***Employee or Shareholder Satisfaction?***

Optical Excellence PLC manufactures and supplies fibre optical network equipment to the telecommunications industry. Despite the hi-tech, and hence capital intensive, nature of the industry, it also relies heavily on its employees. Without its dedicated team of engineers and technical experts, the business would fail to keep ahead in this technologically advanced and fast moving market.

As part of its annual employee satisfaction survey, it asked staff the following questions:

1. How happy are you with your pay
2. How happy are you with your working conditions
3. Do you feel valued?
4. Would you recommend Optical Excellence as an employee to your friends?

The results came as somewhat of a shock with over 80% of respondents stating they were slightly or very unhappy with the level of pay received. Despite this, they were happy with the working conditions and would recommend Optical Excellence to their friends.

At the next board meeting the directors met to discuss the findings of the survey. It was agreed that there should be a review of the pay scales. The finance director was, however, concerned about the impact that this would have on their financial objectives. They agreed that there was no need to change the objective of maximising sales revenue whilst minimising the cost of raw materials. It was, however, necessary to review the net profit objective downwards. The managing director was keen for this to be communicated to shareholders in a positive light as part of a long term strategy to improve employee satisfaction and performance.

***Questions:***

1. ***Briefly explain how internal influences affected the financial objectives of Optical Excellent PLC.***
2. ***How might external influences have affected the workers attitudes towards their pay?***