

Gold in the Sustaining Base

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Meeting organization mission requirements during a period of continuing reduction of dollars will be the greatest challenge for future leaders in the sustaining base.

Leaders in the sustaining base will be required to challenge their personal paradigms about perceptions of human behavior to survive in the future. This paper examines how leaders perceptions of human behavior influence the design and cost of processes in the sustaining base. Key areas that will be discussed in the examination of this topic are transition of management styles, Theory X & Y assumptions of human behavior, examples of actions implemented in the sustaining base, and effects of actions implemented. The gold in the sustaining base is the difference between the cost managing people in the organization using Theory X or Y assumptions about people.

A number of respected observers of world affairs have been arguing for more than a decade that the world has become a global village. Steel that is being produced in Japan is being sold to build bridges in Little Rock, Arkansas. Automobiles made in Detroit are being sold in the Far East. Competition is no longer the store next door. (Robbins, 1992) Survival for many organizations, including elements in the sustaining base, will depend on their ability to internalize new management skills that will allow them to be customer focused and at the same time reduce cost of doing business. Many companies that are successfully competing have changed their management philosophy.

(p. 10)

The Department of Defense (DOD) Agencies along with most federal agencies are transitioning to a management philosophy that allows the agencies to maintain competitiveness in the future. The U.S. Army is transitioning to a new philosophy of management. Army Regulation 5-1 published in 1984 established Total Quality Management as the Army's management philosophy. This regulation has four key points.

- 1. Integrates the principles of Total Quality Management into the Army management philosophy.**
- 2. Prescribes the actions by which the Army management philosophy is practiced.**
- 3. Prescribes the precepts and values upon which the philosophy is based.**
- 4. Provides the principles and guidelines which form the framework for all Army management decisions. (Army Regulation 5-1)**

Management styles in most organization in the U.S. have changed dramatically in the last thirty years. There has been one predominate management philosophy in the U.S. since the industrial revolution. The major activities associated with this traditional management philosophy are planning, organizing, directing, and controlling. The intent was to manage the work environment. Equipment, raw materials, supplies, time, and PEOPLE were all viewed as resources to be managed. Generally speaking, humans were another asset to be used to accomplish the mission. It is important to have a basic understanding of leadership development to understand the relationship that leaders assume between the work to be performed and beliefs about people.

Organizations are entities within themselves. They reflect the values, beliefs, and visions of the individuals working in the organization. Leadership of the organization provides the management philosophy for the organization. Leaders of organizations in the sustaining base must be aware how their leadership style can influence the cost of doing business. Management leadership style is heavily influenced by the assumptions leaders have about people. A manager's assumptions about the people who perform work will influence the style of leadership used. Organization leaders will design and implement measurable expressions of their leadership. (Attner & Plunket, 1986, p. 344)

Leadership style operates under a set of principles or assumptions about people. These principles or assumptions can be placed into two broad categories called Theory X and Y. Theory X assumptions about people believe that people dislike work and will try to avoid it when possible. Motivation occurs through coercion and threats of punishment. Workers avoid responsibility and must be directed. Organizations operating under these assumptions implement processes that are different than organizations operating under assumptions of Theory Y. (Kreitner, 1983, p. 155)

Hellriegel and Slocum (1986) identified several characteristics that are usually associated with the Theory X approach to management. Rules and regulations are set in a formal system to control the decision-making behavior of employees. An impersonal environment is created because all employees are subject to the same rules and regulations. Duties of employees are officially prescribed and are based on specialization and expertise. Jobs are ranked in a vertical structure giving a

hierarchical structure. The right to make decisions is associated with the level the individual is located in the structure. All decisions are based on logic and lead directly at achieving the organization's objectives. (pp. 43-44)

Control and productive numbers are extremely important to organizations who function using Theory X assumptions. Elaborate control techniques are required. The organization structure will include numerous layers of management, small ratio of employees to supervisors, and volumes of written procedures and policies related to functions, such as managing employee time, performance evaluations, and job descriptions. These activities all add cost to operating an organization.

Theory X assumptions support the concepts that efficiency is enhanced when the organization has clearly spelled out duties and responsibilities. Examples of organizations who operate using this philosophy are all military forces and government agencies. (Beach, 1980, p. 31)

In the traditional command and control structures where many individuals began their careers, the differential treatment of different classes of employees was at the heart of maintaining order and obedience in the hierarchy. The costly by-product of this practice, however, has been reduced flexibility, less learning, and an increased feeling of helplessness among certain groups. (Heil, Parker, Tate, 1995)

Other organizations operate under a different set of principles and assumptions about people that come under a category called Theory Y. Theory Y assumptions about people believe employees like to work and find it as natural as play and rest. Employees

have a high degree of creativity and innovation. Employees will seek responsibility when conditions are favorable. Employees can maintain control if they are committed to the goals of the organization. (Bartol & Martin, 1991, p. 60)

Douglas McGregor is given credit for providing an understanding of Theory X and Y approaches to managing humans in the organization. Many managers have attempted to select one approach and manage using the approach selected. McGregor's position has caused a great deal of confusion for managers. Theory X or Y does not always work successfully in every situation. The appropriate pattern of organization is contingent on the nature of the work to be done and needs of the people involved. (Lorsch & Morse, 1975, p. 378)

McGregor believed that the attitude a manager held about the nature of people influenced the manager's behavior. If the manager believed subordinates were lazy, held poor work habits, were uncooperative and lacked motivation, the manager would treat them accordingly. The opposite would be true if the manager believed the worker posed a natural liking to work, was very cooperative, and self motivated. (Donnelly, Gibson, Ivancevich, 1984, p. 392)

Rensis Likert also believed performance was related to the leader's assumptions about people. Organizational performance was restricted by rigidly controlling people's actions. Performance was increased by promoting their feelings of self-worth and importance to the organization. (Baron & Greenberg, 1995, p. 594) Values that are supported under Theory Y assumptions are different than those under a Theory X philosophy. Davis and Tannenbaum (1969) became aware of this concept while studying McGregor's Theory Y concept in 1969. They identified five specific values that were

different under Theory Y. There was a movement away from negative evaluations and towards greater understanding of humans. Fearing the differences among people became a lesser issue, while at the same time there was a movement toward utilizing and accepting the differences in people. Authentic behavior became more than game playing. Greater trust toward the human being was given. Collaboration became more important than interpersonal competition. (pp. 76-86)

Three key characteristics must be examined to determine the correct approach to managing humans. Patterns of formal relationships and duties described by organizational charts and job manuals must be understood. Theory X characteristics are highly structured and precisely defined. Theory Y characteristics are low degree of structure and less well defined.

Patterns of formal rules, procedures, control, and measurement systems are understood. Theory X characteristics are pervasive, specific, uniform, and comprehensive. Theory Y characteristics are minimal, loose, and flexible.

There is a requirement to understand the time dimensions incorporated in formal practice. Theory X characteristics are short term. Theory Y characteristics are long term. (Lorsch & Morse, 1975, p. 381)

I had the opportunity to see the effects of Theory X and Y assumptions about people as a consultant for ten years for the U.S. Army. My job required that I travel throughout the world training and consulting with managers seeking to improve their organization's performance. Additionally, I observed the same phenonoma practiced in my on organization at different time periods. I was hired as an employee of the Army Management Engineering College (AMEC) in 1987. AMEC exhibited many of the

characteristics of a Theory X organization such as five layers of management for 100 personnel, and the first-line supervisors managed between six to eleven individuals. A major example of the Theory X assumptions integrated into management strategy was the time keeping process. Time was reported every two weeks. Employees were required to account for each hour of the 80-hour work period. A 40-page document listing the categories that hours could be charged was available for reference. A detailed definition was given for each category. Examples of some of the categories were consulting projects funded by AMEC, consulting projects funded by Federal agencies other than DOD, consulting projects funded by non-federal agencies, and consulting projects funded by a DOD agency other than AMEC. Employees would spend one to two hours every two weeks recording time. Time was recorded on a form that was generated by AMEC. First-line supervisors would review time sheets to validate accuracy. The second level supervisor performed a second review of the time sheets. The secretary would use an automated computer database and input every hour for all 100 employees. Secretaries would rotate this task because of the significant amount of time required.

Discussion occurred many times between the first-line supervisor and employee and between supervisors themselves concerning the proper categories recorded. This process was very time consuming and inaccurate. The inaccuracy was in two areas. Categories were divided into indirect and direct. Examples of indirect categories were leave, personnel issues, current professional readings, and processing daily correspondence. It was known throughout the organization not to record more than 2% of an individual's total time in these categories. The value of indirect hours could not be

directly associated with mission work. Recording a high percentage in the indirect category could give the impression the individual was not fully employed. The second area of inaccuracy was the attempt by the employee to balance direct work categories. Employees would document hours in categories they did not work. The purpose for balancing the employee's hours was to demonstrate to management the employee was developing skills, abilities, and knowledge in many areas. Performance appraisals requiring this information were the primary driver for this behavior.

There are thousands of processes in the U.S. Army similar to the time-keeping process. They consume an enormous amount of resources during a period of resource constraints. It is important to remember that the resource requirements of a process are affected by leadership's assumptions about people.

Five years later there was a leadership change. The new President of AMEC managed the organization using principles and assumptions of people associated with Theory Y. New changes were introduced after a 90-day orientation. The time reporting process was reengineered. Hour accountability was eliminated. The timekeeper assumed an employee worked 80 hours in two weeks unless notified of a variation by the supervisor or the employee. Examples of variations reported from the 80 worked hours were leave and overtime. Total amount of time to process work time was reduced significantly. More time was available to perform mission activity.

I personally enjoyed working in a Theory Y managed organization for a number of reasons. Less time was spent on administrative processes such as time keeping, budgeting, workload planning, and property accountability. This extended the time available to perform mission activities. Employees were given a greater opportunity to

participate in day-to-day management activities such as hiring new employees, budgeting decisions, rewarding individuals, and providing input to peer performance appraisals. Participating in these activities allowed employees to develop a greater sense of commitment to the organization.

Even processes, such as Temporary Duty (TDY) travel vouchers that are thought to be standard from one sustaining base to another will be influenced by perceptions of human behavior. A leader who believes employees cannot be trusted, will have extra steps in the TDY travel voucher process to add additional checks and analysis than a leader who trust employees.

Some checking and analysis may be required by law or regulations. I had an opportunity to witness this scenario. I was asked to study the TDY travel voucher process for an Army installation. I discovered 17 inspections and/or reviews prior to the voucher being sent to finance. Some of the individuals involved in the inspection or reviews were the traveler, office teammate, office secretary, section chief, branch chief secretary, branch chief, division chief secretary, division chief, and Civilian Executive. Each person reviewing with the best of intentions. Dr. Deming says, "If more than one person inspects for the same thing, no one is inspecting." Deming suggested that each person in the inspection process assumes the other person is inspecting when two individual's inspect for the same activities.

The second travel voucher process I reviewed in a different organization was very simple. The individual reviewed the voucher and supervisor reviewed and signed the voucher. The voucher was sent to finance after a review and signature by the supervisor. The former process cost more to perform than the latter. Theory X assumptions about

humans is not free. There is a cost to the process. Employee's time used to conduct inspection and/or reviews could be used to perform other processes.

It is important to remember that changes that improve an organization's operations internally may not be acceptable to agencies outside the organization. These same agencies may also have the ability to influence the future of the changing organization.

The basic assumptions leaders have about people greatly influences all aspects of the organization such as structure, rules, regulations, ration of employees to supervisors, and processes. Characteristics and features of organizations are not free. There is a cost associated with all actions such as three layers versus ten layers of management. World-wide competition requires leaders to question and examine all avenues of improvement.

In closing, gold does exist in the sustaining base. It lies within the processes that are performed. Part of the real challenge for leaders in the sustaining base is to examine within themselves how their perceptions about human behavior drive the design of processes in the sustaining base. Finding the golden opportunity starts with an internal examination of their personal perceptions of human behavior. Each leader must ask two key questions.

- 1. How has my perceptions of humans influenced the processes in my organization?**
- 2. Is there any gold in my organization?**

Good luck in searching for your GOLD.

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