MANAGING ORGANIZATIONAL RENEWAL

HR’S ROLE IN ORGANIZATIONAL CHANGE

To some, the idea that HR should be a "strategic partner" may seem a little theoretical, but not to the leaders of companies like GM. Today, around the world, firms including GM, MCI, Worldcom, Sony, and AT&T are undergoing organizational change and renewal to become more competitive. And, as at GM, probably no function is more involved in these changes than is HR. In this chapter we'll turn to the process and techniques of organizational change and renewal and to HR's vital role in that process. We'll start with the overall process of organizational change, and then cover four more specific renewal efforts; total quality programs; team-based organizations; reengineering; and flexible work schedules.

MANAGING ORGANIZATIONAL CHANGE AND DEVELOPMENT

What to Change? HR’s Role

You've just taken over as CEO of a troubled company; what aspects of that company can you change? There are several, including its strategy, culture, structure, tasks, technologies, and the attitudes and skills of its people. All such changes will require the supper and expert advice of the HR department.

STRATEGIC CHANGE

Organizational change often starts with strategic change, in the change in the firm's strategy, mission, and vision. Strategic change may then require other changes, for instance, in the firm's production technology, structure, and culture.

The strategic change initiated at Fuji-Xerox by President Yotaro Kobayashi provide an example. In response to declining market share, a dearth of new products, and increasing customer complaints, Kobayashi and his team formulated a new vision for the firm. It was called the New Xerox Movement and was aimed at transforming Fuji-Xerox, into a more cost-conscious, competitive, quality-control-based company.

CULTURAL CHANGE

As at Fuji, implementing a strategic change often require changing the culture, the firm's shared values and aims. Fuji-Xerox took several steps to implement such cultural change. For example, it created a new set of "heroes," individuals and teams who were publicly congratulated whenever their behavior reflected Fuji's new values of quality, teamwork, and customer focus.

HR plays an important role in changing culture. For example, one expert advocate five "primary embedding mechanisms" to change a company's culture, each of which requires HR's support and advice:

1. Make it clear to your employees what you pay attention to, measure, and control. For example, direct the attention of your employees toward controlling costs or serving customers if those are the values you want to emphasize.
2. React appropriately to critical incidents and organizational crises. For example, if you want to emphasize the value that "we're all in this together," don't react to declining profits by laying off operating employees and middle managers, leaving your top managers intact.
3. Deliberately role model, teach, and coach the values you want to emphasize. For example, Wal-Mart founder Sam Walton embodied the values of "hard work, honesty, neighborliness, and thrift" that he wanted Wal-Mart employees to follow. Although he was one of the richest men in the world, he drove a pickup truck, a preference he explained by asking, "If I drove a Rolls Royce, what would I do with my dog?"
4. Communicate your priorities by the way you allocate rewards and status. Leaden communicate their priorities and values by the way they award pay raises aft
promotions. For example, when the top management at General Foods decided several years ago to reorient its strategy from cost to diversification and sales growth, the HR department revised the compensation system so as to link bonuses to sales volume (rather than just increased earnings as in the past).

5. **Make your HR procedures and criteria consistent with the values you espouse.** When he became Chairperson and CEO of IBM, Louis Gerstner brought in a new top management team—including a new HR head—whose values were consistent with shaking up IBM's traditionally bureaucratic and politicized culture. They then revised IBM's HR policies and procedures; for example, new incentive plans, promotion and appraisal criteria, and dismissal policies were instituted to support IBM's new performance-oriented strategies.

**STRUCTURAL CHANGE** Reorganizing—redesigning the organization's departmentalization, coordination, span of control, reporting relationships, or centralization of decision making is a relatively direct and quick method for changing an organization. At GE, for instance, Jack Welch collapsed the firm's management structure from nine layers to as few as four, reduced 29 pay levels to 5 broad bands, and reorganized 350 different product lines and business units into 13 big businesses. HR plays a role in such structural change. As at GE, downsizings require performance reviews to decide who stays and who goes and an outplacement effort; reorganizing requires personnel planning, selection, and job analysis; and flattening the organization may require consolidating pay levels into fewer, broader bands.

**TASK REDESIGN** The tasks and authority assigned to individuals and teams within the organization are often changed as well. For example, traditional assembly-line jobs were abolished at Saturn. Instead, the work is now organized around work teams.

**TECHNOLOGICAL CHANGE** Technological changes are modifications to the work methods the organization uses to accomplish its tasks. They may include new production technologies, new selection and screening procedures, and new performance appraisal techniques, for instance. The compensation plans and appraisal systems instituted by Fuji-Xerox illustrate HR-based technological changes, in this case implemented to support cultural and strategic changes.

**CHANGES IN PEOPLE, ATTITUDES AND SKILLS** Sometimes the employees themselves must change. As explained in Chapter 7 (Training and Development) techniques such as lectures, conferences, and on-the-job training are often used to provide new or present employees with the skills they need to perform their jobs adequately. HR-based organizational development interventions (discussed later in this chapter) are aimed at changing employees' attitudes, values, and behavior.

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**Leading Change : Lewin’s Process**

Actually implementing and leading an organizational change can be a tricky matter, even for a CEO with lots of clout. The change may be complex and require dozens or even hundreds of managers and supervisors to do their parts; resistance may be considerable; and the change may have to be accomplished while the company continues to serve its customer base.

Psychologist Kurt Lewin formulated the classic explanation of how to implement a change. To Lewin, all behavior in organizations was a product of two kinds of forces—those striving to maintain the status quo and those pushing for change. Implementing change thus meant either reducing the forces for the status quo or building up the forces for change. Lewin’s process consisted of these three steps:

1. **Unfreezing.** Unfreezing means reducing the forces that are striving to maintain the status quo, usually by presenting a provocative problem or event to get people to recognize the need for change and to search for new solutions.
2. **Moving.** Lewin's second step aims to shift or alter the behavior of the individuals in the departments or organization in which the changes are to take place. Moving means developing new behaviors, values, and attitudes, sometimes through organizational structure changes and sometimes through the sorts of HR-based organizational change and development techniques explained later in this chapter.

3. **Refreezing.** Lewin assumed that organizations tended to revert to their former ways of doing things unless the changes were reinforced. This reinforcement is accomplished by refreezing the organization into its new state of equilibrium, Lewin advocated instituting new systems and procedures (such as compensation plans and appraisal processes) to support and maintain the changes that were made.

### A 10-Step Process for Leading Organizational Change

Based on several recent large-scale organizational renewal projects, a more detailed listing of the steps involved in such a process may be summarized as follows:

1. **Establish a Sense of Urgency** Once they become aware of the need to change, most leaders start by creating a sense of urgency. When he took over electronics giant Philips, CEO Jan Timmer knew that to rouse his top managers out of their status quo thinking, he had to create a sense of urgency; he did this by presenting his top managers with a (fictitious) press announcement describing Phillip's bankruptcy.

2. **Mobilize Commitment to Change through Joint Diagnosis of Business Problems** Having established a sense of urgency, many leaders then create one or more task forces to diagnose the business problems. Such teams can produce a shared understanding of what can and must be improved and thereby mobilize the commitment of those who must actually implement the change.

3. **Create a Guiding Coalition** Major transformations—such as Bill Gates accomplished in the mid-1990's by transforming Microsoft into an Internet-oriented company—are sometimes associated with just one highly visible leader, but no leader can really implement any such change alone. Many therefore create a guiding coalition of influential people, who act as missionaries and implementers. Such a coalition should in elude people who individually have the influence to lead such a change. And, it's essential the group works together as a team.

4. **Develop a Shared Vision** To transform an organization, a new vision is usually required, "a general statement of the organization's intended direction that evokes emotional feelings in organization members." For example, when Barry Gibbons became CEO of a drifting Spec's Music, its employees, owners, and bankers—all its stakeholders—required a vision of a renewed Spec's around which they could rally. Gibbons's vision of a leaner Spec's offering a diversified blend of concerts and retail music helped to provided sense of direction they all required.

5. **Communicate the Vision** Change expert John Kotter says that "the real power of a vision is unleashed only when most of those involved in an enterprise or activity has a common understanding of its goals and directions." In fact, fostering support for tin new vision is virtually impossible unless the vision has been effectively communicated, The key elements in effectively communicating a vision include:

   - **Keep it simple.** Eliminate all jargon and wasted words. Here is an example of a good statement of vision: "We are going to become faster than anyone else in our industry at satisfying customer needs."
   - **Use multiple forums.** Try to use every channel possible—big meetings and small, memos and newspapers, formal and informal interaction—to spread the word.
   - **Use repetition.** Ideas sink in deeply only after they have been heard many times.
   - **Lead by example.** "Walk your talk" so that your behaviors and decisions are consistent
with the vision you espouse.

6. Enable Employees to Facilitate the Change By now employees understand the vision and want to make it a reality, but may feel inadequate. Perhaps a lack of skills stands in the way, or policies, procedures and the organization chart make it difficult to act; or some bosses may actual discourage those actions aimed at implementing the company's new vision. It's the company's job to see to it that such barriers are removed.

Doing so requires considerable HR assistance. When he took over as CEO of Sony and its loss-making movie studios, Nobuyuki Idei proceeded, "in a most un-Japanese way," to sweep the old studio executives out of office and to install a newly recruited team led by industry veterans, with a mandate to fix Sony's movie business. At Allied Signal, CEO Lawrence Bossidy put every one of Ms 80,000 people through quality training. He also created geographic "councils" (for instance, for Asia) so that employees from Allied divisions who were undertaking initiatives in those areas could get together, share market intelligence, and compare notes.

7. Generate Short-Term Wins Transforming a company can take time, but employees need reinforcement periodically. That's why building in "short term wins" is important. For example, the guiding coalition in one company intentionally set its sights on producing one highly visible and successful new product about 20 months after the start of the organizational change effort. The new product was selected in part because they knew its introduction was doable.

8. Consolidate Gains and Produce More Change The company can then use the credibility from such short-term wins to change all the systems, structures, and policies that don't fit well with the company's new vision. And, managers can continue to produce more change by hiring and promoting new people; by identifying certain employees to champion the continuing change; and by providing additional opportunities for short-term wins by employees.

9. Anchor the New Ways of Doing Things in the Company's Culture Most organizational changes require a corresponding change in employees' shared values. For example, a "team-based, quality-oriented, adaptable organization" is not going to happen if the values employees share still emphasize selfishness, mediocrity, and bureaucratic behavior.

We've already noted how to lead a change in organizational culture. In brief, it means crystallizing values that are consistent with your vision for the company and then modeling teaching, and communicating the values you want your employees to share.

10. Monitor Progress and Adjust the Vision as Required Progress then must be monitored. Thus one firm appointed an oversight team to monitor its new team-based organization and self-managing teams.

AN EXAMPLE The following shows how one firm implemented this process, within its HR group. Responding to a change in the parent firms strategy, the HR redesign process at Philadelphia-based PECO Energy began with a visioning event. The purpose of this 3-day meeting was to develop the vision for HR and to determine the principles that guide the redesign activities over the next 5 months. It was critical at the outset to make sure all key stakeholders in the effort agreed on the direction HR needed to take. After agreeing on the vision, participants nominated five "critical" processes (such as employ selection) to be recreated to support the group's new vision.

Next, the core team held "town hall" meetings with all employees, communicating the new vision, mission, and principles and receiving feedback that could be incorporated into it's second session. The second event, a process design/redesign event, was then conducted one month later. During this 2 day session the five critical HR processes identified at the first session were reinvented or created. Among the processes redesigned were: selection and placement, policy development and deployment, workforce planning and job pricing. During this second session participants also determined that employees needed to take more responsibility for their career planning. At this stage consulting HR experts from other companies offered ideas, and PECO's own computer experts provided technological recommendations, for implementing, for instance, the new selection process.

Having redesigned how those live basic processes would be redesigned, management had to then rethink the distribution of HR's jobs. During a third session, the organization design event, PECO employees focused on determining where the HR work would be done in the future. During these 2
days, much of HR's routine work was transferred to line employees and managers. The final implementation event, was designed to review the implementation plan, validate the steps required to make the transition, and ensure the continued sponsorship and alignment of employees and managers companywide. This session introduced the new leadership team of human resources for PECO and laid the plans to sustain the effort over the next 4 to 6 months.  

Using Organizational Development to Change Organizations

WHAT IS ORGANIZATIONAL DEVELOPMENT? Organizational development (OD) is a special approach to organizational change in which the employees themselves formulate the change that's required and implement it, often with the assistance of a trained consultant. Particularly in large companies the OD process (including hiring of facilitators) is almost always handled through HR, whose staff has the special knowledge and networks required to implement this approach. As an approach to changing organizations, OD has several distinguishing characteristics:

1. It is usually based on action research, which means collecting data about a group department, or organization and then feeding the data back to the employees so they can analyze it and develop hypotheses about what the problems in the unit might be.
2. It applies behavioral science knowledge for the purpose of improving the organization's effectiveness.
3. It changes the attitudes, values, and beliefs of employees so that the employee themselves can identify and implement the technical, procedural, structural, or other changes needed to improve the company's functioning.
4. It changes the organization in a particular direction—toward improved problem solving, responsiveness, quality of work, and effectiveness.

TYPES OF OD APPLICATIONS The number and variety of OD applications (also called OD interventions or techniques) have increased substantially over the past few years. OD got its start with what were called human process interventions. These were generally aimed at enabling employees to develop a better understanding of their own and others' behaviors to improve that behavior for the benefit of organization.

Today, a much wider range of applications is available. Indeed, the once-clear lines between OD and other types or organizational change efforts (such as reorganizing) are starting to blur. This is happening because OD practitioners have become increasingly involved not just in changing participants' behaviors but also in directly altering the firm's structure, practices, strategy, and culture.

There are four types of OD applications: human process, tech no structural, human resource management, and strategic applications. All are based on getting the employees themselves to collect the required data and to create and implement the solutions.

Sensitivity Training Sensitivity laboratory, or t-group training (the t is for training) was one of the earliest OD techniques; although its use has diminished, it is still found today. Sensitivity training's basic aim is to increase the participant's insight into his or her own behavior and the behavior of others by encouraging an open expression of feelings in the trainer-guided t-group. Typically, 10 to 15 people meet, usually away from the job, and no activities or discussion topics are planned. The focus is on the here and now (specifically, the feelings and emotions of the members in the group). Participants are encouraged to portray themselves as they are in the group rather than in terms of past experiences or future problems. The t-group's success depends largely on the feedback process and in particular on participants' willingness to tell one another how their behavior is being perceived. A climate of "psychological safety" is therefore necessary if participants are to feel safe enough to reveal themselves, to expose their feelings, to drop their defenses, and to try out new ways of interacting.

T-group training is obviously quite personal in nature, so it's not surprising that it's a controversial technique the use of which has diminished markedly since its heyday 20 years ago. The personal nature of such training suggests that participation should be voluntary, some therefore view
t-group training as unethical because participation "suggested" by one's superior cannot be considered strictly voluntary. Others argue that it can actually be a dangerous exercise if led by an inadequately prepared trainer.

**Team Building**

The characteristic OD stress on action research is perhaps most evident in team building, which refers to the following process of improving team effectiveness: Data concerning the team's performance are collected and then fed back to the members of the group. The participants examine, explain, and analyze the data and develop specific action plans or solutions for solving the team's problems. This is another example of a human process OD application.

According to experts French and Bell, the typical team-building meeting begins with the consultant interviewing each of the group members and the leader prior to the meeting. They are all asked what their problems are, how they think the group functions, and what obstacles are keeping the group from performing better. The consultant might then categorize the interview data into themes and present the themes to the group at the beginning of the meeting. (Themes like lack of time or lack of cohesion might be culled from such statements as "I don't have enough time to get my job done" or "I can't get any cooperation around here."). The themes are ranked by the group in terms of their importance, and the most important ones become the agenda for the meeting. The group then explores and discusses the issues, examines the underlying causes of the problems, and begins working on some solutions.

Other human process interventions aim to bring about intergroup or organization wide changes. Organizational confrontation meetings can help clarify and bring into tie open intergroup misconceptions and problems so that they can be resolved. The basic approach here is that the participants themselves provide the input (such as "here's how you make me feel") for the meeting; they then confront and thrash out misperceptions in an effort to reduce tensions.

Survey research, another human process OD technique, requires that employees throughout the organization fill out attitude surveys. The data are then used as feedback to the work groups as a basis for problem analysis and action planning. In general, such surveys are a convenient method for unfreezing an organization's management and employees by providing a comparative, graphic illustration of the fact that the organization does have problems that should be solved. Employee attitude surveys' continuing popularity reflects the fact that:

> There is validity in employee reports of their experiences and these reports can be very useful as diagnoses of the degree to which a new strategy is being implemented and the degree to which policies and practices are related to the achievement of strategic goals like customer satisfaction and customer attention.

**Technostructural Interventions**

OD practitioners are also increasingly involved in changing the structures, methods, and job designs of firms. Compared with human process interventions, these technostructural interventions (as well as the human resource management interventions and strategic interventions described in the following sections) generally focus more directly on productivity improvement and efficiency.

OD practitioners use a variety of technostructural interventions. For example, in a formal structure change program the employees collect data on the company's existing organizational structures; they then jointly redesign and implement a new one, usually answering to HR.

**Human Resource Management Applications**

OD practitioners increasingly use action research to enable employees to analyze and change their firm's personnel practices. Targets of change here might include the firm's performance appraisal system and reward system, as well as installing diversity programs.

**Strategic Applications**

Among the newest OD applications are strategic interventions, organization wide programs aimed at achieving a fit between a firm's strategy, structure, culture, and external environment.
Integrated strategic management is one example of how OD can be used to create or change a strategy. This intervention consists of four steps:

1. **Analyze current strategy and organizational design.** Managers and other employees analyze the firm's current strategy, as well as its organizational design.

2. **Choose a desired strategy and organizational design.** Based on the OD consultant-assisted analysis, senior management formulates a strategic vision, objectives, and plan and an organizational structure for implementing them.

3. **Design a strategic change plan.** The group designs a strategic change plan, which "is an action plan for moving the organization from its current strategy and organizational design to the desired future strategy and design." The plan explains how the strategic change will be implemented, including specific activities as well as the costs and budgets associated with them.

4. **Implement the strategic change plan.** The final step is actually implementing the strategic change plan and measuring and reviewing the results of the change activities to ensure that they are proceeding as planned.

**INSTITUTING TOTAL QUALITY MANAGEMENT PROGRAMS**

**What Is Quality?**

Quality can be defined as the totality of features and characteristics of a product or service that bears on its ability to satisfy given needs. To put this another way, “quality measures how well a product or service meets customer needs.” The basic consideration is thus always the extent to which the product or service meets the customer's expectations.

Quality standards today are international. Doing business in Europe often means the firm must show it complies with ISO 9000, the quality standards of the European Community (EC). If required to do so by a customer, the vendor would have to prove that its quality manuals, procedures, and job instructions all comply with the ISO 9000 standards.

As this suggests, improving quality is a necessity to companies all over the world. Globalization of competition has done more than just force firms to become more efficient; it has raised the quality bar too, by forcing competitors in industries ranging from cars to computers to phone service to meet and exceed the quality of the firms with which they compete. HR plays a central role in improving product and service quality, as well see in this section.

**Total Quality Management Programs**

**Total quality management (TQM) programs** are organization wide programs aimed at maximizing customer satisfaction through continuous improvements. In the United States, this approach often goes by the name continuous improvement, zero defects, or six sigma (a reference to the statistical unlikelihood of having a defect); in Japan it’s known as Kaizen.

To recognize quality efforts the U.S. Department of Commerce created the Malcolm Baldrige Award. The award is named after a former Secretary of Commerce, who did while in office. Most U.S. manufacturing firms, service firms, and small businesses are eligible to apply for the Baldrige. Winners have included Motorola, Inc., Federal Express, Cadillac Motor Car Company, and Xerox Business Products and Systems.

**IMPLEMENTING TQM AT FLORIDA POWER & LIGHT** Miami-based Florida Power & Light Company (FPL), Florida’s largest utility, was the first company outside Japan to win the Deming Prize, which is similar to America’s Baldrige Award. Awarded annually (and since 1986 outside Japan), the prize recognizes outstanding achievement in quality control management. The steps FPL took to win the award help to illustrate the activity involved in implementing comprehensive companywide total quality management programs and the role of HR management in doing so.

FPL’s quality improvement program contained three main components or phases: policy deployment, quality improvement teams, and quality in daily work.
**Policy Deployment**  
Policy deployment is the process through which the company focuses its resources on achieving customer satisfaction. Policy deployment provides direction. At FPL, the policy deployment process began by determining what FPL customers wanted and then compiling these needs in a customer needs table. Specifically, annual surveys were made of customer needs, and these were then summarized and prioritized into five or six main customer needs categories. These drive the corporate agenda—the plans regarding specifically where the company's employees should focus their quality-improvement efforts. At FPL, the needs emerging from the customer needs assessment included:

- Improve public confidence in safety programs.
- Reduce the number of complaints to the Florida Public Service Commission.
- Improve the reliability of electric service.
- Continue to emphasize safe, reliable, and efficient operation of nuclear plants.
- Strengthen fossil fuel plant reliability and availability.

Such needs are then translated into more measurable goals, such as "increase fossil plant availability to about 95% of total time." Measurable objectives like these, which FPL refers to as policies, are then distributed to all FPL employees via the *Annual Guide to Corporate Excellence*. This publication folds out into a wall chart, and, as the company puts it, "Hung in offices throughout FPL, it reminds one and all to check whether their QI teams and daily work are contributing to the corporate vision." It is through policy deployment that the measurable quality objectives (or policies) of FPL are deployed throughout the company and its facilities, thus giving this process its name.

**Quality Improvement Teams**  
At FPL and many other firms, most total quality efforts rely on quality improvement teams—groups of specially trained employees who meet at work for an hour or so once each week to spot and solve quality programs at work. FPL used several types of teams; functional teams, cross-functional teams, task teams, and lead teams (about 1,700 teams altogether). Functional teams are composed of volunteers who typically work together as natural work units on a daily basis. They generally choose their own problems and meet 1 hour each week. The basic aim here is to involve first-line employees in improving their daily work activities to enhance the quality of their work life and to develop their skills. Cross-functional teams are ongoing teams that are formed to address problems that cut across organizational boundaries. Task team members are appointed from one or more departments to work on specific high-priority assigned problems. When the problem is solved, the task team is disbanded. Finally, lead teams are headed by a vice president or other manager and serve as steering committees for all the teams that operate in their areas. It is the lead team, for instance, that decides how employees are assigned to serve on various teams and establishes guidelines regarding frequency and duration of team meetings.

The basic policies (such as "improve reliability of service") produced by the policy deployment process provide the framework within which the quality improvement teams work. The teams then generally select their own problem topics (called themes) to study, but certain topics are off limits. (These include the company's union agreement, absenteeism, pay, salaries, promotions, the apprenticeship program, and general safety rules produced by a joint safety committee).

Team members must be trained, and this is one area in which HR has a major impact. For example, Team Member Training is a 2-day program focusing on special techniques such as statistical quality control and group decision-making techniques such as brainstorming.

About a thousand quality improvement recommendations are presented per year. For example, one team discovered that it was bird droppings, not inclement weather, that causes some of FPL's high-voltage lines to short out so often.

**Quality in Daily Work**  
In addition to policy deployment and quality improvement teams, FPL encourages *quality in daily work* (QIDW). Individual employees are urged to identify their customers and their needs, keeping in mind that "customers" may be external or internal (that is, inside the company). The basic thrust of QIDW is to encourage individual employees to apply a quality improvement approach to their individual jobs.
Human Resource Management and the Quality Improvement Effort

LESSONS FROM FPL How can HR contribute to a company's quality improvement efforts? Some HR guidelines based on FPL's experience would include:

- Make sure all teams work within a policy-deployment process to ensure their efforts are consistent with the firm's goals.
- Do not institute quality improvement teams as separate, parallel organization structures. Simply trying to superimpose such teams outside the normal chain of command elicited resistance from supervisors, many of whom made comments like "I don't know what these people are doing-they're not helping me do my job." The teams should, to the greatest extent possible, be composed of natural work units.
- Do not treat the quality improvement program as if it has an end. It is important to emphasize that it is really a systematic and continuing way of doing business, one that has no end.
- Recognize that training is essential. Quality improvement is successful largely because training continually upgrades the problem analysis and statistics skills of even first-line employees. This training is crucial both to provide the required analytical skills and also to emphasize the firm's commitment to the program.
- Give employees the skills they need to analyze and solve problems; then get them to analyze and solve the problem; and finally follow up on their suggestions.
- Remember that whether or not the company achieves it's quality goals is important but almost secondary. The new employee values that emerge are the heart of the program.
- Don't focus exclusively on "boosting productivity" or assume that emphasizing quality means that productivity will necessarily fall. In fact, FPL and other companies have often found that as quality rises, so does productivity.
- Recognize effort and encourage employees. A main benefit of such a program is the sense of satisfaction it can foster in employees. This results from encouraging employees to identify and devise countermeasures against problems and from giving them the tools and leeway required to get this job done. In fact, when FPL asked their employees what they wanted most, they didn't say "more money." They said they wanted their suggestions implemented and supervisors to recognize their efforts.
- Reward individuals and team efforts in a concrete manner, not necessarily just with money but with rewards like merchandise or pins.
- Remember that the first steps need to be taken by top management: "From the board of directors to every supervisor, management must adopt the principles and language of quality, follow the processes, set examples and guide others. A substantial commitment is necessary for employee education, and for awareness and recognition programs. These programs require reallocation of budgets and personnel, and will take time to produce results but will be worth it."

HR'S ROLE IN WINNING THE BALDRIGE AWARD HR similarly plays a big role in meeting the Malcolm Baldrige Quality Award. As in Figure 8-1, Baldrige applicants are evaluated by a board consisting of quality experts. The experts examine seven basic areas: senior executive leadership (top management's symbolic commitment to quality); information and analysis (an adequate system for collecting statistical data on matters such as product or service quality); strategic quality planning (the adequacy of the firm's planning process and how key quality requirements are integrated into the firm's overall business planning process); management of quality (for example, rather than viewing design, production, and sales as separate entities, top firms usually recognize the integrated nature of their work so that the departments work together); quality and operational results (to show the firm is achieving continuous improvement in critical operational areas, such as in service quality levels); and customer focus and satisfaction (wherein the examiners look for objective, validated data regarding the applicant's success in satisfying the customer).

As part of this process, the applicant's human resource, development and management is also evaluated. Specifically, judges evaluate the firm's achievements with respect to developing its employees potential to pursue the firm's quality objectives. In practical terms, examiners focus in this category on the extent to which HR management and related techniques (such as enrichment, empowerment, training, and career development are used to tap each employee's potential. For
example, judges expect that employees should be trained to use problem-solving tools and group decision-making skills.

**HR AND ISO 9000** HR practices are also an integral part of companies' efforts to achieve ISO 9000 certification. ISO 9000 refers to the International Organization for Standardization's basic written standards for quality management and assurance.

Certification usually requires a five-step process: ISO assessment (reviewing the company's quality systems and procedures); quality assurance and policy manual preparation (compiling the specific quality-oriented techniques and policies to be followed); training of employees in ISO 9000; documentation of work instructions (documenting each new work procedure, for instance); and registration audit (having the quality system reviewed by a special "registrar" who audits the company's quality efforts).

Employee training and related HR activities such as selection thus play an important role in gaining ISO 9000 certification. For example, in one instance:

> Perhaps the most serious problem was that even though a number of people were doing excellent work, they were simply unaware of the physical procedures they were following. Informal on-the-job training that was prevalent in the division was the culprit.

Training for ISO 9000 would typically cover, for instance, the quality vocabulary associated with ISO 9000, and the requirements embedded in each ISO 9000 standard section.

**CREATING TEAM-BASED ORGANIZATIONS**

Companies today are also increasingly transforming themselves into team-based organizations; HR plays a big role in creating such team-based organizations and in ensuring they function effectively.

**The Nature of Self-Directed Teams and Worker Empowerment**

Many years ago psychologist Rensis Likert formulated the classic explanation of cohesive work teams. As he put it,

> The most important source of satisfaction for this desire is the response we get from the people we are close to, in whom we are interested, and whose approval and support we are eager to have. The face-to-face groups with whom we spend the bulk of our time are, consequently, the most important to us. [Therefore,] management will make full use of the potential capacities of inhuman resources only when each person in an organization is a member of one or more effectively functioning work groups that have a high degree of group loyalty.

For many firms today the ideal situation, as Likert predicted, is to organize work around small close-knit teams whose goals are high and whose aims are the same as the firm's. Firms like Saturn, Toyota, Corning, and others are increasingly organizing the work around small self-contained teams, which are variously labeled self-managed teams, high-performance teams, or autonomous work groups or, simply, superteams.

Whatever they're called, self-directed teams have much in common. Each lean generally performs sets of naturally interdependent tasks (such as all the steps required to assemble a Saturn door). They all use consensus decision making to choose their own team members, solve job-related problems, design their own jobs, and schedule their own break time. And their jobs are always enriched, in that they perform many of the tasks formerly done by supervisors, such as dealing with vendors and monitoring quality. Self-directed teams are also highly trained-to solve problems, to design jobs, to interview candidates, and to understand financial reports. They are, therefore, generally empowered: They have the training and ability as well as the broad authority to get their
jobs done. The following High-Performing Organization feature illustrates this.

THE HIGH-PERFORMANCE ORGANIZATION

Building Better, Faster, More Competitive Organizations Through HR: Product Improvement Teams

Kaiser Electronics-San Jose, CA

Product Improvement Teams at Kaiser Electronics identify and correct problems affecting performance, cost, schedule, and customer satisfaction. They improve engineering and manufacturing processes to reduce cycle times and defects per unit. Teams are formed for specific product lines and establish and maintain individual missions, visions, goals, and working styles. Prior to 1992, production cross-functional teams did not exist, and all defect control and product improvement activities were directed by production and engineering managers using weekly project meetings. The system was reactive rather than proactive, and its ineffectiveness led directly to the development of the product improvement team process.

When a team is now established, a 7-day team-building event is conducted to launch the team and develop its mission and vision. Each team has a sponsor and a trained team leader. The teams have learned that they need to meet frequently, normally five times per week. These working meetings are designed and planned with a specific purpose and expected outcome, and are conducted quickly and efficiently. The teams develop and apply their own improvement strategies. For example, one team that works on F-18 jet displays uses a two-pronged strategy by acting on all production failures as well as on all failures reported by its customer, McDonnell Douglas. All failures and corrective actions are tracked in a database and reported monthly to McDonnell Douglas and the Navy.

Training plays a big role. Pareto charts—special graphs that show defects and their frequencies—are used to identify the most frequent sources of problems, while Kaiser Electronics’ Root Cause Problem Solving (RCPS) Roadmap Process is a basic tool in determining root causes and implementing corrective action. Special "metrics and progress charts" are prominently displayed on story boards in the plant. Overall, this process is useful for focusing on and achieving continuous incremental improvements. The focus is moving failure detection upstream, earlier in the process, for less costly, earlier defect detection. That way defects are addressed immediately as they occur.

Kaiser Electronics’ Product Improvement teams have been effective. From November 1991 to June 1994, one F-18 display team reduced failures per unit under test by 85% and failures per unit shipped by 78%. It was awarded the highest level supplier rating (Gold) in both Quality and Delivery by its customer McDonnell Douglas.

Lessons learned by product improvement teams have led to improved company design guides and handbooks and to improved calibration maintenance schedules and procedures. Product improvement teams also contributed to the development of such tools as the process improvement story board, team libraries, and special reports used by all teams at Kaiser Electronics.

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Due to successes such as this, the use of work teams is now widespread throughout the U.S. For example, one study concluded that 82% of all U.S. firms have organized at least some of their employees in work groups identified as teams. Thirty-five percent of all U.S. organizations also have at least one team classified as self-directed or semiautonomous (which generally means that the team supervises itself). Teams like these are examples of employee involvement programs. An employee involvement program is any formal program that lets employees participate in formulating important work decisions or in supervising all or part of their own work activities.

Managers rank such programs as their biggest productivity boosters. For example, the editors of National Productivity Review found that “increased employee involvement in the generation and implementation of ideas was ranked the highest priority productivity improvement action by the respondents.” Employee involvement “was similarly ranked number one as the top cause of improvement over the past two years at these firms.” (The other eight causes of improvement, in
descending order, were quality programs,

GLOBAL HRM

■ Extending Participative Decision Making Abroad

While self-directed teams may be effective in the U.S., the approach doesn't necessarily apply as well abroad. There are deep and often irreconcilable cross-cultural differences in values and attitudes from country to country, so that techniques that work in one country may actually backfire in another.

The findings of one recent study illustrate this problem very well. The study examined how one U.S. multinational manufacturing company tried to implement participative decision making in its European subsidiaries, and how managers and employees in three European countries reacted to the company's efforts.

The company was hoping to implement participative decision-making programs in Europe that were similar to ones that had been successful in the United States; however it got unexpected reactions from the European employees. For example, most Dutch managers felt that the U.S. efforts to improve participation by instituting work teams could actually hurt performance and motivation, because the program failed to take individual differences into account. Several Dutch managers "stated that the type of programmatic, formalized efforts favored by the American parent would not allow managers to encourage participation in ways and at a pace that was consistent with their own styles or the needs of their subordinates." In other words, it forced the Dutch managers to be too participative, too soon.

British managers had similar reservations about implementing the "American approach" to team-based participative management. In their case, they were concerned that the program ignored individual differences in managerial styles and employee abilities. The British managers seemed threatened by the decision-making authority the new work teams would receive.

Interestingly, most of the Spanish managers endorsed the idea of self-directed work teams and said it could work in the Spanish plant. But the Spanish managers' stated beliefs were actually a bit misleading: In fact, Spanish managers reported lower levels of participation among subordinates than did their Dutch and U.S. counterparts. In other words, the actual resulting participation was lower-not higher-in the Spanish plants than elsewhere in Europe, although the managers were relatively enthusiastic about participative management.

Results such as these illustrate that U.S. managers have different values and perspectives on employee participation than do their counterparts in Britain, Holland, and Spain. Therefore, before exporting HR programs like self-directed work teams, HR managers should try to achieve three basic goals:

1. If appropriate, build trust by communicating to local managers that previous corporate HR efforts may have reflected culturally specific beliefs that do not always fit local needs, and that the parent company is committed to developing locally-sensitive policies.
2. Become more aware of the local cultural traditions that may affect attitudes toward participation in decision making.
3. Develop a working partnership with local HR executives to create blended strategies for employee participation, ones that fit the local culture while offering something of value to the corporation as a whole. In effect, this will require joint decision making between U.S. HR executives and their foreign counterparts.

How HR Helps to Build Productive Teams

Building productive teams requires careful selection, training, and motivation, all HR-related activities. HR-related guidelines for building effective teams include:

Establish urgent, demanding performance standards. All team members should believe the team has urgent and worthwhile purposes, and they need to know what their performance standards
are.

Select members for skill and skill potential. Select team members for their existing skills and for their potential to learn new ones.

Train leaders to "coach" not "boss". Self-directed work teams are empowered—they have the authority, tools, and information to manage themselves. HR must thus ensure that team leaders know their jobs are not to boss but to support and to coach.

Challenge the group regularly with fresh facts and information. New information (such as on how the company is doing) helps a team to understand the challenges it and the company faces. Having HR supply such information thereby helps the team shape its common purpose, set clearer goals, and improve its approach.

Exploit the power of positive feedback, recognition, and reward. There are many ways HR can arrange to have team performance recognized and rewarded. For example, have a senior executive speak directly to the team about the urgency of its mission and use special awards to recognize the team’s contributions.

Choose people who like teamwork. Companies like Toyota recruit and select employees who have a history of preferring to work in teams and of being good team members. Loners and antisocial types don’t usually make good team members.

Train, train, train. Perhaps HR’s major role here is to ensure team members have the training required to do their jobs. Training should cover topics such as the philosophy of doing work through teams, how teams make decisions, interpersonal and communications skills for team members, and the technical skills that team members will need to perform their jobs.

Cross-train for flexibility. Members of most teams also need cross-training, to learn the jobs of fellow team members either informally or through scheduled rotating assignments. This can help reduce disruptions due to absenteeism and can boost flexibility, since all team members are always ready to fill in when needed.

HR’s Role as a Strategic Partner in Creating Teams: An Example

The recent experience of Wisconsin-based Signicast Corp. helps illustrate HR’s role in creating a team-based organization. The firm produces metal parts from what’s known as the investment casting process; wax molds are used to create ceramic molds which in turn are used to cast the metal parts. In 1992, the company decided to expand by building a new, highly automated plant about 25 miles away. But it discovered that “in the real world, new automation technology requires a new kind of employee....” The firm’s HR group therefore played a crucial role in the design, staffing, and start-up of the firm’s new facility— and strategy.

HR’s involvement began at the plant design stage. It invited employees from the existing facility to participate in several planning and design meetings; here their suggestions on matters ranging from how to design a new piece of equipment, to the work flow in the new plant were solicited: “Employees would come up with suggestions; we’d implement them, and bring them back to [employees] for confirmation.”

As the new plant began to take shape HR’s task was to select and train a new kind of workforce. While the firm’s original plant would continue to operate, the new automated plant would produce parts almost five times faster than the old plant, and this would leave no time for rework or errors. The new plant’s employees would therefore have to have more responsibility, and in many ways be more highly trained and carefully selected than were their counterparts at the old facility.

The new plant’s selection standards were thus tighter. At the old plant, no specific prior experience was sought, and the only hiring requirements were for a high school diploma and a good work ethic. The 135 employees at the new plant would require the same high school degree and work ethic plus team orientation, good train-ability, good communication skills, and a willingness to do varied jobs over a 12-hour shift.

HR’s role as a strategic partner in the building of this new plant was apparent in other ways, too. For example, HR had to help create a cross-training program, so that employees could do each other’s jobs and be rotated amongst jobs, so as not to become bored or tired during their 12-hour shifts. And, a new compensation plan was designed that paid workers not just for performance but also for knowledge and for the number of new jobs at which they became competent.
HR AND BUSINESS PROCESS REENGINEERING

What Is Business Process Reengineering?

Michael Hammer and James Champy, the fathers of reengineering, define reengineering as "The fundamental rethinking and radical redesign of business processes to achieve dramatic improvements in critical, contemporary measures of performance such as cost, quality, service, and speed." One of business process reengineering's (BPR) basic assumptions is that the traditional way of organizing departments and processes around very specialized tasks is inherently duplicative, wasteful, and unresponsive to the firm's customers. In reengineering a company and its departments and processes, the reengineers, therefore, need to ask themselves: "Why do we do what we do?" and "Why do we do it the way we do?"

AN EXAMPLE One reengineering effort took place at IBM Credit Corporation, the IBM unit that finances the computers, software, and services sold by IBM. Before reengineering, the credit-checking and approval process took several weeks. (A process is a collection of activities with a clear customer goal. For example, the "credit checking" process is the sequence of activities that takes a credit request as its input and sees the request go through a sequence of steps until the approval or rejection goes to the customer.) A salesperson would call in to get credit for a prospective customer. A sequence of steps was then carried out by individual workers, each of whom logged in the request, carted the request upstairs to the credit department, entered the information into a computer system, checked the credit, and dispatched it to the next link in the chain.

When this process was assessed, IBM Credit made a monumental discovery. Specifically, if the person who got the financing request walked it through all the stages personally and at each stage did what needed to be done, the whole process took only 90 minutes rather than a week or more! Reengineering the process in this case involved substituting several generalists for all the specialists and letting a generalist do all the tasks for a request, rather than having the process carried out like a relay race.

This IBM example illustrates some of the basic characteristics of business process reengineering. In business process reengineering several jobs are combined into one so that an assembly-line process is replaced by generalists who carry out all the tasks themselves. Another reengineering characteristic is, therefore, that workers make more decisions. For example, each of the new generalists at IBM Credit had to be solely responsible for deciding on a potential client's creditworthiness. Related to this checks and controls are reduced; instead, there's more emphasis on carefully selecting and training the new generalist. Reengineered processes also tend to take a "case manager" approach to dealing with customers, in that each customer ends up with a single point of contact when checking on the status of an order or request.

HR's Role in Reengineering Processes

Two years after the concepts and techniques of reengineering were introduced, it was obvious that something was lacking. In their quest to focus on reorganizing the work and eliminating unneeded duplicative operations, many reengineered companies had neglected to also institute new HR practices; as a result, the firms had failed to win the commitment of their managers and employees to their new reengineered jobs. Today, experts therefore understand that HR plays a crucial role in successfully implementing) reengineering effort. Following are some aspects of HR's role.

BUILDING COMMITMENT TO REENGINEERING As one expert says, "[Reengineering is] about an ongoing, never-ending commitment to doing things better." Therefore, a key to reengineering is winning people's commitment to the changes and what those changes mean. HR can play a big role in winning such commitment, for instance by hiring employees with the right values, by providing the right incentives, and by installing effective two-way communications practices.

HR AND TEAM BUILDING Business process reengineering generally means reorganizing from functional departments to process-oriented teams (such as the teams of employees working together to process the IBM credit requests). We've seen in this chapter that HR plays a central role in making such teams more effective, for instance by providing carefully selected "team players" and the required technical training.
HR'S ROLE IN CHANGING THE NATURE OF THE WORK  With reengineering, jots generally change from specialized tasks to multidimensional generalist work. Not only is each worker responsible for a broader, more enriched job, but the new process team members "share joint responsibility with their team members for performing the whole process, not just a small piece of it."50 What this means is that each worker needs to be capable of using a much broader range of skills from day to day; HR is crucial here for hiring high-potential employees and providing them with the training and development they require.

HR'S ROLE IN MOVING FROM CONTROLLED TO EMPOWERED JOBS  As in the IBM Credit example, people working in a reengineered setting are necessarily empowered to perform a broader set of tasks with relatively little supervision.51 This means that HR in reengineered companies must stress values in selection.52 As two experts put it,

> It is no longer enough merely to look at prospective employees' education, training, and skills; their character becomes an issue as well. Are they self-starting? Do they have self-discipline? Are they motivated to do what it takes to please a customer?53

HR'S ROLE IN MOVING FROM TRAINING TO EDUCATION  Hammer and Champy say that in companies that reengineer, the emphasis necessarily shifts from training to education. In other words, it's no longer enough to give employees training in shows them "how" to do the job—such as how to turn the bolt on the left front fender. Instead the new generalist team members need education. They need the insight and understanding of how to analyze and solve problems and improve processes continuously, and must thus understand not just the "how" of the job, but the "why" of it.54

INSTITUTING FLEXIBLE WORK ARRANGEMENTS  Renewing an organization doesn't always require a massive transformation. At many companies, a change as (relatively) simple as institutes flexible hours can sometimes provide a good start. Since it's generally HR that designs and institutes such plans, in this last section we'll focus on various flexible scheduling alternatives.

**Flextime**

There are various types of flexible work scheduling arrangements. For example, **flextime** is a plan whereby employees' flexible workdays are built around a core of midday hours, such as 11 a.m. to 2 p.m. It is called flextime because workers determine their own flexible starting and stopping hours. For example, they may opt to work from 7 a.m. to 3 p.m. or from 11 a.m. to 7 p.m. Well over 15% of the U.S. workforce is on a flextime schedule, not counting professionals, managers, and self-employed persons who customarily set their own work hours anyway.55

**FLEXTIME IN PRACTICE**  In practice, most employers who use flextime give employees only limited freedom regarding the hours they work. Most employers still try to hold fairly close to the traditional 9 a.m. to 5 p.m. workday. For example, in 67% of the companies employees can't start work before 7 a.m., and in almost all firms employees must not clock in before 6 a.m. Similarly, in about half the firms, employees can't start work later than 9 a.m., and employees in about 40% of the firms must be in by 10 a.m. Therefore, the effect of flextime for most employees is to give them about 1 hour leeway before 9 a.m. or after 5 p.m. About 15% of the employers made 9 a.m. to 3 p.m. their core period, while another 28% made their core period 9 a.m. to 4 p.m.

**FLEXTIME’S PROS AND CONS**  Some flextime programs have been quite successful.56 Because less time is lost due to tardiness, the ratio of worker-hours worked to worker-hours paid (a measure of productivity) increases. Flextime can also reduce absenteeism and cut down on sick leave being used for personal matters. The hours actually worked seem to be more productive, and there is less slowing down toward the end of the workday. Workers tend to leave early when work is slack and work later.
when it is heavy. The use of flextime seems to increase employees' receptiveness to changes in other procedures. It also tends to reduce the distinction between managers and workers and requires more delegation of authority by supervisors.

There are some disadvantages. Flextime is complicated to administer and may be impossible to implement where large groups of workers must work interdependently. It also requires time clocks or other time records, which can be disadvantageous to workers.

In any event, flextime seems to work. Surveys covering 445 employers (including drug companies, banks, electronics firms, and government agencies) indicate that the percentage of employees reporting flextime-driven productivity increases ranges from 5% to 10% in some firms to about 95% in one airline. On the whole, about 45% of employees involved in flextime programs report that the program has resulted in improved productivity. The failure rate of flextime is also remarkably low, reportedly 8%, according to one study.

**CONDITIONS FOR SUCCESS** There are several ways to make a flextime program more successful. First, management resistance—particularly at the supervisory level and particularly before the program is actually tried—has torpedoed several programs before they become operational, so supervisory indoctrination programs are important prerequisites to success. Second, flextime is usually more successful with clerical, professional, and managerial jobs, and less so with factory jobs (the nature of which tends to demand interdependence among workers). Third, experience indicates that the greater the flexibility of a flextime program, the greater the benefit: the program can produce (although the disadvantages, of course, multiply as well). Fourth, the way the program is installed is important; a flextime project director to oversee all aspects of the program should be appointed, and frequent meetings should take place between supervisors and employees to allay their fears and clear up misunderstandings. A pilot study, say, in one department, is advisable. Flextime may be especially valuable for the employer when the group must share limited resources. For example, some computer programmers spend as much as two-thirds of their time waiting to make computer runs. As one researcher concludes, "because flextime expands the amount of time that the computer is available to the programmer, this allows its usage to be spread over more hours, and the time in queues to make runs and get output back is reduced."

**Three-and Four-Day Workweeks**

Other employers have switched to a four-day workweek. Here employees work four 10-hour days instead of the more usual five 8-hour days.

**ADVANTAGES** Compressed workweek plans have been fairly successful, as they have several advantages. Productivity seems to increase due to fewer startups and shutdowns. Workers are more willing to work some evenings and Saturdays as part of these plans. According to one study, 80% of the firms on such plans reported the plan "improves business results"; three-fifths said that production was up and almost two-fifths reported costs were down. Half the firms also reported higher profits. Even the four-day firms not reporting positive results reported that cost and profit factors at least remained the same. One study found the four-day workweek generally reduced paid overtime and absenteeism, and improved efficiency. Furthermore, the workers also gain; there is a 20% reduction in commuter trips and an additional day off per week. Additional savings (for example, in child-care expenses) may also occur. A recent review of three-day, 38-hour workweeks concluded that compressed workweek schedules have significant positive and long-lasting effects if handled properly. Regardless of individual differences in jobs and backgrounds, those employees experiencing the 3 day-38 hour schedules reacted favorably to it, particularly if they had been involved in the decision to implement the program and their jobs had been enriched by the schedule change. Fatigue did not appear to be a problem in this particular survey.

**DISADVANTAGES** There are also disadvantages, some of them potentially quite severe. Tardiness, for example, may become a problem. Of more concern is the fact that fatigue was cited by several firms as a drawback of four-day workweeks. (Note that fatigue was a main reason for adopting 8-hour days in the first place.)
**Other Flexible Work Arrangements**

Employers are taking other steps to accommodate their employees' scheduling needs. Job **sharing** is a concept that allows two or more people to share a single full-time job. For example, two people may share a 40-hour-per-week job, with one working mornings and the other working afternoons. About 105 of the firms questioned in one survey indicated that they allow for job sharing. **Work sharing** refers to a temporary reduction in work hours by a group of employees during economic hard times as a way of preventing layoffs; thus 400 employees may all agree to work (and get paid for) only 35 hours per week in order to avoid having the firm lay off 30 workers. **Flexplace**, in which employees are allowed or encouraged to work at home or in a satellite office closer to home, is another example of a flexible work arrangement that is becoming more popular today. **Telecommuting** is another option. Here employees work at home, usually with video displays, and use telephone lines to transmit letters, data, and completed work to the home office. For example, Best Western Hotels in Phoenix is using the residents of the Arizona Center for Women, a minimum-security prison, as a telecommuting office staff.

**FlexYears**

It is estimated that 7 million workers in the United States are telecommuting today in various jobs from lawyer to clerk to computer expert. Still other employers, especially in Europe, are switching to a plan they call flexyears. Under this plan, employees can choose (at 6-month intervals) the number of hours they want to work each month over the next year. A full-timer, for instance, might be able to work up to 173 hours a month. In a typical flexyear arrangement, an employee who wants to average 110 hours a month might work 150 hours in January (when the children are at school and the company needs extra help to cope with January sales). In February, the employee may work only 70 hours because he or she wants to, say, go skiing.

We invite you to visit the Dessler page on the Prentice Hall Web site at www.prenhall.com/dessler for our on-line study guide, Internet exercises, current events, links to related Web sites, and more.

**SUMMARY**

1. Managers in their leadership roles can focus on various change targets. They can change the strategy, culture, structure, tasks, technologies, or attitudes and skills of the people in the organization.
2. The hardest part of leading change is overcomeing resistance to change. This resistance stems from various sources: habit, resource limitations, threats to power and influence, fear of the unknown, and altering employees' "personal compacts." Methods for dealing with resistance include education and communication, facilitation and support, participation and involvement, negotiation and agreement, manipulation, and coercion.
3. A 10-step process for actually leading organizational change would include establishing a sense of urgency; mobilizing commitment to change through joint diagnosis of business problems; creating a guiding coalition; developing a shared vision; communicating the vision; removing barriers to the change and empowering employees; generating short-term wins; consolidating gains and producing more change; anchoring the new ways of doing things in the company's culture; and monitoring progress and adjusting the vision as required.
4. Organizational development is a special approach to organizational change that basically involves letting the employees themselves formulate and implement the change that's required, often with the assistance of a trained consultant. Types of OD applications include human process applications, technostructural interventions, human resource management
applications, and strategic applications.

5. Quality measures how well a product or service meets customer needs. Quality standards today are international, as shown by the introduction of ISO 9000. Improving quality has become necessary to companies all over the world.

6. Total quality management programs are organization wide programs that aim to integrate all business functions including design, planning, production, distribution and service, with the aim of maximizing customer service through continuous improvement.

7. Self-directed work teams are becoming increasingly popular in organizations today. Many firms are organizing work around self-contained teams, which are sometimes called self-managing teams, high-performance teams, autonomous work groups, and even superteams. These teams are trained to solve problems, design jobs, interview and hire candidates, and understand financial reports.

8. Reengineering is the fundamental rethinking and radical redesign of business processes to achieve dramatic improvements in critical, contemporary measures of performance, such as cost, quality, service, and speed. HR contributes to reengineering processes by its effect on building commitment to reengineering; team building; changing the nature of work empowering jobs; moving from training to education; and shifting focus from activities to results.

9. Flextime is a plan whereby employees’ flexible workdays are built around a core of midday hours, such as 11 a.m. to 2 p.m. It seems to improve employee attitudes and morale, increase production, and decrease tardiness. Flextime and other flexible work arrangements are aimed in part at tapping employees’ needs to be treated as responsible human beings, and to that extent they boost employee commitment.

**KEY TERMS**

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