



The Survey of Organizational Excellence

School of Social Work

The University of Texas at Austin

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Focus on Quality

Understanding the Rising Demand for Quality

Since the mid nineteenth century the American economy has been the envy of the rest of the world. American farms and factories have played key roles in the victories of two world wars, the American standard of living has been the world's highest and in many fields, as diverse as electronics, aircraft, medicine, telecommunications, entertainment and agriculture, America has set the standards for the rest of the world.

However, the supremacy of many American efforts is increasingly challenged. Competitors are appearing all over the world and in some instances they have proven to be more successful than American organizations. American industries have been particularly challenged by electronics and automobiles from Japan, machine tools and chemicals from Germany and agricultural products from Australia, Central and South America. Foreign emphasis on design sophistication and regular improvement of quality, and vigorous price competition beginning during the 1970's, triggered an unraveling of many American businesses built upon volume production, low innovation, and long production runs. The relentless competition from foreign producers and the globalization of labor have ended many of the high profits and high wages associated with American businesses, especially since the end of World War II. The decline in profits and in real wages and benefits, in turn, have reduced tax revenues to support services and products provided by the public sector.

Today as the twentieth century winds down so do the organizations, public and private, that were created from the wealth of the mass production era. These

organizations were built upon high levels of specialization, hierarchical control, relative constancy of product or service and a predictable external environment. But rapidly changing environments and increasing competition have rendered the old formula of volume production ineffective in area after area of the American economy. Now competition and a more sophisticated consumer produce a demand for products and services that respond to consumer expectations centered upon standards of high quality.

The organizations that are rising to replace the old are organizations that are responsive to a changing environment, able to create new products and services based upon changes in demand and resources, and able to re-structure themselves as need and circumstances require. Such organizations revise the relationships between the organization

and the employee that grew out of the mass production era. Rather than the definition of the product or service coming from the top and then being parceled out to workers, these organizations depend upon the workers to define the service or product, including how it will be created and delivered. With high levels of environmental change and vigorous competition for resources, these new organizations are dependent upon employees who have a strong commitment to the organization and are dedicated to continuous improvement and innovation.

The Foundations of Quality

The strategy for continued success for these new organizations is to construct a stool that stands on three legs. Each leg has very separate and distinct attributes,

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and each is critical to the survival of the organization. The legs of the stool are *visionary leadership*, *internal data* from employees and *external data* from the customers of the organization.

The first leg or element is *visionary leadership*. In this new era the demands on leadership are far more critical than the organizational leadership of the mass production era. In the previous era, leadership often was simply called upon to maintain and refine goals for an organization. Once an organization hit upon a successful product or service it could expect to see it have a lifetime measured in decades before a successor threatened. Today, products or services may only have a lifetime measured by months. To survive in this environment leadership must develop an organization that is highly tuned both to the environment and to internal innovation. A useful description of this kind of organization is *a learning organization*.

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members to learn, improve and innovate. It is leadership that sets and maintains the conditions necessary to permit this continual learning process. This is leadership that does not permit *status quo* interpretations of the organization but calls forth by word and example excellence in organizational efforts. It is leadership that does not fear being wrong, but rather fears not exerting enough effort to find out what works and what does not.

Perhaps the most crucial and challenging task for leadership in a learning organization is driving fear out of the organization. The organization must be relentless in understanding the competition and ready to openly acknowledge every area in which the competition is superior. The discovery of weaknesses and competitive disadvantages must be seen as outstanding opportunities for growth and strength, not flaws or shortcomings to be pushed into a corner or under the rug.

Since the oil and real estate shocks of the mid to

late 1980's Texas leadership has emphasized a vision of state government that is sharply focused, prepared for rapid change, lean in its need for resources and responsive to a growing and changing citizenry. This *leadership* is one of the three requisite elements to ensure quality improvements.

The second element, the second leg of the stool, are data from the employees of the organization which provide the employees' visions of the work and the organization. These are the *internal data*. An essential key to establishing a learning organization is a change in the way employees are viewed from the perspective of the mass production era where employees were hired to do assigned work. In the learning organization, employees are part of the

team that defines the work and continuously develops refinements. Each individual worker shares the concern about quality, correcting errors and improving processes rather than these factors being the sole province of management. Quality becomes the every day, moment-to-moment responsibility of each employee.

As in the case of the element of visionary leadership, the State of Texas has begun long term steps to developing tools that address the second requisite of quality improvement. The *Survey of Organizational Excellence*, an employee attitude survey used by many of Texas' state agencies, assists organizations to acquire standard and readily comparable internal data on organizational competence. The 1994-1995 Survey provides some insight into how state employees view their organization's response to the quality imperative.

The third element for continued success is regular collection of data from the environment of the organization, the customers, the suppliers, the regulators, and the competitors. These are the *external data*. Such data provide comparisons between what the organization perceives and the perceptions of others who have an interest or "stake" in the organization. External data are gathered to gain insight into customers' or

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March 1996



clients' preferences for products or services provided by the organization, their view of the strengths and weaknesses of the organization and to learn what improvements they desire.

The development of standardized, external data collection is a newer task in Texas' effort to ensure continuous quality improvement in state government. The importance of this third leg is reflected in the rider in the 1995-96 appropriations bill mandating the Legislative Budget Board and the Governor's Offices to ini-

tiate pilot customer satisfaction surveys with eight state agencies.

Let us turn to some of the data from the most recent survey of state employees to determine what can be said about the progress in the state toward developing the kind of responsive and innovative entities called for in the quality movement.

Figure 1.0



Internal data which capture employees' perceptions provide a means by which an organization can periodically check its internal barometer to identify areas of improvement and areas needing attention.



March 1996

The Second Leg of the Quality Stool: Texas State Employees' Perceptions of Quality

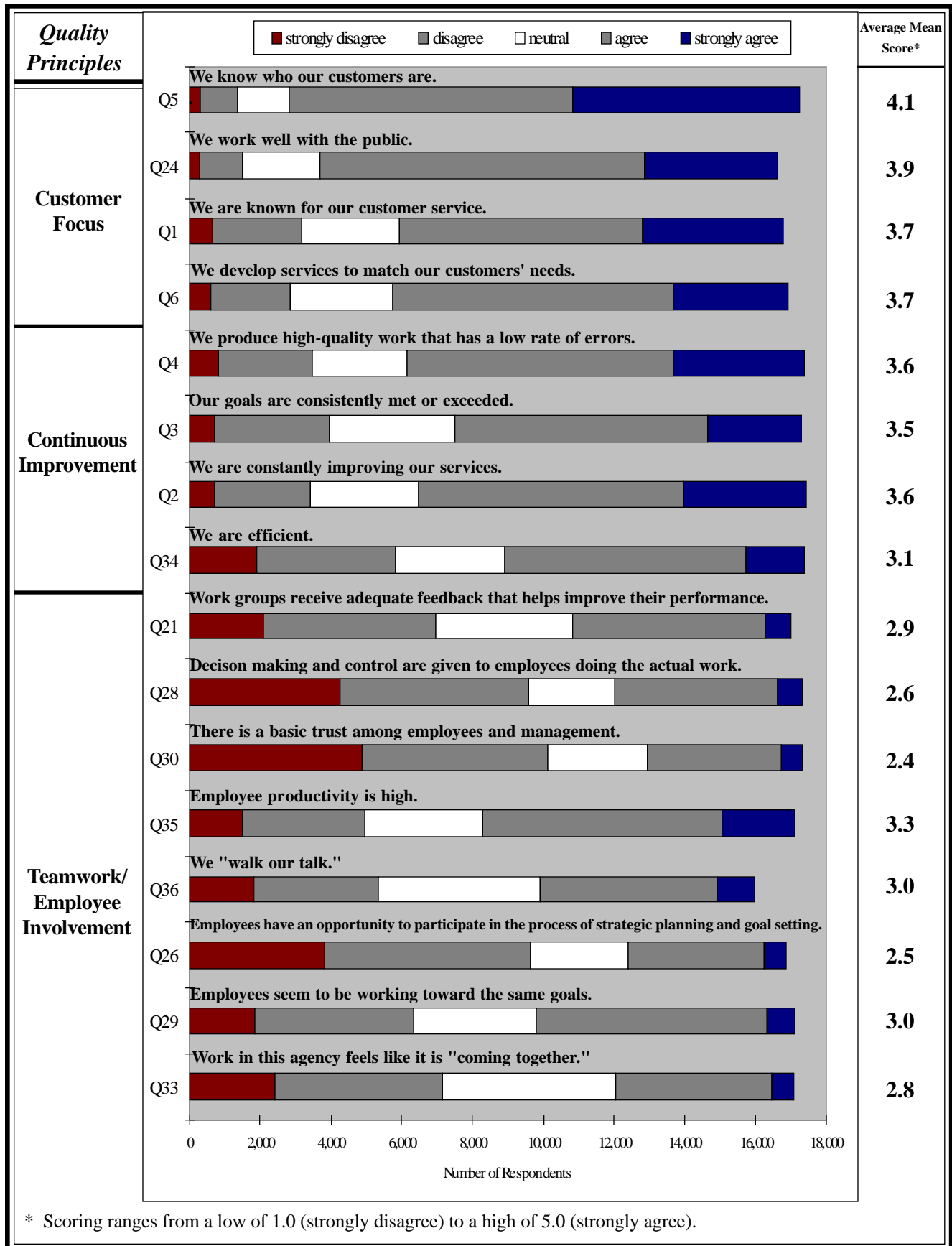
As depicted in *Figure 1.0*, the second element needed for a total quality organization, or a *learning organization*, is information on how employees perceive organizational quality. Internal data which capture employees' perceptions provide a means by which an organization can periodically check its internal barometer to identify areas of improvement and areas needing attention. Employees' perceptions of quality principles such as *customer focus*, *continuous improvement* and *teamwork/employee involvement* are vital to the development of a learning organization. With these data, organizations are able to effectively target efforts to areas that will result in clear and substantial improvements.

Looking across all of the data from the Survey, few areas are perceived as positively by state employees as are the concepts which embody organizational quality. Survey results suggest that although there are some clear, definite opportunities for improvement, many employees believe that these are some of the strongest attributes of state agencies, and areas in which agencies continue to improve.



Employee Survey Questions by Frequency

Figure 2.0



Customer Focus

Quality initiatives underway in many of Texas' state agencies emphasize the importance of customer service, and according to data from the Survey, state employees perceive that their agencies are *customer focused*. Survey respondents report that they know who their customers are, that they provide good customer service and that the services provided by their agencies are designed to meet the needs of the customer, attributes which indicate that an organization prepares its employees to have a customer orientation (see the Customer Focus section in *Figure 2.0* for detailed Survey results).

Certainly an organization cannot be "customer focused" without first identifying its customers, frequently referred to in public organizations as consumers or clients. But, identifying a state agency's customers may be a particularly difficult task because many governmental organizations face multiple, conflicting and frequently changing demands and have limited resources to meet them. For instance, a state criminal justice agency has numerous customer

groups, including prisoners and their families, victims of crime, the prosecutor, the police and the general public, just to name a few. In addition, the interests of these groups frequently differ. If the members of the criminal justice organization do not have methods to identify and address the concerns of different and often contending consumer groups quality will suffer and organizational focus will be impaired.

The Survey addresses this issue with question #5 which reads "We know who our customers are." Respondents to the Survey overwhelmingly agree with this question, making it the only question from the Survey to receive an average mean score of 4.0 or higher out of a possible 5 points. Although the Survey cannot answer whether or not agencies have accurately assessed the make-up of their customer constituency, the high score suggests that uniformly, state employees perceive a consensus exists about who makes up their cus-

tomers constituency.

The perception that most state agencies are customer focused appears to permeate every level of the work force. Data analyses reveal little difference in perceptions between supervisors and non-supervisory personnel. As seen in *Figure 3.0*, supervisors are only slightly more positive about customer service than non-supervisors. An employee's salary also provides some insight into an individual's position in the organization, and data analyses by this dimension also reveal little difference in perceptions. These data suggest that all employees, from the front-line workers to the highest ranking employees, share similar perceptions about the organization's customer philosophy. These facts emphasize that customer service is not simply lip service; employees believe it is a fundamental aspect of business in most of Texas' state agencies.

While these data clearly reveal a significant strength in state government, they also hint at possible areas of concern. The data reveal widespread consensus about who makes up the customer population in state government. If this consensus is so widely accepted that it causes employees in state government to cease to debate the issue, agencies may fail to identify emerging constituencies which are inevitable in a changing environment, or fail to respond to customers that have historically had less voice in government.

Most importantly, the findings from these data point out the need for the collection of similar data from consumers. These data suggest that state employees in Texas believe their organizations are customer focused; however, in order to get the most complete picture of organizational quality, these data need to be compared with routine, similar data from the agencies' consumer groups.

Figure 3.0

		Supervisor	
		Yes	No
% of Total Respondents		31%	69%
Survey Question	Mean		
Q 1. We know who our customers are.	4.2	4.1	
Q 2. We know who our customers are.	4.0	3.9	
Q 3. We know who our customers are.	3.8	3.6	
Q 4. We know who our customers are.	3.7	3.6	
Q 5. We know who our customers are.	4.0	3.9	



Continuous Improvement

Survey data suggest that many employees in Texas state government believe that their agency is committed to *continuously improving* its services (see the Continuous Improvement section in *Figure 2.0* for detailed Survey results). Most Survey respondents report that their organization presently produces high quality work, that their agency's goals are consistently met or exceeded and that their agency is constantly improving its services.

Survey question #81, which asks employees to assess how the quality of service the organization provides to its customers has changed in the last two years, lends additional support to the idea that continuous improvement principles exist in many state agencies. As seen in *Figure 4.0*, 56% of Survey respondents believe that their agency's services have gotten better or much better in the last two years while only 13% responded that services have gotten worse or much worse. Overall, these data suggest that employees are pleased with the work that is produced and that state organizations are looking for opportunities to implement improvements.

One important element of continuous improvement is the pursuit of more efficient uses of organizational resources, and, according to Survey respondents, this is an area where state agencies may be able to improve. Relative to employees' perceptions of other quality issues discussed in this report under the headings of *Customer Focus* and *Continuous Improvement*, work place efficiency as measured by Survey question #34 "We are efficient," is an issue which appears to raise the most concern from employees. Bureaucratic procedures, the lack of adequate equipment, insufficient communication and changing external demands are just several examples of internal and external factors that may negatively impact organizational efficiency. Nevertheless, regardless of the reasons *why* work place efficiency may be lacking, that fact that many employees perceive that it needs improvement implies that employees see opportunities to improve.



March 1996

Teamwork/Employee Involvement

Teamwork/Employee Involvement is the third element of organizational quality and it is based on the idea that *customer focus* and *continuous improvement* are best achieved by collaboration throughout the organization. The overarching emphasis of this principle is on total employee involvement, which is supported by the belief that with the right information, knowledge and skills, all employees can make

important contributions to quality. While Survey data suggest that most employees believe that state agencies are *customer focused* and committed to *continuous improvement*, employees' perceptions of *teamwork/employee involvement* are much less positive.

The Survey includes many questions which capture how employees feel about the effectiveness of collaborations within the organization and opportunities for employee involvement. Some of these questions, after undergoing statistical verification, were grouped together into a construct entitled *Team Effectiveness*. Employees in organizations with high scores for the *Team Effectiveness* construct are likely to perceive that there is substantial cooperation within the agency and among agency divisions, and that there is a strong reliance on employee involvement. The average score for *Team Effectiveness* was 283, with scores for individual agencies ranging from 251 to 420 (on scale with a low of 100 to a high of 500).

The questions included in the *Team Effectiveness* construct, as well as other questions included in the Survey, speak to many of the characteristics that must exist in an organization for teamwork concepts to succeed. Correspondingly, negative responses to these Survey questions provide some clues as to why employees perceive that *teamwork/employee involvement* is less favorable than other areas of organizational quality. For instance, Survey data from the *Team Effectiveness* construct suggest that work teams do not get adequate feedback to help them to improve their performance, that employees do not perceive that they have adequate decision making control and that trust between management and employees is lacking (see the *Teamwork/Employee Involvement* section in *Figure 2.0* for detailed Survey results). However, employees report more favorable responses to other Survey questions included in the *Team Effectiveness* construct which address employee productivity and the ability of the organization to follow through on its commit-

ments, or to “walk its talk.”

Results for other Survey questions that address *teamwork/employee involvement* principles also highlight areas of concern. Survey question #26, which asks employees if they have opportunities to participate in strategic planning or goal setting processes, reveals that only 27% of the employees responding to this question perceive that there are opportunities to get involved, as compared to 58% who perceive that there are no opportunities. Further analysis reveals that high level personnel share a different perception; of the 645 respondents that report they are in the Survey’s highest pay category (\$51K and over), more than 50% of this group believe that employees have opportunities to participate. Other Survey questions ask employees if they perceive that their agency’s efforts are focused toward the same goals and “coming together.” Employees’ perceptions appear to be divided on these areas.

Taken together, these data suggest that employees perceive that teamwork concepts are infrequently or inconsistently put to use in many state agencies. The data suggest that while employees feel positive about work productivity and goal accomplishment, they are less certain about whether or not all of the work in the agency is focused on similar goals. One may conclude from these data that employees work within their own groups and have little knowledge of how other groups’ efforts contribute to agency goals. Individually, employees believe they are doing a good job, but if asked to look outside of their own work group they are less positive. This suggests a need for more collaboration across

agency work groups.

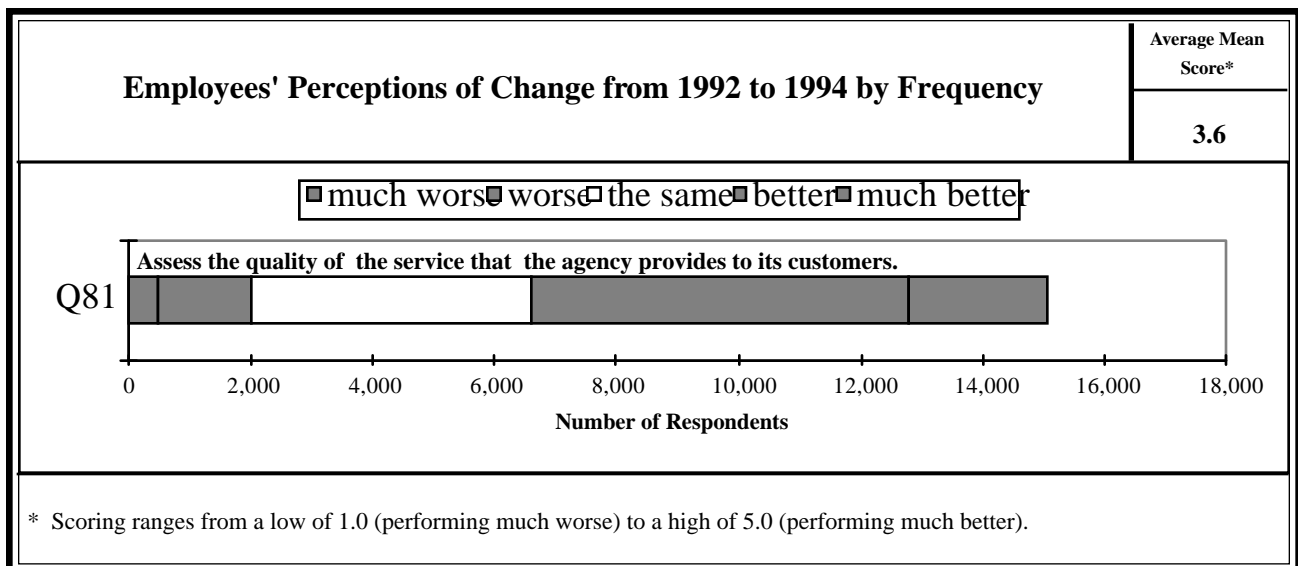
With more than half of all Survey respondents reporting a perception that employees are not given opportunities to participate in strategic planning or goal setting, it is not surprising that employees are divided about whether or not all of the work in the agency is focused on similar goals. Long-term planning in many agencies may be an isolated event in which most employees are provided little input. This lack of involvement can diminish any feelings of ownership for services produced by the agency in which the employee did not play a direct role in producing. Considering the serious implications this can have for service quality in an organization, it is especially concerning that high level personnel do not share the same impression as the majority of the workforce.

Perhaps the factor that is the most detrimental to the concept of *teamwork/employee involvement* in the state’s governmental work force is the lack of trust between employees and managers, as measured by Survey question #30, “There is a basic trust among employees and management.” If trust is missing in an organization, a great deal of the work force’s energy is channeled into self-protecting activities.¹ Trust acts as the glue which holds a quality organization together.



March 1996

Figure 4.0



Summary

The data from the 1994-1995 Survey suggest that employees perceive that many elements which contribute to organizational quality exist in Texas' governmental work force, and the trend toward service quality appears to be positive. When employees were asked in the Survey to report how their perceptions about quality of service have changed in the last two years, the majority of employees say that quality has improved (see *Figure 4.0* for detailed results). These data emphasize that quality is a high profile concern in Texas government. Future replications of the Survey will provide data about whether or not employees perceive quality initiatives as a fleeting management strategy, or as a long-term vision for agency management.

While these *internal data* provide an important measure of organizational quality, they are only one piece of a comprehensive organizational assessment. Change and improvement come from a continuous process of data comparison, or *triangulation*: leadership articulates a vision and data are collected from within the organization and from customers to determine if the vision is being achieved and supported both inside and outside the organization. Success in today's world means continuous vigilance and effort to understand and improve.

Survey data are part of the triangulation process underway in the State of Texas to produce government services that are a world class standard. Creating organizations-*learning organizations*- that respond to the state and citizens means having employees ready to participate and organizations that can focus this readiness toward goals. This part of the Survey's data support the need for more information on customer satisfaction and more attention directed toward means of achieving effective employee participation.

Reference

¹Paul Schindler and Cher Thomas, "The Structure of Interpersonal Trust in the Workplace," *Psychological Reports* (Volume 73, 1993), p. 563.



March 1996

**Next Month's
Focus:**
*Employee Stress,
Burnout &
Empowerment in
State Government*

Information and Technology Update

1. Visit the Survey's World Wide Web page for new Java Script applications. And, in coming weeks, look for resource information on customer satisfaction assessments, including information about the pilot programs underway in several state agencies.
2. During a recent visit at the Texas Youth Commission (TYC) Mr. Eric Young, Director of Human Resources, introduced us to the agency's new **video newsletters** which are produced on a monthly basis by the executive director to enhance communication with field staff. Among other uses, Mr. Young said that the agency will utilize the video newsletter to announce the distribution of the Survey to employees in an effort to increase TYC's response rate.

The *Survey of Organizational Excellence* was begun at the request of the Governor's Office in 1979 and continues to be administered by the School of Social Work at The University of Texas at Austin every biennium. The mission of the Survey is to assist organizations in their efforts to be responsive to changes in the environment and to promote continuous improvement in quality and efficiency. Information contained in this report is from data resulting from the 1994 Survey, in which over 60,000 surveys were mailed to state employees from fifty-two state agencies, with a response rate of 29 percent.

The next replication of the Survey is currently being planned, in cooperation with the Governor's Offices and the Legislative Budget Office, with Survey distribution tentatively scheduled to begin June 1, 1996. Information about participating in the next Survey will be mailed to all agencies in March.

Copies of previous Survey reports and additional information about the Survey are available on the Internet at <http://www.utexas.edu/depts/sswork/survey/> or by contacting Shannon Franz, Survey Coordinator, at (512) 471-9831 or email sfranz@mail.utexas.edu.



We welcome your questions and comments.