# QWL In the Office

### By JOYCE M. RANNEY

The overall costs of office system technology are decreasing rapidly. Consequently, there is a mounting belief that the movement toward the automated office will rapidly accelerate in the next decade (Morgan, 1976). Data communications costs are dropping by 11 percent per year. Computer logic costs are dropping by 25 percent per year and computer memory costs are decreasing at a rate of 40 percent per year (Burns, 1977).

While overall computing costs decrease, labor costs in the office increase at six percent per year. Office costs have risen an estimated 20 percent, from 20-30 percent of total company costs to 40-50 percent of total cost in the past few years (Gibson and Nolan, 1974). This can be explained to the extent that offices have not taken advantage of technological opportunities to increase productivity.

The human element is clearly the problem/opportunity area in office automation. People not only need time to make the transition from zero to total familiarity with a new system, but may feel intense resentment at being left out of plans until a new system is completed. Thus, the critical challenge of instituting effective office automation involves socioemotional issues, such as training, participation, interest

Joyce M. Ranney is senior organization development consultant at Digital Equipment Corp., Maynard, Mass. building, commitment to a new system and pacing the changeover. Few organizations can afford to underestimate the degree to which employees may become alienated and dissatisfied when their ideas are not solicited during an automation changeover.

While managers often have a broad view of what's needed from a new system, they generally do not have enough of the dayto-day, detailed knowledge of how the work is actually done to best design it for the people who do the job. They are generally less able to discern the key problem areas, as well as those parts of a job considered stimulating. Thus, involving the employees most affected in an automation effort is suggested not only to increase commitment. but to gain practical information about how work actually gets done, what key problem areas or variances are and what the job should consist of to help them be most productive.

Office worker involvement, focusing on building commitment and the actual design of new jobs and/or departments, is called either "QWL in the office" or "participative computer systems design." Participative computer systems design is the focus of this article. The terms "QWL in the office" and "participative computer systems design" are used interchangeably.

We've learned from QWL programs in manufacturing plants that when employees can organize their work in ways meaningful to them, reduced Few organizations can afford to underestimate the degree to which employees may become alienated and dissatisfied when their ideas are not solicited during an automation changeover.



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quality-control problems and substantially higher productivity result. These problems also produce employees who are more committed to their work because their jobs are more meaningful. It is apparent that sociotechnical and QWL principles have farreaching applications in the office as well.

### The distributed payroll project case

The case in this article provides an example of a QWL project (participative computer systems design) in an easternbased electronics corporation's payroll department. The upgrading of the existing payroll system focused on the distribution of computing capability from a centralized batch operation run on a main frame to locally controlled interactive systems run on mini computers. This meant

changing from a centralized payroll run in the East, paying 40,000 employees nationally on a weekly basis, to a distributed payroll system with 30 to 40 local payroll offices (LPO) in existing facilities all over the country. In the centralized payroll system, time cards were shipped from the West and Southwest to the East, and paychecks were returned to facilities in these areas weekly.

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Since one-third of the corporation's expenses was paid in paychecks, a faulty system was unacceptable from a financial standpoint. A faulty system was also unacceptable from an employee-relations standpoint because weekly paychecks were considered a principal motivating employee benefit. The reasons for the change in the existing payroll system included:

• The company wanted local

management to run their own payroll to more accurately reflect the company policy of local control;

• There were severe logistical problems with centrally paying 40,000 employees across the country weekly (e.g., a snow storm or air traffic controller's strike affecting paycheck distribution):

• The old batch computer system was updated so often in the past it was increasingly complex to reprogram.

Considering the importance of payroll execution, the goal was to reach zero percent errors in the payroll system. Thus, a smooth transition was critical to the extent that errors in payroll were highly visible and easy to judge from outside the department.

### Underlying principles of QWL

The goal of QWL-oriented programs in the office setting is to jointly optimize the business, technological and social needs associated with a change in computing capability (Munford 1979). In joint optimization, the social system that enhances growth, development and job satisfaction is valued. At the same time, an efficient and effective technical system is also valued, as is the meeting of business constraints and/or objectives. Through joint optimization, any change in the business or technical subsystem will affect the social subsystem. Simultaneously, any change in the social subsystem will affect the operation of the computer system, the business needs and the social subsystem itself. Thus, social subsystem changes require management to consider the consequences and repercussions that affect the business, the technology and the employee. Therefore, decisions about employees, computer technology or business needs are ideally made by considering all three subsystems.

Finding a solution that combines all three points of view and recognizes the consequences of not addressing each subsystem's need is the essence of joint optimization. In the data collection

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and job design phases of a project, all perspectives must be articulated in terms of trade-offs and solutions that jointly optimize the needs of the three subsystems.

In the payroll department case, there was an objective to establish a balance between the needs for:

• A cost-effective business system with zero percent errors which supported the management philosophy of local control;

• Technological needs for distributed data processing capability to efficiently handle logistical problems;

• The job satisfaction needs of the employees directly affected by the new computer system (e.g., the need for entire tasks to perform and for back-up staffing to facilitate training, career development, attending meetings, vacation schedules, etc.). These needs were identified by payroll clerks in a survey-guided development effort, preceding the job-design project.

Having discussed the critical importance of QWL principles to the effectiveness of the office of the future and to corporate productivity, using the Distributed Payroll Project as an example, it is appropriate to highlight the steps used in the case.

# The QWL program: steps and phases

The steps, organized into three phases, use additional examples from the Distributed Payroll Project. The three phases are: *Phase I*, the establishment of a structure to make the transition from the old structure to the new structure; *Phase II*, the collection of information to assist in deciding what new organization design will be most effective; and *Phase III*, the actual designing of the new organization.

When undertaking a project of this sort, it is possible to complete each step in a number of different ways (depending on your preference and style); the order of completion, however, is important. The steps presented suggest an effective process. As a consultant to this type of effort you will need to modify the steps to suit the particular constraints and sociopolitical situation of your project.

### Phase I

The first phase focuses on establishing a structure to help make the transition from the old organization to the future organization. The two most critical components to the transition structure are a steering committee, which establishes guidelines and approves recommendations on how the new organization should be structured, and a design team. The design team's role is to make a decision on which design should be recommended for approval.

• Step 1: Contracting and establishing a steering committee as part of the structure to help transition to the new organization. At this stage in projects of this kind, it is crucial that you secure an explicit stipulation in your contract about consulting to the total change effort. This includes making sure the transition structure will be effective. As a part of this contract, you need a license to interview and talk with all key departments that interact with the focal department and/or organization. The purpose of these interviews is to determine the critical "stake holders." By "stake holders" I mean other parties who can veto or cause implementation problems later on, as well as departments who will be affected substantially by the change. Critical "stake holders" form the basis of a steering committee.

In the Distributed Payroll Project, critical stake holders outside of the payroll department consisted of the personnel and management information systems departments. Personnel provided the weekly compensation status (current salary) of all employees to be paid. Management information systems serviced both personnel and payroll functions on computer systems needs and provided the payroll department with advice on the new distributed payroll system.

The steering committee, consisting of upper management from finance, personnel and management information systems, acted as the approval forum for the design work completed by the design team. The steering committee also acted as a buffer, giving the design team space to create a new organization within set guidelines.

• Step 2: Selecting a design team. After the steering committee was established, a design team was organized, comprised of people directly affected by the computer change. This team consisted of 12 payroll clerks and supervisors. The design team consisted of representatives from all subspecialties from the existing payroll department, formal and informal leaders and skeptics, clerks with experience in more than one payroll job and payroll clerks from other facilities.

The steering committee acted as a review body for each of the products of the design team. These products are listed below as successive steps in the QWL project.

### OD issues of Phase I

• Obtaining role clarity and commitment of various client hierarchical levels is crucial because uncommitted management personnel at any level can easily undermine an effort by allowing either operational or design activities to slip;

• Ensuring that job design work is completed before the computer system is designed is essential to help keep all decisions open so that all three subsystem needs can be developed before making decisions that might hamper joint optimization; • Obtaining data from as many relevant areas as possible outside of the focal department is important to help establish an effective and committed steering committee.

### Phase II

When consulting to a project of this sort, five data collection efforts form the foundation of the design team's organization design effort. These elements include: step 3-writing a charter (a statement of the purpose of the new organization); step 4-articulation of business objectives (completed by design team to ensure that they understand management's objectives); step 5-outside influence analysis (a scan of the external environment's expected future demands for the new organization and the new organization's preferred response to these future demands); step

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6-work flow analysis of the current work system to identify key variances to be controlled in the design phase of the project; and step 7-a job satisfaction study to determine what aspects of the jobs to keep and what to eliminate. These research efforts provide the data for the design phase, serving to educate a design team as to the overall functioning of the current work system and providing a more objective stance for redesigning the jobs. Before discussing the design effort that assembled and integrated the data, each of the five data collection efforts used in the case are presented below.

•Step 3: Charter articulation and documentation. The entire payroll department (39 employees) spent one day listing, discussing and writing the quality of work life cnaracteristics and service guidelines (charter) that they wanted to reflect in the new LPO. All personnel in the corporate payroll department were involved because the charter formed the foundation for the remainder of the work, thus, total participation was desired.

The charter eventually covered such elements as "cooperation among co-workers," "responsiveness to employees" and "career development." During the writing process semantic arguments were encouraged, since these conversations provided clarity about what the new LPO should be like. Since, in the payroll case, the charter was not finished during the first day session, a subcommittee was formed to complete it. After the subcommittee work was completed, the document was again presented to the entire payroll department for



approval before it was reviewed by payroll management and the steering committee.

•Step 4: Design team articulation of business objectives. To ensure that the design team understood the business objectives, they documented the business objectives of management for the LPO. The design team added a business objective they considered important: at this point, "the project was to ensure a smooth transition to the new system." Therefore, the design team made the achievement of a smooth transition their goal, directly addressing the issue of employee commitment to the change.

•Step 5: Outside influence analysis and reality checking of the analysis. The charter was focused on the payroll department's ideas and preferences for the new LPO. To be realistic about the future and the impact of the external environment, however, it was also necessary to obtain the outside perspective of the future demand on the new LPO. Specifically, the educational objective of this step was to help the design team learn about the requirements of its external environment in two years.

When consulting an effort of this type, the steps taken within the outside influence analysis need to include:

• Listing all outside influences affecting the new organization;

• Prioritizing the most important outside influences and listing their demands for the new organization two years hence;

• Validating through outside sources the messages of the most important outside influences;

• Determining what effect all of the above might have on organization design.

•Step 6: Work flow analysis to determine key variances. A central principle of job design is to create jobs so that variances are controlled as close to the origination of the variance as possible. A variance is when an interim product of a system does not meet interim product specifications, thus creating an unacceptable end product. There are two



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types of variances: the ongoing, or chronic and the episodic. Both variances are troublesome to the extent that they require substantial resources to correct and are ongoing frustrations when they occur.

The work flow analysis serves three purposes:

• To identify key variances so that during the new design of the jobs these variances can be controlled as close to the source as possible:

• To impart knowledge to the design team concerning the work flow of the total function (a knowledge that people who have worked in narrow jobs need to gain before they can design new jobs);

• To help the design team members step back and examine the work flow as a process of activities, unrelated to people and personalities.

The initial step to be completed

in a work-flow analysis is to identify the key outputs of the system. For each of these outputs, the linear steps or individual activities performed to produce each output are identified. The linear steps are then grouped into unit operations, which are a series of linear steps. or conversion processes, with one interim product. All variances are then identified for each interim product. Then, for each variance, "what information is needed to control the variance?" is identified, as well as, "who in the current system has the information needed to control the variance?" After this information is documented, the key chronic and episodic variances are identified.

Although a variance matrix is the conventional method of identifying variances, Pava (1982) suggests this procedure is not appropriate for use in offices with

substantial complexity for two reasons. First, the sheer volume of variances in an office makes a variance matrix unwieldy. Seccond, in a factory there is only one linear conversion process, which is not the case in an office. In an office, both multiple and simultaneous conversion processes occur. This makes the conventional variance matrix less useful than a more straightforward procedure for identifying variances.

Additionally, the Management Information System (MIS) specialist was added to the design team during the completion of the work flow analysis. The MIS specialist's role was to learn how design team members conceptualized their work and what they considered key variances to be.

•Step 7: Job satisfaction study to determine what aspects of the current jobs are valued and not

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valued. To obtain a picture of what characteristics of the current jobs had the desired degree of each job design characteristic (variety, autonomy, whole task, interaction with people, etc.), the Job Diagnostic Survey (Hackman and Oldham, 1975) was given to all members of the corporate payroll department, as well as one of the payroll offices in a nearby facility. The results were consolidated by the consulting team, and then given to the design team. After the design team had spent time explaining the information and summarizing learnings, they presented the data to the rest of the payroll department.

### **OD** issues of Phase II

 Familiarizing the steering committee with the products of the design team is important to begin as soon as possible in order to ensure the design team develops an alternative work system generally acceptable to the steering committee;

• Allocating the appropriate spectrum of internal and external consultants is essential to ensure that the skills necessary to conceptualize the project, as well as to manage the various phases of the project, are represented on the consulting staff;

 Shouldering major responsibility for energy until the design team is functioning well may be necessary until the design team understands its mission and begins to feel significant ownership in the project;

• Gaging energy outlay of the design team in the data collection phase is important to ensure energy is available for the design phase:

• Ensuring that reality checking of outside influences is completed in a politically useful manner for overall project success may be crucial to project survival and needs to be discussed with the focal client.

### Phase III

The preceding steps (steps 3 through 7) concern data collection and employee education. The design phase uses the informa-

tion collected and key concepts to generate a recommendation. To ensure a design acceptable to management, the steering committee should review the design team's work throughout the process. At this point in the project, you may want to add a member of management to the design team to gain his or her support for the final recommendation submitted to the steering committee.

•Step 8: Topics discussed in the design phase to transform the data into a recommendation. The purpose of the design phase is to generate guidelines for the new organization. This means that a minimum specification of the organization is proposed instead of a detailed description of each job. The intent here is to allow more "fleshing out" of the job to occur by the people who actually take the job.

The broad topics discussed in the design phase of the payroll case include:

• LPO functions to be decentralized:

- LPO structure:

 LPO technology; Evolution of LPO functions out to local site.

Under LPO functions to be decentralized, approximately 50 functions were identified for possible decentralization by the design team. Each function was discussed separately to determine if it could be decentralized from a "feasibility" standpoint. Whether or not it was "desirable" to decentralize each function was also discussed; the cost of decentralizing was discussed later.

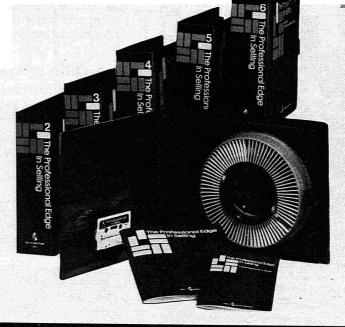
Under the LPO structure, the following subtopics were included: characteristics desired in the LPO management philosophy (e.g., jobs composed of whole tasks, independent thinking, selfsufficiency); type of decision making desired (e.g., peer decision making with two or more LPO specialists: hierarchical decision making with an LPO supervisor over an LPO specialist; and /or semi-peer/hierarchical decision making with a lead LPO specialist over an LPO specialist);

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criteria for splitting job responsibilities (e.g., by client groups, by alphabet of payroll population, by specialty or function); and alternative pay structures (e.g., team-peer evaluation only, individual merit only, and/or combination of individual merit and team evaluation). These discussions took place in the project team and used alternating brainstorming, nominal group techniques and large group discussion.

The LPO technology discussion was oriented toward what existing functions should and should not be automated from the design team's point of view. In this discussion, people were subgrouped by their specialty (phone inquiries, garnishments, relocation, etc.). They brainstormed both what they did and did not want to automate in their jobs. This discussion was crucial to those office workers influencing the new technology and told the MIS specialist their preferences. The specialist then suggested various computer options available.

The topic, evolution of payroll functions out to the local LPO. concerned recommending those functions which should be decentralized from a learning and skill acquisition standpoint. The framework was based on the priorities for moving specific responsibilities from corporate payroll to the local site: responsibilities essential for immediate LPO functioning on important recurring tasks; responsibilities vital in shaping eventual LPO priorities while they are still in formative stages; and responsibilities important to LPO semiautonomy, but which are too infrequent and complicated for immediate distribution.

When consulting on an effort of this sort, documenting the design team proposal is important for approval by the steering committee. This proposal is documented after discussion similiar to the above topics occurs. The steering committee looks for aspects of the proposal it cannot agree with; these points are discussed and resolved. They address points that are trade-off dilemmas between the business, technical and social subsystems.

### **OD** issues of Phase III

• Coaching the entrance of the department manager if added to the design team is essential to make sure he or she is there to provide options and "bless the outcome," instead of conducting



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meetings or managing the design team;

• Proposing alternative organization structures for the design team to consider may be necessary to broaden perspectives about what is possible;

• Being cognizant of what is occurring in the project's sociopolitical environment is essential to help strategize the timing and content of the job/organization proposal;

### An iterative process

A general rule about this stepby-step process is that while the process appears linear in nature, it is actually iterative. When undertaking a project like this, one must accomplish it in a linear manner: each succeeding step brings clarity to the steps before it.

For instance, in the payroll case, after completing the workflow, it became apparent that approximately 50 percent of payroll's key variances were controlled by information possessed by departments other than payroll. This had implications for the need to streamline the areas related to these variances as much as possible in order to assist in variance control and to help the clerks gain more control over the quality of their work. Therefore, in the outside influence analysis, outside departments were discussed. They needed to be discussed again from a more informed perspective once the work-flow analysis was completed.

The human element poses a major challenge in office productivity efforts for the next decade. It can and does become a serious problem for organizations when their programs to automate do not consider a number of key personnel management issues. The problem is not only that people need time to make the transition from zero to total familiarity with a new system, but that people may feel intense resentment and fear about being left out of plans until the new system is completed. Thus, the critical challenge of instituting effective office automation involves the

participation of people with relevant information about the work system, as well as the socioemotional issues of training, office/organization politics, commitment to a new system and the pacing of the changeover.

This project provides an example of what can be done to articulate the conflicts between business, technological and social needs during the institution of a new automated office system. It cites the influence that sociotechnical and QWL principles have in the computerized office, both now and in the future.

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