

# **EMPLOYEE INVOLVEMENT**

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***INNOREGIO: dissemination of innovation and knowledge management techniques***

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# 1 DESCRIPTION

When an organization truly wants to create a positive work environment that is based on high trust, exceptional customer service, collaborative teamwork, operational excellence, and creative problem solving, then the leadership team must begin to understand, invest in, and be responsive to the needs of the group that represents the organization's most valuable assets, and is also one of its most important customers, the employees. The return on such nominal investments will come in the form of higher levels of employee motivation, creativity, productivity, and commitment that will move the organization forward with greater profitability. A fundamental Total Quality Management precept is that employees must be involved and empowered.

**Employee involvement** means that every employee is regarded as a unique human being, not just a cog in a machine, and each employee is involved in helping the organization meet its goals. Each employee's input is solicited and valued by his/her management. Employees and management recognize that each employee is involved in running the business.

**Employee empowerment** is a somewhat different concept. It means that in addition to involving employees in running the business, employees and management recognize that many problems or obstacles to achieving organizational goals can be identified and solved by employees. Employee empowerment means that management recognizes this ability, and provides employees with the tools and authority required to continuously improve their performance. The management states its expectations about employees recognizing and solving problems, and empowers them to do so.

## 1.1 What is Employee Involvement and empowerment

One of the greatest underlying factors in the success or failure of any organization is the power of its people, and how well that power is focused towards meeting the organization's objectives. Modern manufacturing management pursues the goal of a paperless factory, with design concepts moving from an engineering computer – aided – design terminal through data links to a computer – aided – manufacturing terminal, which in turn drives a numerically controlled machine.

The above factory automation example notwithstanding, all companies operate on the strengths and weaknesses of their employees. Even in a fully automated factory, employees have to design, maintain, and operate the systems that create output. Organizations that can tap the strengths of their people will be stronger and more competitive than those that cannot. Organizations that regard people as automatons or mere cogs in a wheel will never realize their full potential. In the long run, such companies' inefficiencies attract competition, and unless the management philosophy changes, they will disappear.

*Employee involvement* is a process for empowering employees to participate in managerial decision-making and improvement activities appropriate to their levels in the organization. Since McGregor's Theory Y first brought to managers the idea of a participative management style, employee involvement has taken many forms, including the job design approaches and special activities such as quality of work life (QWL) programs.

There is at the end of the day only one thing that differentiates one company from another – its people. Not the product, not service establishments, not the process, not secret ingredients; ultimately any of these can be duplicated. The Japanese have always recognized this and it is one of the reasons for their success in world markets – they place tremendous value on the integration of people with organizational objectives, equipment and processes.

The employees force the organizations to address three key issues; communication, involvement and development. In fact the three issues can be used as a measure of an organization's maturity in the employment relationship. Here, we are going to address the issue of involvement and its relationships. Many people confuse communication systems such as team briefings with involvement. Involvement, however is more than just the exchange of information. It is the gradual but radical delegation of control to those closest to the process itself. Self-managed teams, cell-based manufacture, autonomous work groups, high performance work systems, are all examples of true involvement.

*Empowerment* means that all employees feel that they have the responsibility and authority to participate in decision making and problem solving in their appropriate operating levels. It's obvious that a whole company of skilled and capable problem solvers will have a distinct competitive advantage over an organization with only a few keys contributors and an army of drones.

Empowerment is a word coined in 1849 to refer to “the gaining of power”. In the context of TQM, empower means to enable, to endow, to give permission to, or to give the ability of power to. Empowerment is the authority to act independently to meet expectations. This authority is given by management for the purpose of developing a human connection with the decision making process, which sustains improvements through the TQM program.

Exploring the concept of empowerment includes defining the reasons for management to empower the workers, needs analysis, and techniques for empowerment. When management is comfortable with the justification for an empowerment program, the company can begin to determine strategies and establish an implementation plan. Empowerment also requires management to take risks by turning over some control of the organization to the employees. However, this control must be planned and authorized. Management must appreciate that relinquishing control to the effective and skilled employees will result in a more productive organization with better teamwork and faster problem resolution. An empowered organization will be able to respond more quickly to changes, improvements, and new customer requirements. This will occur as they begin to act independently in pursuit of their expectations and within the boundaries of their authority.

Management also makes a mistake in fearing that empowerment will force them to make open-ended promises with unknown consequences. They are also afraid that they have abdicated the right of vetoing bad, irrelevant, or counterproductive ideas. Managers must realize that they do not give up the responsibility to make final decisions. Neither do they give up the ability of coaching teams when appropriate. The basic concept of empowerment is management's promise to employees that they will be supported and rewarded for taking actions and finding new ways to contribute. What is important is that management establishes the expectations, sets the guidelines and defines the boundaries of authority. It is not a process of giving up their responsibility.

*Empowerment and Delegation of Decisions*

Till now, we reviewed the idea of empowering employees by giving them the resources, training, and the authority to solve problems and continuously improve work processes. TQM acknowledges that those doing the work are also the ones most qualified to solve problems that come up as they go about their jobs and figure out how to improve their work processes.

Organizations that seek to take full advantage of their employees' talents and abilities and make best use of everyone's time, it just make more sense for those who best understand a particular problem or improvement opportunity to make decisions to deal with those. Allowing that to happen, of course, means that everyone has a clear sense of the organization's processes and mission and how their work fits in with that of others to execute processes and to achieve that mission.

## 1.2 Objectives

Employee involvement and empowerment is a long – term commitment, a new way of doing business, a fundamental change in culture. Employees who have been trained, empowered, and recognized for their achievements see their jobs and their companies from a different perspective. They no longer punch a clock, do what they are told, and count the minutes until the weekend rolls around. They “own” the company, in the sense that they feel personally responsible for its performance. The best way to obtain a genuine commitment from people is to involve them in the project from the beginning. Even if the original ideas are not theirs, the process of designing, planning and assessing will automatically pull them into the stream of things. Managers who try to take back some of that power end up with bitter, frustrated, and disillusioned employees. Performance will suffer, and future attempts to involve employees will be met with cynicism.

Organizations operating with the involvement of their employees, have evolved beyond merely telling people what is going on, to actively seeking their contribution to the decision making process. Only a minority of organizations in industry could be truly said to be operating with the involvement of their employees, but the trend over the last 10 years has certainly been to move towards this direction, often following the link of inward investors such as the Japanese, Germans and Americans, and the opportunities presented by reconstruction and Greenfield sites.

The cultural effect being sought is a sense of ownership of the company among its employees. This can have remarkable effects on employees' commitment to the company and the type of activities they will undertake. In the distribution arm of Coca – Cola Beverages for example, one can see warehousemen with business cards who actively promoted the product in their own time at events where the Coke name was present, in sponsorship or just the provision of drinks.

The keys to involvement are several and complex:

**(a) Financial.** Share ownership and profit distribution plans can help to foster an interest in a company's affairs at the competitive level which is often hard to get across in the normal day to day routine of workplace activity. Some evidence exists for suggesting that limited positive benefits can accrue from this approach. A survey from the Industrial Society showed that one in six UK employees own shares in their company. However, this was heavily skewed toward managers amongst whom one-third held stock. Amongst unskilled manual workers this dropped to just 5%. Half of all share owners surveyed felt

that owning shares had made them more committed to the company's success, although there was no significant difference on job satisfaction or their rating of their company overall as an employer. If a company wishes to increase its employee share ownership an incentive is essential. One of the most common forms of incentive is the use of Employee Share Ownership Plans (ESOPs). These typically offer a one for one share purchase arrangement, with the company issuing matching shares from a share trust for every ordinary share purchased. Effectively a half-price buying arrangement but with the added bonus of tax savings.

**(b) Job security.** Doubt as to whether you will still be with the company next week are hardly likely to encourage a sense of belonging. Again the Japanese have recognized this rather obvious truism for many years. There is some evidence that this approach is starting to impact on the organization of labor contracts in the West. Rover's new deal in 1992 with its employees reversed an 80 year old tradition in Western car manufacturing by giving its employees job security and lay off guarantees. IBM have always had a no compulsory redundancy policy, albeit this has been put under considerable strain in the 1980s and 1990s.

Even where Total Quality Management has been established in volatile industries, it has been accompanied at the least by a more cautious approach to redundancy and, if unavoidable, a greater emphasis on redeployment and post-contract support than previously the norm. Rank Xerox for example, in their major downsizing of the 1980s provided redundant executives with preferred supplier contracts to help them establish their own businesses, guaranteeing Xerox as a customer for a period.

The structure of the work organization itself determines many facets of the employment relationship; in particular, job design can influence the degree of control an employee has over his or her work and, with that, the degree of personal responsibility felt for the outcomes and quality of work. Traditional systems of shifts, absence coverage and in-line production methods tend to stifle personal accountability; the job will be done whether or not the employee turns up and nothing is left incomplete at the end of the day, unlike most managerial and professional jobs. Consequently employees constrained by such systems feel little sense of ownership of the total process.

Studies of organizations moving toward cell-based manufacturing and team structures in job design frequently show falling absenteeism, higher productivity and better quality of output as a result of the greater sense of involvement and decision making responsibility which comes with these systems. Digital Equipment for example use a derivative of autonomous work groups called "High Performance Work Design". The company feel they have achieved better quality, higher output, lower inventory and faster and more accurate decision making. These changes are not just confined to the high tech end of manufacturing. Emcar, a clothing manufacturer, changed from traditional production lines to "Autonomous Work Groups" (AWGs), with individual piecework being replaced by a group bonus. As a result, absenteeism and labor turnover dropped to well below industry norms and productivity increased. Turnaround times on average orders were reduced from 6-8 weeks to just 4.

### 1.3 Methodology

Employee involvement and empowerment is worldwide applicable technique. There is no single option for employee involvement. It includes suggestion systems, teams, focus groups, surveys, self-directed work groups, incentive programs and more. The goal is to

determine the most effective employee involvement options that will be linked to specific organizational goals. In order to implement employee involvement and empowerment to an enterprise the following key actions need to take place:

- Giving employee the responsibility
- Training employee to accept responsibility
- Communicating and giving feedback
- Giving rewards and recognition

Workers today are more and more being asked by management to join employee involvement programs in order to improve the quality of their work lives. Management usually makes the case that the days of destructive adversarial labor management relations are over and that a ruthless competitive economic world requires that workers and management cooperate so that both survive. It is in the best interest of both workers and supervisors to increase happiness and satisfaction on the job, because happy and satisfied employees are productive employees who insure the employer's profit and continued existence of the company and the worker's jobs. In such programs management usually wants:

1. Access to the workers' knowledge of the job.
2. Cooperation In the introduction of new technology without protest.
3. Flexibility regarding job classifications, work rules, job assignments, the contract for the purpose of greater efficiencies.
4. Contract changes and sometimes contract concessions.

If the offer of employee involvement is sincere and valid, it should meet the following six conditions:

1. Management involves the union at the highest levels as an equal partner from planning, through implementation, and evaluation of employee Involvement. The union equally selects with management any consultants who are hired to set up and coordinate employee involvement committee.
2. It is a voluntary process for both union and company. The union selects, elects, or appoints its representatives on the committees that deal with employee involvement.
3. Collective bargaining and grievance matters are not a part of the program. These subjects remain outside of employee Involvement.
4. Management agrees to the proposition in writing that no workers can be laid off or downgraded as a result of ideas generated by the workers in employee involvement committees.
5. Money savings of employee involvement are shared with workers through items such as more money in the paycheck, free training, upgrading, a shorter workweek, etc. The union and management jointly determine this.
6. Management actions on cooperation should be the same as management words. Management encourages a good relationship in It's labor relations with the union as it simultaneously seeks to settle grievances at the lower levels, does not force the union to take tons of cases to arbitration so as to bankrupt the union treasury, treats the officers and stewards of the union with equal respect, assures the right of stewards to be present at disciplinary interviews, and does not suddenly harass, pressure, or fire union representatives The right hand of management employee involvement cooperation should not be chopped off by the left hand of management hostility and confrontation with the union. Words and actions must be consistent.

If the above terms are not followed by management, the workers and union can quite rightly suspect that employee involvement is a fraud designed to weaken if not bust the union. If the union believes that employee involvement is not legitimate, it should



demand that management accept the six conditions of Employee Involvement outlined above, or expose this program as phony and urge workers not to participate. The union should educate its people, in the words of one national union, that illegitimate employee involvement is "an attempt to create a shop floor structure controlled by management, and pushing management's point of view, aimed at undermining the union steward system and bypassing the union. The ultimate goal is to get rid of the union altogether, or transform it into a totally company union."

## 1.4 Alternative Techniques

The section examines which business strategy offers the highest returns: **process re-engineering**, **total quality management** or **employee involvement**.

**Total Quality Management (TQM)**, focuses on work methods and process control to improve performance.

**Process Re-engineering** employs downsizing (also known as layoffs) to boost efficiency.

**Employee Involvement** focuses on upgrading workers' skills and knowledge to improve efficiency and customer service.

The winner, according to a study of Fortune 1000 firms by Edward Lawler, a professor of management at the University of Southern California, is Employee Involvement. "Each of these three strategies produces an effect but our studies indicate that **Employee Involvement** is stronger driver of financial performance than **TQM** or **Re-engineering**, he said.

Lawler led a USC research team that compared the 1996 fiscal returns of 216 of the big firms on a wide range of financial indicators, from sales and equity to assets and stockholder investment. It was his fourth such study made at three-year intervals since 1987. He found companies that focused heavily on **TQM** had an average return on investment of about 15 percent that was essentially no different from those companies that did not make use of it. Companies that pushed **Re-engineering** had an average return on investment of 15.4 percent compared to 13.4 percent for those in did not. But companies that emphasized **Employee Involvement** had an average return on investment of 19.1 percent, compared with 15.2 percent for those who made little use of it.

**Re-engineering**, Lawler said, "is basically a onetime change. You do it once and it has an impact, but it's not something you can do time after time. You can only downsize so much. You can't downsize your way to growth". In contrast, he said, " **Employee Involvement**, if well implemented, changes the fundamental relationship between individuals and the organization they work for". "It really builds [employees] in as a business partner, so they know more and they do more to make the organizations successful, particularly in industries where the human component is important - most knowledge work, high-tech and many kinds of service industries," Lawler said.

One alternative to **Employee Involvement**, Lawler said, would be for U.S. companies to move to foreign countries "where wages are lower" but workers overseas "would add less value" to the product. "It's hard to find people [in the U.S.] to do low-value jobs and not terribly productive so if you keep it [the work] in the U.S., increasingly the work has to be high value to offset the relatively high wages." And that requires **Employee Involvement**". "We have moved away from "no brain" assembly line work. [Now]



workers are adjusting machines and solving problems instead of simply putting parts together".

Lawler's study also found that **Employee Involvement** "is a long way from being the dominant way in which Fortune 1000 companies are managed". No more than 12 percent of the labor force works in jobs that might be described as high involvement, so "there's definitely a chance for **Employee involvement** to continue to grow. It has not yet reached its saturation point," he said.

## 1.5 Expected Results / Benefits

Employee involvement and empowerment approaches aim at enhancing responsibility, increasing authority, and making jobs challenging and interesting to employees, based on their abilities and the needs of the organization. The return on such nominal investments will come in the form of higher levels of employee motivation, creativity, productivity, and commitment.

Companies are choosing to empower people because it makes good business sense. Employees on self-directed work teams perform all the tasks formerly done by managers. Across the world, companies are looking for the best approach to the demands for higher quality, the pressure of increasing global competition, the necessity to be more efficient and productive, and the effects of rapid change. Successful companies believe that the only way to compete is through employees who perform the tasks that produce a product or service:

- are in the best position to ensure and improve its quality
- are best able to lower costs by eliminating waste throughout the process
- are in the best position to speed up their processes by reducing cycle times
- are the ideal agents of change when they are in touch with their processes, trained through education and experience, and empowered to act decisively.

### PEOPLE FIRST AT SCITOR

Roger Meade, founder and CEO at Scitor, a company that provides products and services in program management, systems engineering, and customized computer information systems, sees his employees as assets, and he looks out for them. He recognizes that people can get sick so he has instituted unlimited sick leave with no lost wages and no tracking of sick days taken, and there is a company-paid health care plan, along with a \$1,400 fund for each employee for dental and vision care and unreimbursed medical expenses. He recognizes that his employees have children, so new mothers get 12 weeks of paid maternity leave and the option of full or part-time work when they return. Meade understands that job sharing can make sense and that not everyone can be there between 8 a.m. and 5 p.m., so his company has job sharing and flextime and provides benefits to any employees who work at least 17.5 hours per week. He knows his employees like to have fun, so everybody gets tickets for the local's team games, and there are company organized picnics, ski trips, and road rallies. He knows people need to be excited about their company, so he holds an annual fiscal year kick-off meeting in a first-class resort that all employees attend. He pays for transportation, food, and lodging for each employee and his or her guest for the three day affair.

Why is Meade so seemingly lavish with his employees? He says, "Scitor is our people. Our success depends on them. Knowledge resides in their minds and their feet. Too many companies fail to grasp that feet can walk out of the door as easily as they walked in."

Meade sees his programs as investments not costs. He further explains, “People are your resources. Taking care of people’s needs is the key to productivity. Every work-family program at Scitor is based upon analysis, not emotion. Our benefits exist because they support our attract-and-retain objectives. It isn’t being generous. And it certainly isn’t being liberal. It’s simple economics.”

Scitor has found, for example, that a \$2,400 investment to provide sick-care service for employees’ children saves the company \$17,000 in lost customer billings. Meade says, “Everything we do is driven toward increasing our competitiveness and productivity.”

Meade’s human resource investments seem to be paying off. The company has had 13 years of profitable growth. However, Meade sees this success not as the result of setting some numerical goals and working hard to achieve them. Rather he refuses to set goals for growth or profitability. He explains, “Profits and growth are a byproduct of doing the job right and focusing on customer satisfaction. Satisfy the customers and make them successful, and we’ll be successful.”

## 1.6 Characteristics of firms and service providers

Several surveys and benchmarking findings reveal the essential role of consultants in the Employee Involvement and Empowerment process. Consultants' help and guidance may be extremely beneficial in all stages of this procedure. This is due to the fact that consultants have the following attributes:

- They are objective and immune to internal politics.
- They have followed the process before.
- They bring information and best practices from other companies.
- They are good communication paths between front line workers and customers, and the leaders of the company or organization.

Consultants, besides their beneficial qualities, can also unintentionally create barriers by:

- having the solution being viewed as "theirs" and not "yours"
- taking too strong a lead role and disengaging the organization.

The consultants may play different roles in the Employee Involvement and Empowerment procedure, and this is a matter for the company to decide always taking into account the organizations needs and the specific approach chosen. The role of consultant may be:

- a strong facilitator and experienced practitioner who brings a methodology with them.
- a team member; can be an objective and unbiased contributor to the solution;
- a subject-matter expert with knowledge of performance levels and best practices of similar organizations and processes; able to perform specific tasks for the team.

## 2 APPLICATION

### 2.1 Where the technique has been applied

In the following sessions, we will describe how three quality leaders benefit from employee involvement. We will explore how they address these key questions:

- How do we get people involved in the quality improvement process?
- How do we keep them involved?
- How can we use teams to improve?

Employee involvement, like managing quality, touches every other part of the business management model. Here, we will focus on how to initiate and sustain employee involvement. One of the fastest growing methods is through teams, with many companies moving toward self-directed work teams. We will look at how our role models use teams to get the most out of their human resources.

### **Initiating and Sustaining Employee Involvement at Lyondell**

Lyondell Petrochemical Company produces a wide variety of petrochemicals, including olefins, methanol, polyethylene and polypropylene, and, through an affiliate, refined petroleum products. It has more than 1500 employees at four manufacturing sites in Texas. Its headquarters is in Houston.

In the early 1980s, Atlantic Richfield executive Bob Gower was on a team that suggested lumping together the company's petrochemical and refining operations, which were losing money, and forming a new company. Atlantic Richfield called the company Lyondell Petrochemical and asked Gower to run it. Choosing to regard as a challenge an organization that had lost a total of \$200 million each year for the past three years, Gower accepted. Serious red ink was not Gower's only problem. The new company had no assets that set it apart from the competition. It had no unique technologies, nor did it enjoy any special advantages in the marketplace. The only way it could differentiate itself, the only way to return to profitability, was to improve productivity. But, as Gower notes, "Morale was low and costs were way too high".

To make matters worse, Lyondell had to build a new management team. "I was told that I could talk into joining me." No doubt Atlantic Richfield's leaders felt pretty safe with such a generous offer, but they did not count on Gower's persuasive powers. He not only pulled together a management team, "but the people who came were risk takers who believed, as I did, that people are the key to a successful turnaround". And Lyondell has succeeded. In 1989, Fortune ranked Lyondell first in sales per employee among all industrial companies in the United States. It earned the same honor again in 1990 and 1991. It received Baldrige site visits in 1991 and 1992. And in 1993, it was identified as one of the 100 best companies to work for in the United States. The key to Lyondell's success has been employee involvement.

Employee involvement begins with a change in management's attitude. Lyondell's leaders turned to employee involvement because they knew Lyondell would have continued to lose money without it, and because they believed that most people want to do their jobs well, are proud of their work, have valuable ideas to share, and want responsibility.

#### **The Process of Empowerment**

Empowerment at Lyondell begins with:

- A willingness by managers and supervisors to give others responsibility.
- Training supervisors and employees in how to delegate and accept responsibility.
- Communication and feedback to tell people how they are doing.
- Reward and recognition.

### *Giving Employees Responsibility*

Here's how they do it. Lyondell helps its managers and supervisors turn over responsibility through a two-day training course called "Managing the Lyondell Way". The course identifies ten key management behaviors that Lyondell Values:

1. Low-cost production
2. Quality
3. Entrepreneurship and innovation
4. Action orientation
5. Recognition that people are the difference
6. Responsibility and accountability in all jobs
7. Teamwork
8. Communication
9. Safety of people
10. Social responsibility and ethics

The course covers what to communicate for each behavior, what actions to take, and how to follow up and monitor progress. Many of the actions encourage employee involvement. For example, one of the quality actions "involves employees in achieving and improving quality performance". For entrepreneurship and innovation, managers are told to "encourage others to use sound, creative thought and action that can lead to innovations". For people are the difference, managers must "assure that people understand their responsibility to make the greatest, most positive difference they can".

The behaviors and actions overlap, forming a cultural web that defines continuous improvement for Lyondell. "One of the greatest strengths of 'Managing the Lyondell Way' is integration. It works as a whole," says David Lindsay, manager of Purchasing and quality.

### *Training Employee to Accept Responsibility*

This second part of empowerment at Lyondell is often overlooked in a company's eagerness to empower. Managers soon discover that most people lack the skills or experience they need to take responsibility, make decisions, and act confidently. People need to be trained in their new roles, given opportunities to succeed, and encouraged. The transition will be faster for some than others; a few will never make it. When you become empowered, you get additional responsibility, and some people don't want that.

### *Communicating and Giving Feedback*

Lyondell provides feedback, the third part of empowerment, frequently and in a variety of ways. Teams are given feedback at every meeting. Each team has a management sponsor who provides support and advice. Managers and supervisors are trained in giving feedback during the "Managing the Lyondell Way" course. Teams make presentations on their progress, and management offers on-the-spot feedback. All these opportunities and more are encouraged as integral to continuous improvement.

### *Giving Rewards and Recognition*

Lyondell ties its rewards and recognition, the fourth part of empowerment, to the behaviors identified in "Managing the Lyondell Way". In place of annual performance reviews, employees participate in more frequent dialogue sessions with their supervisors. The sessions focus on linking employee activities to the company's results. Employee contributions to Lyondell's quality and performance objectives are honored in a host of recognition programs.

### Empowerment at AT&T Consumer Market Division

AT&T Consumer Market Division (CMD) provides long-distance communications services to primarily residential customers, numbering more than 80 million. The largest unit of AT&T, has 75 million daily transactions with customers, more than 90 percent of whom rate the overall quality of CMD's services as good or excellent. CMD's headquarters is in New Jersey. The division employs approximately 44000 employees. CMD won the Baldrige Award in 1994 as AT&T Consumer Communications Services.

With operations and field personnel scattered across US, AT&T CMD needed a way to encourage individual initiative and self-directed responsibility without compromising the integrity of its communication network. CMD accomplished this delicate task through six interconnected approaches:

1. Common Bond
2. Ask Questions
3. Process Management Teams
4. Quality Improvement Teams
5. Corrective and Preventive Action System
6. Communication

Common Bond is AT&T's statement of values, created in 1992. The company relied heavily on internal focus groups and external expertise to develop a fundamental slate of values that could drive behaviors. AT&T's Common Bond is:

*We commit to these values to guide our decisions and behavior:*

- *Respect for individuals*
- *Dedication to helping customers*
- *Highest standards of integrity*
- *Innovation Teamwork*

To internalize these values, AT&T conducted employee focus groups to talk about what the values meant to them and how the values could guide their decisions and behavior. Leadership teams were asked to talk to their people about what the values meant to them. The Common Bond was published and widely distributed throughout the organization. But the real test was: Does it make a difference in how people act? Will they use it in their daily work? The values have really become embedded in the organizations, but it wasn't that way in the beginning. Now it's not unusual at meetings to hear someone say, "In the spirit of Common Bond, I think we need to consider another viewpoint."

While the Common Bond became CMD's common language, the "Ask Questions" program provided more specific guidance. An organization cannot empower employees to take initiative without guidelines about acceptable and unacceptable actions. In CMD's case, technicians could easily create problems in the network just by working on things. To help prevent this from happening, CMD created a program for employees to ask themselves questions in eight areas. The questions include:

- Why am I doing this?
- Have I notified everybody directly affected by this work?
- Can I prevent or control service interruptions?
- Is this the right time for the work?
- Have I been trained or am I qualified to do this work?

As with the Common Bond values, CMD has internalized the Ask Questions program in a variety of ways, but the most effective has been its real-life application.

By remaining true to Common Bond and Ask Questions, CMD has created a culture in which employees understand how they are expected to behave without being told exactly what to do in every situation. The shared vision provided by Common Bond and the guidelines inherited in Ask Questions allow CMD to give employees the freedom and responsibility to do their jobs to the best of their ability. Employees do this by managing their processes. There are six fundamental processes at the top of the organization, which then break down into roughly 50 sub-processes. Some of those sub-processes are further subdivided. There exist around 125 Process Management Teams (PMTs) in place to continuously examine our key processes, identify metrics, make sure the metrics are aligned with customer expectations, and do continuous improvement.

PMTs are ongoing and continuous. Membership rotates, drawing on people who are involved in the work of the process. When a PMT identifies an area for improvement, launches a Quality Improvement Team that typically includes members of the PMT plus others in the organization. The Quality Improvement Team addresses the area to improve, which may take a couple of meetings or several months, after which the team is disbanded. Employees who identify opportunities for improvement are encouraged to use the Corrective and Preventive Action System to elevate the issue. Local issues are handled locally, but if the issue affects the network, it typically goes to a PMT.

As organizations get flatter by empowering frontline people to take more responsibility, their needs for communication change. The process of moving information must also be analyzed and improved, if that information is to reach the right people when they need it. CMD communicates through focus groups, training, newsletters, work instructions, and other formal methods. Involvement in PMTs and Quality Improvement Teams also helps communicate the vision and policies of the organization. CMD has an internal video broadcast network to keep technicians up-to-date, and is currently equipping technicians with laptop computers for the same purpose. All these means of communication supplement the informal methods that help define a culture. Based on CMD's high customer satisfaction, the strength of its management system, and the shared vision of its employees, CMD's culture reflects a Common Bond.

### **ADAC's Teamwork Approach**

ADAC Laboratories designs, manufactures, markets, and supports products for nuclear-medicine imaging, radiation-therapy planning, and managing health care information. ADAC has installed about 5000 systems at more than 2500 hospitals, clinics, and other sites around the world. Most of ADAC's 700 employees are based at its corporate headquarters and production facility in California, or at offices in Houston. ADAC won the Baldrige Award in 1996.

At ADAC, most workers participate on highly empowered function and/or process teams, and all manufacturing employees are members of self-directed work teams. Throughout the course of a year, every ADAC employee is on at least one team.

Self-directed work teams are, typically, groups of 4 to 25 people, drawn from within a function or department, who work with a high degree of autonomy to produce a complete component or to perform a particular service. The concept of self-directed work teams was introduced in the mid-1920s and more thoroughly developed in the late 1950s. The Japanese have been leaders in institutionalizing the concept, having learned about it from IBM. In 1984, Toyota had 5800 self-directed work teams.



The members of self-directed work teams are typically cross-trained to perform most or all of the jobs in the team's area. They monitor quality, schedule work, control costs, plan, hire, interact with customers and vendors, and handle discipline. Most members need extensive training and encouragement to handle such a wide range of activities.

ADAC's function teams focus on a specific function, such as accounts payable; the process teams encompass many functions. Any manager at any level can form a process team. The only stipulation is that the team must address a strategic need or imperative. As with AT&T Consumer Markets Division, ADAC makes sure employees know which direction their actions should take. Methods of communication include:

- The company's planning meetings, which feature discussions of all areas of the business are open to all employees. Employees come to meetings that interest them. The meetings take place over four days, every quarter.
- Weekly customer quality meetings, also open to all employees, include a review of large amounts of data on how things are going at ADAC's sites.
- An operational data and performance meeting, where the focus is internal, is also open to employees and enjoys the same levels of participation.
- Quarterly all-employee meetings focus on the state of the company, including current financial information.

The effectiveness of ADAC's efforts to empower its employees is measurable: from 1990 to 1995 company revenues nearly tripled; defect rates fell by 40 percent; customer retention rates have risen from 70 percent in 1990 to 93 percent in 1995.

## **2.2 Types of firms / organizations concerned**

Whether we refer to a company in the hospitality industry, a government agency in the public sector or any other type of organization, when looking for opportunities to enhance operational performance, there usually is no need to look any further than the people who know the operations best, the employees of the organization. They truly represent the organization's most valuable asset. And, therefore, they also are among its most important customers. Any organization that ignores, or is non-responsive, to the needs of its most important customers, has, in effect, pulled the plug on its own life support system. In this sense, employee involvement and empowerment could be applied to all firms (manufacturing, retailers, services, etc) and public organizations as well.

## **2.3 Duration and Implementation cost**

The Employee Involvement and Empowerment technique is an ongoing process that never ends. Because Employee Involvement is a management tool, anyone can use it without major changes in any kind of an organization. It requires the same changes in attitude and in culture as all the other management tools and techniques used in Total Quality Management. The only prerequisite is that the organization must have educated people that can use the technique, and in most cases there is a need for some consultants work at the first steps. There is no need for additional equipment.

Finally, the only major cost associating with the implementation of the technique is the cost for the training of employees to use the new technique.



## 2.4 European Organizations supporting the implementation of the technique

The European Foundation for Quality Management (EFQM) was founded in 1988 by the Presidents of 14 major European companies, with the endorsement of the European Commission. The present membership is in excess of 600 organisations ranging from major multinationals and important national companies to research institutes in prominent European universities.

EFQM's mission is:

- to stimulate and assist organisations throughout Europe to participate in improvement activities leading ultimately to excellence in customer satisfaction, employee satisfaction, impact on society and business results; and
- to support the managers of European organisations in accelerating the process of making Total Quality Management a decisive factor for achieving global competitive advantage.

Increasingly, organisations in Europe accept that Total Quality Management is a way of managing activities to gain efficiency, effectiveness and competitive advantage thereby ensuring longer term success - meeting the needs of their customers, employees, financial and other stakeholders and the community at large.

The implementation of Total Quality Management programmes can achieve significant benefits such as increased efficiency, reduced costs and greater satisfaction, all leading to better business results.

The EFQM (Annex) has a key role to play in enhancing the effectiveness and efficiency of European organisations by reinforcing the importance of quality in all aspects of their activities and stimulating and assisting the development of quality improvement.

## 3 IMPLEMENTATION PROCEDURES

### 3.1 Steps / Phases

Successful employee involvement requires leaders/managers to: Initiate and maintain the process of involvement & provide access to resources that people need in order to contribute. It is only when involvement is practiced effectively that human commitment and creativity will fuel process improvement.

#### **Facilitating Employee Involvement**

Most managers want to have their employees involved in improving the business, or at least to be an active participant in helping the business meet its objectives. In many organizations, however, this is not true for all employees. In every organization it's possible to identify people who make things happen, and others who are along for the ride. It's possible to identify people who are well suited for the work they are doing, and who enjoy their work, and others who seem to enjoy their work less, and perhaps are not so well suited for it. Facilitating employee involvement requires recognizing the value of each individual, understanding human motivations, assigning people to positions in which they can be successful, and listening to employees.

One of the most important tasks faced by any management team is motivating its organization's members. Understanding what it takes to motivate people is an important element of empowerment. Understanding motivation is not simple. We all have different motivations. The situation is complicated due to lack of simple answers defining what motivates people.

Several models describe human motivation. The two that come closest to modeling human behaviors are Maslow's hierarchy of needs and McClelland's more contemporary model for describing motivation. What these theories mean is that we empower people for a purpose, and this purpose is to allow them to do their jobs in a more efficient, higher quality, and, hopefully, more enjoyable manner. To implement TQM through employee involvement and empowerment, one has to recognize the individual motivations and create an environment that allows individuals to satisfy these motivations.

### **Listening: A Basic Involvement Tool**

Listening is one of the most effective tools managers can use to promote employee involvement. This may sound trivial, but it is not. Listening to human being is a powerful involvement tool. It helps the speaker feel that the person listening wants to understand what the speaker has to say. It encourages people to open up, and to become involved. If no one listens, people won't become involved, because they will recognize that no one values their opinions.

Most techniques for effective listening are really no more than common sense and good manners. The first, and perhaps most obvious, is to listen. When someone is speaking, listeners should refrain from speaking. Imagine what would happen if a manager asked an employee for an opinion on something, and as soon as the employee started to speak, the manager jumped in and explained the "real" problem and what needed to be done to fix it. When this occurs, in one act management is simultaneously telling the employee that his or her opinion is valueless, management has all the answers, and no one really cares what the employee thinks.

The next step in good listening is to ask questions, but to do so in a non-threatening and open - ended manner. Suppose a work center is producing an unacceptably high number of non-conforming parts. One approach to soliciting employee input in such a situation is to ask the employees, "What kind of tools do you need to make your job easier?". This is a good approach, as it does not hammer the employees for producing non-conforming materials, it clearly conveys management commitment to support the work center with whatever it needs to continuously improve, and it induces the employees to start speaking up about needed improvements. Another approach, and one that should be avoided, is to ask, "What are you doing wrong? Why are you making so many non-conforming parts?". This sort of negative questioning is threatening, and few of us are eager to share what we are doing "wrong" with management.

It is also a good idea to ask questions from time to time when employees are explaining their ideas for improving an operation to assure that you understand what they are saying. Another topic has to do with taking notes. There are two schools of thought here. Note-taking can be an intimidating thing, it tends to make the dialogue more "official", and for that reason, it may inhibit the speaker. In the other hand, it further reinforces commitment to fully understanding what the employees have to say.

Last aspect on listening has to do with summarizing what you think you have heard. This will help make sure you have heard what the employee has to say and gives the employee an opportunity to correct any misperceptions on your part.

### **Suggestion Programs: Another Involvement Tool**

Many organizations use formal suggestion programs with varying degrees of success as a tool to facilitate listening to employee suggestions. The format for these programs usually involves suggestion boxes and forms throughout the facility, with periodic management review of suggestions and feedback to the people making the suggestions. Many companies have also incentivized the process, offering cash or other awards for approved cost reduction or quality improvement suggestions.

A suggestion program, however, is no substitute for listening directly to employees about their ideas for improvements. It's one thing to put up a few suggestion boxes and hope for input. It's quite another to actively and directly solicit input from employees.

### **Life after Listening: What Comes Next?**

The most important element of listening to employees, either through formal suggestion programs or simply meeting with employees to hear their suggestions, is following up on every suggestion and improvement recommendation. Not every suggestion will be implemented, but all should be answered. The simple act of listening to employees raises their expectations for improvement. Listening and then failing to provide feedback on the status of a suggestion or improvement idea is probably worse than not listening at all. If managers don't listen, employees will only suspect that management doesn't value their ideas. If managers listen and then fail to provide any feedback, the suspicion will be confirmed.

Sometimes managers are afraid to provide a negative response to an employee recommendation. It has been observed that most employees are not offended by a rejection of their suggestions if the idea is not feasible, the reasons for the rejection are explained, and the explanation is offered in a constructive and appreciative manner. Facilitating employee involvement requires all the topics discussed above, plus willingness for management to cede some of its authority to subordinates.

### **Employee Involvement in Continuous Process Improvements**

The first step in eliminating variations is to get information about problems: what they are and where they are. It has been mentioned that because of their familiarity with the transformation process, shop floor employees can almost always identify causes for assignable variation and determine how to eliminate those problems. The important question, though, is what employees do with the information they collect. If this information is utilized properly, it can contribute significantly to the firm's continuous improvement efforts. For example, Toyota, rather than hiring outside consultants to improve its production process, relies heavily on its employees to devise ways of doing jobs more efficiently. In 1990 employee groups reduced total production time by 30 seconds per car while sustaining a high level of quality.

### **Giving people the change to sparkle**

Oral-B Laboratories Ireland has developed into a world-class manufacturer by releasing the potential of its employees. Achieving world-class manufacturing (WCM) status is all very well, but what exactly does it mean? At its simplest, WCM is a collection of techniques which contribute significantly to the performance of an organization. At Oral-B, we define a WCM as a learning organization that achieves total quality through "employee energizing".

A self-learning culture has to find ways to use learning processes to promote lateral thinking and so mobilize employees' creative potential. The results of learning are seen in continuous improvements in process efficiencies. One of our more striking examples is the way in which a project team translated lateral thinking into a new product, Ultrafloss, which was launched worldwide. This "brushy" floss is produced by a machine originally designed for a totally different purpose. We may not have an R&D department, but we do have bright people prepared to work hard.

Our efforts to build a learning organization have been directed towards stimulating a key set of responses, illustrated by this cycle:

#### **Looking > Seeing > Caring > Doing**

Oral-B Ireland's success did not happen overnight. Since the first day of operation, quality awareness was instilled in our working systems, and we have since succeeded in taking quality for granted. Quality awareness is achieved when employees progress from simply looking at a product or process to actually seeing it, then caring enough to do something to improve it. Success means better product quality, better work ethics and greater employee commitment to improved customer service.

A WCM organization involves employees in their own work process, and devolves responsibility for its quality to them. In doing so, it assumes a distinct personality. Employees identify with this "corporate personality" and recognize themselves as being part of it. This greatly enhances the chances of achieving corporate goals. We have moved beyond employee involvement - our goal is employee energizing. The key elements are removing barriers, enacting action learning, energizing employees and focusing on response times. We recognize that the energy employees put into their job is related to strength of needs, the level of expectancy and the relationship between effort and the final result.

To ensure the successful implementation of WCM, essential foundation stones must be laid to support the learning infrastructure. Organizations must understand where they are and where they want to be. These need to enunciate values which inspire pride in one's work and release individual talents. They must be communicated in such a way that their meaning is relevant and inspiring for all employees, and there must be evidence of a movement towards the mission statement's objectives by the organization. We must therefore be able to gauge performance and measure it against the requirements of our customers and our objectives. The key to improving quality is to focus on the process involved, identify performance factors, provide tools for improving the process and measure progress against performance criteria.

## **3.2 A Few Obstacles and Recommended Solutions**

Obstacles to employee involvement and empowerment and relative recommendations on avoiding or overcoming them, concern:

*(1) Negativism in reviewing employee recommendations for improvement.* If the idea does not make sense, explain why in honest terms. If employees are adamant about the improvement recommendation's soundness, reconsider it with an open mind. We've seen more than a few improvement recommendations implemented after initially being disapproved. Management negativism can creep into a discussion in strange ways. Consider what happens when management is exposed to a very significant employee recommended improvement, and then comments, "I can't believe we didn't see this sooner". What happens to the employees who developed the improvement? They will probably feel inadequate for not having developed the idea sooner. What happens to the employees' managers and supervisors? They feel even more threatened. After all, they managed and supervised the now recognized to be inefficient area, before the continuous improvement recommendation came to light. Comments of this sort are very deleterious to a continuous improvement effort, and must be avoided.

*(2) Fear is another strong negative motivation,* and it should also be avoided. Management experts all over the world are in agreement on this subject. Deming even lists it as one of his major quality points. Any employee involvement and empowerment effort that is attempted over a foundation of fear will collapse.

*(3) Failure to respond to employee recommendations* is another sure-fire way to kill an employee involvement and empowerment effort. If management does not acknowledge employee recommendations, employees will rapidly conclude that management has no interest in their ideas. Management must acknowledge all improvement recommendations, including the ones that are not deemed feasible.

*(4) Punish anyone as a result of a continuous improvement recommendation.* While this seems so unlikely a course of action as to hardly be worth mentioning. Let's consider the earlier examples. Suppose a manager comments that a suggestion makes good sense, but expresses disappointment that the idea had not been recognized and implemented earlier. Comments of that nature are essentially reprimands, and should be avoided at all costs.

Continuous improvement will result in improved efficiencies, and improved efficiencies often mean the elimination of positions within an organization. Harley-Davidson, a premier motorcycle manufacturer, recognized this potential detractor early in their mid-1980s continuous improvement and profitability turnaround. Harley-Davidson solved the problem by working in concert with their labor union to effectively prevent the elimination of jobs mandated by efficiency improvements. Harley-Davidson's approach was to pull in work formerly subcontracted to other companies, thereby creating more jobs within Harley-Davidson, to keep those displaced by efficiency improvements on the payroll. The approach is working well. The bottom line is that organizations seeking to involve and empower their employees in an ongoing quest for continuous improvement must recognize that positions may be eliminated as a result of the improved efficiencies (and employees will know this). The organization has to have an approach for allaying these fears.

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## Annex 1: The EFQM Excellence Model

### The need for a model

Regardless of sector, size, structure or maturity, to be successful, organisations need to establish an appropriate management system. The EFQM Excellence Model is a practical tool to help organisations do this by measuring where they are on the path to Excellence; helping them understand the gaps; and then stimulating solutions. The EFQM is committed to researching and updating the Model with the inputs of tested good practices from thousands of organisations both within and outside of Europe. In this way we ensure the model remains dynamic and in line with current management thinking.

### The Fundamental Concepts of Excellence

The EFQM Model is a non-prescriptive framework that recognises there are many approaches to achieving sustainable excellence. Within this non-prescriptive approach there are some Fundamental Concepts which underpin the EFQM Model. These are expressed below. There is no significance intended in the order of the concepts. The list is not meant to be exhaustive and they will change as excellent organisations develop and improve.

*Results Orientation.* Excellence is dependent upon balancing and satisfying the needs of all relevant stakeholders (this includes the people employed, customers, suppliers and society in general as well as those with financial interests in the organisation).

*Customer Focus.* The customer is the final arbiter of product and service quality and customer loyalty, retention and market share gain are best optimised through a clear focus on the needs of current and potential customers.

*Leadership & Constancy of Purpose.* The behaviour of an organisation's leaders creates a clarity and unity of purpose within the organisation and an environment in which the organisation and its people can excel.

*Management by Processes & Facts.* Organisations perform more effectively when all inter-related activities are understood and systematically managed and decisions concerning current operations and planned. Improvements are made using reliable information that includes stakeholder perceptions.

*People Development & Involvement.* The full potential of an organisation's people is best released through shared values and a culture of trust and empowerment, which encourages the involvement of everyone.

*Continuous Learning, Innovation & Improvement.* Organisational performance is maximised when it is based on the management and sharing of knowledge within a culture of continuous learning, innovation and improvement.

*Partnership Development.* An organisation works more effectively when it has mutually beneficial relationships, built on trust, sharing of knowledge and integration, with its Partners.

*Public Responsibility.* The long-term interest of the organisation and its people are best served by adopting an ethical approach and exceeding the expectations and regulations of the community at large.



## Annex 2: Exhibits

### Exhibit 1: Employee Involvement & Empowerment

<b>Put senior management in the shoes of those to be empowered</b>	Let managers gain an empathy with employees. This exercise helps managers understand what employees need to do their job well
<b>Give employees authority</b>	Employees must actually have the authority to make decisions without managers second guessing or reviewing what they did. If they make mistakes, it is an opportunity to learn and improve.
<b>Make employees feel comfortable with decision making</b>	Managers must support the decisions of their employees and provide them with feedback to help them improve their decision-making abilities.
<b>Provide employees with the resources to solve problems</b>	Having the authority to make decisions will not do much good if employees do not have information and other resources to move ahead in an intelligent manner.
<b>Help middle managers facilitate, not punish</b>	Because empowerment threatens middle managers who must relinquish authority, they must see that their jobs now involve managing employees' skill levels, not their decisions. Middle managers now serve as coaches, not bosses.

### Exhibit 2: The difference in attitudes towards Employee Involvement and Empowerment between the traditional hierarchical management approach and the TQM approach

	<b>Traditional Management Approach</b>	<b>TQM Approach</b>
<b>Overall perception of employees</b>	Some employees might be careless or sloppy. Some might be dishonest. The company must protect itself and cannot rely on its people	All employees are to be trusted and respected. Loyalty drives everyone to safeguard company materials. Ethics and integrity unquestioned
<b>Financial assets</b>	Authorization for funds depends on level in management hierarchy. Multiple signatures required	A person's job needs, not position, define authorization for handling funds
<b>Physical assets</b>	Passkeys provided only to managers and to designated employees	Any employee can access any place. Safety practices will be followed, if appropriate
<b>Business information</b>	Sensitive information is available only to managers and designated employees	Any employee can access any information
<b>Level of authority</b>	Employees and managers can only make decisions or solve problems with the approval of their manager	Employees have authority to solve problems and make improvements regarding their work in concert with company mission and processes