriage" was suggested by Rensis Likert in his leadership studies (16); Douglas McGregor in his Theory Y (19); Abraham Maslow in the higher-order needs of his need hierarchy (18); Frederick Herzberg in his motivational theory (15); and Robert Blake and Jane Mouton in their managerial grid dimensions (3). Proof that a "perfect marriage" does exist comes when management succeeds in leading and motivating employees optimally, and builds and maintains their human dignity and personal important values.

The communication function within this formal organization helps accomplish these goals. Formal communication needs to exist to stamp "official" on information, and to put it "on the record (8)." This authoritative action can never be replaced by informal communication, or the grapevine.

But Dalton pointed out that formal systems provide imprecise guides for action and for the prediction of behavior (6). Therefore, another type of organizational behavior is needed to analyze situational work behavior patterns; namely, informal organizational behavior.
This informal organizational behavior, which lies beneath the formal organization, is much more complex in nature, presumably because it is intangible. As is stated in the Bible, Hebrews 11:1, "Faith . . . makes us certain of realities we do not see," a faith assuredly must exist that an informal structure, and its method of communication, the grapevine, is real, even though it cannot be seen or felt.

The formal and informal relationships are not in opposition to one another, but, rather, work together to fulfill organizational goals (17). However, informal organization can play only a supportive role to formal organization because formal organization is essential for coordinating human and physical resources. Also, informal organization needs to be secondary to formal organization to prevent the formal organization's objectives' being buried by the informal organization's varied, personal interest; however, the formal organization's existence does not preclude a strong informal system's existing in an organization.

Davis noted this integrative togetherness: "Together, formal and informal organizations comprise the social system of work groups (7, p. 212)." The two organizations cannot be separated because the informal organization permeates all levels and functions of the formal organization. And, although informal interactions do not follow the
lines of formal organization, the formal chain of command is an influence on these interactions.

But this integrativeness does not necessarily mean that the formal and informal cooperate to the extent of reaching common goals. In fact, some authors have reached conclusions quite the contrary. Heckmann and Huneryager, when referring to informal organization, stated, "They very frequently function in opposition to the needs of the formal organization (14)."

Other writers have implied that informal organizations spring from conflict within the formal group (1). Employees will form their own status groups when management does not meet their needs. But, even though those status groups are sometimes reactionary to the extent of work slowdowns, sick-ins, decreased efficiency, etc., "the informal organization is not all bad (12, p. 482)." Dubin was of that same opinion when he wrote:

Informal relations in the organization serve to preserve the organization from the self-destruction that would result from literal obedience to the formal policies, rules, regulations, and procedures (10, p. 68).

Davis wrote also, "Informal organizations evolve because members want . . . to develop systems and channels of communication (8)."

The existence of informal behavior is not a discovery of the 1970s, but, rather, has been recognized by researchers for many years (23). But communication as a function of the
informal organization has come to the forefront of attention for research only recently. This development is understandable since informal behavior has been recognized only recently as being able to build leadership, confidence and trust as motivational devices, company identification in role positions, and team cooperation to contribute to higher morale and increased productivity (9).

But just how does communication enter this picture? Part of its significance lies in this fact: Since management has some control over the work environment, it has an opportunity to influence informal communication, or the grapevine. By exerting such influence, the manager can more closely integrate grapevine interests with those of the formal communication system, and he can use it for effectively spreading more significant items of information than those normally carried (8).

Many authors have recognized communication as a definite function of management (2, p. 226). But communication as a function of management has often been interpreted to mean teaching employees the techniques (21) and barriers (25) of communication. Thus, some authors have advocated that too much emphasis has been on "how to" techniques which may be hiding the real difficulties of communication in organizations; the answer to the real problems may lie in motivating employees to desire to communicate effectively,
rather than just giving them more and more techniques to do so (11).

Cook suggested that more emphasis should be given to communication as a social process (5). Sexton and Staudt stressed that more interest needs to be given to employee personality in communication (26). Roethlisberger pointed out the need for human factors in communication when he stated that no amount of logical information from management will be accepted emotionally by employees if it fails to take into account the feelings and emotions that are personal to the employees themselves (24).

Peters stated that in its enthusiasm to communicate, management often fails to consider adequately what the employees feel and what they really want (22). Guest expressed the managerial need-fulfillment responsibility as follows:

No formal system of communication . . . can ever be fully effective unless management learns to manage right. This means learning to understand the basic needs of those who are being managed (13).

Enter the need for consideration of the human relations forces of communication.

Nejelski said attention must be given to human relations factors because communication involves human relationships (20). Breth defined human relations synonymously with communication:

It is impossible to have human relations without communication. . . . While communication can be improved
without improving human relations, human relations cannot be improved without improving communication (4). He added that if a small group of people wants to get along better with larger groups of people, "they must seek to improve their methods of communication (4)." He challenged management to recognize that it is dealing with groups of people and not groups of synonyms for people.

This study charts the formal and the informal communication patterns through a study of the company magazine and the company grapevine and, in so doing, may give some supplemental insight into the human relations framework of the organization—how the employees feel that the organization is meeting their needs, with respect to communication, and where improvement can be made. Bear in mind that this study is focusing on only the magazine and the grapevine, and is excluding all other formal and informal communication systems that may exist at The Southland Corporation.
CHAPTER BIBLIOGRAPHY


CHAPTER IV

OVERALL ANALYSIS OF DATA

This chapter presents respondent data and analyzes the data through statistical techniques to test the objectives of this study.

Attitudes and opinions were analyzed by respondent demographics such as age, sex, company affiliation, years of employment with company, employment area, and salary or hourly wage earners.

In addition, cross tabulations of several questions showed how respondents felt about (a) formal and informal communication at the selected company, (b) effectiveness of formal communication, and (c) need for more formal communication.

The questionnaire went to 30,000 recipients through the company publication, and a total of 1,061 responses were received. This number represented replies from present employees, shareholders, retired employees, franchise owners, and a miscellaneous category including civic dignitaries, governmental officials and industry associates.

As was expected, employees made up by far the largest category of respondents, coming in at a total of 76.2 per cent. The next largest category was shareholders, with
11.3 per cent of the replies coming from this group. Male respondents far outweighed female respondents, with the males making 75 per cent of the replies, and females, 25 per cent.

The 25-34 age group had the greatest response, 25.9 per cent, and 57.3 per cent of the responses came from employees with five years' service or less. These figures suggest a company complexion that is young, both in age and years of service.

The largest percentage of respondents came from the company-owned stores group (38.7 per cent). Again this follows the logical pattern, in view of the fact that this group of employees is by far the largest single employment area in the company. An interesting observation is that 11.1 per cent of replies came from the special operations group, a comparatively small company division, having been created within the past five years. This significant number of replies from the special operations group suggests that although the division is fairly new, its employees have already developed a strong company loyalty, and a feeling of being part of the "family."

Respondents were fairly evenly divided in the "salary or hourly" classification, suggesting that the survey did not result in one-sided data in this all-important breakdown. As was explained in Chapter II, this classification was selected rather than "management" and "nonmanagement"
because it was felt that this breakdown would provide more applicable data. There tends to be controversy on who is "management" and who is "nonmanagement" (for example, is a store manager in the "management" or the "nonmanagement" category), but there is no doubt whether a person is paid on a salary or an hourly basis.

Question 1

The first question related to the way respondents rate *The Southland Family*, on a scale from "excellent" to "poor." The magazine was rated excellent or good by 89.3 per cent of the respondents. The high percentage of extremely favorable responses suggests that the magazine enjoys an enviable reputation with its readers, but data presented later shows that even though the magazine is well thought of, respondents are aware of some of its shortcomings. Furthermore, some respondents (shareholders to be more specific) said that they did not wish to continue receiving the magazine, even though they did rate it very good. Of the total responses, 11.3 per cent were from shareholders, and 64.5 per cent of those respondents rated *The Southland Family* excellent. However, many of the shareholders volunteered the information that even though they rated the magazine excellent, there was no need to spend the money to send it to an individual who is interested solely in the financial status of the company. (Analyzing these data to mean that a sizeable number of magazines are virtually intruding upon shareholders would
suggest a recommendation to management that these names be dropped from the magazine mailing list.

Ninety per cent of the present employees who responded to the survey ranked the magazine excellent or good, and 80 per cent of the franchise owners ranked it excellent or good. Nevertheless, time and again, in the open-end question asking for suggestions and comments, respondents said they wanted to read more about themselves and their work area. This response suggests that the main feeling is a basic human response: "Yes, it's good, but the more it relates to me, the better it will be." It further suggests that an editorial commitment would be in order to strive to get more "people news" in each issue of the magazine.

Question 2

The second question related to how thoroughly the respondents read the magazine. The first category, "almost all of it," was selected by 45 per cent of the respondents; and 33 per cent said they read "most of it." Only one per cent said they never read it, and it is a possibility that those are the same people as the 1.2 per cent who rated the magazine poor, in answer to the first question.

These data show that readers are interested in what the company is telling them through the formal communication tool, The Southland Family. In fact, it almost says that the readers are hungry for the news, considering that 78 per cent said that they read almost all or most of it. Backing up
this reply are data from other questions (to be discussed later in this chapter), indicating that employees want more company news, more news about products and services, and more formal communication.

Question 3

The third question asked respondents to state their feelings about the credibility of the magazine. With almost 50 per cent saying that they always believed what they read in The Southland Family, it is suggested again that the magazine enjoys a sterling reputation, especially since 47 per cent more said they felt they could believe it most of the time. And could the less than 1 per cent who said they not very often believed it be that same 1 per cent who rated it poor and who never read it?

Data thus far suggest that the first hypothesis relating to The Southland Family as an effective tool of formal communication at The Southland Corporation be accepted. The magazine is rated excellent or good by 90 per cent of the present employees, is read almost entirely by 78 per cent of the respondents, and is always or most of the time believed by 95.2 per cent of the respondents. The acceptance of the first hypothesis will be even more strongly recommended after the analysis of data from questions 7 and 8.

Question 4

The fourth question asked respondents whether they agreed or disagreed with the following statements used to
describe The Southland Family:

1. Easy to read and understand
2. Attractive appearance
3. Gives insight as to how Southland operates
4. Current, up to date news
5. Interesting to read
6. Adequate coverage of Southland events

The respondents agreed with the statements in this order: first, attractive appearance; second, easy to read and understand; third, interesting to read; fourth, gives insight as to how Southland operates; fifth, current, up to date news; and sixth, adequate coverage of Southland events. That is the good news.

Now for the bad news.

Of the above statements, the two with which respondents disagreed most were adequate coverage of Southland events, and current, up to date news.

These replies lend support to the second hypothesis which proposed that The Southland Family cannot serve all the formal communication needs of the company, for the reasons cited when that hypothesis was formulated: too broad in its subject content, due to the size of the company, to touch individual interests, and too infrequently published to report adequately all the news.
Question 5

Popularity of the regular features in *The Southland Family* was tabulated in the fifth question. Top-ranking item was "News of Employee Benefits," followed in order of preference by "Promotions," "Southland Smiles," "Southland Cares," and "Question and Answer Interviews." Other items, such as "Sales Meetings Stories," and "Family Album," had tough sledding in the popularity contest.

These figures provide added strength to the argument suggested earlier that, "the more it relates to me, . . . ." Every item that drew top billing is "I-related." For instance, news of employee benefits tells me how many extras I can expect to receive from the company. Promotions promise that someday I might be promoted. Southland Smiles give me the opportunity to tell my humorous anecdote someday. Southland Cares proclaims that I care enough to do my very best, whether on or off the job. The Question and Answer Interviews provide me with factual and authoritative information so that I can feel more a part of "the Southland family."

Question 6

Popularity of *The Southland Family* as reading material in the home was judged by the responses to the sixth question. Of the total number of respondents, 79 per cent said that the magazine was read by them individually or one other
family member, and 17.4 per cent said that two or three others in their household read the magazine.

A long-standing company policy pays off in light of the results of this inquiry. Since its inception, the magazine has been mailed to the homes of its readers, the thought being that it is a communication tool intended for the employee and his family, that everyone directly or indirectly associated with Southland is a member of "the Southland family," and that the company deems the magazine important enough to see that it gets into the home without the employee's having to get it there.

Question 7

Perhaps the pivot on which the entire survey rests is the information furnished from the respondent replies to question 7. Not only do the data provide interesting insight into communication, both formal and informal, at The Southland Corporation, but also the responses to this question, correlated with data from questions 8 and 12, furnish the boundaries for the conclusions to be drawn by this study.

Respondents were asked to "please check the ONE source that gives you the MOST information about Southland and the ONE source that gives you the LEAST information." Following are the results:

MOST: The Southland Family 33 per cent

Informal Communication (grape- vine) 17.3 per cent
LEAST: Informal Communication (grapevine) 27.5 per cent
The Southland Family 2.3 per cent

These results suggest that formal communication is alive and well at The Southland Corporation. It is significant that twice as many people get company information from the company's formal communication channel, The Southland Family, as get it from the grapevine; and equally significant, it would seem, is the fact that only one out of six believe that the grapevine provides them with most of their company information.

Another reassuring note is the way the grapevine and the magazine stack up as sources of least company information. This seems to reiterate the analysis of earlier data that suggested that The Southland Family is an effective tool of formal communication. Were it less effective, it not only would have made less of a showing in the MOST category, but also it would have made more of a showing in the LEAST category.

As for the grapevine, these results seem to substantiate the basic premise of this study: the grapevine is alive and well too, but possibly is functioning more effectively as a channel of communication in its rightful habitat within the informal organization. At least, from these data, it is not usurping the power of The Southland
Family and the role it plays as the effective channel of communication in the formal organization.

In fact, the majority of the group who indicated they received most company information from the grapevine believed that the company gave them limited information, and 85.5 percent of this whole group indicated a need for additional formal communication.

Evidently, from these data, the grapevine is not the channel for formal communication at Southland, or at least not the effective channel; else respondents who relied on this form of communication would be better informed about company matters, and would not feel so much need for additional formal communication.

Further analysis of these data is made later in the chapter, as a summary to the overall analysis of all data furnished by the survey.

Question 8

Overall, how good is formal communication at Southland? The eighth question endeavored to get respondents' feelings to that question, by asking how they would describe the way Southland provides company information, from "fully informed," "fairly well informed," "limited information," to "doesn't tell us much at all."

Over 70 percent of the respondents said that Southland keeps them either fully or fairly well informed. But the fact that 19.7 percent said they get limited information,
pinpointed by the weak spot in question 4 (where a sizeable percentage of respondents disagreed that The Southland Family provides adequate coverage of company events and also disagreed that the magazine provides current up to date news), indicates that employees want more information about the company.

Question 9

This conclusion is also supported by the first item in question 9, where 93.2 per cent said they would like to see more company news; and the second item, where 91 per cent said they would like to read more about new products and services.

In the ninth question, the topic that ranked third in preference when respondents were asked what they would like to see more of in the magazine was "company policies."

Yes, formal communication is good at Southland; but yes, it can be better. Is this what the foregoing data seem to say? A suggested answer to this question is furnished later in this chapter.

Other interesting observations relating to topic preference reveal that respondents want to see less coverage of service anniversaries and industry news. Topics of no interest whatsoever include features on children, noncompany articles, and news of retirees.
Question 10

The tenth question asked respondents their opinion of the content of *The Southland Family*. They were given the opportunity to agree or disagree with the following statements:

- Not enough about important business developments
- Provides a lot of useful information
- Many articles are on things I don't care about
- Main stories are often uninteresting
- Covers fresh and timely subjects
- Covers many trivial, unimportant subjects
- Contains a lot of management propaganda
- Too much news about higher ups in the company.

The highest percentage of respondents, 79 per cent, agreed that the magazine provides a lot of useful information, and 76.9 per cent agreed that it also covers fresh and timely subjects.

Almost as a corollary opinion, the highest percentage, 69 per cent, disagreed with the statement that the main stories are often uninteresting, and 65.6 per cent disagreed that the magazine covers many trivial, unimportant subjects. However, 46 per cent of the total respondents agreed that there is not enough news about important business developments, and too much about higher ups in the company.
Question 11

In question 11, employees and franchise owners were asked how they think the magazine content relates to them in their jobs. Over 87 per cent agreed that the magazine helps give them a sense of pride in Southland and makes them feel more a part of "the Southland family," but a significant number, 65.7 per cent, agreed with the statement that not enough material is related to them and their jobs.

Question 12

Remember the question posed earlier? Formal communication is good at Southland, but can it be better?

Data from question 12 suggest the answer for that question. The question was, "Do you think Southland needs more formal communication, and if so, what types?"

More than 65 per cent of the respondents felt that Southland needs more formal communication, and, given a choice of other possible communication outlets, most, or 44.2 per cent, preferred *The Southland Family* on a more frequent basis. Second most requested item, by 25.7 per cent of the respondents, was a management newsletter. Regional publications were preferred by 20.6 per cent, and franchise/corporate publications, by 9.5 per cent.

Data from this question, correlated with data from questions 7 and 8, further suggest that the majority of the respondents indicated a definite need for more formal communication.
The majority who said The Southland Family gives them the most information about the company believe that the company keeps them fairly well informed, and 61 per cent of them still expressed need for additional communication.

Could these data say: Yes, formal communication is good at Southland; but yes, it can be better?

Continuing, 54.4 per cent of those who believe the company keeps them fully informed also expressed a need for more formal communication.

Same answer?

Before a summary to the overall analysis of the data is presented, a brief exploration into some of the suggestions and comments that were asked for as a conclusion to the survey will provide additional data.

As the survey forms were coming in and being readied for key punch and computer analysis, the researcher facetiously wondered out loud if it would be a good idea to publish a few issues of The Southland Family incorporating all the ideas and suggestions that were made in the respondent replies. After this brief attempt to please everybody all the time, which might be compared to a state of confusion such as existed in Old Testament times at the Tower of Babel, it would be a welcome respite to settle in with an organized, systematic approach to formal communication.

Please consider the above statement, tongue in cheek, just in passing, as some of those ideas and suggestions are
here recorded that doubtless can contribute measureably to
formal communication at The Southland Corporation, if
heeded.

As was mentioned earlier in this chapter, the prevailing
thought expressed in the open-end question was that
employees wanted to read more about themselves and their
work area. For that reason, replies from the West Coast
said, "There's never very much in the magazine about South-
land's California operations." From a Dairies Group
respondent came this reply: "How about less on 7-Eleven
people?" And from many, many directions: "Fewer articles
on the big bosses," "More nonmanagement features," "More
about what the working people accomplish."

Substantiating data presented earlier in this chapter,
open-end replies also furnished these admonitions: "More
useful information on company operations," "Stories on how
employees can learn more about company policy and pro-
cedures and in this way prepare themselves for advancement
within the company." One respondent summed it up candidly
by saying, "Company policies can't be spoken of often
enough."

Fortunately in the minority, there were some comments
of a sarcastic nature that nevertheless must be considered,
such as, "Southland Family? What family? It is all bosses
and not common help," and another that suggested a new name
for The Southland Family: "The Step Family."
In summary, the overall analysis of the data provides the statistics by which the hypotheses of this study can be tested. Data show that the magazine is an effective tool of formal communication; that the grapevine, though effective to some extent, is not adequate as a channel of communication for the formal organization; and that a definite desire exists for more formal communication.

The concluding chapter applies these data to the hypotheses, for acceptance or nonacceptance, and offers recommendations for additional research and for management application.
CHAPTER V

SUMMARY, CONCLUSIONS, SUGGESTIONS FOR ADDITIONAL RESEARCH, AND SUGGESTIONS FOR MANAGEMENT

This chapter is divided into (a) a preamble, (b) a summary, (c) conclusions, (d) suggestions for additional research and (e) suggestions for more effective use by the company management of both the formal and informal communication channels.

Preamble

Blend the formal with the informal. Mix well. The result: communication at The Southland Corporation.

This paper established as its boundaries the comparison of the company magazine and the grapevine as selected communication channels at Southland. The assumptions were that the company magazine is a function of the formal organization, and the grapevine was the function of the informal organization.

This portion of the concluding chapter is a "let's pretend" section of this thesis--not completely without foundation, but nevertheless more editorializing than critically analyzing, more possibility than probability, more brainstorming than fact finding, more ideas and opinions than actual data.
Its purpose is this: to take excerpts from Davis's chapter on "Informal Organizations" in his book, Human Relations at Work: The Dynamics of Organizational Behavior (2), and make some unique, and perhaps in some instances some far-fetched applications of his writings to The Southland Family, which in this section, and this section only, will be referred to as Southland's formal-informal communication function.

The contents of this section will follow this format: Davis's writings will appear first in standard type; the "editorializing" will follow, and will be underlined.

Following this section of mythical writing, the summary, conclusions and suggestions for additional research will be presented.

Beneath the cloak of formal relationships in every institution there exists a more complex system of social relationships called the informal organization. It is a powerful influence upon productivity and job satisfaction. Both formal and informal systems are necessary for group activity, just as two blades are essential to make a pair of scissors workable. Together, formal and informal organizations comprise the social system of work groups. This chapter presents a general overview of informal organizations at work, including their communication system, popularly called the grapevine (2, p. 212).

By nature, the informal organization places the emphasis on people and their relationships, while the formal organization emphasizes positions in terms of authority and functions. Informal power, therefore, attaches to a person, so it is personal; while formal authority attaches to a
position and a person wields it only when he is in that position, so it is institutional. Formal organization is man-made and can be cancelled. Informal organization is not created by human hands and cannot be cancelled.

The Southland Family, formal and institutional, also has a touch of the informal, a touch of the personal. It holds some informal power because it has the "family" touch, yet it is authoritative. This means that the Southland Family is playing two roles, holding some informal power along with its formal power.

As a result of differences in formal and informal sources of power, the formal organization may grow to immense size, but informal organization tends to remain smaller in order to keep within the limits of personal relationships.

Is this what has happened to the Southland Family? While the company, Southland, has grown to immense size, the magazine has endeavored to remain "family-ish," in order to keep within the limits of personal relationships. If this is the case, and conjecture is that it is the case, the magazine, which the company looks on as its formal communication piece, perhaps is more informal in nature, and therefore, is only a communication supplement rather than a main contributor to the communication of the formal organization.

One significant reward of informal leaders is the esteem in which the leader is held.
Is it too much of an assumption to presuppose that The Southland Family is an informal leader in a sense, because of the esteem in which it is held, witnessed by the 89.3 percent ratings of excellent and good which the magazine received in the survey conducted in conjunction with this work.

By function, informal groups provide social satisfactions. Large formal organizations may make the individual feel like a payroll number, but the informal group gives that individual personal attachment and status.

The Southland Family, though formal, attempts to fulfill that function of the informal group, because one of its unwritten objectives is to make the individual feel that he has personal attachment and status, is a member of the "family."

Included in the areas of difficulty within the informal groups are:

(1) Resistance to change: What has been good is good and shall be good.

The Southland Family has fallen victim here. Whereas some subtle changes have been instigated in format, content, etc., to the ordinary reader, it is the same, and still the same.

Some within Southland's management are determined to see it changed, and the researcher feels quite confident that change will occur, whether soon or not so soon remains to be seen.
(2) Role conflict: The more the interests, goals, methods and evaluation systems of formal and informal organization can be integrated, the more productivity and satisfaction can be expected. However, there must always be some formal and informal differences. Perfect harmony is not feasible.

The conclusion drawn in this instance is that whereas The Southland Family endeavors to be all things to all people, that will never be entirely possible. There must be other formal communication pieces of the nature, or similar in nature, to the one printed piece in existence today, The Southland Family.

The most desirable combination of formal and informal organizations appears to be a predominant formal system to maintain unity toward objectives, along with a well-developed informal system to maintain group cohesiveness and teamwork. In other words, the informal organization needs to be strong enough to be supportive, but not strong enough to dominate. The long range objective is to integrate interest of the formal and informal systems so that they'll operate in about the same way.

The survey recently conducted at The Southland Corporation showed that the formal-informal communication tool, The Southland Family, is where employees get most of their information, substantiating the fact that unity, group cohesiveness and teamwork all are being maintained.
Perhaps that long range objective has already been reached to some extent, and both of the systems are operating in about the same way.

But which is leading, and which is following? This conclusion cannot be drawn, based on present research.

Following are conclusions and suggestions for additional research that perhaps would provide the answer to that question.

Summary

The purpose of this study was to answer these questions:

1. What do the company's publics think about the job the one formal communication tool, The Southland Family, is doing?

2. Do they get most of their information about the company from that formal communication piece, or do they have to depend upon informal communication to find out what is going on around Southland?

3. Does the magazine fulfill all the company's needs for formal communication?

4. Is the grapevine at Southland active and effective?

Five hypotheses were suggested. The first was that The Southland Family is an effective tool of formal communication for the management of The Southland Corporation. The second was that the magazine cannot serve all the communication needs of an organization the size and scope of Southland
because it is too broad in subject content to touch individual interests, and because it is published only four times a year, too infrequently to report adequately all the news. The third was that the company's informal communication system, namely, the grapevine, serves to fill some of the void existing from the lack of a sufficient formal communication system. The fourth was that a need exists for the expansion of the company's formal communication program. The fifth and final hypothesis was that until such time as the formal communication program is expanded, the grapevine is a more effective channel of communication than The Southland Family.

The research in this thesis was limited to the findings resulting from an employee opinion and readership survey which queried participants about the degree of sufficiency of information the company provides, the effectiveness of The Southland Family in providing company information, and whether a need existed for expansion of the company's formal communication program.

The population selected for the survey was the entire readership of the magazine, 30,000 strong, comprising employees, franchise owners, and stockholders. The questionnaire, pretested among a cross-section of 100 employees in the company's various Dallas locations, and then inserted in the Summer issue of The Southland Family which was mailed to the readers' homes, provided the data for this study.
The management-approved questionnaire contained an introductory message from the researcher, and asked respondents to specify (a) how they would rate The Southland Family, on a scale from excellent to poor, (b) which communication source gives them the most information about Southland and which gives them the least information, (c) how well they think the company keeps them informed, on a scale ranging from "fully informed" to "doesn't tell us much at all," and (d) if they think Southland needs more formal communication. The questionnaire consisted of a total of fourteen questions, one of which was an open-end question asking for suggestions, comments and recommendations of specific types of stories which readers would like to see in the magazine.

The data-collection period extended from the time the Summer issue was placed in the mail in early July 1975 to the cut-off date of September 19, 1975. As the questionnaires were returned, they were checked, numbered and key punched for tabulation purposes. The total response was 1,061.

In considering the number of questionnaire returns which made up the sample total, some personnel statistics of the company should be mentioned. With an employee work force of more than 25,000, 75 per cent of that number are employees who have been with the company two years or less. Assuming that those 18,750 persons have not been employed long enough to feel a real part of "the Southland family"
(remember that they have been exposed to six issues at most of the company publication, since it is published only quarterly, and is not mailed to an employee until he or she has been on the payroll six months), it could be that they did not have an opinion regarding The Southland Family magazine. In other words, does the magazine communicate effectively only to those career employees, or to those who have been around for awhile. And if so, what about the newer employees? Would they stay around longer if an effective means of communicating could be devised to reach them in the first two years of employment?

This research does not answer those questions. But because the questions have surfaced as a result of the research, they will be considered later in this chapter when recommendations for additional study and research are made.

Conclusions

Much in the way of experimental studies of communication has developed out of the early work on communication networks. However, little progress has been made in extending these studies to real-life organizations. In fact, empirical studies on communication in ongoing organizations have led to only a negligible amount of such research (7).

As the conclusions to this study are drawn, there is the sense of accomplishment, though ever so small, that strides have been made toward an attempt to add to the knowledge of communication in an actual organizational setting.
Of course, any generalizations from this study must be qualified in that the research is not statistically representative of "big business" as a whole, or even of all large corporations. In fact, it is not statistically representative of all formal and informal communication channels at the company studied; but rather, just of two selected channels, the company magazine and the grapevine. Notwithstanding the limitations, a degree of understanding of communication channels in a business organization was added to by this research, and on the basis of data collected, the following conclusions are made.

The first hypothesis that The Southland Family is an effective tool of formal communication at The Southland Corporation is accepted. This conclusion is supported by the fact that 73.2 per cent of the sample replied that they believe that management keeps them fully or fairly well informed, and 89.3 per cent rated The Southland Family excellent or good.

The acceptance of the first hypothesis, supported by the 33 per cent who said The Southland Family provided the most company information and the relatively insignificant percentage who said they got most of their information from the grapevine, gives credence to this study's premise that the company magazine functions as the communication channel of the formal organization, leaving the grapevine to function as the communication channel of the informal organization.
The second hypothesis that The Southland Family cannot serve all the formal communication needs of an organization the size and scope of The Southland Corporation is accepted. Those who answered "yes" to the question "Do you think Southland needs more formal communication?" totaled 65.5 percent. That total, combined with the responses to the open-end question 14 that made at least passing reference to the fact that more local or individual coverage of certain areas or divisions of the company was desired, adds up to only one conclusion: more formal communication tools, such as regional publications, management newsletters, and/or The Southland Family on a more frequent basis, are necessary if the company desires to continue to hold onto its reputation of doing an effective job of communicating.

The acceptance of this hypothesis strengthens Finley's claim that if some kind of formal communication system within the organization is already functioning, then employee survey information will provide hard data substantiating the importance of its continued success (4). Not only has the survey conducted in conjunction with this thesis illustrated the importance of the continued success of The Southland Family, but also it has provided valuable suggestions as to how that one formal communication channel can be added to, in order to strengthen the company's whole thrust of formal communication.
The third hypothesis that the company's informal communication system, namely the grapevine, serves to fill some of the void existing from the lack of a sufficient formal communication system is accepted. Of the 17.3 per cent who said they received most of their information about the company from the grapevine the majority believe the company gives limited information. This hypothesis is accepted because of its phraseology "some of the void." Notice that the percentage of respondents who said the grapevine was their source of most company information is quite small, but nevertheless those replies must be considered as well as the majority; hence, the conclusion that some of the void existing from the lack of a sufficient formal communication system at Southland is filled by the grapevine.

The fourth hypothesis that a need exists for the expansion of the company's formal communication program is accepted. This hypothesis was supported by data that recorded an overwhelming 65.5 per cent of the respondents who believe the company's formal communication program should be expanded. In view of the fact that this research explores The Southland Family as the only formal communication channel of the company, the conclusion must be drawn that The Southland Family should be published more frequently, or should be supplemented by other formal forms of communication. As stated in Chapter I of this paper, The Southland Corporation has grown from a small Texas ice company
founded in 1927, to its enviable position today as the leader among all convenience store chains, the fifth largest corporation in the State of Texas, and a member of *Fortune* magazine's top 500. Level's findings that an effective communication system is probably prerequisite to, but certainly no guarantee of, business success (6) can be applied here. Southland had an effective communication system in its formative years (although the company did not grow and succeed just because of good communication). Now, if the company desires to continue to grow and expand, it must cultivate and increase its formal communication program to match that growth and expansion.

The fifth hypothesis that the grapevine is a more effective channel of communication at The Southland Corporation than *The Southland Family* is rejected. The company magazine got a vote of confidence from 33 per cent of the respondents as the medium that provided the most information about the company. The grapevine's effectiveness did make a notable showing however (17.3 per cent), hence the reasons for the conclusions drawn in the third hypothesis. More than 78 per cent of the respondents said they read almost all or most of each issue, and three regular features proved especially popular with the respondents.

The rejection of this hypothesis adds further impetus to the acceptance of the first hypothesis, that *The Southland*
Family is an effective tool of formal communication at The Southland Corporation.

Suggestions for Additional Research

Any serious student of communication can at the slightest invitation suggest myriad communication topics worthy of further study. The subject offers as many research possibilities as does the field of management; and doubtless is capable of producing as many theories. But suffice the suggestions offered here to be limited to those centering on this study's methodology and findings.

Earlier studies strongly recommended additional research in business organizations as a must to separate communication facts from the fallacies that underlie communication generalities (5).

The design of this study was to aim in that direction. Now, an even more accurate aim is suggested to be assured of hitting the bull's-eye, which in this case is more effective use of both formal and informal communication channels within a business organization.

Additional research is needed to determine in what situations the formal communication channels can best be utilized, and when the informal channels are most beneficial. But even preceding such a study as that, if the study were to focus on one particular company, would be the need to explore the various types of formal and informal
communication channels within that company. This research was limited to only one of each at the selected company. Whether there are others, let alone the exploration of any of them, was not touched upon in this thesis. A study of that scope certainly would be in order.

The effects of both distance and organizational level likewise are areas where additional research is needed. The effect of organizational levels upon the flow of information throughout an organization is not completely clear, and probably never will be since organizations evolve and change to meet the times. This statement is so very applicable to the company selected for this study. From a small local company to a corporation with nationwide and even international operations, from a firm with one leader to a decentralized management organization, The Southland Corporation would do well to study the effect of its organizational levels upon the flow of information throughout the organization, through both the formal and informal channels.

Davis referred to this problem by saying that there are usually several management levels, but only one or two worker levels. Furthermore, as the firm grows, the management levels increase in number, while the worker levels remain stationary. Communication problems are aggravated by these additional levels because the chain of communication is lengthened and complicated (1).
As has previously been alluded to, the employee turnover situation at the company studied is of major concern to management. Could better formal communication—upward, downward and horizontally, any one of these or a combination of all—alleviate this most serious problem? Could a more active grapevine, that these people could feel and be a part of, turn them into career employees rather than transient workers? The time is ripe, it seems, for research of this type.

Suggestions for Management

The company magazine and the grapevine as selected communication channels within a specific organization have been compared in this study. Research has been conducted to test five hypotheses, results have been analyzed, and conclusions have been drawn. Now it is management's opportunity and responsibility to consider the following questions as a result of this study.

1. Does management have the type of formal communication it wants?
2. How can that formal communication be improved?
3. What kind of grapevine does the company have?
4. How can the use of the grapevine be more effective?

The author of this paper would suggest to management that it consider strengthening its formal communication channels, building upon the seemingly sturdy foundation that
has been laid over the years, but which for the obvious reasons of growth, expansion and broadening of scope of operations, can no longer hope to support the gigantic structure that is today The Southland Corporation. The call has come, through survey data, for more formal information on innumerable topics. Included in the suggestions were regional and divisional newsletters, a corporate office publication, a franchise bulletin, a publication tailor-made to dairy operations, and a management newsletter containing facts and figures about the overall convenience store business, to name a few.

Certainly not offered as a plan of action, the preceding recommendations are possible ways to improve the company's formal communication. If heeded, even to a limited degree, these recommendations could overlap into the stream of informal communication, and bring about improvement there as well.

One study, though made several years ago, has implied that possibility(8). The writer stated:

It is now widely accepted that the organization's informal communication network begins to hum whenever the formal channels are silent or ambiguous on subjects of importance to its members. There is no such thing as an "information vacuum" when it comes to matters in which employees are vitally interested.

Is the grapevine the first source of information most employees turn to to find out what is going on in an organization? This study would like to further suggest that
if the preceding statement is true, it is true chiefly because the grapevine is always there. If something else, some form of formal communication such as daily newsletters, closed circuit television, "hot lines" to the president's office or some other method of upward communication, were available, would it be possible that the employees would go to those formal channels first? Does the grapevine busy itself with official matters only when the formal channels of communication fail to deliver, are not understood, or are not accepted by the people for whom the messages are intended?

As a finale, this study offers this concluding thought: Could an organization ever hope to do a good enough job of communicating formally that all communication from the formal organization would flow through formal channels, and leave the informal communication, the grapevine, solely and exclusively to handle items from the informal organization?
CHAPTER BIBLIOGRAPHY


APPENDIX A

COMMUNICATION AUDIT

Purpose

1. To find out how readers feel about The Southland Family.

2. To determine whether the grapevine or the magazine is the more effective communication medium.

3. To determine what changes should be introduced to make The Southland Family the more effective.

Questionnaire

This insert is included in each of the 30,000 copies of the Summer, 1975, issue of The Southland Family, which is mailed to the home of each employee who has been with the company six months or longer; to all franchise owners; to Southland shareholders; and to governmental and civic representatives from areas of the country where Southland's divisional offices are located.

The Southland Family Objectives

1. To inform readers of company programs, developments and operating goals.

2. To build the individual's pride in, and identification with, the organization (the individual being the
employee, the franchise owner, the shareholder, and the governmental representative from areas where Southland's divisional offices are located).

3. To build understanding of the nature, problems and needs of the industry of which our company is the leader.

4. To increase understanding of the role and function of the individual within the organization.

5. To build participation in those activities that improve the organization's efficiency and effectiveness (cost reduction, quality workmanship, good customer relations, "you are Southland to your friends").

6. To show Southland as a responsible corporate citizen, demonstrating the successful molding of profit and public service.
Dear Reader:

We would like to know how you feel about The Southland Family magazine.

It is for your enjoyment and to keep you better informed about The Southland Corporation.

The attached questionnaire will take only a few minutes to fill out. All replies are confidential and will be used only to check the reading preferences of our many readers.

After completing the questionnaire, please return it within the next few days through inter-company mail to The Southland Family c/o The Corporate Office or in the attached postage-paid envelope.

Thank you for your help.

Sincerely,

Jean Thompson
Publications Manager
1. How would you rate *The Southland Family* as a company magazine?
   - Excellent □ 1
   - Good □ 2
   - Fair □ 3
   - Poor □ 4
   (1)

2. How much of *The Southland Family* do you usually read?
   - Almost all of it □ 1
   - Just glance through it □ 4
   - Most of it □ 2
   - Never read it □ 5
   - A few articles □ 3
   (2)

3. Do you feel that you can believe what you read in *The Southland Family*?
   - Always □ 1
   - About half of the time □ 3
   - Most of the time □ 2
   - Not very often □ 4
   (3)

4. Do you agree or disagree with the following statements used to describe *The Southland Family*?

<table>
<thead>
<tr>
<th>Agree</th>
<th>Disagree</th>
<th>Not Sure</th>
</tr>
</thead>
<tbody>
<tr>
<td>Easy to read and understand</td>
<td>□</td>
<td>□</td>
</tr>
<tr>
<td>Attractive appearance</td>
<td>□</td>
<td>□</td>
</tr>
<tr>
<td>Gives insight as to how Southland operates</td>
<td>□</td>
<td>□</td>
</tr>
<tr>
<td>Current, up-to-date news</td>
<td>□</td>
<td>□</td>
</tr>
<tr>
<td>Interesting to read</td>
<td>□</td>
<td>□</td>
</tr>
<tr>
<td>Adequate coverage of Southland events</td>
<td>□</td>
<td>□</td>
</tr>
</tbody>
</table>
   (4) (5) (6) (7) (8)

5. Which features do you read regularly in *The Southland Family*?
   - Southland Smiles □ (10)
   - Southland Cares □ (11)
   - Promotions □ (12)
   - Family Album □ (13)
   - Question & Answer Interviews □ (14)
   - Sales Meetings Stories □ (15)
   - News of Employee Benefits □ (16)
   (10) (11) (12) (13) (14) (15) (16)

6. How many others in your household read or glance through the magazine?
   (If none, write “0”) □
   (17-18)

7. Please check the **ONE** source that gives you the MOST information about Southland and the **ONE** source that gives you the LEAST information.

<table>
<thead>
<tr>
<th>Most</th>
<th>Least</th>
</tr>
</thead>
<tbody>
<tr>
<td>My supervisor</td>
<td>□ 1</td>
</tr>
<tr>
<td>Management meetings</td>
<td>□ 2</td>
</tr>
<tr>
<td>The Southland Family</td>
<td>□ 3</td>
</tr>
<tr>
<td>Company sponsored meetings</td>
<td>□ 4</td>
</tr>
<tr>
<td>Bulletin Boards</td>
<td>□ 5</td>
</tr>
<tr>
<td>Division news letters</td>
<td>□ 6</td>
</tr>
<tr>
<td>Training courses</td>
<td>□ 7</td>
</tr>
<tr>
<td>Informal communications (i.e., the grapevine)</td>
<td>□ 8</td>
</tr>
</tbody>
</table>
   (19) (20)

8. Different companies have different ideas about giving company information to their personnel. Which **ONE** of these would you say describes the way Southland does it?

   | Keeps us fully informed | □ 1 |
   | Keeps us fairly well informed | □ 2 |
   | Gives us limited information | □ 3 |
   | Doesn’t tell us much at all | □ 4 |
   (21)
9. How do you feel about the following subject matter appearing in *The Southland Family*? Please check the appropriate boxes.

I would like to see...

<table>
<thead>
<tr>
<th>Subject</th>
<th>More</th>
<th>Less</th>
<th>Not Interested</th>
</tr>
</thead>
<tbody>
<tr>
<td>Company news (general)</td>
<td>□</td>
<td>□</td>
<td>□ (22)</td>
</tr>
<tr>
<td>New products and services</td>
<td>□</td>
<td>□</td>
<td>□ (23)</td>
</tr>
<tr>
<td>Industry legislation</td>
<td>□</td>
<td>□</td>
<td>□ (24)</td>
</tr>
<tr>
<td>Company financial news</td>
<td>□</td>
<td>□</td>
<td>□ (25)</td>
</tr>
<tr>
<td>Company policies</td>
<td>□</td>
<td>□</td>
<td>□ (26)</td>
</tr>
<tr>
<td>Industry news</td>
<td>□</td>
<td>□</td>
<td>□ (27)</td>
</tr>
<tr>
<td>Service anniversaries</td>
<td>□</td>
<td>□</td>
<td>□ (28)</td>
</tr>
<tr>
<td>Personnel changes</td>
<td>□</td>
<td>□</td>
<td>□ (29)</td>
</tr>
<tr>
<td>News of retirees</td>
<td>□</td>
<td>□</td>
<td>□ (30)</td>
</tr>
<tr>
<td>Departmental features</td>
<td>□</td>
<td>□</td>
<td>□ (31)</td>
</tr>
<tr>
<td>Management people</td>
<td>□</td>
<td>□</td>
<td>□ (32)</td>
</tr>
<tr>
<td>Special features on employees/franchisees</td>
<td>□</td>
<td>□</td>
<td>□ (33)</td>
</tr>
<tr>
<td>Features on their children</td>
<td>□</td>
<td>□</td>
<td>□ (34)</td>
</tr>
<tr>
<td>Nostalgia pieces (how things were in the “good ole days”)</td>
<td>□</td>
<td>□</td>
<td>□ (35)</td>
</tr>
<tr>
<td>Picture pages</td>
<td>□</td>
<td>□</td>
<td>□ (36)</td>
</tr>
<tr>
<td>Non-company articles (economic, travel, etc.)</td>
<td>□</td>
<td>□</td>
<td>□ (37)</td>
</tr>
<tr>
<td>Other features (Please specify)</td>
<td>□</td>
<td>□</td>
<td>□ (38)</td>
</tr>
</tbody>
</table>

10. Would you agree or disagree that any of the following statements describe *The Southland Family*?

<table>
<thead>
<tr>
<th>Statement</th>
<th>Agree</th>
<th>Disagree</th>
</tr>
</thead>
<tbody>
<tr>
<td>Not enough about important business developments</td>
<td>□</td>
<td>□ (40)</td>
</tr>
<tr>
<td>Provides a lot of useful information</td>
<td>□</td>
<td>□ (41)</td>
</tr>
<tr>
<td>Many articles are on things I don't care about</td>
<td>□</td>
<td>□ (42)</td>
</tr>
<tr>
<td>Main stories are often uninteresting</td>
<td>□</td>
<td>□ (43)</td>
</tr>
<tr>
<td>Covers fresh and timely subjects</td>
<td>□</td>
<td>□ (44)</td>
</tr>
<tr>
<td>Covers many trivial, unimportant subjects</td>
<td>□</td>
<td>□ (45)</td>
</tr>
<tr>
<td>Contains a lot of management propaganda</td>
<td>□</td>
<td>□ (46)</td>
</tr>
<tr>
<td>Too much news about higher ups in the company</td>
<td>□</td>
<td>□ (47)</td>
</tr>
</tbody>
</table>

11. As an employee or franchisee, which of the following statements do you feel apply to *The Southland Family*?

<table>
<thead>
<tr>
<th>Statement</th>
<th>Agree</th>
<th>Disagree</th>
</tr>
</thead>
<tbody>
<tr>
<td>Helps me feel more a part of Southland</td>
<td>□</td>
<td>□ (48)</td>
</tr>
<tr>
<td>Not enough material is related to me and my job</td>
<td>□</td>
<td>□ (49)</td>
</tr>
<tr>
<td>Helps give me a sense of pride in Southland</td>
<td>□</td>
<td>□ (50)</td>
</tr>
<tr>
<td>Shows management has an interest in me</td>
<td>□</td>
<td>□ (51)</td>
</tr>
<tr>
<td>Provides me with helpful information in talking to customers or outsiders about Southland</td>
<td>□</td>
<td>□ (52)</td>
</tr>
</tbody>
</table>

*Please turn to back page*
12a. Do you think Southland needs more formal communications?
   Yes ☐ 1         No ☐ 2 (53)

b. If so, what types?
   Management newsletters ☐ (54) Franchise/Corporate publications ☐ (56)
   Regional publications ☐ (55) The Southland Family on a more frequent basis (57)

Other (specify) ____________________________

13. Information about yourself to help interpret your responses.

(a) Southland Affiliation:
   Franchisee ☐ 1 Shareholder only ☐ 4 (58)
   Present Employee ☐ 2 Other (specify) ☐ 5
   Retired Employee ☐ 3 ____________________________

(b) Your sex:
   Male ☐ 1 Female ☐ 2 (59)

(c) Your age group:
   24 and under ☐ 1 45-54 years ☐ 4 (60)
   25-34 years ☐ 2 55-64 years ☐ 5
   35-44 years ☐ 3 65 and over ☐ 6

(d) Years affiliated with Southland:
   2 or under ☐ 1 11-15 ☐ 4 (61)
   3-5 ☐ 2 16 or over ☐ 5
   6-10 ☐ 3 Does not apply ☐ 6

(e) Your employment area:
   Corporate office ☐ 1 Company-owned Stores Group ☐ 4 (62)
   Dairies Group ☐ 2 Special Operations Group ☐ 5
   Franchised Stores Group ☐ 3 Does not apply ☐ 6

(f) Are you on a salary or an hourly rate?
   Salary ☐ 1 Hourly rate ☐ 2 Does not apply ☐ 3 (63)

14. What suggestions or comments would you offer to make The Southland Family more interesting to you?

_________________________________________________________________________

_________________________________________________________________________

THANK YOU FOR YOUR COOPERATION

Please return the completed questionnaire through inter-company mail to The Southland Family c/o The Corporate Office or in the attached postage-paid envelope.
BIBLIOGRAPHY

Books


Articles


Unpublished Materials


