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**PRODUCTIVITY AND TRUST:**

**APPLIED RESEARCH IN A NEW ZEALAND WORKPLACE.**

**A thesis presented in partial  
fulfilment of the requirements**

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**ADAM BARNARD**

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**THIS THESIS IS DEDICATED TO WORKPLACE DEVELOPMENT.**

## **Abstract**

The literature on work and employment routinely postulates a post-Fordist era, the third industrial divide, with implications for the division of labour and the organisation of work in modern Western economies. Some see such changes as contributing to the success of the German, Japanese and Scandinavian models but others see the same changes as a managerial strategy to extend control and to exploit workers. In this context, this thesis seeks to explore new options for workplace reform to enhance worker satisfaction, the quality of working life and productivity.

Workplace performance and satisfaction are built on the motivation of individual workers. This motivation can be created and sustained by a high-trust workplace culture. Traditional workplace cultures are often built on low-trust employer/employee relationships and these relationships ensure that workplace performance and satisfaction remain poor. This thesis argues that workplace performance and satisfaction can be improved if workplace culture can be shifted from low to high trust. New managerial practices espouse the rhetoric of high-trust workplace cultures and their positive relationship with productivity. This thesis argues that workplace change must go beyond the rhetoric to genuinely achieve a high-trust culture. Positive changes of work organisation are based on high-trust relationships between employer and employee, and among employees.

In the context of the workplace examined in this case study, people assume poor productivity is due to the fact that there is a low skilled and special need workforce. However, it is demonstrated that productivity can be increased with a different workplace culture built on high trust. The key is the development of people through inter-related management practices such as leadership style, involvement, training and teamwork. As one of the employees of the research group put it: "Before, I couldn't care about my job but now my job means everything to me". This thesis provides an assessment of the success in developing high-trust work relations in a particular setting.

<b>Table of contents</b>	<b>Page</b>
<b>Acknowledgements</b>	
<b>List of Figures</b>	
<b>Part One – The literature in context</b>	<b>1</b>
<b>Introduction</b>	<b>1</b>
<b>Chapter One</b>	<b>5</b>
The workplace in this study	
<b>Chapter Two</b>	<b>11</b>
Developing Distrust: The Low-trust Workplace and the Evolution of Economic Production	
1. The factory system and its contribution to control	12
2. Marx and alienated labour – The dignity of the worker	13
3. Marx and the labour process – Managerial privilege	17
4. Control and social responsibility	17
5. The low-trust culture – The workplace in context	18
6. Managerial strategy – Control vs worker autonomy	27
7. Unions and the low-trust workplace	29
8. Ethical arguments for employee involvement	30
<b>Chapter Three</b>	<b>33</b>
Labour's Social Nature	
1. Challenges to the traditional system in the late twentieth century	33
2. Social circumstances and the influence on economic production	34
3. Challenges to the organisation of work	37
4. Improvement in the quality of working life	44
5. The challenge to and for management	45
<b>Part Two – Developing a high-trust model in the workplace</b>	<b>47</b>
<b>Chapter Four</b>	<b>47</b>
1. Workplace culture as a key component of high-trust relations	47
2. Trust and the workplace	50
3. Is teamwork the key to change	63

<b>Part Three – The Research</b>	<b>78</b>
<b>Chapter Five</b>	<b>78</b>
1. Introduction	78
2. The central research questions	80
3. Trust assessment	83
4. Job satisfaction survey	88
5. Trust building as basis for culture change	97
6. Leadership	106
7. Training	116
8. Teamwork	123
<b>Chapter Six</b>	<b>134</b>
Results	134
<b>Chapter Seven</b>	<b>143</b>
Summary	143
1. The significance of supervisory practices	143
2. The implications of culture change for management and supervision	144
3. Culture change in the research group: Productivity, Satisfaction and the quality of working life	145
4. Are the culture changes sustainable?	147
<b>Chapter Eight</b>	<b>149</b>
Conclusion	149
<b>Bibliography</b>	<b>154</b>

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<b>List of Figures</b>	<b>Page</b>
Fig 1. Distinction between low-trust and high-trust cultures	21
Fig 2. Comparison between traditional and emerging systems	42-43
Fig 3. Comparison between old and new team environments	74
Fig 4. Autocratic supervisory style - S/H	82
Fig 5. Trust assessment "before"	84
Fig 6. Trust assessment criteria (Shaw, 1997)	84
Fig 7. Overall satisfaction "before"	93
Fig 8. Facet satisfaction "before"	93
Fig 9. Overall satisfaction "before"	135
Fig 10. Overall satisfaction "after"	135
Fig 11. Facet satisfaction "before"	135
Fig 12. Facet satisfaction "after"	135
Fig 13. Trust assessment "before"	136
Fig 14. Trust assessment criteria (Shaw, 1997)	136
Fig 15. Trust assessment "after"	137
Fig 16. Trust assessment criteria (Shaw, 1997)	137
Fig 17. Autocratic supervisory style - S/H	137
Fig 18. Participative supervisory style	138
Fig 19. Productivity comparison	139

## Introduction

The literature suggests that the nature of workplace change and its significance are far from clear. Some argue that the changes of the last twenty years emphasise a fundamental shift in the nature of economic production and that organisations, with new systems, new ways of organising work and a new division of labour, have emerged (Piore and Sabel, 1984; Peters and Waterman, 1982; Perry, Davidson and Hill, 1995). Some see these changes as doing little for workers and that the new emphasis on flexibility is to the advantage of management. It provides further opportunities to tighten their control over workers and the process of production (Pollert, 1988; 1991). Others argue that a degree of caution is necessary. In their book, **Beyond the Hype**, Eccles and Nohria (1996:4) offer a warning about new structures, new systems, new organisational practices and new words: "We certainly do believe that change and innovation are important. Yet, our experience and research have also led us to the conclusion that certain scepticism of newness is necessary".

This thesis will argue that there is a significant shift in the organisation of work in industrialised countries and that the results of these changes offer opportunities to develop new sets of work relations that have positive effects for both managers and workers (Piore and Sable, 1984; Peters and Waterman, 1982; Perry et al, 1995). There is evidence (Littek and Charles, 1995; Shaw, 1997; Chambers and Craft, 1998) that the shift away from the traditional to the new represents an opportunity to develop trust relations between employer and employee. The literature also suggests that certain "**management practices**" may influence trust and that these trust relations may influence productivity and worker satisfaction positively.

This particular study is about new workplace initiatives introduced to two units at Mountain Industries and provides an assessment of what might work in terms of workplace culture and its influence on performance. The study draws on the available literature to put a measure together and to assess what happened. These workplace initiatives form part of the international debate on 'best practice/high performance' organisations, which I will

apply here to a specific New Zealand workplace. **The case study is based on the development of trust relations and the impact of such relations on performance and satisfaction.** Changes in supervision practices in the research group are compared with what happens to a control group. This attempt to change, from the established low-trust culture to a desired high-trust one, aims to improve organisational performance and provide a better quality of working life for workers.

The research also aims to test the arguments of those researchers and authors who contend that workplace performance and job satisfaction are built on the motivation of individual workers. That motivation is in turn created and sustained by workplace culture. Traditional workplace cultures, developed over years and even decades and centuries, are often built on low-trust employer/employee relationships and a specific management style such as close supervision and control. These low-trust relationships tend to ensure that workplace performance and job satisfaction remain poor. **It will be argued here that workplace performance and satisfaction should improve if the workplace culture can be changed to one of high trust.**

The methods and changes I will experiment with occur in the normal day-to-day supervision of the units of the factory, with a particular emphasis on supervision style, human resource development and low cost. I am looking for a sustainable alternative to the current low-trust culture. In particular, I will try to build a bridge between the management-oriented approach, concerned with work efficiency, productivity and improvement and the human-orientated approach. The latter seeks to understand the effects of different kinds of tasks and environments on the individual and groups and to develop a degree of social responsibility. The focus is on workplace reform in an applied study.

WPNZ (1993) defines workplace reform as: "A comprehensive and integrated approach to redesigning the organisation and management of work to achieve improvements in economic performance and adaptability and an improved life for staff". This definition encompasses the win-win goals of the study. The attempt to redesign aspects of the workplace culture and management goes beyond shop floor production, service and

processing systems to involve the integration of work organisation with technology, information, learning, quality and reward systems. Under workplace reform, the twin goals of economic efficiency and an improved quality of working life become the end goals. WPNZ claims that the participative workplace is the most efficient and productive workplace. This study will test whether this is really the case.

Following on from this last statement, this study will use trust as a basis for the allocation of labour tasks and involvement and to test the influence of participative and democratic changes in contributing towards productivity and workplace satisfaction in a case study. In the work context, the relationship between employer and employees, the influence of the workplace and the organisation of work are vital in understanding one of the major issues of industrial sociology, namely workplace behaviour. In this debate, there are different approaches to new organisational practices, workplace reform and change.

Studies about change vary in what they consider to constitute change. It is typically seen as change in work organisation or, more specifically, in practices such as teamwork. Ryan (1995) argues there is no systematic typology of change, nor any agreement as to the relative importance of different elements of work reorganisation. I will select and justify the changes that I chose from an analysis of a job satisfaction survey in the workplace and case studies and surveys by Applebaum and Batt (1994) of American workplaces. They identified four general areas in which a number of changes have taken place. For the purpose of the study these include:

- i) Management structure such as supervision style;
- ii) Work organisation, with the focus on teamwork;
- iii) Human resources practices that emphasise training;
- iv) Labour / management relations through involvement of workers in their job.

They also suggest that managers pick and choose elements of the model which fit their own practices, such as control and profits. They leave aside those which suit the workers such as autonomy and dignity. Enderwick (1992) defined workplace reform as: "Reorganising the flow of work, the organisation of tasks, work responsibilities and job content. It generally

involves a move towards team rather than individual work organisation, increased employee responsibility for quality and productivity, broader skill definitions, a closer integration of work goals, appraisal and payments systems and new approaches to employee relations" (Enderwick, 1992, cited in Ryan, 1995:5). Workplace reform needs to be contextualised, especially given the major changes to economic production and work, both domestically, globally and the nature of a particular workplace.

At the level of a specific work site, it is important to acknowledge the evolving, even radical, changes that are taking place in the organisation of work. However, the prime focus will be at the micro-level of a particular site and how some of the options provided by these changes can be operationalised to produce positive changes. **This thesis will argue that workplace change is possible, but it must go beyond simply rhetoric to achieve a sustainable high-trust culture.** I use a specific combination of changes in the workplace, based on trust, to test my arguments. There are many ethical, economic and political arguments about reform in the workplace and some of these will be identified and discussed as the thesis proceeds.

The significance of this study is that it will apply the arguments in the literature to the shop floor in a low-skill New Zealand workplace and compare the results to certain other New Zealand and international studies. **Success is measured by the results of the changes and, particularly, a higher productivity along with a better quality of working life.**

The dilemma is to manage and improve trust. This gives rise to a fundamental and difficult question: How can management demonstrate real concern, enhance trust and continue to ensure the profitability of the company? Are these aspects incompatible? This thesis provides an empirical case study of an experiment in one workplace, and whether both economic imperatives and worker satisfaction are compatible.

## Chapter One

### The Workplace in This Study

Traditionally, Mountain Industries provided work and training for people with special needs, low skills and language barriers. This training and work reflected social policies and a level of community responsibility in providing basic life skills. Productivity and commercialisation were low on the priority list of the operations of the organisation and, yet, were increasingly an issue as the external context and policies impacted on the organisation.



Mountain Industries

In New Zealand, there is increasing tension between a number of shifting social and economic forces. On the one hand, government is changing the face of social welfare with the state moving from providing support on a 'universal' basis, to defined, individualised support targetted to specific groups in society and a much greater expectation of individual responsibility. On the other hand, people with special needs are demanding greater access to the opportunities and services available to the rest of society. This means government is being challenged to see that its obligations under the Human Rights Act are met. By removing various physical and social barriers and assisting in the provision of economic and skilled support, those people with special needs and low skills can participate in mainstream society, especially in terms of employment. The provision of a long-term wage subsidy to those people in special employment, who are unable to secure employment in the open labour market, is one solution which may meet the aspirations of the individual and society. It is a solution which has proved successful in countries such as the United Kingdom and Sweden. However, there is an obvious reluctance to provide such direct support in New Zealand, thereby putting greater pressure on organisations such as the one discussed here, to meet the imperative of operating in a fully commercial environment while meeting certain social objectives and obligations.

The slowdown in New Zealand's economic growth and the decline in the labour market make it difficult for the organisation to maintain the level of success it achieved in recent years. However, the organisation will continue to fulfil its mission and try to convince the government that people with special needs are not charity cases but people who want the opportunity to be full participants in the workforce and society.

These shifting social circumstances compelled changes at Mountain Industries and the adoption of a more commercial approach. The current manager changed the workplace from a low-producing organisation into a business. In the period 1995 to 1999, the workplace has provided jobs for those people with special needs who wanted to work. People who come to this workplace typically say they want to work and that they want a job. The vast majority who are currently employed here describe their status as being employed or in a job. They talk with pride about the work they are doing and they have

every right to feel proud because they do sub-contracting work for more than two hundred companies in New Zealand. They know they are contributing to the economy because the products they help to produce are advertised on television, are on sale in the large retail stores and are exported around the world. As a result, the job has positive psychological value and meaning for many of these workers and it shows in their attitude, commitment and self-esteem.

While the workplace continues to be successful in providing meaningful work for people and is psychologically rewarding for many, it struggles to make the job financially rewarding. In particular, it is very difficult to move all the people on to full wages and to make them independent of state benefits. To achieve this crucial part of our mission, the organisation has to become more commercial and profitable in its approach. In striving to fulfil the ambition of providing full and rewarding employment, the organisation needs to be mindful that the drive to become more commercially successful should not be at the expense of our less skilled employees. For management, this dilemma is a daily consideration and challenge: how to increase the financial return from the productive efforts of a workforce that is composed predominantly of people with low skill levels, language barriers and special needs.

In analysing the role of management and supervisors at Mountain Industries, it became clear that the existing priority was to supervise for quantity and check for quality and that management controlled the production process instead of developing it. This situation of compelled productivity because of shifting social circumstances, forced alternative forms of work organisation to develop whereby management and supervisors were under pressure to tighten up control with intensification. The traditional response when work organisations experience pressure and competition was to intensify work, apply downwards pressure on wages or the utilisation of technology to reduce costs (Matthews, 1989:31). As a result, the mutual distrust, which serves to de-skill the workers, justifies their continual exclusion from decision-making and shores up a dysfunctional relationship between employers and workers.

At the same time, production figures in the research group at Mountain Industries showed a downwards trend in productivity. The trust-relations contributed to high absenteeism, simple incompetent mistakes and the low commitment of the workers and, as a result, undermined productivity throughout the organisation. This low productivity is the product of an organisational culture which has low training levels, close supervision, a lack of motivation, low levels of job satisfaction in certain areas, high turnover of workers and low commitment. The combination of all these factors produces a culture of low-trust relations at Mountain Industries. In addition, the tasks they are doing are repetitive and are characteristic of a typical mass production system. Often, the management style of a workplace like this is one of close supervision, coercion, control and of course, checking and checking again for quality.

At this point, the situation provided an opportunity to change management's role to one of developing resources and not simply controlling them. A role change from close supervision to facilitator was initiated whereby workers began to use their own discretion and to take responsibility for their own work, within certain boundaries and the rules and regulations of the unit and the company. It was felt that this would provide the opportunity for workers to develop a sense of their new and future roles and, at the same time, increase productivity for the company.

In this move to a commercial model, the necessity of wider structural reforms provided an excellent opportunity for an experiment, which included the introduction of trust-building management practices that might enhance performance and satisfaction. The experiment included a number of explicit considerations.

Firstly, to achieve a degree of success, the organisation needed to increase the productivity of the workforce by investing in more sophisticated and effective equipment and upskilling human resources. The new technology and equipment needed to be an extension of the worker and not a replacement or a way of simplifying work or de-skilling workers. Upgrading the equipment means upgrading the skills of the operators. This requires an extensive training programme to meet quality standards in order to enhance productivity, satisfaction and improve the quality of working life.

Secondly, for a better financial return, a cultural change was necessary at Mountain Industries. This change, away from the traditional low-trust culture to a high-trust one, needed to ensure the involvement, participation and 'ownership' of workers in company objectives in order to motivate them and to achieve higher productivity. The first issue that needs addressing is the level of trust and the relationships which are central to the organisation and the culture of the workplace. Trust is always brittle and the aim is to maximise trust in a way that influences productivity and the quality of working life positively. In the present environment, it is important to minimise the larger, long-term and social issues of capital flight, plant closure, the transfer of operations and disinvestment, which can lead to high levels of personal and organisational insecurity.

Thirdly, there is a need to build a trust relationship in the workplace by involving workers in ways that suit their social circumstances. This means encouraging people to participate in the day-to-day decision making in workplace organisation. The involvement of workers in various facets of the workplace which affects their lives and by improving their skills to enable them to do this successfully are important matters in improving motivation and performance.

At the same time, it is necessary to realise that we are a social species who need each other and find reward and a deeper and more lasting sense of purpose when we work to nurture, sustain and enrich one another and ourselves. Such considerations are characteristic of successful businesses.

The success of this culture shift may lie, in the workplace under study, in the hands of the front line supervisors. It depends on their co-operation and on their ability to create a workplace culture which can motivate employees to participate in a skill development programme and to build a learning environment. This high-trust culture should utilise and maximise the ability, creativity and skills of the workforce to achieve the organisation's objectives and to reward workers by enhancing their dignity, opportunities and skills.

Recent developments mean that the organisation is no longer a sheltered workshop and had a name change to emphasise this new commercial focus. At the moment, more than 20% of the staff are fully waged or salaried. It now supplies a range of labour and packaging services at commercial prices. This move provided the opportunity to undertake a research experiment at Mountain Industries and to use the literature as the basis for an argument concerning workplace reform and productivity.

## Chapter Two

### **Developing Distrust: The Low-trust Workplace and the Evolution of Economic Production.**

The predominant contemporary division of labour is a product of a particular form of industrialisation and workplace organisation in the wake of the industrial revolution. One result of these radical transformations was that "the shackles were taken off the productive power of human societies, which henceforth became capable of the constant, rapid and up to the present limitless multiplication of men, goods and services" (Hobsbawm, 1962:45).

Historical approaches to the sociology of industrialisation, including classical Marxism, argue that a significant consequence of this industrialisation was the creation of the labouring class and an exploitative set of relations. The exploitation of labour, by keeping its income at a subsistence level, enabled the owners of the means of production to accumulate the profits which in turn financed further industrialisation. For workers, it became a continuous struggle for survival and the improvement of the quality of working life, particularly in the Fordist factories of traditional capitalism.

A further social consequence, especially in the late twentieth century, was increased competition from new organisations and regions and declining prices of the finished articles, but not in the price of production costs. Subsequently, lower wage costs in an increasingly globalised capitalism led to wage cutting and the pressure to mechanise and a new stage of industrialisation. An evolving capitalism led to new forms in the division of labour and greater control to secure profits in the traditional economies of capitalism, notably in Europe and North America, but also in New Zealand.

One of the most important characteristics of industrial capitalism is the need to improve profitability by extracting maximum effort from the workforce. The conflict of interest between employers and employees inevitably leads to strategies designed to control the workforce. In addition to managerial authority by virtue of ownership of the capital,

employers developed important structural control of labour based on the traditional form of work organisation, the factory.

### **1. The Factory System and Its Contribution to Control**

The factory system that typifies the industrial or Fordist era saw the centralisation of workers under one roof as a particularly distinctive characteristic. The costs of production, including transport, were reduced. Furthermore, the owners could dictate the pace and rhythm of work and a worker had to be willing to work the hours and days demanded by employers. The centralisation of workers allowed factories to develop expensive machinery and mass production processing with the intention of maximising the potential of capital outlay in longer working hours and greater volumes of production. Increased productivity from the machinery and the simplification of tasks resulted in deskilling in many areas. This reduction of cost meant that factory owners could sell their products cheaper than artisanal producers and merchant capitalists. These advantages gave factory production dominance over older forms of production. Supervision over the labour process was central to controlling it.

The English economist Adam Smith described the process for the manufacturing of a simple pin: One man draws out the wire; another straightens it; a third cuts it; a fourth points it; a fifth grinds it (Smith, 1937 [1776] cited in Hodson and Sullivan, 1995). Ten people could make 48,000 pins a day. Under the artisanal system, a pin maker might have to repeat the eighteen different operations several times before proceeding with the next step. Efficiency lies in the division and specialisation of tasks. In the old system, the division of labour would have meant that these tasks would not have been assigned to different workers.

The consequences of this new division of labour were appraised in different ways and led to a complex and significant debate. Marx condemned the system because it reduced the skills of workers and lowered their wages, while increasing the possibility of extracting profit. On the other hand, Smith applauded the system because it lowered the cost of

products and in his classical example the lower price of the pins meant that more people could afford them. It should be added that the consumers of those pins were often the same people who made them and what was needed to sustain mass production was the development of mass consumption and an expanded market. Mass markets represents one of the major developments in the evolving capitalist systems of production and consumption.

## **2. Marx and Alienated Labour — The Dignity of the Worker**

Marx's approach hinged on a 'materialistic' view of labour as the basis of human society. "The transformation of the natural world through shared labour, initially out of physical needs for survival, brings the social and cultural world into existence" (Fincham and Rhodes, 1992:226). In these relationships, political power shapes the nature of useful collective work. Marx argues that in capitalist class relations, the creation of a material and social world becomes a degraded activity when human labour becomes alienated.

"Firstly, the fact that labour is external to the worker, it does not belong to his essential being; that he therefore does not confirm himself in his work, but denies himself, feels miserable and not happy, does not develop free mental and physical energy, but mortifies his flesh and ruins his mind. His labour is therefore not voluntary but forced, it is forced labour. It is therefore not the satisfaction of a need but a mere means to satisfy needs outside itself. Its alien character is clearly demonstrated by the fact that as soon as no physical or other compulsion exists it is shunned like the plague" (Marx, 1844 Manuscripts, 1975:279-400, cited in Fincham and Rhodes, 1992:227).

Marx identifies the dimensions of alienation by describing the impact of class relations on work. Firstly, there is an absence of control whereby workers are divorced from the product of their labour and from the process of production so that they lack control over the production process and their contribution to it. Secondly, there is the division of labour whereby labour becomes 'external' to the worker, with the consequence that those workers

become alienated from the labour process. Thirdly, mindless repetition strips work of its creativity and removes from it the truly human element, reducing workers to the level of an adjunct to a machine. Fourthly, in the market economy, workers stand in an instrumental relationship to one another, defined in terms of the economic power they command rather than their worth as human beings.

Marx regarded the contrast between private property and private ownership and the impoverishment of the mass of working people as a key characteristic of capitalist production. Workers become subjected to industrial and technological systems, are powerless in the face of market systems and have little or no control over their own labour. The resulting alienation contributes to the unequal and polarised society which Marx viewed as representing modern industrial capitalism.

Both Marx and Adam Smith perceived a close link between technology and the way in which work was organised. They acknowledged that the massive increases in the productive powers of labour go hand-in-hand with a degree of subjugation of workers. Machinery displaced labour, and it created unemployment and under-employment. Marx thought that the rate at which labour was displaced by machinery would always outpace the rate at which new work was created as a result of general economic expansion. Marx also stressed the enslavement of workers to machines, particularly in terms of the pace and style of work. He expressed concern about changing patterns of work and the development of highly intensive forms of shift or rotation-work. These issues continue to be of significance in more contemporary debates.

One of the most significant, and more recent contributions, to the nature of work has been provided by Braverman. Braverman's (1974) work, **Labour and Monopoly Capital: The Degradation of Work in the Twentieth Century**, argues that the real reason for implementing new technologies in the workplace was to increase managerial control. He saw technology as a socially constructed political tool in the hands of management. He believed that the talk about efficiency was an ideological strategy to create a cheaper, less skilled, more dependable and manageable workforce. Braverman

anticipated a polarisation of the workforce because of technical changes that would deskill the workers and reduce their social status.

Braverman's thesis was extensively criticised (Littler, 1982; 1990; Littler and Salaman, 1982; Storey, 1987; Fincham and Rhodes 1992: 46). Firstly, Braverman insisted that control and deskilling typify the capitalist labour process, whereas critics argue that Taylorism is only one of the strategies that management has at its disposal. **One alternative which will be explored here is the notion of responsible autonomy, which allows workers to act independently, retaining some control over production and which assumes that workers will act responsibly and accordance with broad organisational goals.**

Secondly, the universality of the 'deskilling', according to critics, was inaccurate since upskilling also occurs in capitalism with technological development constantly requiring new skills and even entirely new occupations. Fincham and Rhodes (1992) argue that if capitalism can create new skills, there can be no simple process of deskilling. Braverman had an idealised romantic image of the craft worker as a survivor from the pre-industrial past, implying that skills exist merely as a residue from those times.

Thirdly, Braverman has been criticised for his ignorance of the power of worker resistance and for the assumption that the employers and owners are all-powerful and the working class passive. Fincham and Rhodes (1992) argue that the point of production is an important contact point in class struggle and the employment relationship must be conceived as an interaction between classes.

Fourthly, Braverman was also criticised for his narrow view of employment relations and his tendency to see the workplace as the centre of capitalist production, a form of materialism typical of some types of Marxism. It ignores what has been called the full circuit of capital --- the influence of capital and labour markets, activities like investment, finance, the role of the state and political action. There is no reason to suppose that these

factors are any less important for change in industrial society than relations of production (MacInnes, 1987; Kelly, 1985, cited in Fincham and Rhodes 1992: 247).

The criticisms of Braverman are persuasive, but Braverman's contribution needs to be placed in perspective as part of the mainstream of Marxist thinking. Deskilling is an important part of contemporary Marxist debates, largely due to Braverman's work --- "skills are crucial as they represent the only 'capital' possessed by workers and the degrading of skills represents a decisive new stage in worker alienation" (Allen, 1975 cited in Fincham and Rhodes, 1992: 247).

The relevance and contribution of Braverman to the present thesis is to emphasise the nature of skills in contemporary workplace relations where modern systems of control and the use of technology may threaten workers' expertise, autonomy and satisfaction.

In contemporary approaches there is a rejection of deterministic arguments, which assume that technology determines the nature of work. Social scientists have rightly criticised such arguments, their point being that technology itself cannot be the independent cause of anything; it is the manner in which technology is applied and the motives and actions of groups who control technology which are decisive. For example, Blauner (1964, cited in Fincham and Rhodes, 1992) was not only concerned with the influence of technology on work, but examined the relationships between technology and a range of industrial behaviours, including: patterns of industrial conflict, workers' integration into firms and workers' attitudes. He concluded that technological development is ultimately a positive force. Blauner (1964) argues that it is possible to progressively eliminate alienating working conditions and to provide work which is socially integrating. Alienation is seen as an intermediate and passing phase of industrial society, rather than its climax, as in Marx's theory.

In such an approach, technology is readily accepted as a powerful force for positive change. The argument why automation can provide the worker with control of the work process has some appeal. This type of explanation of the influence of technology on

workplace relations remains persuasive because it allows a measure of optimism about the future of work. Technology is continually developing and provides a range of possibilities.

### **3. Marx and the Labour Process — Managerial Privilege**

At the core of Marx's understanding of the labour process was the emergence of the wage relationship and the treatment of labour as a commodity. He regarded the buying and selling of labour as reduced to a consideration of a production cost, a commercial investment, and that this contributed to the dehumanisation of work.

Although Marx argued that the managerial process contributed to the dehumanisation of the workplace, he also acknowledged that labour contains considerable potential for productive work and the potential of resistance to exploitation. It is not only a simple exchange of labour for wages. It is rather an exchange of labour power or potential on the one hand and the employer's responsibility to convert this potential into productivity on the other. From this, Marx acknowledged that some mechanisms of managerial control were essential in transforming labour power into labour. In the context of the workplace in this study, it is about the mobilisation of this potential through motivation, training, leadership and employment relations into performance that represents an interesting possibility.

The wage-labour relationship was inherently exploitive and therefore the interests of labour and capital are necessarily antagonistic. It was clear, as far as Marx was concerned, that the employer will control the labour process and intensify the use of labour. The alienation of labour from production and the struggle for control over the labour process then became an important reason for distrust.

### **4. Control and Social Responsibility**

Although Marx accepted that managerial intervention is essential in transforming labour power into labour, he was concerned about the methods employed and the dehumanisation

of the labour processes (Fincham and Rhodes, 1992). The labour market exhibits a distinctive combination of three mechanisms that regulate it. The first are incentives and specifically the role of wages and other rewards in recognising value and the contribution to the labour process. The second is the reliance on the wage nexus and exchange of labour for a wage. Workers lack other options and must sell their labour for a wage. Thirdly, employer-employee relationships are embedded in hierarchical organisations, which confer authority on employers and their right to maximise profit and 'efficiency'. Employers, workers, families and governments should have an influence in various ways on the development of social responsibility. However their opportunity to develop socially responsible options, and the constraints that restrict and bind them, are shaped and reshaped by historically formed social relations and by the shared cultural understandings that result from these social relations. Interaction and structures are not predetermined, but are able to change via the influence of agency and it is possible to form coalitions between employers and workers. In a modest way, such options are explored in the workplace in this study. There is an opportunity to change from a low-trust culture, dominated by management objectives, to a high-trust culture, which includes worker objectives. This should provide an opportunity for the organisation to upgrade its competitiveness, and at the same time, fulfil its social obligations.

## **5. The Low-Trust Culture --- the Workplace in Context**

Returning to Marx's argument, especially the idea that the system of organising work leads to dehumanisation and alienation, I want to argue that Marx's analysis is still relevant to many workplaces, including the workplace being studied here. In particular, the presence of a low-trust system of organising work whereby workers are denied the opportunity to be involved in the organisation of their work and are denied the opportunity to participate in that decision-making that influences their lives. On the other hand, there is no escaping the reality that employer objectives are to optimise quality, efficiency and control. It is argued here that this low-trust system and the way it operates are the main cause of low productivity and alienation. Parts of the work that is done adds little to the fulfilment of individuals and to inspire them to more effort or provide hope beyond the immediate task.

On the other hand, it is possible to provide satisfying jobs. Workers also experience work in different ways, and what may be unrewarding for one may be satisfying for another. The workplace culture will be a significant factor in the satisfaction which workers experience from their employment.

To understand why the traditional low-skill, repetitive factory or office job, such as the workplace in this study, is intrinsically unrewarding and unable to motivate workers, it is important to analyse the forces shaping those jobs and the low-trust cultures.

### **5.1 Standardised Labour (Taylorism)**

The scientific management approach was developed by Frederick Taylor, an American industrial engineer whose main objective was to progressively redesign the task to increase efficiency and to maximise profits. Taylor believed that discretion and the need to think be removed from the worker and that the worker should follow set motions, engineered to ensure the most efficient performance of a given task. Matthews (1989:22) sees Taylor's principles as a means of controlling by direction. Taylor based his scientific management on three basic principles. Firstly, he saw the division of the labour as a means of exploiting the skills of the workers. Knowledge and experience should be absorbed within the management function and converted into formal procedures. Secondly, conception should be divorced from the execution of production. This means the removal of all intellectual activity such as thinking, planning, the securing of supplies and maintenance from production workers, and for these to be performed by specialist staff or departments. Thirdly, he saw it as important that there should be a management monopoly of skills and power in order to control each step of the labour process, especially in dictating through direct management how and when a job is to be done and how long it should take (Fincham and Rodes, 1992: 234; Matthews, 1994: 27; Grint, 1991: 184; Amin, 1994: 346).

The potential to increase profits predominated over the value of worker dignity and led to a culture of low trust and low fulfilment in terms of a working life. Work designed by

management or specialist staff, and integrated into a production plan, intensified management's control over production. The diffusion of scientific management, or the principles of Taylorism, became the philosophy behind the design of jobs, not only in manufacturing but also in other sectors of the economy. Scientific management in combination with the standardisation of the process became seen as the key to organisational efficiency in terms of profits.

## **5.2 The Mass Production System at Enterprise Level: (MPS)**

MPS describes a system in which product, process and labour are all standardised to allow a long production run which, in time, lowers the costs of production and increases profits (Matthews, 1994: 26).

MPS and its dominance as a means of organising work lies in its particular emphasis on the semi-automatic assembly line and four associated characteristics:

- i) Standardised product - uniformity in the design of components and process, resulting in economics of scale.
- ii) Standardised labour – performing repetitive standardised tasks.
- iii) Standardised management style – the use of Taylorist methods to simplify tasks, eliminating worker autonomy, minimising skill demand and development partly by separating mental and manual labour.
- iv) Standardised work flow – the use of assembly lines to move work past workers at a standardised flow.

The debate around Fordism, its influence and the transition to post-Fordism will continue. However, there is substantial evidence in the literature that there has been a move away from the traditional forms of Fordism. Boyer (1991) attempts to define the major principles of these new developments by connecting broader changes in society and industrial organisation with the detail of work organisation, labour relations and job design. He also provides a guideline for the distinction between the low-trust and the high-trust culture.

The following table helps identify some of the key elements in the transition (Boyer, 1991, cited in Perry et al., 1995).

Principles of the traditional system	Weakness of the traditional system	Emerging new principles
Rationalisation of labour is the main target, mechanisation is the means	Under-utilisation of equipment, large inventories of work in process	Global optimisation of all productive flows
First design, and then organisation of the work process and manufacture	Time consuming and large costs in passing from innovation to effective production	Tentative full integration of research, development and production
Indirect and mediated links with consumers via marketing studies and strategies	Losing touch with choosy consumers, failures in launching new products	Close and long-lasting ties between producers and users, capture learning by using effects
Low cost for standardised products is the first objective, quality is the second	Quality control at the end of production line cannot prevent a rising defect rate; consumers become more selective about quality	High quality at reasonable costs, via a zero defect objective at each stage of the production process
Mass production for stable and rising demand, batch production for unstable demand	Even mass consumers' demands become uncertain: the Fordist production process appears as rigid	Insert market demand into the production process, in order to get fast responses
Centralisation of most decisions about production in a special division of a large firm	Sluggish and inadequate reaction of headquarters to global and local shocks	Decentralisation as far as possible of production decisions within smaller and less hierarchical units
Vertical integration softened by circles of sub-contractors	Given radical innovations, even large firms can no longer master all the techniques needed	Networking and joint ventures as a method for reaping both specialisation and co-ordination gains
Facing cyclical demand, sub-contractors are used as a stabilising device in order to preserve large firms' employment	During the 1970s, bankruptcies and/or loss of competence of sub-contractors, confronted with greater international competition	Long run and co-operative sub-contracting as far as possible, in order to promote joint technical innovations
Division and specialisation of most productive tasks is main source of productivity increases	Excessive labour division may become counter-productive: rising control and monitoring costs and build-in rigidity	A re-composition of production, maintenance, quality control and some management tasks may prove more efficient, technically and economically

<p>Minimise required general education and on the job training for productive tasks, according to Babbage and Taylor</p>	<p>New technical opportunities (IT), more competition and uncertain demand challenge most of the previous, very specialised tasks</p>	<p>A new alliance between minimal general education and effectiveness on the job training, in order to maximise individual and collective competence</p>
<p>Hierarchical control and purely financial incentives to manufacture, involve implicit consent for poor job content</p>	<p>Young generations, better educated and with different expectations, reject authoritarian management styles. Too much control becomes counter-productive</p>	<p>Human resources policies have to spur workers' competence and commitment and create positive support for firm's strategy</p>
<p>Adversarial industrial relations converge on wage demands; collective agreements codify a provisional armistice</p>	<p>A lack of co-operation, and an exclusive concern for wages, adversely affect a firm's employment. A contrary concession bargaining does not necessarily provide any advantage for wage earners</p>	<p>Explicit and long-term compromise among all is needed to provide general support for model: commitment versus good working conditions and/or job tenure and/or fair sharing of modernisation dividends</p>

Fig 1



Standardised product, labour, supervisory style and standardised work flow.

### 5.3 Fordism as a Social System

Fordism is also seen to have provided governments with expanding tax revenue from mass consumption that together supported social expenditure on health and welfare and public investment in the development of infrastructure and the maintenance of less profitable industries and regions (Jessop 1992, cited in O'Brien and Wilkes, 1993). New Zealand, it has been argued, had its own particular version of Fordism, called 'dependent-agricultural' Fordism and the emergence of a weakly developed post-Fordism (O'Brien and Wilkes, 1993). Certainly New Zealand had mass production, but it was agricultural mass production, based on small production units which only came together in examples of mass production in such places as the freezing works.

In economies, such as in Europe and the United States, uniform cars in large numbers were able to be produced, but New Zealand was primarily efficient at the mass production of food in large quantities. The differences between mass production in New Zealand and in other industrialised countries must be underlined. The private ownership of family farms was the foundation for the mass production of animals in New Zealand. This system established very different social relations of production compared to other countries. The owner-operator or labourer on the family farm in New Zealand had a very different status to the industrialised worker, especially in terms of ownership and production processes.

The New Zealand situation provides the broader historical, social and political context for this research study at Mountain Industries. The central argument of the thesis is that elements of a post-Fordist era may contribute to the establishment of a high-trust culture. This high-trust culture, with a balance between traditional economic concerns such as viability and profitability, and social responsibility, provides an interesting test case of aligning productivity with worker satisfaction in the workplace. This study attempts to explore the workers' feeling of ownership of a job as a way of enhancing productivity and worker satisfaction.

The second characteristic of Fordism identified by O'Brien and Wilkes was mass consumption. Unlike Britain, with its large domestic market, New Zealand's Fordist mass production could not be directed to the small domestic New Zealand market; the country simply produced far too much wool, beef, sheep-meat and dairy products. Exporting made agricultural mass production dependent on the mass consumption provided by a market on the other side of the world.

With reference to another characteristic, O'Brien and Wilkes (1993) claim that New Zealand did achieve a high degree of social democratic consensus during a 15-year period between 1951 and 1966. A strong commitment to equity in all the basic social services was thus central to "welfarism" in the Fordist period. On this basis, according to the authors, New Zealand did conform to the general Fordist model.

The authors also explained the class relations of domestic Fordism. New Zealand mass agricultural production has provided the cornerstone of capital accumulation in the past, along with any profits associated with the processing, trading and selling of these mass-produced products. The huge foreign ownership of industry, according to the authors, underlined the dependent nature of production in New Zealand. Mass processing did give rise to large numbers of particular forms of work, notably freezing workers and wool store employees, but the work was seasonal and casualised. Industrial militancy, according to the authors, was concentrated in these secondary industries with the freezing-works and the waterside providing two key areas of unionisation.

In a final point, O'Brien and Wilkes (1993) argue that New Zealand operated with a political culture that was characterised by:

- \* a corporatist belief in the mediating role of the state in industrial conflict.
- \* a dependency on collective solutions to social problems.
- \* a belief that the classless society had arrived.
- \* an understanding that the state had an obligation to provide security for the nation.

#### 5.4 Post-Fordism in New Zealand

Important to this research is to establish whether there is an inter-relationship between post-Fordism and high-trust workplace culture. O'Brien and Wilkes (1993) stress that in their analysis they are concentrating on the transition from Fordism to post-Fordism and they argue that New Zealand has made an incomplete move from one mode of production and consumption to the other. They identify some of the characteristics of post-Fordism which may be found in New Zealand.

Niche-market production in New Zealand can be seen as part of a shift in the nature of the organisation of production. The freezing works and the wool store developed more specialised productive units. Value-added meat products and the replacement by newer, high technology, low labour plants provided evidence for this argument. New Zealand can produce French-style cheese in Taranaki, under licence to a French company, and a small domestic and foreign market provides support for such an initiative. Alongside these new initiatives is the production of huge volumes of plain cheddar cheese, which still dominates production. This case of a partial or an incomplete transition is paralleled in the meat market (O'Brien and Wilkes, 1993).

The authors claim that New Zealand experienced a massive shift in consumption patterns in the 1980s and 1990s such as the increase in product variety and in consumer choice, which might be expected under post-Fordism. This consumption is principally aimed at the skill-flexible core work force and excludes those in the secondary labour market and those who are supported by state benefits. Low-priced goods, poor quality products and intense competition between retailers on price exemplify the rise of a new kind of Fordist consumption patterns. After the 1987 sharemarket crash, the balance between these two different consumption markets began to take place.

The highly priced niche consumption sector suffered a major setback in profitability. In addition, an informal section of the low-price economy developed rapidly in some areas and, furthermore, informal street-markets have become established in many centres.

This was completed in the 1980s by Labour's monetarist politics which yielded widespread support for the new policies, at least in the short term. Subsequently dissatisfaction with the autocratic nature of the economic shifts was voiced in New Zealand (O'Brien and Wilkes 1993). The full employment economy was replaced by a more obvious low-employment dual-labour market, premised on a low-wage, post-union employment environment. The regulated labour market of Fordism was altered by the passage of the National Government's Employment Contracts Act (1991). High unemployment was traded for low inflation, and the concern with social policy issues in the employment arena was reversed.

The competitive individualism of these new policies resulted in the loss of national award and arbitration structures and the drive towards equity was replaced by an ethic in which workers competed for diminishing returns. Shifts in the pattern of production relations have been decisive. The traditional focus on capital accumulation in agriculture and its associated activities, coupled with a later-developing industrial sector, has been dislodged by the rise of an emerging, finance capital sector, a significant property development sector, and a rise in small, information-based production units. The Labour monetarist approach encouraged the diversification of banking products and most importantly, allowed financial institutions to underwrite the massively leveraged investment programme that companies like Equiticorp, Chase Corporation, Brierley Investments, the Judge Corporation and Renouf and Associates mounted on capital holdings. These changes catapulted financiers into an even more important role in contemporary capital and brought into sharp focus the significance of the professional middle-class managers who were involved in these new industries. Mass Fordist employment began to dissolve, leaving unemployment and under-employment in its wake, to be replaced by a skill-flexible workforce and a burgeoning managerial sector (O'Brien and Wilkes, 1993).

Finally, they examined the nature of political culture and its influence on Fordism. Labour's effort during the 1980s was towards the goal of making the concept of the market 'natural', as if those who resisted the shift from the state-centred society to the

market-centred society were opposing a natural development. The attack on state spending was not only a struggle with budgetary considerations, it was also an attack on more general political values. New Zealanders were now urged to abandon their traditionally protectionist approach and to risk their security in the brave new world of the market. This broad shift in political culture underpins the more specific changes at the level of policy.

After analysing the New Zealand situation, O'Brien and Wilkes (1993) argue that those who see the shift from a Fordist, class-based, mass-production society to a high-technology, social movement-based post-Fordist society are misguided in imagining any such simple transition is taking place. New Zealand is neither Fordist nor post-Fordist, but neo-Fordist. Neo-Fordism is understood to mean a mode of economic growth which includes important components of mass production and class divisions, along with a degree of niche production, the rise of social movements, and a shift in the class structure. Both Fordism and post-Fordism are likely to co-exist simultaneously under neo-Fordism, and the old mass-production system will sustain itself for some period of time, and will continue to dominate economic life. Simultaneously, the rise of information industries will come to occupy an increasingly significant role in economic affairs.

## **6. Managerial Strategy — Control vs Worker Autonomy**

There are different managerial strategies which have influenced the labour process. Not all capitalist organisations developed their management style on the same principles. Friedman (1977) identified two different approaches for managers to control the labour process. One is 'direct control' in which management use Taylorist method to reduce workers' influence over the labour process through close supervision, the simplification of tasks and detailed task specification.

One other strategy is 'responsible autonomy' whereby managers tend to utilise the potential, skills and commitment of workers to the advantage of both capital and workers.

This strategy operates on the understanding that workers can have responsibilities, use their own discretion and are able to work without close supervision. Social interaction and facilities to improve the quality of working life and a higher level of workplace involvement encourage trust and commitment towards the organisation. This is in sharp contrast to the principles of Taylorism and the organisation of the assembly line, at least in its traditional form.

Grint (1998) and Bray and Littler (1988, cited in Grint, 1998) see 'direct control' and 'responsible autonomy' as comparable with low-trust and high-trust relations. McGregor's (1960) Theory X and Theory Y and the Human Relation theories of alternatives for direct control can also be seen as analogous with low and high trust relations.

Friedman (1977) believes that each strategy has serious limitations. The limitation of 'direct control' is that it expects workers to operate as smoothly as machines and does not take into consideration the fact that work and profitability are also derived from the co-operation of workers. On the other hand, 'responsible autonomy' attempts to persuade workers to consider that they are participating in a process which reflects their own needs, abilities and choices. The objective of managers is to achieve profits, rather than necessarily tend to workers' needs. Management still controls the resources. It has the power to allocate funds, authorise promotions and formulate policy. Although social responsibility, co-operation and worker involvement is to the advantage of the organisation, the main objective is still to make profits.

Friedman (1977) highlights the dynamics of the labour process and that it must recognise the fact that it is materialistic as well as social in nature. The critical issue is the way an employer balances treating the employee as a commodity in an economic relationship at the same time as encouraging the employee through a social relationship. According to Bray and Littler (1988), there is now scope for interaction between employers and workers, a balance between capital and social responsibility through control, consensus and bargaining.

## 7. Unions and the Low-Trust Workplace?

In the first quarter of the twentieth century, corporations shifted to mass-production systems based on mass markets, standardised products, unskilled labour and the "scientific management" of work as represented by Taylorism. Unions migrated from their stronghold in the artisan-based craft unions to the new mass-production system.

The very success of industrial unionism in the past also sowed the seeds of its eventual decline. In order to defend workers against the abuses of scientific management, the new industrial unions accepted much that went with it, in particular, the separation of management and worker. Cut off from decision-making responsibilities, unions focused on protecting workers from exploitation by using shop-floor power. They negotiated multiple job classifications, linked wage rates to the job, and established seniority as the basis for promotion. This "job control unionism" gave unions a negative power to oppose management, but not a positive power to influence operations. Rules bred more rules, eventually straitjacketing the production system and creating unproductive hierarchies in both companies and unions.

Under the impact of changing markets and technologies, companies around the world are abandoning the old mass-production systems and converting to flexible manufacturing, flattening hierarchies, blurring the boundaries among functions and jobs and encouraging or demanding that workers make critical decisions on the factory floor.

This suggests that while a particular kind of unionism may be obsolete, unionism as an influence on production and the economy is not necessarily irrelevant. Instead, another kind of unionism makes social and economic sense, given the new realities of global competition. Unions can re-invent themselves and develop a vision of how workers can help shape the technological and social development that is transforming the workplace. In this process, they must firstly develop their own new roles such as redefining union influence in training, work redesign, employee ownership and the new work force. By providing workers with training, unions contribute to social justice and national

competitiveness. Secondly, they develop their own human resources in order to operate effectively in an information age within neo and post Fordist workplaces. As the global economy becomes more complex and the efforts of companies to respond to it more diverse, unions are going to have to learn new skills and develop new kinds of expertise (Hoerr, 1989). A common German approach uses unions to help companies to adapt to new competitive realities. In other countries, unions have followed a very different path. Instead of being excluded, they have been integrated into managerial decision-making. In Japan, with its generally peaceful labour relations, management invites union involvement to improve productivity and quality. In Germany and Scandinavia, on the other hand, laws require participation. In either case, the entrenched position of unions allows them not only to withstand the economic change but also to make a positive contribution to corporate restructuring.

If unions can develop these skills and yet retain their basic social vision as representatives of the good welfare of workers, the economy as a whole will benefit. The challenge facing organised labour is not so different from that facing business - to re-invent the institutions with which a sustainable, competitive economy can thrive.

## **8. Ethical Arguments for Employee Involvement**

The participation of staff as a desirable work practice spread rapidly and many organisations have introduced employee involvement somewhere in their organisations. The reality is that even in work sites with employee involvement plans, often only a minority of workers participate (Levine, 1995). Profitability is not the only indicator of a firm's success. It is possible for the financial accounts to be in order, and yet for the people who are the firm's most valuable asset, workers, to feel as though they are not valued.

The ethical arguments for employee involvement and a democratic workplace parallel those for democracy in the political arena. The most common argument for political democracy is not that it leads to the most efficient economy, but that citizens have an

unalienable right to influence the laws that govern them. People bound by rules have a right to influence those rules. Tyranny results when citizens do not have a degree of control over themselves and their government. Following this political argument, the ethical argument for employee involvement assumes that when a company can punish or control an employee, that employee has a fundamental right to democratically have a say in the operations of the company. However, such influence is often limited. Participation and involvement in companies does not necessarily equate to rights over the conditions of work in a general sense, but employee involvement is a counter to such a lack of rights.

Sashkin (1993) offers a related ethical argument in favour of employee involvement. He maintains that a positive moral injunction exists that requires that managers must 'do no harm'. He provided evidence that work with little opportunity for employee involvement increases stress and alienation, thus harming employees both psychologically and physiologically.

One counter-argument to this is that employees can freely and easily leave organisations that make decisions they dislike. One analysis of the economics of the employment relationship argued that an employer has no more power over employees than does a customer over a retailer (Levine, 1995). Unfortunately, most workers do not have the luxury of being able to leave freely. For example, in the United States, workers can expect a substantial period of unemployment if they are dismissed for protesting against working conditions. In recent decades, the average cost of job loss following dismissal has varied from five to fourteen weeks' pay. In addition, the possibility of a costly exit does not preclude the relevance of ethical arguments. Citizens can move from town to town if their local government is unsatisfactory. However, the possibility of leaving is never seriously offered as a reason to deny citizens the vote. In some sense, citizens have an advantage when moving, because the new town must extend to them the privileges of citizenship. In labour markets, by contrast, workers who quit one unsatisfactory workplace have no guarantee that a future employer will grant them employment.

A criticism of this ethical argument is that employees have freely chosen to join their employer. Workers have the right to choose workplaces that have little employee involvement. Signing on with such an employer implies that any reduction in satisfaction resulting from a loss of participation is outweighed by the higher wages made possible by the efficiency gains of central direction and control by managers. What then determines the level of employee involvement that balances an employee's desire for involvement with their desire for efficiency and high wages? To evaluate this aspect, an examination is made of what reinforces such behaviour by both employees and employers. The task thus becomes one of understanding what is required for employee involvement to succeed and what may lead certain organisations to have policies which will reduce those barriers.

## **Chapter Three**

### **Labour's Social Nature**

#### **1. Challenges to the Traditional System in the Late Twentieth Century**

This chapter argues that changes are underway in workplaces in industrialised countries, including New Zealand, and these changes are part of a global transformation in the organisation of production, work and human resource management. The transformation has been characterised as a shift from Fordism to post-Fordism and is driven by wider social changes as well as influences at enterprise level (see Chapter 2). One of the challenges in this transition, which affects the organisation of work, workplace relations, job design and teamwork, is the development of a high-trust workplace culture. This thesis looks at an attempt to produce a high-trust environment as a way of improving productivity and worker satisfaction. The emphasis is on developing a closer relationship between all stakeholders. This is necessary in order to increase worker responsibility for productivity, management's responsibility for worker satisfaction and an improvement in the quality of working life.

Most companies today, no matter what business they are in, or how technologically sophisticated their products or services are, can trace their work styles and organisational roots back to the prototypical pin factory that Adam Smith described in 'The Wealth of Nations', published in 1776 (Hammer and Champy, 1993b, cited in Grint, 1995:92).

Up to the 1970s, the mass-production system proved to be economically extremely efficient. Although critics of the system condemned the quality of working life for the workers involved in it, mass production thrived (Fincham and Rhodes, 1994; Braverman, 1974). The challenge to the supremacy of the system came from a variety of sources. From these challenges, alternative forms of work organisation started to develop. According to Matthews (1989: 31), the first response to the mass-production crises was to tighten up the

system with strategies of intensification, innovation and specialisation. The search for greater productivity from the existing system saw the move of manufacturing to low-wage countries, the use of government protective policies, the increasing use of technology to reduce labour costs and to maintain profitability. It became clear that those measures could not prevent the impact of the social and enterprise pressures and employers had to search for new systems to replace the traditional Fordist system.

## **2. Social Circumstances and the Influence on Economic Production**

Firstly, there is little doubt that changing social circumstances influenced management and the organisation of production and that workplaces throughout the world have gone through a period of transition. To describe this transition, the term "Post-Fordism" has been widely used to characterise the shift away from Fordism (Lash and Urry, 1994; Matthews, 1989; 1994). Changes in economic production and consumption altered the central characteristics of the system of mass production and the philosophy behind it and forced capital to find new ways to achieve and maintain profits.

As the evidence given by Lane (1988, cited in Littek and Charles, 1995) indicates, the trend towards flexibility emerged strongly in Germany and recent evidence suggests that it is strengthening at least among major industries. He also acknowledged that social trends and politics influence labour market conditions. He argues that low levels of unemployment and large quantities of skilled labour which are available favour the diffusion of flexible patterns. New Zealand was not exempt from these pressures and the growing emphases on flexibility which characterise post-Fordism.

In New Zealand, legislation has been influential in terms of management, production and workplace changes. New Zealand labour relations have been built, at least since the 1890s, on the assumption that the nature of the employment relationship requires the state to regulate the conduct of that relationship. Different interests and different degrees of bargaining power need the government to balance these relations. Traditionally, New Zealand's industrial relations were based on the Industrial Conciliation and Arbitration Act

(1894) to counter what they felt to be the exploitation of workers. With this Act, the government tried to regulate and protect workers and to allow them to bargain collectively. At the same time, they tried to protect community and society interests by legislative restrictions on unions and employers in terms of organising strikes or lockouts (Deeks, Parker and Ryan, 1994:82).

Contemporary approaches centre around two fundamentally different emphases. The traditional 'pluralist' based view advocates equal roles for unions, employers and the state in labour relations. This view argues that conflict is an inherent part of the relationship between workers and employers and that the state's role is to assist the resolution of inevitable conflict by helping to find a compromise. The provision of conciliation is an important strategy in encouraging compromise and if compromise can not be found then arbitration will ensure that a decision will be reached which can avoid industrial conflict. The pluralist view accepts strikes and lockouts as a valid means of expressing different goals. It also sees the role of the state as protecting the weak and restraining the power of the strong. This thesis argues that labour relations of this kind promote a low-trust culture.

The philosophical underpinning of the Employment Contracts Act is in contradiction to the pluralist view, and represents a change in the view of the role of the state, employers and unions in the system of wage bargaining. This approach starts with an assumption that there is no basic conflict between employers and employees; no difference of interest between those who own capital and those who supply their labour. The unitarist view contends that the interests of employers and employees are the same and, if freed from outside interference, employers and employees will reach a mutually acceptable agreement on the price of labour. This unitarist view which is reflected in the act assumes that an employer and employee have broadly equal power in the employment relationship and should be free to negotiate with each other.

An amendment to the Industrial Relations Act (1984) attempted to enforce fairness and equity. The push was towards decentralised collective bargaining in an attempt to reduce

the power of unions. Part of the new approach to the economy was to emphasise the importance of internationalisation, deregulation, reducing the role of government and changing from direct to indirect taxation (Brosnan et al, 1994). Before the 1990 election, various interested parties were looking to encourage further reforms of labour relations. The subsequent result was the Employment Contracts Act, (1991), which tried to promote efficiency (productivity and worker satisfaction) in the labour market. Ensuring the rights of individual workers and employers by being represented by the bargaining agent of their choice, to decide on their own bargaining structure and to determine the scope of their arrangements themselves were critical aspects of the new (de) regulatory environment. The fundamental philosophy of the Act is one which rejects the collectivist tradition of New Zealand labour relations in favour of an individualistic one (Anderson, 1991; cited in Deeks et al, 1994).

Boxall (1990) argues that the Act will confirm a dual labour market in which a core labour market will benefit. Employees in management positions gain considerably while a secondary, low-skilled workforce suffer pay cuts and less job security as a result of being unable to secure a reliable collective agreement. Thus the aim of the legislation is to promote an "efficient" labour market where there is a high degree of competition and where employers can more easily change wages and hours of work (flexibility) to compete successfully. Proponents of the ECA predicted that this legislation would help to build a high wage and a high employment economy (NZBR, cited in Maloney, 1998). The New Zealand Council of Trade Unions, on the other hand, opposed the Act and predicted that it would lead to lower skill and low-income workers and, most of all, it will not create jobs (NZCTU: 32). The findings of one study conducted by Maloney (1998) cannot provide clear answers on the influence of the ECA on average hourly earnings, aggregate employment and hours of work or the average labour productivity in New Zealand.

The rise of the Japanese as a major economic power has been one of the remarkable stories of the late twentieth century. It developed from a copycat to a high-technology economy in a very short time and prompted the questions: how did they do it? Can we in New Zealand

learn to do it too? Firstly, Japanese development benefitted from US investment, because of Japan's opposition to communism (Lincoln, 1993). Secondly, the cheap cost of capital to Japanese businesses because of sub-contractor relationships (Kereitsu) was a critical factor. These vertical kereitsu relationships represent an innovation in the management of manufacturing that have led to reduced costs and an improvement in quality.

Another more recent explanation of the Japanese success is based on the principles of the high-trust workplace culture. The unique cultural factors that influence the extreme diligence and self-sacrifice of workers and the ability to identify with common national goals at all levels of the organisation, were offered as reasons. Quite how long the Japanese "miracle" will continue to sustain high levels of productivity remains to be seen. The answer may lie in workplace and national cultures. The values that underpin Japanese society are now less likely to be sustained for more than a generation and the patriotism of imperial Japan is over. The traditions of unrewarded service and unjustified self-sacrifice have changed. With the extreme competition and the constant improvement of the JIT production system, the industrial culture in Japan is losing elements of its trust relations in the workplace. The security of life employment, which encouraged the 'salary man' to put in a hard day's work, is something of the past.

The research in this study at Mountain Industries attempts to test a form of trust relations which is built on management practices rather than the security of life employment which is so important in Japan. Human development, which includes integrity and caring, training and participation, is the basis of an experiment as a way of building a trust relation.

### **3. Challenges to the Organisation of Work**

The mass-production system created an environment of "poor worker motivation and low morale, declining worker effort, sullenness and non-co-operation, merging into outright sabotage" (Matthews, 1989: 89). Low-trust and dissatisfied labour led to absenteeism, high turnover, regular confrontation and low productivity (Douglas, 1993: 207).

Newly industrialising countries such as Japan, and later South Korea, Hong Kong, Taiwan and Singapore (Matthews, 1989: 29) adopted and changed mass-production techniques and combined such changes with much cheaper labour. The result was that "mass markets for mass-produced goods could no longer be guaranteed to the traditional industrialised countries" (Matthews, 1989: 29). At the same time, line technologies reached their limits of efficiency and new technologies based on computer-aided design began to appear.

### 3.1 The Development of Alternative Forms of Work.

Many efforts were made to alter or better understand Fordism. Examples include Elton Mayo, the Hawthorne studies, the motivation theories of Maslow, Herzberg and McGregor, the Tavistock Experiments and the Quality of Working Life debate. More recently, there are indications of a definite shift in thinking about work organisation and workplace change (Matthews, 1989, 1994; Piore and Sabel, 1984; Kern and Schumann, 1984). In New Zealand, Perry, Davidson and Hill (1995), Enderwick (1993), WPNZ (1993) and Ryan (1995) represent some of these new debates and thinking.

Two major studies published in 1984 helped to develop an understanding of new forms of work organisation which departed from traditional Taylorism. In the USA, Piore and Sabel's **Second Industrial Divide** (1984) initiated a debate about flexible specialisation as the emerging paradigm of new work organisation. At the same time in Germany, Kern and Schumann (1984, cited in Littek and Charles, 1995) produced extensive research evidence of a reversal of Taylorism resulting from new production concepts.

Piore and Sabel (1984) hypothesised that there are two main scenarios which mark the break from Fordism; what they called innovative and reformist options, both of which have considerable uncertainties. The innovative strategy or flexible specialisation means a clear break, an abandoning of the principles of Fordism. The main features of Piore and Sabel's (1984) model of post Fordism includes a reshaped production process to provide adaptability and to utilise a high-skill labour force. It also relies upon multi-faceted skills

that support integrated production systems. Work itself is redesigned and worker-management relations based on high trust.

### **3.2 Flexible Specialisation**

The first scenario is based on German industrial strategies and is characterised by high-quality goods, excellence and technical design. This system permits upskilling and the encouragement of holistic tasks. The German workplace, as an example of post-Fordism, often represents a high-trust form of industrial relations where the management approach is to encourage all labour to meet the highest possible standards and assumes that an expensive labour force will pay for itself in terms of commitment and flexibility. German managers do not continually seek tighter workplace regulation and have more confidence that a balance of control can be found. They accept that worker effort and worker autonomy is compatible. Compared with Britain, managers are highly qualified, have a strong predominance of engineering skills and are less interested in deskilling others.

Employers therefore have to strike a balance between training and investment. High-quality industries demand new technology that needs a skilled and committed workforce to be able to utilise it to justify investment. Lane (1988, cited in Littek and Charles, 1995) argues that the German high-trust workplace culture is based on a skilled workforce with high levels of training. With the unification with East Germany, the German labour market developed a surplus of unskilled labour, which is posing a threat to the skilled and high-trust employment relations in Germany (Fincham and Rhodes, 1992). However, the German approach still represents one prominent example of flexible specialisation which includes elements of a high-trust workplace culture.

An alternative is provided by reformist organisations which develop types of 'neo-Fordism'. Neo-Fordism is understood to mean a mode of economic growth that includes important components of mass production and class divisions, along with a degree of niche production, the rise of social movements, and a shift in the class structure (see Chapter 2). Piore and Sabel (1984) claimed that economies were at a crossroad and both

the options offered ways out of the crisis. Remarkably, many forms of each can be detected in the industrial systems of many countries.

### 3.3 Japanisation and the Lean Production System

As an extension of the German example of a high-trust system, there is also the example provided by Japanese developments. Recent explanations of the Japanese success are based on Japanese management's organisation of manufacturing. This new system of production typically called Just-in-Time (JIT) has the same objective as other post-Fordist systems: to achieve flexibility while retaining the economics of scale of the assembly line. The Japanese superiority lay not in more advanced technology or simply in culture differences, but in a more efficient organisation of work (Matthews, 1994:33). The philosophy behind Japanese management is a set of ideals which includes:

- i) **Simplicity:** JIT is suspicious and critical of complicated systems of production, control and technology.
- ii) **Continuous improvement:** JIT is a never-ending programme of exploring how best to increase the throughput of work, focusing exclusively on operations that add value and eliminating all forms that add cost but not value.
- iii) **Worker involvement:** In contrast with other systems where the responsibility for streamlining production has been the task of specialist engineers, the JIT production system relies on workers identifying problems and supplying solutions. (Toyota claims to adopt 97 percent of the suggestions provided.)
- iv) **Attitude change:** The key factor is an attitude change whereby workers are encouraged to identify problems and find solutions using their intelligence and experience. The attempt to develop a high-trust workplace culture at the research site at Mountain Industries means recognising the realities of production as part of the overall management and social philosophy.

### **3.4 Sociotechnical Production System as an Ideal**

This paradigm provides yet another alternative of a production system developed from human relations thinking and in opposition to Taylorism. It accentuates the role of people as being at the centre of the production process, the importance of semi-autonomous work groups and the industrial democracy experiments of the Tavistock Institute. It advocates a balance between the social and technical dimensions of the change process. Although it incorporates all the insights of LPS with regard to the elimination of waste, it does so with a firm understanding that people constitute the source of improvements in productivity.

There are a number of approaches which have a number of things in common on these issues. Firstly, the Human Relations school of Mayo, Lewin, McGregor and Herzberg who promoted the ideas of job enrichment and job enlargement and sought to include the broad notion of the quality of working life (QWL) as central to improvements. Secondly, new production concepts based on trust (Kern and Schumann, 1984, cited in Littek and Charles, 1995) identified a form of organisation that broke with Taylorism. Thirdly, the Sociotechnical School developed from the Tavistock Institute. While doing research investigating organisational innovations that could increase productivity in industry, Trist (1981) discovered self-regulating groups and teamwork as an important basis for work organisation and production. The Tavistock researchers went on to generalise on this discovery and developed the principles of the joint-optimisation of the social and technical systems of work, which became their alternative to Taylorism.

The challenge for firms wanting to develop the Sociotechnical system is to expand on the LPS and form a 'productive coalition' on the principles of the system and, with their skilled workforce, achieve substantially higher levels of productivity and satisfaction.

**Fig 2 provides some general organisational features and a comparison between the traditional and emerging systems of organising work.**

<b>Organisational feature</b>	<b>Low-trust system</b>	<b>High-trust system</b>	<b>JIT/TQM system German skill based &amp; Sociotechnical system</b>
The meaning and order of things	Workers work, managers manage	People at all levels feel and act like "owners" of the business	Shared responsibility and co-operation
Organisational structure	Hierarchy, high degree of specialisation	People are trained to take the responsibility needed to do their job	Flatter, smaller units, team concepts, flexibility, multi-skilling
Use of power with workers	Coercion, 'Do it because I am the boss'	People feel free to express their views even if it differs from the boss	Peer management, empowered
Information flows	Top-down	Different groups work together collaboratively	Bottom-up, top-down and lateral
Authority	Based on position	People are given the freedom they need to do their job	Based on knowledge
Internal relationships	Conflict-ridden, labour and management are adversaries	People are open with each other and honest about their motives	Harmony, balance, teams are priorities
Organisation culture	Impersonal, encouraging self-interest, limited interest in overall performance of organisation	People share a common vision of achievement and leaders care about and support people at every level	Shared concern in the competitive success of the organisation, loyalty, trust, sharing
Control systems	Based on rewards and punishments	People are treated fairly in resolving problems or dealing with adversity	All employees empowered through development of their full potential
Employment security	Low. Employee expendable when necessary to meet short-term goals	High. Trained and experienced people deal openly with facts and find solutions	High. Employees crucial in meeting long-term goals
Supervision	Focuses on monitoring and enforcing	Train and empower people to take responsibility	Focuses on facilitation
Responsibility	Complex system of measurement and information sharing with access limited on a need to know basics	Everyone is focused on beating the competition in the marketplace and to do what is 'right' for the organisation	Every employee/ team sets goals and standards and employs measuring systems
Attitude to change	Change, mistakes and new problems seen as undesirable and threatening	People are open to change and new ways of operating to enhance performance	Change, mistakes and new problems welcomed as an opportunity for learning

Training	Technical skills	Human development at all levels to accomplish great things	and improvement Technical, behavioural and social skills to foster co-operative work relations and individual responsibility
Productivity	Quantity—efficiency is top priority, often at the expense of effectiveness and people	Concentrate on people as the main source of productivity	Quality—effectiveness is given same priority as efficiency
Performance evaluation	Focus on results, individual recognition	Focus on processes. Everyone benefits if they meet the organisation's objectives	Focus on processes, group recognition
Motivation concepts	Individual is responsible for own well-being, 'carrots' and threats are used, goals of individual and organisation differs	Group orientation and management practices which favour's trust, involvement and training	Group orientation, self-directed teams. 'Ownership' by all levels in the goals of the organisation

Fig 2

The 'new' systems discussed above have certain failings or are still based on a degree of Taylorism, especially as the need to intensify labour inputs to meet competition is still very obvious (Fincham and Rhodes, 1992:349; Taplin, 1995; Pollert, 1988; Pollert, 1991; Ryan 1995).

The evidence provided by Lane (1988, cited in Littek and Charles, 1995) indicates that the trend to enhance flexibility emerged strongly and strengthened among major industries in developed economies. He also sees certain labour market conditions -- that is, low levels of unemployment and large quantities of available skilled labour-- as favourable for the diffusion of flexible patterns.

In the literature, there is little doubt about the success of Japanese production strategies. As with any other major production system, the JIT has complex effects. Advocates of the system see it as based on new forms of task variation that enhance the work environment. The experience of being responsible for efficiency helps boost the morale of workers and JIT has been seen as part of the broad movement towards worker involvement. Teamwork

and high-trust industrial relations form part of the basis of the flexibility of JIT and is reflected in the theories of the Human Relations and Sociotechnical systems, as well as the work enrichment of QWL.

#### **4. Improvement in the Quality of Working Life.**

The New Zealand workplaces, reviewed by Perry et al. (1995) are categorised as having a "soft" form of lean production and it is argued that this lean production is better for the workforce than what preceded it. In examining the degree of improvement in the quality of working lives, their case studies demonstrate that workplace reform strategies have improved some of the negative features of the Fordist system. Within limited parameters, a redistribution of power, decision-making and rewards is taking place. Broadening opportunities for the lowest grade of worker has redistributed employment opportunities and access to more skilled work. The social distance between managers and workers has narrowed and communication systems improved.

Perry, et al. (1995:262) conclude that after the reforms were implemented that: "Reforms of the New Zealand workplace, therefore, can produce significant changes in the quality of working life, even if they still do not match international standards of progressive workplaces providing skills-based work systems and jobs".

The success of the JIT system depends on worker involvement and increased levels of participation and the latter are an important foundation for the quality of working life. Participation in organisational matters and the conditions of work can influence worker satisfaction. In the case study of BHP, New Zealand Steel demonstrates that new forms of organisation, participation and joint worker-management responsibility have been incorporated across the organisation, including such areas as business strategy, production processes and employment conditions. Perry et al. (1995) found that in the organisations in the case study, workers who benefit from changes report that they enjoy working in the new team environment. This finding is consistent with findings at Nissan in New Zealand (Ryan, 1995).

## 5. The Challenge to and for Management.

Workplace change and the move to worker involvement are based, in part, on the flattening of management hierarchies. The success of change will depend on the organisation's ability to make sure that middle management is involved in the change and has employment security and extensive education and training. With the introduction of multi-skilled work teams and the greater use of information technology, middle managers are expected to delegate many of their former duties and responsibilities to workers and work groups and, in so doing, phase out aspects of their own jobs.

Parry et al. (1995) illustrate this with the Park Royal example where they educated middle management before commencing substantial workplace change. They addressed middle management's scepticism and distrust about the outcome of the changes and concern about the future in their new environment. Management explained that there will always be a role for middle management and that it was simply going to be 'a different way of doing their job'.

These changes can be seen as a significant shift from core elements of Taylorism with the emphasis on control and coercion to one of co-operation and consultation. The traditional low-trust system enforces rules and regulations through the operation of middle managers and supervisors by auditing, policing and judging. The new role for these managers and supervisors in the organisational structure is one of training, facilitating and motivating.

From the available case studies (Perry et al 1995), it is possible to argue that the change in management style has a positive impact on workplace relations. One chemical process worker at the Du Pont plant said: "What I like most is that we have no people watchers...no policing...but the work still gets done and that's the important part about it". Perry et al. (1995) suggest that New Zealand companies are seeking to obtain extra commitment by encouraging a feeling of increased self-worth. This constitutes an appropriate starting point for change.

Estimates, backed by research by Applebaum and Batt (1994) suggest that a third of USA and Australian companies have experimented with practices which fall under the general label of work reorganisation. Some organisations are more likely to have put in place practices associated with work reorganisation. Osterman's (1994, cited in Applebaum and Batt, 1994) analysis found that those workplaces where managers feel responsible for workers' welfare, compete on the international market and use higher-skilled workers, are more likely to use new practices.

This thesis argues (and theoretical arguments legitimate this view) that there is a weak and incomplete move away from the Fordist model. This post-Fordist model, based on new emerging systems of workplace organisation, postulates that workplace-relations, built on management practices that emphasise involvement, training and teamwork, can establish trust. It is argued here that because of skill development, intrinsic and extrinsic rewards and the accumulation of knowledge and experience, workers may enter into a trust relationship with employers. By gaining these competencies, employees may believe that employers have demonstrated concern and care about them and, in return, may use their skills and commitment to enhance productivity.

This thesis also argues that workplace culture is the medium needed to engineer those management practices which may establish the necessary trust relations to develop a high-trust workplace culture. From the theoretical material, a model is starting to develop which goes beyond the rhetoric to address the practical and manageable aspects of workplace trust. This model asks why some organisations are more successful than others. It also attempts to provide an answer to the question of whether both economic imperatives and worker satisfaction are compatible.

## **Part Two - Developing a High-Trust Model in the Workplace**

### **Chapter Four**

#### **1. Workplace Culture as a Key Component of High-Trust Relations.**

The culture of an organisation is crucial to its performance and many studies of organisational culture often reflect management perspectives and undervalue the very important, and broader, human issues. The way organisational culture influences its members will determine their level of motivation and the opportunity to develop a high-trust workplace. **The importance of organisational culture to this study is the relationship of this culture on trust relations at Mountain Industries.**

Organisational culture is difficult to define in any specific way and, with any definition, it is necessary to encompass a number of related issues. One definition of organisational culture is that it is the common perception held by the organisation's members: a system of shared meaning (Robbins, 1991). This view reflects Alvesson's (1996) metaphor of culture as social glue. Others suggest culture has a specific function as a control mechanism. Their definitions focus on collective interest and long-term equity as shared social knowledge. This will develop in a trust relation that discourages stake holders from short-term opportunistic behaviour (Shaw, 1997).

Although writers like Pettigrew (1973, cited in Deal and Kennedy, 1988) addressed questions of organisational culture in the past, contemporary interest is a reflection of the rise of the Japanese threat to Western industrial competitiveness. A substantial part of the literature suggests that the Japanese competitive advantage derives from national and corporate culture. Two important concepts in understanding Japanese organisational culture are, firstly, the way the workforce is managed, which is substantially influenced by the culture of those who manage. Secondly, the way workers behave is greatly influenced by their own culture.

Following this, organisational culture is, firstly, a means of promoting more effective managerial and worker performance. Secondly, culture is an important entry point in understanding organisational life and work. Most research on organisational culture is dominated by a set of instrumental values, meanings, symbols and ideas that are manageable and directly related to efficiency, performance and satisfaction. Often the values and beliefs of particular interest are closely related to attitudes and behaviour useful to the organisational goals as defined by management (Deal and Kennedy, 1988; Peters and Waterman, 1982).

Organisational culture is the result of the combined influence of the external environment and the micro-environment such as structures, systems and technology of the organisation. Common beliefs, attitudes and values have their origins in all these sources and are learned from observation or experience and may develop from existing beliefs. Over a period of time, beliefs form a package or system and this belief system has its roots in the past, influenced by parents, teachers, friends or peers and workplace. This belief system can be seen as the foundations from which our attitudes, values and behaviour grow. It is the evaluative context of the belief system that influences and determines attitude. Organisational culture is the predominant value system for the organisation as a whole and this value system is a reflection of what is considered to be the worth of efforts, rewards, commitment and trust. Values serve as a guide to a person's intentions and actions and in the same way, organisational value systems provide guidelines for organisational goals, policies and strategies.

The social and technical systems of the organisation are influenced by the common beliefs, attitudes and values of the members and can be used by managers to influence the work environment through their planning, strategies and behaviour. This leads to four broad workplace cultural types with certain characteristics such as:

- i) Power orientation - dominance and absolute control over subordinates;
- ii) Role orientation - the typical bureaucracy with legitimacy, responsibility, rules and procedures and a strong emphasis on hierarchy and status;

- iii) Task orientation - the knowledge-based flexible organisation with emphasis on organisational goals;
- iv) People orientation - this type of organisation exists primarily to serve the needs of its members and participative management is preferred.

These different management styles have their respective influences on productivity. The research at Mountain Industries attempts to prove that an organisational culture that influences, and reflects, a high-trust workplace culture based on task and people orientation should have a positive influence on productivity and the quality of working life. This approach, linking organisational culture to performance, assumes that leadership exercises an influence in the way employees perceive and understand their tasks. Management of the core culture, with the objective of improving productivity, has to establish and maintain appropriate core values which support the key organisational objectives. Those objectives must be known and accepted by the members of the organisation. It is a more holistic understanding of the workplace and an opportunity to promote human potential, and an important aspect is the process of critical reflection on the beliefs, values and understandings of the workplace.

Traditionally, work organisations were often thought of as the means by which to coordinate and control a group of workers. One of the contemporary approaches, whereby workplace culture is a critical aspect in managing organisations, acknowledges the unique feeling and character of organisations beyond their structural characteristics. It recognises the important role that culture plays in the lives of organisation members. The understanding of what makes up an organisation's culture and how it is created, sustained, learned and managed enhances the ability to explain and predict the behaviour of people at work.

Organisational culture can motivate through goals, standards and commitment and may lead to satisfaction and performance. According to Kaufman (1996, cited in Shaw, 1997), offering employees a vision of how positive outcomes will serve their own interests best,

rather than restrict them with rules and authority, can motivate individuals. Personal values will influence their reaction and motivation in particular situations. Motivation involves a holistic view of the future and "participative company cultures that incorporate high-trust and non-adversarial relationships are seen as the most appropriate to motivate people to excel" (Hill, 1991: 339).

This motivation is the result of the interaction of the individual and the situation and is created and sustained by the influence of the workplace culture. It can be defined as the willingness to exert high levels of effort towards organisational goals, conditioned by the ability to satisfy individual needs. The interest here is the influence of organisational culture on work-related behaviour with the three key elements as effort, organisational goals and satisfaction. It is important for those in the organisation in this study to know how the organisation influences the motivation of the individual workers and understand how to encourage effective individual performance.

Just as organisations differ in what they can do to influence their culture, people differ in what motivates them to work. This study at Mountain Industries will deal with both in order to test the influence on productivity and the quality of working life. The issue of low productivity in the organisation caused by a low-trust culture can often be solved by a change in job design, work organisation, the leadership style or the type of reward system. These are some of the characteristics of a high-trust workplace culture.

## **2. Trust and the Workplace**

In relation to workplace relations, I would argue that the Fordist system was generally based on distrust. This distrust was created and sustained through management control and often resulted in low motivation, poor working conditions and low productivity. The emerging systems of the late twentieth century were developed to change the low-trust workplace culture to a high-trust one. Although some critics say little has changed and it only provides a new form of control (Pollert, 1988; 1991), there is evidence that changes have occurred and produced a better quality of working life, at least in certain areas (Perry

et al., 1995). The changes have improved productivity and competitiveness in the case of the Japanese lean production system with its JIT and TQM, Flexible Specialisation in Germany and the Sociotechnical system in Sweden (Piore and Sabel, 1984; Matthews, 1994).

## **2.1 The Philosophy Underlying Trust as a Basis of Work Organisation**

Trust emerged as a new issue in management literature when Allen Fox (1974) raised the issue of trust in the workplace. Some authors maintain that trust is not a new issue, but has always been an alternative to control. However trust has increased in importance with the spread of more complex work design, modern decentralised work organisation and the flattening of hierarchies.

Trust relations in work gained importance in the 1980s in the USA, where it was then discovered as an important precondition for the success of Japanese firms and was widely discussed in the management literature (see Deal and Kennedy, 1988; Peters and Waterman, 1982). This was the beginning of the search for an alternative to the Taylorist approach in work organisation. The alternative model of organisation based on responsible autonomy is deemed to be more successful for a number of forms of organisation. Analysing the characteristics of successful companies indicated that the development of trust evolved from certain management practices and the implementation of autonomy. Common interests, commitment and motivation are seen as the results of a particular type of work organisation, which allows workers to develop responsibility and to participate in work-related decisions and to practice autonomy.

## **2.2 Trust as the Foundation for Organisational Success**

A working definition of trust is the belief that those on whom we depend will meet our **positive** expectations of them.

Shaw (1997) suggests that competitive advantage comes from an organisation's ability to use its current resources to replace what worked in the past, with new and innovative approaches. Building new strengths requires organisations to abandon some of their past practices. High-trust organisational cultures increase the chances of successful change required for competitive advantage. In contrast, organisations with low-trust cultures have difficulty in implementing new operating principles and processes. They are at a competitive disadvantage because every step in the change process becomes more difficult and time consuming. General Motors provides a notable example of how distrust can put an organisation at a disadvantage (Keller, 1993; cited in Shaw, 1997).

To build an organisation or team with the trust needed to compete effectively, leaders can base their actions on three different imperatives: achieving results, acting with integrity and demonstrating concern. In a workplace, trust is earned through performance in fulfilling obligations and commitments. People who cannot deliver results are deemed to be unworthy of trust. People trust those who behave consistently in their words and actions. Inconsistency can result in distrust. Demonstrating concern for others goes beyond individuals and it includes the work team, the company and family (however defined).

Littek and Charles (1995) deal with the growing importance of trust as a means of co-ordinating the divided labour process. They argue that trust relations represent the micro-sociological basis for new organisational structures and forms of work organisation. Such new forms are based on participation, responsibility and the transformation of decision making to workers. With this approach, immediate work behaviour is not controlled. Instead of close supervision and "do as you have been told", work relations are focussed on the evaluation of the general performance of employees. General performance, including learning capabilities, flexibility, responsibility and initiative, is developed. The trust system rests on a set of instruments to reward desired behaviour. These incentives can vary from symbolic and material rewards to praise, bonus payments and career opportunities.

### 2.3 The Development of Trust

The debate about work reorganisation reflects technological, material and organisational considerations, including new forms of organisation such as lean production, flat hierarchies, total quality management and continuous improvement. Little attention and recognition is paid to the social relations underlying these aspects which are relevant for the work process and for management-labour relations. The role which trust plays in labour relations and the growing importance which it gains in the new division of labour can be considered in terms of economic factors and performance, on the one hand, and the quality of working life or democratisation of work on the other.

Trust is closely connected with the division of labour. The more divisions that exist in a work process, the greater direct control is necessary to enforce the desired performance of the segmented workforce. But command and control are not the only principles of workplace co-ordination. Mutual trust is another one. Instead of tight control over a deskilled, dependent workforce, work has to be organised in a way that relies much more on the motivation, competence, initiative and the responsible autonomy of workers. Thus trust emerges more clearly as a basis of work organisation. The development and increase in service work where traditional scientific management control and the demanding nature of the mass-production system are less successful require a reassessment of the notion that there should be a separation of conception and execution in order to boost performance and satisfaction. This situation becomes a matter of some urgency in a society such as New Zealand, where industrial production is declining and service work is steadily increasing.

The relevance of the research at Mountain Industries, and significance of the high-trust culture to the wider New Zealand economy, especially in the tertiary sectors, may lie in the conclusions reached by Littek and Charles (1995). This research was based on the development and implementation of participative management practices instead of directive management and tight control.

Littek and Charles's (1995) interpretation of what constitutes trust is based on findings from an empirical research project of the working conditions of white-collar workers in the commercial and technical divisions of large industrial companies (Littek, 1986; Littek and Heisig, 1986; 1990; Heisig, 1989). They found that white-collar employees understood the work context as based on co-operative relationships. For them, **informal** rather than formal agreements were relevant for the quantity and quality of their work. Employees understood that their performance would be rewarded over time and the successful execution of tasks were their personal contribution to the success of the enterprise. Management urged the workers to meet these expectations because they were interested in this type of performance. These expectations are based on trust instead of coercion and tight control. Such trust relations are the result of a long-term process. The apparent advantage for both sides prevents each from destroying the relationship in the interests of short-term profit. Their research revealed that the role of middle management and supervisors is very important in the process of building a trust relationship. They must mediate between the interests of top management and employees with the important task of seeing that the interests of all parties are enhanced rather than violated.

Littek and Charles (1995) based their findings on Fox's (1974) concept of trust relations. Stressing the importance of an underlying social structure, they combined trust relations with the idea of a specific form of work organisation and the nature of social relations between management and labour. **This means that trust relations, accordingly, need a form of work organisation which allows for some margin in terms of action, discretion, participation and autonomy by, and for, employees.** Satisfaction and the preparedness to work hard was highest in those sectors of employment where the job structure was widely differentiated and personal engagement and effort were rewarded with responsibility, autonomy, occupational advancement and a career. Another research project in which they examined trust relations at work confirmed the previous results (Littek and Heisig, 1990; 1991; Littek et al. 1992, cited in Littek and Charles, 1995). Although this research concerned white-collar workers, the present research attempts to see if there are similarities in the manufacturing and lower-skilled workplace.

Trust relations contributed to the satisfaction of employees, but did not stimulate greater effort in those departments where little or no incentives existed. If trust relations are to be used as an organisational strategy to improve performance and efficiency, they obviously have to be supplemented with a system of rewards and remuneration for such behaviour. Incentives are, as research has demonstrated, an important means for management to encourage employee behaviour within trust relations. Although higher payments play an important role, it was not the only one. Incentives include a wide range of non-material rewards as well, including praise, a chance for more challenging work, a title or actual advancement, an opportunity to learn, responsibility and autonomy. The results of the job satisfaction research at Mountain Industries suggest that these incentives are all important.

Based on the study by Womack et al. (1990), Littek and Charles (1995) argue that trust is not explicitly mentioned in a discussion of a Japanese lean system and work organisation, but the organisational characteristics that are present lead to effective performance within a system of trust. First, the delegation of responsibility and discretion plays a prominent role. In order to make this delegation functional in practice, mutual trust is needed as an essential precondition. The second important principle of the Japanese system is the positive sanctioning of adequate behaviour. In a Japanese organisation, it is clear that a system of incentives is needed to support trust relations. The flexibility and efficiency of Japanese workers are generated by a differentiated personal ranking hierarchy, which is independent of the concrete task that a person performs (Aoki, 1990). The ranking system allows the continuous promotion of all permanent employees over a long period. Although all employees move upwards within the ranking hierarchy, the speed of promotion within the firm differs amongst them. Those who best fulfil management expectations advance rapidly whereas bad performers move slowly through the ranks.

#### **2.4 The Use of Knowledge and Skills in the Formation of Trust Relations.**

The literature suggests that there is an interesting difference between the primary and secondary sectors in relation to trust relations. The role of unions as discussed in Chapter 2, and especially the unions' approach in the manufacturing industry with lower-skilled

workers, differs from the informal agreements of white-collar workers in the primary sector.

The nature of work in a particular workplace also influences the organisation of work and workplace relations. If the job is prescribed in quantity and quality, employees tend to be interested in the control of their work in order to create margins for action or standards for themselves and to control working conditions. In the case of the Taylorist method of work and control, and the arrangement of repetitive tasks, knowledge and expertise are centralised and tasks are prescribed. Workers are monitored by specialised supervisors and are reduced to mere labour power. The division of labour leads to deskilling and fragmented jobs (Littek and Charles, 1995: 29). In other types of work, where no explicit task execution exists, workers themselves define the outcome of their own performance, guided by aims and incentives. This situation is completely different in these organisational settings where the focus is on means to find ways to solve new problems. The completion of a task always includes a certain degree of self-organisation and discretion, on the basis of personal knowledge and know-how. Even though work is divided into specialised functions, it is difficult or impossible to fragment it into standard tasks and the skill qualifications required are higher. Employees have methodological and procedural skills in common and the know-how to proceed in problem solving. The technical knowledge, which they have to apply in different situations and to different tasks, varies and more complex problems can only be solved by common effort and by bringing together a variety of knowledge and expertise via teamwork.

The main requirements include the practices of interpretation, information, communication and adaptation. In such conditions, the labour process cannot be organised simply from the top down using order and control. The information from the bottom up is very important for overall organisational efficiency (Luhmann, 1989, cited in Littek and Charles, 1995). Littek and Charles (1995) suggest that, according to their research, the method of work organisation described above leads to trust-based work organisation in higher-skills sectors.

Following this argument, it will be difficult in the traditional Taylorism /MPS workplace culture to develop high-trust relations. The results of the research from Littek and Charles (1995) suggest that when employees are given only basic and repetitive tasks to perform, with little opportunity to influence decision-making or to develop their skills, and are rarely permitted to work without supervision, their jobs become boring, uncreative and stressful. When employees are given narrowly restricted tasks to perform, are closely and coercively supervised, and are treated as mere factors of production, managers can expect little more than grudging compliance. Such distrust of management policies and the use of control techniques are likely to be reciprocated with low-trust employee attitudes and behaviour.

In the blue-collar skilled work, the traditional skilled workers are embedded in a set of rules which are dominated by typical perceptions of antagonistic industrial relations, which prevent trust-based relations. Even if management would offer symbolic and material rewards and try to motivate workers to take responsibility, workers tend to reject such attempts in most cases. This work culture is based on the traditional low-trust environment with a particular management style and with the high involvement of unions, as discussed in Chapter 2.

In service sectors, Littek and Charles (1995) found that employees generally accept management's offers and take over responsibility. In doing so, they strengthen their position step-by-step with the effect that management becomes more and more dependent on their active support and co-operation (Littek and Charles, 1995: 31). This thesis argues that worker involvement, training and a participative management style create a favourable environment for a high-trust culture to develop.

## **2.5 Trust and Power**

Trust relations also consist of power relations. There are various sources of power and Crozier and Friedberg (1979, cited in Littek and Charles, 1995) identified these as, firstly, the possession of specific abilities, knowledge and know-how. Secondly, there is the control of relations between the organisation and the environment and thirdly,

communication and information between units and members in the organisation. The fourth concerns the use of organisational rules.

Crozier and Friedberg (1979, cited in Littek and Charles, 1995) see the first three as process related and rules that are, in principle, used by management to control the organisation. Crozier and Friedberg (1979, cited in Littek and Charles, 1995) advocate that employees should be in control of certain conditions of production but tend not to acknowledge that management is in control of funds and the resources of the organisation, and the power that resides in such control. Management awards prestige, allocates positions and distributes income.

## **2.6 The Environment of High Trust Relations.**

A high degree of mutual trust manifests itself in a system of work organisation based on responsible autonomy whereby employees are given a chance to be involved, to take action and make decisions. Zuboff (1988:403, cited in Littek and Charles, 1995: 33) argues that the key organising principle of such a work place is teamwork. Teams are held accountable for their particular jobs and these jobs are treated as distinct elements that must inter-relate in order to accomplish the work of the organisation. Workers are allowed latitude to establish their own best way of working and are expected to use a margin of discretion in a responsible manner and in line with general company policy. Errors and difficulties are not taken as personal incompetence, but are treated as a learning process to accomplish a way forward in terms of a better work organisation. Management and workers then combine to work out a way forward and to solve whatever problem is at hand. In return for this trust, employees are expected to accept responsibility, to take initiative and to show personal commitment.

In New Zealand, the Employment Contracts Act (1991) has its influence on the workplace. The Act attempts to promote efficiency (productivity and worker satisfaction) in the labour market. It assumes that the interests of employers and employees are the same. If freed from outside interference, employers and employees will reach a mutually acceptable

agreement on the price of labour. This interpretation of the Act seems to fit into the high-trust workplace scenario that is the focus of this thesis although whether the Act promotes such an outcome is debatable. The aim of the legislation is to promote an efficient labour market where there is a high degree of competition and where employers can more easily change wages and hours of work (flexibility) to compete successfully. On the other hand, this thesis sees improved productivity as a function of the development of trust and management practices which can create competitiveness, without a crude focus on labour cost as in the low-trust culture. According to Littek and Charles (1995), the German high-trust workplace culture, which produces high quality goods, acknowledges the higher cost of skilled and productive labour in economic production.

To promote a high-trust workplace, encouraging common interests and establishing a corporate institution are not enough to integrate the workers and stimulate their efforts. Where this ideology was not followed by action, corporate identity alone proved to be ineffective. It is not enough to speak about a reliable corporation, it has to be reflected in practice when restructuring the workplace. Common interests and commitment are seen as the results of a workplace organisation, which allows workers to practise autonomy, to develop responsibility and to participate in work-related decisions. In this type of work organisation, openness is the first sign of trust. It is the willingness of members to be open with each other, particularly regarding problems. High-trust teams are able to bring difficult information and issues to the surface and work them through in an effective manner.

The second sign is mutual respect for each other's ability and the willingness to build on the ideas of others. In high-trust cultures, people are less interested in proving their ability, or getting their own way, and are more interested in developing the best answer to a particular problem or opportunity.

A third sign of trust is alignment, which consists of co-ordination among team members as they implement team decisions. Members of high-trust teams agree to support each other,

once a decision has been made. They can debate the merits of different approaches, but then move forward with one voice in implementing their decisions.

## **2.7 Trust and Leadership**

High-trust rests on leadership and is found in organisations whose leaders understand its importance. Leaders must, on a personal level, believe in the need to give their employees autonomy and trust. They also have to demonstrate high leadership standards and qualities so that they are worthy of the trust placed in them. Leadership includes the team leader who needs to pull together a diverse group of people and to work with them to deliver performance objectives. Leadership qualities set the tone for the evolution of the group's work culture and the development of trust. Can the leader act in a way that wins the trust of team members? Can the leader trust the team enough to allow members to deliver the results expected of them?

Leaders must provide direction. Trust ultimately requires leaders who are prepared to go first. It is then possible to build organisations and teams with a high-trust workplace culture (Chambers and Craft, 1998). How do leaders establish trust and why should workers, coming from a low-trust history, trust the new rhetoric of management? These questions will be discussed in Part Three. This trust is based, firstly, on the leader's ability to achieve and argues that trust can only be found in organisations which are performing. Secondly, the way in which leaders and management act with integrity is important. And thirdly, the way in which leaders and management demonstrate concern to workers in a particular situation has significant impact. According to Shaw (1997), trust cannot be established, but only managed within the wider framework of social change and economic production. One example is the trust relations and the success of the Japanese economy in the past, whereby life employment made it much easier to establish a trust relation between management and workers. Today, the security of life employment in Japanese organisations has declined but the Japanese organisations use management practices and work organisation to keep and strengthen trust relations instead. Shaw (1997) suggests that trust presents a set of dilemmas to be managed. How can we demonstrate real concern while eliminating jobs in

an effort to become more competitive? Trust requires demonstrating concern for those whom we work with and making the cold-hearted decisions can easily undermine such trust. These are dilemmas for high-trust workplaces as they adapt to a changing business environment. Trust is not a dilemma to be solved but requires constant attention and an understanding of the trade-offs inherent in any course of action.

The case study of the Dairy Processing Industry illustrates the fragility of a culture change from a low-trust to a high-trust one. The pre-reform relations were built on mistrust with frustrated negotiation between unions and management being a feature. Negotiated unity, in support of a move away from the traditional low-trust workplace culture by unions, employees and employers created a new commitment. The agreement centred around five main commitments to enhance flexibility and efficiency and to create a favourable environment for high-trust relations:

- \* job security
- \* job redesign – moving away from union-controlled, skill-based classifications to encourage individuals to increase their skill levels to promote flexibility
- \* communication – to develop trust among opposing groups
- \* training – to allocate the equivalent of four percent of the annual wage bill into training requirements
- \* skill-based progression – workers to progress within the company on the basis of skill development

In this process, decision-making forums were established to encourage a team-based system where all stakeholders were encouraged to take responsibility for the improvement and advancement of their own tasks, as well as the company as a whole. Through retraining, management's approach was to devolve decision-making and to empower teams to take responsibility and accountability for the culture change.

In another attempt to move away from the traditional low-trust culture, Weddel Tomoana challenged their unenviable work culture. This culture change had two sorts of objectives. Firstly, there was a move to improve the quality and the range of the product to the end customers. The second was to implement a series of measures that would

reduce costs, improve job security and have a multi-skilled workforce which was rewarded for those skills.

The closure of Weddel Tomoana in 1994 raised questions about change in general and more specifically the rationale and ethical aspects of change to a high-trust culture. Would workers want to become involved in change that might only increase their expectations, and not deliver? Was a high-trust relation established between stakeholders at Weddel? Was the effort to change a genuine one, or only a way to buy time for the inevitable closure to happen?

In his case study of Weddel Tomoana, Foster (1995) concludes that in the transition to a high-trust culture, change may include more worker involvement and participation and that raised expectations which may not be met in the process. It must, however, include everyone in the organisation, to be effective and fair. The research of Forster (1995) confirmed the findings of Perry et al (1995) and Ryan (1995) that Weddel, as a company, was the benefactor and that the majority of workers were never exposed to the benefits of the changes at Weddel.

The meat workers' union president, who initially supported the changes at Weddel, lost his position and his successor was more antagonistic towards the initiatives because members believed that the company was the only benefactor. Management backed out of the agreed system and believed that the union officials and the workers had to understand the reality of operating a business in difficult times. They expected all sides to make sacrifices. Foster (1995:155) concludes: "If companies are just going to pursue a quality agenda with cost-cutting measures introduced into the process then workplace reform will fail". The trust built up between all concerned will disappear if some stakeholders cannot see any benefits. This brief analysis of the Weddel case study demonstrates that for the concept of a high-trust culture to be successfully implemented, a genuine model of change must be present. This include aspects of productivity achievement, integrity and the demonstration of concern from and to all stakeholders.

### 3. Is Teamwork the Key to Change?

With the shift from Fordism to Post-Fordism, new systems of organising work moved to emphasise teamwork. Examples include Piore and Sabel (1984), with their discussion of flexible specialisation; the Japanese JIT system, as part of a new production process; the Socio-technical human-centred production system and Kern and Schumann (1984) with trust relations.

The literature suggests that teamwork may be the key to implementing change and enhancing employee involvement in the workplace. Teams are one of the new emphases in the workplace. They are seen as critical to production systems in the move to flexible specialisation, lean production and network organisations. The survival of the organisation depends on the ability to learn. The best way to achieve this is to organise workers into teams. Kurt Levine (1951:229, cited in KPMG Survey, 1995) wrote: "It is easier to change individuals formed into a group than it is to change any of them separately".

However, what a team means is not always clear. On the one hand, teams are seen as a vehicle for **the emancipation of employees** and, on the other, as a new means of **exploitation and control**. To increase control, traditional organisations use teams to control employees and maintain the status quo by deliberately setting out to resist the intentions of positive teamwork by selecting leaders whom management trusts to continue traditional norms and values. This traditional low-trust culture has been discussed in an earlier chapter.

**It will be argued here, despite these reservations, that teams are an essential element of high-trust cultures in the workplace.** The difficulty lies in creating an environment where teams can thrive, because they are most successful in organisations that have a high-trust culture (Inkson and Kolb, 1995:403).

Firstly, there are some key questions that need to be considered: what constitutes a team, what purpose do teams serve, why is there so much interest in team building, and do they really serve the purpose for which they are intended?

### **3.1 What is Teamwork?**

#### **3.1.1 Definitions of Teamwork**

The literature suggests many definitions of teams but most are typically variations on a set of common themes. A definition of teams usually identifies features such as a commitment to a common purpose, complementary skills, limited numbers and mutual dependence (Katzenbach and Smith, 1993; Clemmer, 1993; Syer and Connolly, 1996). Differences are a reflection of the purpose of teams and the nature of the organisation of which they are a part. Despite the differences, some common themes emerged from the definitions surveyed.

\* **A group of people working together to achieve a common objective**

Many of the definitions spoke of a group of people working together for a specific purpose such as a project or having functional responsibility. They emphasised the importance of a shared view of the future, clear goals and objectives and of commitment to achieving results.

\* **Mutual accountability and collaborative working practices**

Collaboration and a collective responsibility for outcomes include co-operation, alignment and coordination with the emphasis on mutual reliance and support among team members.

\* **A philosophy**

Some definitions reflected a wider, organisational philosophy towards the use of teams, speaking of teamwork as a core competency, a strategic value and a mechanism for continuous learning. Others focused more on the philosophy imbued within teamwork itself, emphasising the importance of a mutual understanding of needs, sharing and a willingness to sacrifice individuality.

\* **Multi-skilled teams**

Other definitions stress the strengths of diversity in the team and the utilisation of unique skills to maximise the potential of the team.

\* **Self-directed teams**

For some, the concept of self-direction and the ability to manage their own resources and priorities are the distinguishing feature of teams. This is in contrast with the belief that a team relies on leadership from the top. KPMG (1995) defines teamwork as “working together to achieve more” and includes both objectives and the process of teamwork.

Teams can be defined as a formal group that is officially assembled to operate as a distinct entity, performing specific tasks. Teams are groups, committed to goals or objectives, which require high levels of performance in order to be successful.

### **3.2 Why do Organisations use Teamwork?**

There are many articles in both academic and other journals about why organisations should, or should not, shift to teams as a way of organising work to cope with the change process. Alderfer (1977:4) describes teams as having “intact social systems, complete with boundaries, inter-dependencies among members and differentiated member roles”. This implies that the collective nature of a team needs a commitment to sacrifice individuality in favour of the team and a willingness to share. Flexibility in terms of acknowledging the diversity of skills is necessary to utilise the unique potential of the individuals to the advantage of the team. Alderfer suggests that for these reasons, a team will outscore the performance of individual members.

Wickens (1989) suggests that a team-based workplace organisation can improve the quality of the working life of workers through delivering more efficient performance. Decisions are effective when they are made by a range of people within an organisation, all of whom share ownership of that decision and play a part in the implementation of it.

Trist (1981) adds to these observations by summarising the key elements of teamwork in a few principles (see Mathews, 1994: 37-8).

- \* The holistic work system
- \* The work group as central rather than the individual
- \* Internal regulation of the system by the group rather than the supervisor
- \* Skill development to develop multiple skills of the individual to strengthen the group
- \* Discretionary work roles for workers instead of prescribed ones

Sashkin (1993) explains three basic needs workers should get from their work. They need autonomy and control over the workplace, task achievement and co-worker relations. Sashkin (1993) suggests that by participating in goal-setting, problem-solving, decision-making and planning change, employees experience autonomy and meaningfulness in their work. This will lead to commitment to the organisation, innovation, improved performance and organisational productivity. These needs can best be met through participation in an effectively designed work team.

The rationale for using teams to develop a high-trust culture reflects two important considerations. One is worker involvement through the effective use of teamwork. Providing frontline employees with the skills, motivation and freedom to improve the way they do their jobs can greatly increase both productivity and worker satisfaction.

The other is to use work teams as a vehicle of change. Participation, motivation, satisfaction and learning (constant improvement and new skills) all enable a group to perform like a team. That means focusing on producing results. Once results are achieved, the group will feel better about work-related issues and become more supportive, goal-orientated and develop high-trust relations.

Deeks et al (1982) suggests that companies need to utilise teamwork as an opportunity to establish structures and processes that allow for the continuing and effective implementation of reform, a view that confirms that of Levine (1951).

The rhetoric about teams suggests that the performance of teams outclasses the sum performance of individuals in traditionally supervised work groups. The use of teams is one way of tapping into the diverse skills, knowledge and skill levels of employees. Organisations use team synergy because of the belief that it allows and promotes both flexibility and adaptability in order to fully utilise resources (see Brown, 1992).

The move from an era of mass production and rigid organisational hierarchy towards the contemporary emphasis on human resources and networked organisations acknowledges the desire to promote and develop multi-skilling among employees in flatter organisational structures. Teamwork is seen as an opportunity to flatten the organisational hierarchy and to introduce multi-skilling as preferred alternative. By taking more responsibility, teamwork provides a more meaningful work environment for employees, which in turn may improve satisfaction and motivation and improve trust relations.

From the KPMG (1995) survey, the most common rationale for teamwork was to improve the way that work is done, so that the organisation could be more efficient and effective. Teams are seen as a vehicle to improve quality, as a way of cutting costs and of improving customer service. Some organisations claim to set up teams for the sole purpose of enhancing employer-employee relationships to improve the quality of working life for workers. Organisations have realised that by developing teams and empowering employees, it has been possible to raise the level of commitment and motivation of employees and generate a sense of ownership (Shonk, 1992:25). Organisations use teams to overcome resistance to change and develop shared visions and a purpose for the future (Levine, 1951; KPMG, 1995; Shonk, 1992).

The use of teamwork to improve productivity and satisfaction by getting the people who are actually doing the work to be involved in the process may be the key to the rationale for the use of teams in the workplace in this study. In the current research group, the supervisors will experiment with teamwork to find a method that can work for a specific workplace.

However little is said, beyond the rhetoric, about exactly how teams function. Because of this, many well-planned change initiatives fail. The failure to understand exactly what is needed to set up and maintain teams as dynamic, innovative learning and productive units, is a key factor.

The basic reasons for companies emphasising teamwork is to empower employees to be fully involved and to increase organisational productivity. These two go together and the main value of teams is the ability to assemble and empower employees by using their strengths to improve the organisation in various ways. In participating in decision-making and planning how work will be performed, employee involvement will increase satisfaction and, for most, motivation as well. Organisations increasingly turn more to teams because traditional ways do not always adequately respond to marketplace demands. Teams are seen as a vehicle for implementing change. The specific reasons for organisations, including the organisation in this research, to use teams can differ but the main reasons include the following:

\* **Diversity**

When there is diversity, such as gender, culture and skills in the team, it allows the organisation to utilise the potential, knowledge and skills of team members in solving issues and creating opportunities.

\* **Quality**

The competition among competitors and the demand by consumers for quality products and services has increased the emphasis on quality.

\* **Flexibility**

The development of technology and new products require organisations to be flexible in order to adapt to rapid changes in the environment and job requirements. The ability to deploy skills to different and new projects becomes vital for survival (Brown, 1992).

\* **Multi-skilling**

The move away from rigid jobs and workplaces towards flexibility, participation and teamwork demands multi-skilling among employees.

These multi-skilled employees allow the teams to take up more responsibility and flatten hierarchies, which in turn provides a more meaningful and richer work environment for employees leading to higher levels of job satisfaction and motivation.

\* **Coordination**

Representatives of different functions of the organisation can form a team to take over the coordination of tasks.

\* **Employee satisfaction**

By empowering teams to participate in planning their work and the use of some discretion in making decisions, organisations can tap into the skills, commitment and potential of employees that previously were neither recognised nor utilised.

\* **Productivity**

Considerable data exist that suggest that teams can be an effective means of meeting organisational goals and productivity (Perry et al., 1995; KPMG, 1995). Teamwork is seen as a method to improve the way that work is done so that the organisation could be more efficient and effective. In seeking greater financial performance and higher productivity, organisations turn to teams to improve the way that people work together. By empowering and devolving responsibility to teams, the literature suggests that organisations have been able to raise the level of commitment and the motivation of employees and generate a sense of ownership of results. To achieve this, organisations turn to learning.

\* **Organisational learning**

Exactly how individuals learn in group settings is outlined by Capper et al. (1994). In describing the stable environment of the past, Capper et al. (1994) suggest that learning is a result of the accumulation of experience by employees as they repeat a particular task. In this, the predominant learning mode is problem-solving. Change is often not desirable because production techniques still produce satisfactory returns.

As the circumstances change and organisations need to learn more from unique and one-off events, they must shift to what Batstone (1984) called the double loop learning. In this learning environment, creation and experimentation replace adaptation and experience. As stated in the discussion of teams, it is much easier to change employees who are in groups. In this change environment, Batstone (1984) suggests that in order to adapt better to change, organisations should use teams as a vehicle for organisational learning. To be effective in the learning process of the change environment, teams will demand new skills and knowledge through management practices which promote and generate learning of new kinds of expertise, practice and the redesign of work processes. To achieve this, training throughout the organisation becomes more important; the unrestricted sharing of information and knowledge and flexibility are necessary in a high-trust based organisational culture.

The theoretical model of Engestrom (cited in Capper et al., 1994:32) offers an explanation of team learning. Engestrom sees a team as an 'activity system'. **"The way in which the system operates is influenced by the resources and technologies available to it, the rules and goals which govern its direction, the values and ideals of the community in which it exists, and the division of labour which determines how work is done and responsibilities allocated."** In the setting of a high-trust culture, a team may become innovative and use initiative if the distribution of expertise amongst all members of the team occurs routinely. In traditional low-trust cultures, the skills and know-how are passed on from top-down. In a team setting, every team member is a teacher at times and everyone a learner at times and often team members will need to develop completely new skills.

### 3.3 Types of Teams

The type of team will depend on the function of the organization and some teams are for specific tasks or projects (Zenger, et al., 1994:12).

Shonk (1992:24) based his types of teams on the amount of autonomy because the greater the autonomy, the more likely the team will influence the organisation's structure, processes and culture. Shonk also suggests that the amount of autonomy given to a team can greatly affect productivity, flexibility, costs and the management effort required to sustain teams.

The amount of autonomy given to a team can range from making suggestions, problem solving to self-management. Most of the teams are somewhere in between. The greater the autonomy, the higher the potential for employees to contribute to their maximum and the higher the potential for a better quality of working life.

\* **Suggestion teams**

Advisory committees and suggestion teams represent a low level of autonomy with no decision-making authority. The hierarchy must still approve suggestions. They require little or no change in the level of employee participation or in the organisation structure and work processes.

\* **Problem-solving teams**

These teams are involved in identifying and researching activities and in developing effective solutions to work-related problems. Most problem-solving teams consist of the supervisor and five to eight employees with common work-related concerns who identify and solve problems (Shonk, 1992). Staff services or specialised staff may participate in the work of the team. Task forces are put together to recommend what the company should do on a given problem or task. Quality circles are an example of problem-solving teams. These teams can also be instituted with relatively few changes in organisational structures, participation and processes.

\* **Semi-autonomous teams**

These teams are managed by a supervisor and have input into the planning, organising and control of their daily work. Teams can be involved in establishing the work unit's goals and the planning of work. They can identify and solve work-related problems on their own and have an input in terms of daily operating decisions. Semi-autonomous teams are used when the tasks can be best accomplished if employees have considerable freedom to act. The supervisor is there to co-ordinate.

\* **Self-managing teams**

These teams are responsible for managing their work on a daily basis. They have the authority to set team goals according to organisational goals and they plan how goals will be accomplished. They also have the autonomy to allocate resources to accomplish goals. They can identify and solve problems within the work area and make daily operating decisions within their defined level of authority. Self-managing teams can address factors from outside the team's control, which have an effect on the team's performance. Work scheduling and the hiring of team members are part of these teams' responsibility.

The move to increase team autonomy is most successful in cases where it was done gradually. Many of the skills needed by self-managing teams, such as interpersonal communications and team problem-solving, are natural outgrowths of effective and functioning problem-solving teams. The type of team used in organisations will depend on the results or the outcome sought by organisations. Shonk (1992) suggests that since organisations started to move toward a higher level of autonomy, they have experienced increases in productivity through work teams and the pressure from employees for increased involvement. He based his conclusions on the study by S.Cohen and G. Ledford (1991, cited in Shonk, 1992) of self-managing work teams. Shonk (1992) concludes that, as teams become more autonomous, the organisation will experience greater pressure to change its structures and processes.

### 3.4 Organisational Support for Teams

Teamwork and autonomy can be an effective strategy for increasing organisational effectiveness and employee satisfaction. A prerequisite for a team-based strategy to prosper is for organisations to examine their philosophy, structures, systems, policies and skills to ensure that they are compatible with the amount of team autonomy desired and also compatible with each other (Shonk, 1992).

The core values and philosophies of organisations using work teams must include a belief in involving people and placing trust in them (Lawler, et al., 1992). Long-term visions and a supportive investment in human resource development, training and career development are essential. A lean, flat organisational structure is compatible with higher levels of involvement and the movement of responsibilities down to lower levels. It also promotes cross-functional teamwork to handle several functions and increase productivity.

The work team is responsible for measuring and evaluating its own work, which incorporates performance feedback and a sense of responsibility for results. To reinforce the desired behaviours associated with involvement and performance, organisations must reward the core values of self-management, commitment and flexibility. For teams to make more and better decisions, and to self-manage their activities, they need sufficient information. Operating procedures can be altered in order to provide more involvement by employees.

Management policies which promote employment stability and security can utilise teams to provide a vehicle for preventative problem-solving on job security. The feeling of equality is essential to being part of the team. The reduction of status between management and workers can promote the "we" feeling.

It is essential that organisations provide time and resources for employees to develop skills for teamwork. Hirschhorn (1991:13) suggests that it is not feasible to anticipate the creation of the perfect team with no conflicts, differences or disappointments. It is rather important

to try and create a mature team that acknowledges what is difficult about sophisticated team dynamics and that harnesses people's thoughts and feelings in relation to the team's work. The following table compares the different team environments.

<b>Old environment</b>	<b>New environment</b>
Individuals followed instructions	Individuals comes up with initiatives
Group depended on manager	Team has considerable authority to take its own steps
Group was a team because people confirmed the direction set by a manager	Group is a team because people learn to collaborate in the face of work-place challenges
People co-operate by suppressing their thoughts and feelings	People co-operate by using their thoughts and feelings.

Fig 3

### 3.5 Unsuccessful Teams

According to the KPMG (1995) report, 61 percent of respondents confirmed that they had participated in an unsuccessful team. The most common reason for teams being unsuccessful was a lack of clear direction and objectives. Teams need a reason for their existence, goals to achieve and the enthusiastic support of managers.

A lack of commitment, accountability and responsibility can lead to a lack of ownership of the team's objectives and results. Without being part of the team, or contributing because members see and understand the benefits and realise what value they can add to the team process, formal responsibilities or accountabilities will achieve little more than compliance.

Some teams failed because of the lack of sufficient skill mix in the team to achieve its objectives. Team leadership, or the lack of it, was a reason for the failure of many teams. With the popular trend of self-managed teams, leadership is a decisive factor in teamwork.

### **3.6 Team Culture**

The literature shows that high-performing teams do not just appear. They go through a managed process of development and they are usually in one stage of development or another at any given point. Whatever the process of development, it is likely that a particular team will build a culture that is unique to that team (Shonk, 1992; Hirschhorn, 1991; Syer, 1996; KPMG, 1995).

### **3.7 The Effect of Teams on the Organisation**

In their research, Perry et al (1995) demonstrated the influence of teamwork on the culture of the organisation and how work is organised at Interlock Industries. This manufacturing company aimed, through change in the workplace culture, to match productivity gains with quality improvements. The company realised that these dual objectives could be achieved only through trust relations built on participation and increased opportunities for training and job development. This transition to a high-trust system was based on the principles of JIT production and the implementation of teams, training systems, quality control systems and team-based work methods. Teams educated workers to evaluate problems and understood that different experiences and views could encourage the discovery of the most appropriate approach.

Training was more actively supported by having skills related to pay, with the availability of courses offered increased to match the demand for self-advancement. These new skills were then assessed in terms of team participation, communication and

work procedures.

Formerly, specifically employed inspectors controlled standards as the product left each department, which added to the end unit price and production time. High-trust relations were introduced into the organisation as responsibility and accountability were given to the teams. Authority, task and identity boundaries were flattened as the team became committed to the common goal of quality improvements and productivity gains. The new team-based work structure supported these actions, as employees were empowered to become multi-skilled in both product and activity areas. As people moved between tasks, information between different operators was shared, integrating individuals into a more supportive and motivated team.

The results of the KPMG (1995) survey in New Zealand show that the introduction of teams has had a positive impact in a variety of areas in most organisations. The benefits include outputs such as improved quality and higher sales, as well as improvements in inputs such as staff morale and lower staff turnover. Key changes included:

\* **Quality of work**

The majority of organisations feel that the quality of work has improved as a result of introducing teams.

\* **Productivity and performance**

Most organisations have experienced an increase, and in many cases a substantial increase, in productivity due to teamwork. This result fits naturally with the reports of improvements in individual performance; 81 percent of organisations surveyed in New Zealand found that individual performance improved after introducing teams.

\* **Continuous improvement**

Many New Zealand organisations use teams for continuous improvement initiatives. Continuous improvement has increased in over 80 percent of organisations surveyed, since the introduction of teams.

\* **Customer service**

Over 80 percent of organisations surveyed found their customer service has improved since introducing teamwork. Only two organisations found it had declined.

\* **Quality of employee relations, staff morale and staff turnover**

Employees have also benefited from the introduction of teamwork. The majority of organisations surveyed in New Zealand felt that employee relations and staff morale have improved and a few organisations have benefited from lower staff turnover.

To review the development of this thesis, where we have got to so far, and to indicate what comes next, it is useful to provide an overview. In Part one, I put the workplace that is the focus of this study in a particular context. I also identified two different ways of thinking about the relationship between worker and management. The most important issue is how to overcome the element of distrust and the level of productivity by drawing on examples from around the world and elsewhere in New Zealand. In Part Two, I explored new ways and ideas from different production systems in order to identify and develop a model that will be employed. In Part Three, I will test the model on the shop floor with a research group and compare the results with a control group.

## **Part Three - The Research**

### **Chapter Five**

#### **1. Introduction**

One of the important themes in the literature on the nature of work and economic production is the move from Fordism to post-Fordism. Firstly, there is the question of whether these changes can benefit both workers and employers. The position which is taken in the present thesis is that it is possible to maximise options for both workers and management. One possibility in terms of the post-Fordist era is the option of building trust relations between worker and employer. Secondly, it is feasible to involve workers in day-to-day work organisation and decision-making. Thirdly, it is possible to train workers in terms of the needs of the organisation and fourthly, teamwork can be deployed as the basis of work organisation and change. Common among almost all of the strategies is an attempt to influence productivity positively. Measurement was used in the early stages of this research as part of an investigation of productivity and the management practices that influenced it. Not only did I use it as part of the improvement process itself, but soon discovered that measurement has an impact on productivity because of the effects of feedback. I used the measurement of work performance and productivity on the one hand and the measurement of satisfaction and quality of working life on the other, as a means of identifying the critical factors in the culture change of the group being researched.

In this workplace context, the satisfaction and quality of working life are a direct reflection of the degree to which workers feel they have significant control over their own lives, feel that they are respected for the contribution they make and feel that they are contributing to something worthwhile.

Productivity for the purpose of the study is seen as a measure of the quantity and quality of work performance with issues of resource utilisation an important consideration. People are the main resource in the workplace under study. Productivity can therefore be measured at

the level of the individual, group or organisation. In this study, productivity is simply expressed as a ratio between dollars earned per production hour.

Dollars earned per month

Production hours per month

Productivity can be used as a change strategy but these strategies require carefully thought-out systems and approaches to be successful. Change in organisations is often slow and it is important to avoid the trap of using a 'technique' to demonstrate productivity improvement. This 'technique a month' approach is very popular among some consultants in some areas, but will often only produce short-term productivity success, if any. My approach was to interpret change as a process whereby the culture of the organisation developed a level of high trust with resulting implications for productivity; it had to be sustainable and have a positive effect on satisfaction and the quality of working life.

Over recent years, there have been many programmes and systems aimed at improving productivity. Quality circles, Japanisation, worker participation in work organisation and decision-making, statistical quality control, Just-in-Time and Total Quality Management are but a few that have occupied researcher and management alike.

In the workplace under study, management often assumed that poor productivity was due to the fact that the workforce was low skilled, with special needs people and people with language barriers. I will argue that this situation can be "overcome" by '**developing people**', notably a high-trust workplace with increased levels of training. The previous chapters commented on the development of distrust, the social and economic implications of such distrust and the measures taken to combat it. The 'successful' methods adopted in Germany, Japan, Scandinavia and elsewhere have been discussed and evaluated. These methods have tested the emphasis of the contribution of higher productivity combined with a better quality of working life for workers. **The success of the change in specific supervisory practices will be measured against higher productivity, satisfaction and the improvement in the quality of working life.**

## 2. The Central Research Questions.

The research was built around the following questions:

- \* Can this research group change from the traditional low-trust to a high-trust culture through different management and supervision practices?
- \* What are the implications of change for management and supervision?
- \* Can the culture change result in improved performance and productivity and at the same time improve the quality of working life for workers (the productivity-satisfaction link)?
- \* Is the culture change sustainable?

As stated, I argue that **the performance, satisfaction and the quality of working life should improve if the workplace culture can be changed from a low-trust to a high-trust one.** We started with a trust-building period, which took us one year. The trust-building started off by building interpersonal relations and later included labour/management relations through involvement and participation. These involved issues of supervision and leadership, the use of discretion and decision-making and work organisation through teamwork, human resource development by evaluating the performance gap, assess training needs and a training programme.

The case study method was used because of the individualised nature of the change I wanted to implement and test. The case study method will allow us to measure the "before" and "after" results in this practical workplace and compare it, firstly, with the influence of the specific changes in the research group and, secondly, with the results of similar studies in New Zealand and elsewhere. This method will also allow to use different viewpoints from the literature and put them together in a holistic approach. This is necessary because of the distinctiveness of workplaces and the need to exploit appropriate opportunities and solutions that relate to the specifics of each situation, rather than to measure it against an idealised best practice. Whether valid conclusions in comparison with other organisations can be drawn could be disputed, but the main objective of this case study is to compare the

"before" and "after" results with a control group in the same specific workplace. The researcher spent two years working as supervisor in the research group, using a wide range of techniques such as interviews, questionnaires, examining documents and measuring results. This presence on the frontline provided the opportunity to live the culture of the workplace. This was an advantage as shown by the language used in the satisfaction questionnaire. With this case study, it is not only a reliance on what others experienced and the participation and reflections of the researcher, but also the recorded statistical data which can be processed to measure differences more precisely.

The research group and the control group are part of a larger company specialising in assembling and packaging. The company is divided into ten operating units. Two units are doing an ongoing job, while the rest of the units are on 70 percent of different core jobs, which repeat themselves on a regular basis. The other 30 percent jobs are smaller one-off jobs, shared on a basis of who is available and has the ability to do the job. A production manager prioritises and assigns jobs to different units through a "production department". This department is responsible for customer service, supplies, quality, equipment and despatch. The different units perform a task or job and after completion, send it back to the production department. The responsibilities of the units begin when supplies are moved in and stop when the completed product is moved out of the unit.

The research group involved 31 people, with 21 males, 10 females and two of these being supervisors. The control group had one less male person but paralleled the research group in all other aspects such as average age, length of service and skills. Where possible, they performed the same type of tasks, received the same pay, sickness and annual leave. During the period of study, both groups had less than 10% worker turnover. All practical steps were taken to ensure that the two groups were as similar as possible in all but the supervision style of the supervisors, trust-building programme, involvement in work, training and teamwork approach.

In scrutinising the literature about change in the workplace, particularly those changes which led to higher productivity and a better quality of working life, I was looking for the

win-win situation. The literature presents a picture that is far from clear. Some argue that a lot of change has taken place in the last twenty years, with new systems, new ways of organising work and a new division of labour. Others vigorously deny that the changes have been of any good for workers and that they have only been to the advantage of management and to tighten control over workers and the process. Originally we used an autocratic supervisory style in the research group and achieved a fairly good hourly return for the first two months. We assumed that the poor productivity was due to the fact that we have low-skilled and some special needs people in our workforce. In analysing what we were doing, we realised that our job was to supervise for quantity and check for quality. We were controllers, and not developers, of people. At the same time, we realised that our unit's productivity was going slowly downwards. The trust relations within our units were low. High absenteeism, simple incompetent mistakes and low commitment from the workers undermined productivity.

Fig 4. demonstrates the decline in productivity in the research group in comparison with the control group, which shows no fluctuation.

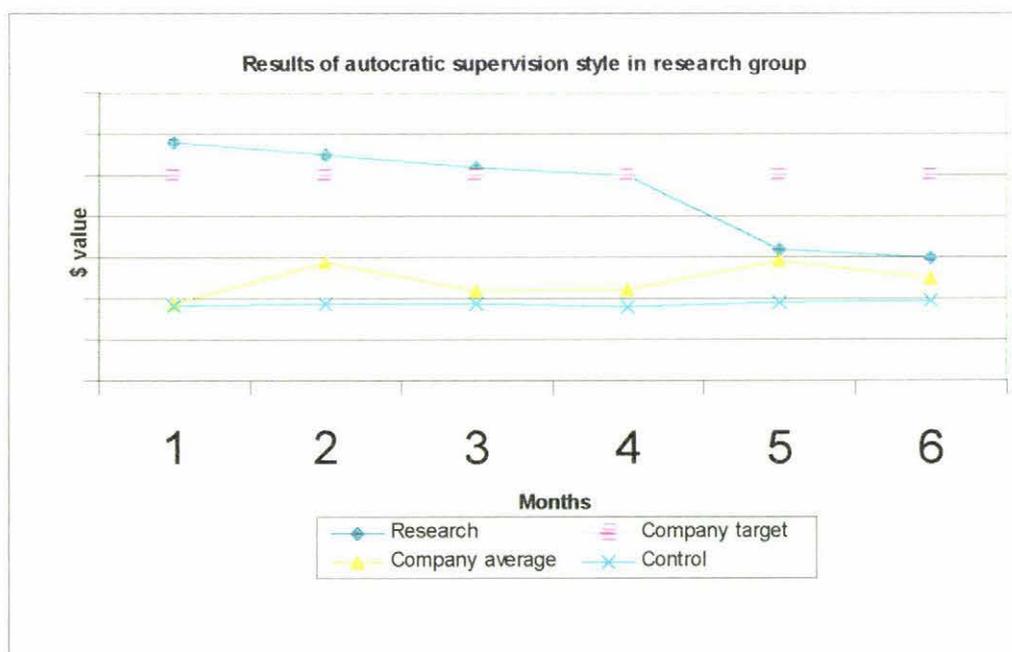


Fig 4

One worker described it as follows: "People are not really consulted here at all. There is a huge division between management and 'the workers'. Management runs the company in any way they like, yet they think of it as 'one big happy family' and claims anyone can come to them if they have a problem. There is really no way workers can offer an opinion on anything that matters to them. The general direction and aims of the company are a complete mystery to everyone except management. The monthly target for example was never known among workers. Management has no idea what workers are worrying about and their way of communicating is usually a 'do not' or a 'must' and the general thrust is 'do as you are told'".

### **3. Trust Assessment**

To assess the degree of trust in the organisation, I used the trust questionnaire of Shaw (1997) and altered it to fit the organization being studied. I used contrasting statements, which were designed to stimulate thinking concerning the level of trust that currently exists in the group. For each statement, the people in the research and control group had to indicate which point along the continuum most accurately described their organisation and group. The ratings on individual questions provided more detailed information on specific aspects of the survey and the total provided a general measure of trust in both the research and the control group. This was done before the implementation of the changes and again a year later. By using "before" and "after" results, it is possible to measure differences that occurred.

The rating scales based on the criteria set by Shaw (1997) demonstrate different trust levels that may occur in organisations. Fig 5 demonstrates the before trust levels in the workplace and Fig 6 demonstrates Shaw's criteria.

Low trust	32-74
Moderate trust	75-117
High trust	118-160

Fig 5

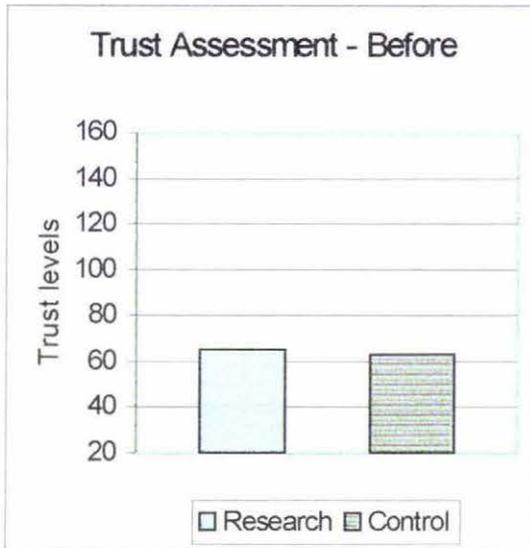
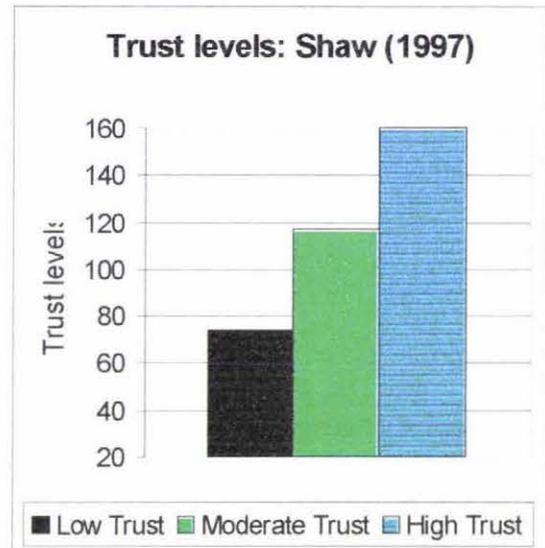


Fig 6



### Interviews Before the Changes.

In a series of interviews with people from both the research and control group, before and after the implementation of changes in the research group, I asked the same questions of all concerned. I also put the same questions to the Human Resource Manager concerning both research and control group.

**Q: Describe how it is at present with trust relations in your group.**

A: Research group:

Trust is very low and supervisors and leading-hands are constantly checking on the employees' work. The workers are not allowed to make any decisions and all are made by either the supervisor or the production manager. The result is that workers hide product if they make a mistake or something goes wrong. We have no openness to discuss the work.

A: Control group:

Our trust relations are low because we will start a job without being briefed, given any background information or being asked what we think. There is no discussion or a system for workers to suggest ideas of how to do the job. We do not participate in the set-up of targets and we work as individuals without any responsibility. Do as you are told.

A: The Human Resource Manager:

Management and supervisors assume that workers do not have the ability to work on their own. They are fearful that by extending the workers, responsibility and decision-making failure will be certain in the delivering of quality products on time. This explains the McGregor's X theory in the workplace, which suggests that workers do not want to work.

**Q: How does your supervisor treat the workers?**

A: Research group:

Our supervisor is in control and tells us what to do, how and where. Our ideas are more of a hassle. The supervisor is always right and will only show us what is necessary to do the simplified part of the job and does not train us to be able to do everything or to think for ourselves.

A: Control group:

We feel useless because we are not part of the job. We are only robots, which have to do as we are told.

A: Human Resource Manager:

The production manager and supervisor take sole control and responsibility for workers and work. They set up the production methods and systems and workers do

not participate in any planning. Workers are told what and how to do it, where to do the task and what the goal is.

**Q: What does your job mean to you?**

A: Research group:

There is little or no trust between workers and supervisors and management, or among workers. People do not feel that they are part of a team or the organisation. They just do not care about the job and this included myself.

A: Control group:

The job doesn't really matter. We come to work and go home and never think about the job because we are not involved in the organising and have no responsibilities. We are afraid to make mistakes and often do things we do not understand, because we have no information.

A: Human Resource Manager:

Workers cannot try or use methods other than the ones implemented by the supervisor or production manager and therefore are not able to use initiative. This system creates inappropriate behaviour from some workers who become frustrated.

When the results of the units in the organisation were compared, all appeared to have similar problems. As in many other studies, it was not possible to address these problems with money alone. At this point, I made the decision to adopt a role which involved the development of people and not controlling them. This involves a role change from close supervision to facilitator where workers can use their own discretion and take up responsibility for their own work within the rules, regulations and objectives of the unit and the company. This provides the opportunity to develop workers for their new and future roles, to increase their satisfaction, improve their quality of working live and, at the same time, increase productivity for the company.

I realised that this change in the culture of the organisation would not be an easy one. With little understanding from management of these changes, the two supervisors started a programme to change the culture of two of the 10 units at the workplace. The first step was to start building a trust relationship between the supervisors and their employees. This meant finding a way to influence the trust within the research group positively.

Building trust includes every aspect of the organisation's activity. The structure, management policies and practices, technological systems, culture, the values of the stakeholders and the behaviour of those in leadership are all involved. From the literature, two issues were of particular importance. The first one is an extension of Fox (1974) and refined by Littek and Charles (1995). They argue that trust relations represent new forms of work organisation, based on participation, responsibility and the transformation of decision-making to workers. This is essential but it is the soft part of building a trust relationship. The second issue from Shaw (1997) emphasises the need to achieve results through fulfilling obligations and commitments as a basis for building trust relations.

In this research, the approach adopted was a combination of these two. To achieve a win-win situation, emphasis was placed on the soft side of trust building, such as involvement and relations, both for the advantage of the workers but also to achieve results. We also experimented with the view of Lawler (1994) that performance may influence satisfaction positively. Achieving results should help improve trust relations positively. The findings of Littek and Charles (1995) show that trust relations contribute to the satisfaction of employees, but as shown in their and other research such as Lawler (1994), satisfaction and trust are not necessarily positively linked to performance. To improve efficiency and performance in the research units, we had to supplement the development of trust and the changes with an elaborate system of rewards and incentives. These incentives can vary from symbolic and material rewards, praise, opportunities or time off.

Over the years, a low-trust culture developed in the workplace under study because the stakeholders believed that they could not achieve high performances. The research group at the beginning experienced an autocratic management style. In feedback from workers, they

described the failing of leadership, uncertainty and the psychological impact of repetitive work and work organisation as factors undermining trust. **None of the workers mentioned the importance of workers meeting their business obligations to each other, the employer or customers.** The aim was to develop satisfaction and trust as the basis for providing understanding and direction for the necessary changes.

#### **4. Job Satisfaction Survey**

In order to understand what workers want and expect at the workplace, it was necessary to develop a questionnaire and to ask them how they felt and what they preferred or disliked. This information helped in the development of a programme of culture change aimed at enhancing productivity and an improvement in satisfaction and the quality of working life.

##### **4.1 Objectives**

The objectives of the job satisfaction survey were to:

- a) demonstrate whether the relationship between satisfaction, quality of working life and high performance can improve if the workplace culture is changed from a low to a high-trust one.
- b) To determine which facets of the workplace and the job have an influence on the above.

##### **4.2 Methodology**

This survey attempts to capture the effective nature of job satisfaction defined by Locke (1976, cited in Robbins, 1991) as "a pleasurable positive emotional state resulting from the appraisal of one's job or job experiences".

For the purpose of this study and in order to link the influence of a high-trust culture to satisfaction and to improve productivity, it was necessary to distinguish between global and facet satisfaction. Global job satisfaction reflects an individual's overall satisfaction

with his or her job. Facet satisfaction shows satisfaction with specific aspects of the workplace such as supervision and trust. The identification of relevant facets of job satisfaction enabled the researcher to specify what aspects of the workplace influenced satisfaction and performance. These aspects might suggest what changes can be made to improve job satisfaction and a better quality of working life for workers and higher performance for management. Therefore the study centred on changes in:

- i) **Workplace relations:** involvement / trust development
- ii) **Management structure:** supervision /leadership style / initiative
- iii) **Human Resources Practices:** training / people development
- iv) **Work organisation:** skill development/ teamwork

To be able to get the necessary information, the survey was based on the Job Descriptive Index (JDI). This was considered the best available option for the situation and according to Locke (1976, cited in Robbins, 1991) and Spector (1996), it provided a carefully developed scale to measure job satisfaction.

The scale was adjusted to fit the situation of the workplace under study and 62 questions and statements were divided into seven sub-scales seeking responses to workplace, work, co-workers, supervision, work organisation, rewards and incentives. Respondents were asked to indicate their feelings to their work by circling the number on a scale from 1 to 5, in a way that represented his or her feelings most accurately. The lowest number, 1 represented very poor, unacceptable, never or none. The highest number 5 represented very good, very happy, always, very important. These factors were rated on a standardised scale and then aggregated to create an overall job satisfaction score. It also provided a score for each sub-scale, firstly to be able to evaluate different facets and, secondly, to compare with the second satisfaction survey after the implementation of the changes. Personal information on gender, age and length of service was also recorded.

### **4.3 Workplace Profile**

The workplace provided employment to a diversity of people in sub-contracting, packaging, assembling and the manufacturing business. The workforce represented a number of cultures with the significant levels of Asian, Maori and Pacific Island staff. Special need workers, workers with language barriers, workers with a lower skill level and people who were unemployed for a period of time were also significantly represented.

### **4.4 Respondents profile**

In the first survey, 61 people took part. From this total, 31 were in the research group and 30 in the control group.

The research group had:

- \* 21 males and 10 females
- \* average length of service between 1 and 5 years
- \* most were aged between 20 and 40 years

The control group had:

- \* 20 males and 10 females
- \* average length of service between 1 and 5 years
- \* most were aged between 20 and 40 years

The profile of the two groups stayed very much the same during the research period and the turnover was less than 10% of the people in the two groups during the research period.

### **4.5 Variables**

Independent variables included a number of personal characteristics and variables that could be altered including education, work training, previous work experiences and pay levels. The dependent variables were satisfaction with the workplace, work, co-workers,

supervision, work organisation, rewards and incentives.

#### **4.6 Method of Data Collection**

The emphasis on normalisation in the workplace requires that all workers be treated in the same way and special needs workers are no exception. The questionnaire was tested as part of a pilot in one of the units, which is not included in the research or control groups. It was initially tested on five people selected as representative of the average worker. Based on the results, the questionnaire was changed considerably in structure and wording. The intent was to simplify the questions, eliminate words which could confuse them and recognise cultural and language differences. One other major problem was the value of numeric responses or assessments and the actual meaning of the expressed feeling. The scale should be read with the highest number 5 as the best and the lowest number 1 as the poorest, otherwise it tended to confuse respondents. The form was tested a second time to check the changes. This highlighted the need for translation or the use of interpreters and assistance to people who might be English speaking but still needed help. The writer conducted a training session for Samoan and Vietnamese-speaking people and selected three competent persons to work through the questionnaire with the writer. At this stage, we changed some of the wording to ensure that all of us understood everything in much the same way.

The aim of the study and questionnaire was explained to all employees who took part and anonymity was explained and guaranteed. The people who did not need assistance completed the questionnaire and put it in the ballot boxes designed for each unit. Trained workers, who were not supervisors or part of the study, guided the people who needed assistance. Everyone had the opportunity to use an interpreter for his or her own language and to be assisted if requested. All participants had to fold his/her questionnaire and deposit it into the appropriate ballot box.

#### **4.7 Measuring job satisfaction with rating scales.**

The advantage of this method is its simplicity and that it can be completed in a relatively short time. Simple language was used. Another major advantage is that the responses can be quantified and this facilitates comparisons between groups and between time periods. The survey could provide constructive feedback from employees in order to diagnose problems and what they expected from the workplace. It also provided the information to develop a programme of change that could lead to higher productivity and a better working environment.

There are certain disadvantages to this method but, taking everything into consideration, it is a proven method of measuring job satisfaction. There may be a problem with the honesty of the respondents when completing the questionnaire, but corresponding results from three different periods and two different researchers should eliminate most of this. The wording of questions or the meaning of words may distort the results, but steps were taken to minimise this possibility. The results may also be contaminated by attitudes that are an indirect response to questions of job satisfaction. However, all precautions were taken to ensure the validity and the reliability of the measuring instrument.

#### **4.8 The results of the job satisfaction survey**

The overall results of the satisfaction survey show a very high level of satisfaction in the four units included in the research. Just over half of the employees have exceptionally positive feelings about their work and 82% have good feelings. Only 10% of employees thought poorly of their work. This corresponds very closely to the results of a satisfaction survey, which was conducted by an outside consultant during the same period and covered the organisation as a whole.

Between the research and the control groups, the overall satisfaction differed by only 6.4% with the highest satisfaction in the control group. This compares favourably with the results of the survey of the organisation as a whole conducted by an outside agency.

In this survey, overall satisfaction was 80%. However the difference increased significantly with regard to facet satisfaction and there was a difference recorded of 18%.

Fig 7

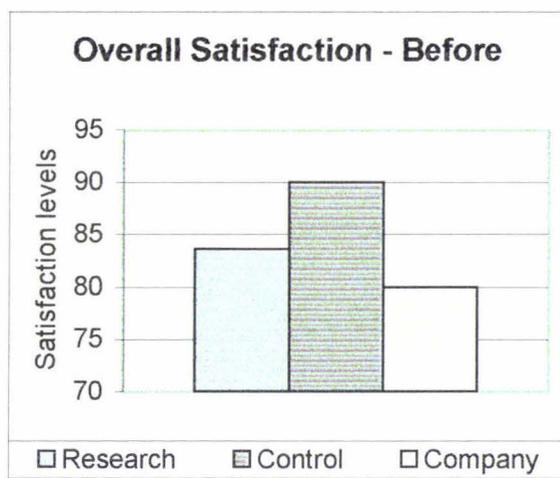
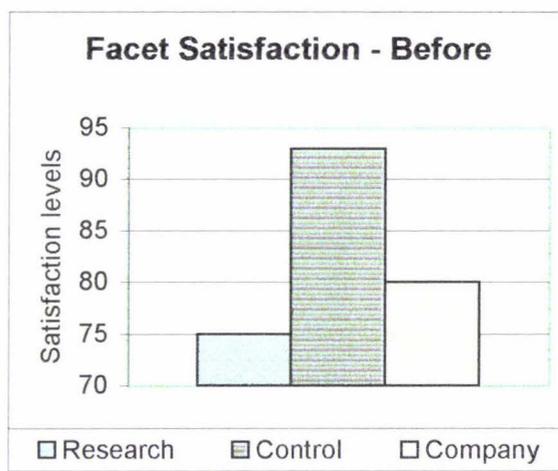


Fig 8



The control group again is the most satisfied with different aspects of their work.

The facets that are the focus here included:

#### 4.8.1 Workplace

Questions about the workplace included facilities such as the cafeteria, safety rules, workspace and a feeling of pride for the workplace. More than 15% overall thought poorly of their workplace with 26% of the research group expressing poor feelings about the workplace.

#### 4.8.2 Work

In an attempt to get feedback about employees' feelings towards their work, they were asked specific questions. The control group was very satisfied with their work and found

the work interesting. They were also satisfied with their training and believed that they had the skills to do their jobs. They saw their work as very useful and felt respected at their workplace.

In the research group, the satisfaction with their work was good but more than 10% lower than the control group. The response to the question about training differs significantly. More than 30% of the research group wanted more and better training, comparing to the control group's 15%.

#### 4.8.3 Co-workers

The feelings towards co-workers were the same in both research and control groups. Less than 5% were not satisfied with the people they worked with. More than 66% responded with high levels of satisfaction and 90% felt that they had good work relations, a pleasant work environment and believed they were a good team.

#### 4.8.4 Supervision

In the control group, this facet scored the highest percentage levels of all different facets. In this group, 80% of the employees felt that they had excellent trust relations with their supervisor compared with 70% in the research group. The biggest difference occurred in their feelings about the availability and support of the supervisor. In the research group, 33% of the employees felt that the supervisor was not around when needed. In the control group, 5% had the same feeling. This corresponded with the question about training. Although the research started at a given date, there was already a change in supervision style in the research group over the previous months. There had already been attempts to democratise the workplace. This was evident in the fact that some employees were able to make some decisions and use their own discretion. As shown, the research group felt that they needed more training. These changes may have had an impact on the lower level of trust in the supervisor and at that stage might have been seen as desertion.

An interesting phenomenon is the response that "my supervisor allows me to use my own discretion". In the research group, less than 50% were very satisfied with this aspect while in the control group, more than 75% were very satisfied.

Both groups were very satisfied with the level of praise for good work and supervisors were seen as tactful and polite.

In the research group, less than 50% were very happy with the supervisor's encouragement while in contrast more than 80% of the control group were very satisfied with the encouragement. A clear sign that, in the research group, workers had started to demand more.

#### 4.8.5 Work organisation

This facet of satisfaction attempted to establish the feelings of workers towards the organisation of work in the units. In the research group, 33% of the employees felt that their group meetings to discuss work-related matters were not useful, 66% believed that meetings were good. In the control group, 20% rate meetings as dissatisfying and 50% saw meetings as very useful. Only 20% of employees from the research group always participated in the planning of the work, 46% sometimes and 33% commented that they never took part in any planning of work. In the control group, more than 40% always participated in the planning of the work in the unit, 30% sometimes and 30% never. Both groups recorded high levels of satisfaction with feedback and less than 5% were dissatisfied.

In the research group, 50% of employees always had responsibilities in the unit, 36% sometimes and 14% never had any responsibility. For the control group, 50% always had, 25% sometimes and 25% never had any responsibility. More than 66% of employees in the research group felt that they could make suggestions about the work and 33% never made any suggestions. Only 5% of the control group never made any

suggestions. More than 80% of both groups felt that they were responsible for the quality of their work.

#### 4.8.6 Rewards

In both groups, 80% of the employees indicated that they valued rewards such as money, time off, recognition from management, certificates, promotion and responsibilities.

#### 4.8.7 Incentives

In response to the question about incentives, 100% of the research group valued good training as the most sought-after incentive. More than 90% of the people valued money as an incentive followed by recognition (80%), opportunity (80%), and development for promotion (80%).

The control group valued money as the best incentive (100%), followed by training (80%), opportunity (75%), recognition (75%), development for promotion (66%).

### 4.9 Discussion

The statistics show that both the research and control groups are reasonably satisfied with their jobs. There is a difference in the facet satisfaction and the research group scored lower in this area. The satisfaction survey was conducted during the period when an autocratic supervision style prevailed in the research group. The autocratic style was most obvious in the facet area and the results showed dissatisfaction with this supervision style.

The statistics indicated a difference in terms of measuring productivity. The basic measurement is dollars earned per production hour. The control group with the highest satisfaction in both overall and facet areas in comparison with the research group and the company as a whole, earned 25% less per hour than the average for the company as a whole and 50% less than the research group.

#### 4.10 Conclusion

**From this survey, the evidence suggests that satisfaction in the workplace does not always influence productivity positively.** These findings correlate with the findings of Iaffaldano and Muchinsky (1985, cited in Cranny et al., 1992), which suggest that the link between job satisfaction and performance is weak. Some research suggests that there is no clear evidence that the more satisfied a worker is, the more he/she will produce. It also suggests that positive emotions do not cause productivity. The survey shows high levels of satisfaction overall but lower satisfaction levels with specific facets. The group with the highest satisfaction level is responsible for the lowest hourly return. However, **this case study reinforces the evidence that suggests that high productivity leads to satisfaction.** This may be through rewards, achievement or personal reasons. Management may have to adopt specific measures to increase productivity and other options to improve satisfaction. They may or may not be related. Training, recognition, opportunity, development and, of course, money are high among the sought-after incentives.

### 5. Trust Building as Basis for Culture Change

In our attempt to change the low-trust culture to a high-trust one, we started a trust-building programme with a strong emphasis on self-discipline and participative management.

#### 5.1 Achieving Results

In our preliminary training, it was necessary to explain the need for change and convince workers that every person must deliver the expected results or the organisation will fail to keep pace with its competition. It was argued that results are important because results make the business grow and to achieve that, workers need to develop good relations between the people they work with and establish effective teams. They need to find new and better ways to accomplish familiar tasks, to raise the level of efficiency and to get the job done on time and within budget.

Trust requires that those on whom we depend, such as customers, workers and management, deliver the results we expect from them. Customers look for results that reflect product and service quality. Workers are concerned with improvements in work organisation, learning and skill development while management expects growth, efficiency and productivity. Achieving positive predictable outcomes is one criterion to evaluate trustworthiness.

In the research group, we sought to show workers that the supervisors were willing to experiment with new ways of organising work and managing people and to demonstrate that if we were able to meet our productivity objectives, it would also be much easier to achieve worker objectives. High levels of trust are rarely found in situations of rapid decline. The hard realities of the marketplace and trust building begin with a demonstration of success through the use of new management practices.

In establishing clear performance targets, it helps to make it clear how each individual and team within the research group can contribute directly to the success of the unit or group and also to the objectives of the organisation at large. With a clear set of objectives, we spent time implementing the methods needed to achieve these objectives. We set SMART goals and convinced workers that it was worthwhile achieving these goals. By setting goals in the beginning, it was important to convince workers that what the supervisors believed could have been done, was in fact possible. Jobs are to be defined in terms of **when** they should be done, to **what standards** and/or **how many** and within **what cost** limits. These goals helped explain to workers the quantity, quality, cost and time of the jobs, their importance and worth.

It was also necessary to convince workers that an appropriate monitoring and follow-up system was no threat to them, but assisted the group to stay focussed and helped them to improve. Employees could see and feel that management was focused on the goals and that the goals could be reached within the constraints and resources available. They were convinced that caring for employees was demonstrated in persistence, follow-up and that constructive tension contributed to long-term change and continuous improvement.

In our weekly meetings, we explained and demonstrated the importance of change and why it was necessary to change. We explained that because of the competition and economic situation in New Zealand and indeed all over the world, our organisation had to improve its performance. With every attempt at openness and serious intent, we discussed how organisations needed focus on superior performance from individuals, teams and units and the consequences of success and failure. For a firm to be competitive, management has to be able to trust people at all levels and to rely on them. It is also important to ensure that all involved know that those who fail to meet expectations are provided with feedback and an opportunity to improve. Although being supportive is important, we also have to take personal accountability and consequences for performance seriously. It was clear to all that if the team could not perform, the individuals would be transferred to other lower-performing units. Employees in the research group could ask for a transfer at any time and it would have been granted without any penalties or problems. During the period of research, only two people resigned and their reasons were other than work-related.

## **5.2 Acting With Integrity**

The integrity of trust building in the research group is built on a code of ethics and a set of values. Coherence and consistency to these ethics and values in the day-to-day managing of the unit establishes confidence and trust and links words and actions. Firstly, we revealed to workers what we knew and encouraged others to share their knowledge on work-related issues in return. These open forums and the sharing of information began the process of establishing a culture of trust. Secondly, we did not use indirect methods to send information, but faced workers and provided information directly. We avoided making promises in order to influence others, especially when we could not keep them. We always tried to do what we had promised. Thirdly, we decided on a direction and kept to it. Consistency over time and across situations was very important in our approach to trust-building. Fourthly, the supervisors in the research group believed in McGreggor's Y theory, which assumes that workers in their units wanted to work. Finally, we sought to establish respect for other people with self-discipline.

Integrity in workplace relations and the trust associated with it was established as a clearly defined purpose. The direction, performance targets and operating procedures remained stable over a period of time. Openness to share and receive information with no hidden agendas and a follow through on commitments supplement integrity. With rewards we were positive, but equitable and adhered to agreements so that those who did not meet commitments knew the consequences.

### **5.3 Demonstrating Concern**

Following on from this, we sought to establish that trust requires that we go beyond results and integrity and to demonstrate that we understood and were responsive to the needs of workers. This was very important in this workplace because many of the workers are special needs people. It is important to take into account the special family influences or living circumstances and health situation of certain workers. We assumed that those we trusted would not deliberately take advantage of the trust we placed in them. We did not spend time considering whether someone was actually sick or not, but instead we were concerned about the worker's health and the fact that the worker lost a day's pay or training, which would put him behind the rest of the team. We took an interest in all the non-work related influences and circumstances relating to workers, such as the relationship of a particular worker with social welfare. It is important to understand that many of our workers cannot speak or understand English. We assisted workers with their correspondence with a variety of institutions and in many instances we wrote letters on their behalf.

Apart from concern with the personal well being of our workers, we had to demonstrate confidence in the worker's ability. We believed that the members of our various units had the ability and the will to deliver in terms of the organisation's objectives and goals. Leadership from the supervisors, which was sensitive to workers' needs and consistent with

a larger set of agreed values regarding the importance of people, might have reinforced teamwork and enhanced performance.



The Human Resource Manager (right) on the shop floor looking after the personal well being of the workers

We established formal and informal processes to ensure that workers had sufficient contact with each other and with the two supervisors and that every one understood each other's perspective. Trust relationships developed through communication and increased familiarity. This knowledge of the individual workers gave the supervisors the opportunity to recognise and reward contributions with what workers personally valued most.

After a period of 6 months, a workable trust-relationship emerged which was strengthened by an incident while we were undertaking an assembling job. A disagreement arose between workers and management (the typical "them" and "us" situation) over performance

(workers output) and rewards (for extra effort). Management was not convinced that the supervisor's method of working towards a particular goal was the best way to proceed. Management felt that the group should have a much higher output at that stage than the 60 units per production hour. Up to that point, the group was rewarded with time off each day if they could improve by producing 10% more than the previous day's output. Management, on the other hand, believed that instead of time off, the group must be supervised to achieve the required 70 units per production hour and keep to that standard. The result was that only 50 units were produced per production hour.

It was possible to find a way out of the situation by obtaining the performance standard of 70 units per production hour required by management and establish an agreement with the workers about rewards such as time off for extra effort. The workers decided to ignore the 70 units per production hour standard and establish our own standard of 85 units per production hour. We achieved the higher standard and exceeded it by an extra 10 units per production hour, which we converted into time in lieu. The outcome was that the biggest single job in the company's history ended in a huge victory for both management and workers. The team achieved an outstanding hourly return and finished the job 7 days before the contract deadline. The workers' reward was 10 hours in lieu for each worker, which they could use whichever way they wanted to. Most of them took it immediately and added it to a weekend and thus rewarded themselves with a long weekend.

Incidents like this encouraged the trust-relations between the two supervisors and their workers. At that stage, the writer was fully convinced that a change from low-trust to high-trust relationships was the only way to improve productivity and the quality of working life for workers. The rhetoric about "new management practices and high-trust workplace cultures" needed to be translated into a genuinely high-trust culture.

With high-trust culture goes worker involvement. In this study, it is not one or the other, but both. This approach focused on designing work and work-organisation in ways that will motivate better job performance and, at the same time, ensure that workers feel good about

it. Involvement increases workers' influence over how the work is done, provides feedback on performance and requires workers to use a variety of skills.

Involvement essentially alters the intrinsic reward situation and provides feelings of accomplishment, achievement and efficiency, which can motivate workers to improve their performance. Involvement can also lead to intrinsic satisfaction because of both the rewards received from working efficiently and the development of new skills and competencies required for more challenging work. It is the ultimate in relations of trust between supervisor and workers. Only when the supervisor understands that involvement of workers is no threat to his/her authority, but a useful practice to improve productivity, will it have a positive effect on workers.

In our research group, involvement meant people at work could directly influence the decisions that affected them in their jobs. This day-to-day practice at the level of the work group is very different from policy issues at a board level. It is a team led by a team leader, appointed by management, discussing a production problem and influencing each other in the process of reaching a decision. Ford Motor Company's productivity improvement during the late 1970s was a result of the implementation of policies based on principles of involvement. They started to encourage and enable workers to contribute to the success of the company (Levine 1995).

It requires a major change to establish a high-trust culture in a work climate where workers at all levels can satisfy their own goals, work towards company goals and experience satisfaction.

#### **5.4 Involvement of Workers**

According to the literature, employee involvement works at least sometimes (Levine, 1995). Providing that frontline employees have the skills, motivation and freedom to improve the way they do their jobs, they can greatly increase both productivity and worker satisfaction. Substantive employee involvement, as described in a previous chapter, is found in the Japanese system with proven productivity results.

The New United Motor Manufacturing Inc. (NUMMI) auto plant, a joint General Motors (GM)-Toyota venture located at a former GM plant in Fremont, California, is an example of the potential and the pitfalls of employee involvement. The old GM plant had been plagued with serious problems of low quality, high absenteeism and very poor labour relations. At the time that General Motors closed the plant, it was called the worst plant in the world. A year later, GM and Toyota decided to use Fremont as a joint venture and opened the New United Motor Manufacturing Inc. Both the workforce and the factory underwent minimal modifications, but Toyota agreed to manage the operation. With the same workforce and plant, NUMMI soon achieved productivity levels almost twice those of GM-Fremont and 40% better than other GM plants. Worker satisfaction also improved from 65% with GM up to 90% at NUMMI and absenteeism was the lowest of any US plant. Work teams were responsible for planning job rotation, balancing assignments to equalise workloads and engaging in the continuous improvement of safety, quality and efficiency of the jobs. Employee involvement was linked to the substantial improvement in productivity and satisfaction (Levine, 1995). This turnaround was brought about by NUMMI's management practices, which were the opposite of the traditional low-trust culture. Based on the principles of a high-trust workplace culture, NUMMI could excel with continuous improvement in the mass-production system.

In the research group, we adopted the method of joint-decision making. Through encouraging a high-trust relationship, we could share power in certain areas. We started off with flexible working hours (glide time) and workers could make suggestions on how to work in order to get time off. This could then accommodate people with different bus connections, or those with children to be dropped off at school, or those who had to go to the bank. What is important is that they were involved in decisions that involved their interests and activities.

Workers were able to discuss and make joint decisions in a meeting, or on the job, about the workplace and the organisation of work. They had access to all relevant information about the job and were involved in the various planning stages. We gathered around the table and discussed information, studied the issue and evaluated our resources and options.



Workers discussing the task

From this we worked out our own best way to do the job and anyone could, at any stage, give an opinion or make a suggestion about the agreed plan, quality or method. Workers could set their own targets in a previously agreed framework and measure their own performance against it. People were involved in the recommendations and the implementation of solutions, if goals were not met or if problems arose.

Workers were also involved in work related-problems. We met once a week to discuss problems such as the availability of information about jobs, the supervision style and performance problems. Workers had their input timetabled and arranged in the workplace. Workers were also involved in the development of interpersonal relations and the relations

with management. They made a contribution to training needs, problem solving and the planning of continuous improvement.

We found that with involvement, commitment improved. Workers tended to successfully implement decisions they were part of and this increased productivity. On the other hand, the rewards for a job well done could improve satisfaction and the quality of working life. The feeling of achievement improved self-esteem and gained the respect from others.

## **6. Leadership**

To be economically competitive, ensure satisfaction and the quality of working life in the workplace, the workplace needs an appropriate supervisory style. Economists have concluded that innovation and increased information account for 60% of the competitive improvement in the economy of any country, while 40% derives from direct investment in production facilities and raw materials (Lampikoski and Emden, 1996). Differences in the growth of productivity are explained by differing levels of capital investment in education, creativity and innovation and also by different management practices (Lampikoski and Emden, 1996). Contemporary initiatives such as re-engineering, the learning organisation, TQM, JIT and networking, depend upon innovative leaders who actually make things happen. My role was to become innovative, in order to stimulate the people I work with, to ensure that new concepts or ideas worked successfully. Together with this role goes a range of supporting strategies such as the involvement of workers, training and teamwork.

Rudman (1994) suggests that the new emphasis on the importance of the organisation's mission and values has meant that the social system of the organisation has come to be seen as the province of leaders. Managers are concerned primarily with the substance of the organisation, rather than its innovative and goal-setting direction. Zaleznik (1990) sees managers as those who focus on process whereas leaders focus on imaginative ideas. Kotter (1990), on the other hand, suggests that successful organisations require good managers who can control complexity and effective leadership to produce worthwhile change. Leadership might be different from management, but it cannot be its replacement.

Distinctions can be made between management and leadership, but effective managers usually have leadership capabilities and, increasingly, modern management practices require leadership skills. Leadership can be seen as transferring power from or through the leader to employees. This transformational leadership (Burns, 1978, cited in Dawson, 1996:227) captures the hearts and minds of workers, so that they "buy into" change and work to make it happen. When workers engage with others in such a way, leaders and workers raise one another to higher levels of motivation and performance.

Studies conducted in India, New Zealand and the USA (Bass, 1985; Bass et al. 1987, cited in Dawson, 1996:227) found that people who rated their leaders as transformational also see them as high on effectiveness. Nadler and Tushman (1990, cited in Rudman, 1994) see transformational leadership as insufficient and add instrumental leadership as needed to provide secure organisational structures, reward systems and control processes to complete the required management functions.

This transactional leadership model focuses on the communication process and the interplay with values, needs and desires and how leaders influence followers. The importance of leadership style in this study is the emphasis on the inter-relationship between supervisor and employee in a given environment and the influence of the supervisory style on the workers. For this study, the path-goal theory as supervision style fits well with modern management philosophies, where one of the most important supervisory roles is to support employees in attaining collective goals of outcomes and performance while increasing employees' satisfaction with the process of attaining those levels of performance. The assumption is that the supervisor is capable of modifying his/her behaviour to maximise effectiveness in a given situation.

The path-goal theory, with four main leadership behaviour types, provides the supervisor with the flexibility to use a style of leadership necessary for a particular situation. This is to help employees to achieve their own goals in a specific environment while meeting organisational objectives. In so doing, the path-goal theory of leadership supplements the view of trust relations and the latter's influence in the workplace.

The directive leadership style provides structure, clear rules, guidelines and commands for others to follow. This style, on its own, made it possible to achieve reasonable results in the beginning. The productivity of the research group was good and the satisfaction levels compared favourably with the control group. The more structured supervision style was necessary at the outset to help establish the authority. This was part of the trust building in the research group.

From here, we moved firstly to a more supportive supervisory style where we showed more respect and concern for employees, regarding their rights, needs, desires and wellbeing as a central part of management's responsibility. Secondly, we sought participation from employees and placed high value on input from workers in decision-making. Thirdly, we used the achievement-oriented style, which sets high goals and objectives for employees and expects employees to respond appropriately. The traditional directive way in the units was to say: 'Let me show you how I want this done'. Although this style is well and alive and also necessary in certain instances, we used it sparingly and only with people we knew who needed it at that stage or if the task required it. We promoted the more supportive style by asking: 'Let me know if I can help' or the achievement-orientated 'Let's see if we can meet the target' style. We also experimented with the participative style: 'How do you think we should do this'. We argued that when people are part of the decision-making, they tend to become active in making it work.

An autocratic or directive supervision style, even if it achieved a good result, was not sustainable. In analysing what we were doing, we realised that our job was one of controlling and enforcing a prescribed way of working. Telling people what to do and expecting trust, making all the decisions and expecting people to be motivated, having sole authority over performance, rewards and resources was not going to work. This textbook combination of Taylor, Fordism and McGregor X theory could not deliver the sustainable outcomes needed to improve our productivity.

To manage constant change in the research group and to cope with the demands for increased productivity, quality and customer service, people at all levels in the group

needed to be involved. This involvement helped them to cope with change, encouraged flexibility, the tolerance of uncertainty and a commitment to innovation. We recognised that change was inevitable and desirable because we understood the organisation and its culture. As supervisors, we were familiar and non-threatening to employees and we believed in the benefits of change and the positive advantages to all concerned.

We also understood how employees might respond to change and that even those who wanted change could at times have mixed feelings about the desirability of change. We adopted an approach which argued that the less employees were involved in the planning and participating in the change process in the workplace, the more likely they would find it an unpleasant experience. We realised that some of the employees were going to lose but, according to our evaluation, the benefits would outweigh the disadvantages. The benefits that we were looking for were a win-win situation, such as higher productivity for the organisation and a better quality of working life for all employees.

### **6.1 Gaining Employee Co-operation**

To change the supervisory style successfully, we needed the co-operation of the employees. This co-operation had to be communicated and consultation needed to take place. We decided to involve our employees in the change process because there were no pressures or immediate need to change and there was time available to involve others. To maximise possible success, we openly discussed any change beforehand with everyone in the unit. The intention was to make employees feel that they 'owned' the change and that their needs were taken into account before any change was implemented. We spent on average, 5 hours per employee, to prevent time lost afterwards in dealing with the consequences of resistance. We saw the time and effort spent in planning change, consultation and involving employees not as lost production time, but as trust-building to strengthen the relation between supervisor and employee.

The consultation process followed a pattern. We started by sharing the reason why change was needed. In our meetings, we discussed the advantages of changing certain ways of

doing things. We also looked at the consequences if changes did not take place. This allowed employees to own the problem so that it would become something that everyone could see must be resolved and for which everyone shared responsibility.

The trust building that took place before we started to communicate the nature of the changes required enabled us to acknowledge the feelings of the employees who might resist any changes. We created an openness to discuss fears and uncertainties. In the consultation process, we gave all the relevant information about what we intended to change and how and what the results might be. The second step was to get feedback and information from employees and, in the process, we showed a willingness to modify ideas and actions as a result of the feedback. To obtain information, we used informal discussion groups and informal meetings with individuals. A very important source of feedback was the survey about satisfaction. The questionnaire was developed to gather information about rewards and methods that employees valued.

## **6.2 Development**

One of the most difficult situations of the low-trust culture was the belief amongst employees that they cannot do the job. For the supervisors in the research group, the major challenge was to get people to believe that they had the ability to do a job properly. We heard the words "THIS IS TOO HARD" many times in the beginning of the process of change. One worker told me that he had never been shown how to do an ongoing task that repeated itself in the unit about 5 times each day. The task had been performed 5,000 times in his presence in the past and he knew exactly what was involved but had never had the opportunity to do it himself. He believed that he did not have the ability to do the task and that it was a specialised task for specialised people appointed by the supervisor to perform. He was helped to do the task. After 30 minutes, he could do the task to the required standard. From this, we started a self-actualisation programme to show employees that a person can take control of his/her life and become responsible for both personal and job development. We showed them how to assess the situation around them and how to objectively assess their own strengths and weaknesses, their values and interests. The

supervisors in the research group provided the support to make employees believe in themselves. Supervisors had to find ways to justify the time and resources needed for development and the enthusiasm to make it happen. For the supervisors, this provided a picture of the expectations of the employees and provided a base from which to develop their interests. By doing this, performance was enhanced on the one hand and the best possible job satisfaction and quality of working life for employees encouraged on the other. This catalytic approach to leadership goes beyond motivating people; it is about providing support and resources and a new approach to leadership.

### **6.3 Initiative**

Another element to these developments was the use of a supervisory style for developing self-directed workplace behaviour. The objective was to stimulate 'initiative' and to use discretion in the workplace. We started to make information available to employees about the job, such as customer needs and what we needed to achieve in quantity and the quality requirements. We put emphasis on the outcome and showed them the 'sample'. We let them try their own method or technique as long as the provided requirements from the customer were met. Through discussions, meetings and training, we set the quality standard required by the customer and agreed to the standard when to reject damaged, unsuitable and under-standard work. We allowed employees to set up the job, to use their own discretion to work out a method and when they worked in a team, to change positions to fit skills for a specific task. Employees were encouraged to use their own discretion and to move from one position in the group to another to do a specific skilled task, in order to achieve the identified goal, to coach others or to help to catch up where necessary. An important aspect was that employees should take over responsibility to pace the flow of their work to reach goals and targets. They could also manage the environment for his/her comfort, so that to sit or to stand, or to have enough personal working space, was an employee responsibility.

Once employees were sure of what was expected from them and what the required standard was, we started to encourage them to use their own discretion even more extensively in the

work situation. We indicated the boundaries of their discretion so that everyone knew exactly what it entailed. Through such communication, we sought to ensure that we did not raise unrealistic expectations. Employees were encouraged to exercise their own discretion in the framework of boundaries as required by the company, unit, job, the law and previous agreed-to standards, targets and goals.

#### **6.4 Delegation**

When we first initiated the changes in the workplace, one worker commented: "I never had to think about the job. The supervisor did all of that". The supervisors in the research group saw delegation as giving employees space to grow, by sharing aspects of the supervisor's role with them. This meant making an employee or employees responsible for achieving tasks for which supervisors were accountable previously and gave them the authority to make the necessary decisions within defined limits. Although we retained the final decision in the beginning, we were prepared to take controlled risks as the changes were implemented.

The objectives in delegating tasks and responsibilities were to improve the productivity of the group being researched and to improve the job satisfaction of workers by making them more enthusiastic about their jobs. We saw advantages for both workers and the organisation. By sharing the job, supervisors could use their own time more effectively to improve their own and others' productivity when at the same time workers could increase their autonomy. This also provided an opportunity to decrease the number of supervisors in the workplace and to flatten the management hierarchy. By treating our employees as responsible adults and enabling them to exercise their judgement in the work situation, we had more capable and committed people in our research group. We believed that this might improve productivity and the quality of working life. We also had satisfaction in knowing that our knowledge and skills could be put to use by employees. As far as employees were concerned, we believed that they could experience growth and learning which widened their capabilities and job interest. We saw this opportunity as a motivational tool for the research group. Being trusted and given wider opportunities to demonstrate their

competence, the employees might find greater satisfaction in their jobs, might be more supportive of the supervisors and committed to the organisation. Important also in the competitive economic environment is that when employees feel valued, they will be more prepared to share with the supervisors their ideas about doing a better job. The supervisors in the research group believed that the research group would be more skilled, flexible and productive than the control group and the training potential of employees would be improved.

## **6.5 Planning Delegation**

Before we started to delegate tasks, we evaluated the barriers to delegating tasks and the risks for the supervisors. We also made a list of the tasks we believed should be delegated and gathered information about the process of delegation. There were many barriers to delegation. We identified the most significant and worked out practical strategies to handle them. It is often time consuming to explain to someone else and therefore quicker to do the task yourself. We accepted the responsibility to develop the potential of people and experience showed that they got faster with practice. Although we could often do the job better ourselves, being responsible for developing the skills of our employees meant investing time and training. From this, we did a training assessment and developed a training programme, which is discussed in the following chapters.

It is true that we as supervisors should know what is happening and it is our job to get results. Following our trust-building effort, we developed a feedback procedure to address this issue. We were also aware of the fact that jobs would not be done properly in the beginning and that we would get the blame. With built-in quality controls and the trust relationship with our employees, we decided that mistakes should be treated as learning opportunities. With more complicated tasks, we were sometimes not sure how to do the task ourselves. We realised that we needed to tackle the task ourselves before deciding whether it was suitable to delegate. With big and more complex jobs, we worked out how to break it down and delegate the routine parts of the job.

Some of the tasks were suitable for delegation and who should do that task was not an issue. Other tasks required a degree of caution and in some cases, they were not suitable to be delegated at all. Some tasks excited employees when they knew that they would be delegated to them. It rapidly became obvious that wherever possible, whole tasks should be delegated rather than parts, to give a sense of achievement. The first few delegated tasks were analysed in depth, to convince ourselves that it could work and lessons were learned from this process. In the first stage, to prepare the process whereby delegation would take place, we drew up a grid questionnaire to be filled in by the supervisor.

### **Task**

1. Does anyone have already the necessary skill to do this task?
2. Should someone be trained to do it?  
If so, who?
3. Is some previous experience needed?  
If so, who has this experience?
4. Who would be challenged by the task?
5. Who would enjoy doing it?
6. Who would learn from it?
7. Who should not do it?
8. Does it need more than one person?  
If so, who would work well together?
9. What other workload does each possible delegate have?

The second stage was to put together all the information in writing and to spend time explaining the task. This signalled to the employee the importance of his/her involvement and encouraged ownership. It also gave them the opportunity to discuss the task and to ask questions. The information about the task was provided in writing. The employee could always go back to this information if they were uncertain about anything. Also provided in writing was the time frame in which a task should be done, the resources available and a specified outcome or criteria for success. We also needed an agreement on where, when and how the supervisor would check the progress of the task. The supervisors in the

research group had to remain aware of what was happening with the job and to make suggestions in time, if it seemed that the employee was not aware of any specific problems. It was hard in the beginning to allow small mistakes to happen, but it was vital that supervisors did not interfere with the `ownership` of the job. We had to keep to the agreement on formal checks and intervention.

After completion of the task, we reviewed it with the employee to see whether the process of delegation produced the required results. If it was successful, what worked and if not, what went wrong and how could we improve?

## **6.6 Leadership Style for the Learning Environment**

Learning involves a change in culture from the traditional low-trust to a more flexible environment in which people learn how to approach issues and to resolve problems. Senge (1990) sees the organisation of the future not as one that can "produce" but one that centres on how to "learn". In such an organisation, new and expressive patterns of thinking are nurtured where individual and collective aspirations are set free and where people are continually learning to learn together. There is growing interest in the process whereby one builds a `learning environment`. Senge's (1990) five disciplines of organisational learning include a change of organisational culture to a high-trust system. In this high-trust system, involvement and teamwork provide the environment for learning. This can include learning by watching and observing others in the group. In the high-trust environment, a worker sees a fellow worker getting a reward for a certain output and learns without direct reinforcement what kind of behaviour is likely to get rewards in the system.

Our focus is on creating an environment favourable for learning, with the objective that the employee obtains the new skills and is able to apply it properly on the job. This learning must encourage people to change their behaviour to one which will be rewarded. Effective learning also depends on the desire to learn. The supervisors in the research group raised the level of motivation to learn in two ways: Firstly, we provided an intrinsic desirable

environment with reinforcements such as feelings of accomplishment and secondly, self worth and extrinsic rewards such as pay, other benefits and recognition.

We used a method of tell and show to make the job more interesting and we encouraged people to try out their skills and experiment by doing. The single loop learning which may increase and improve by repetition was used in many instances and especially for ongoing jobs. We found the most effective learning occurred when we had different jobs and we all learned on an ongoing basis to solve the new problems and meet challenges. In this process, the supervisors of the research group were enthusiastic team members who also showed a desire to learn.

## **7. Training**

Firstly, we had to create an environment through leadership which was favourable for learning. According to Batstone (1984), this environment encourages initiative and experimentation. According to Francis and Mazany (1993), leadership, team development and continuous improvement are some of the features of this learning environment. It is important to move away from the situation where "you do as you are told" to a high-trust culture where workers can make recommendations to management about the job. To be able to do so, workers must have the skills.

The change in management practices should aid the change in the workplace culture from the traditional low-trust to a high-trust one and this new environment requires new or more extensive forms of training (Brinkerhoff and Dressler, 1990: p 121). Changes needed to improve productivity and quality of working life require some new skills. It requires analytical skills to look at processes and see opportunities. It also requires the ability to quantify and measure in simple ways certain aspects of the task. It demands interpretative skills so that gathered data can be put to good use. These changes demand the ability to communicate, solve problems and train people concerning new processes.

There is an inter-relationship between trust building and training. Workers who are shown the results of productivity improvements will take pride in their efforts. The best way to sustain momentum for this process is to build pride and an ownership of productivity that will also result in satisfaction and an improvement in the quality of working life. Many authors (Rudman, 1994; Delahaye and Smith, 1998) see a training needs analysis early in the programme as critical and a prerequisite for developing a training model. This training model requires a sharp focus on planning, execution and evaluation within the organisational context. The literature also suggests that most organisational training programmes need to be customised to the needs of the organisation. In the workplace under study, this was very important.

The literature also differentiates between training and development. Training is seen as more job specific to maximise people skills to do the present jobs and to the best of the ability of people concerned. Development includes training but also focuses on broader issues and includes long-term potential and development beyond the present tasks and job (Inkson and Kolb, 1995).

What is clear from the literature concerning New Zealand and the workplace under study is that there are three important areas of training. The first is strategic skills with an interaction between what people learn and what they do. An understanding of the total system, including the direction in which the organisation is heading, its customer base, its relationship with suppliers and the community are all included in such strategic skills. Secondly, the technical skills to handle technology and to perform tasks efficiently needs to be addressed by training. With this goes increasing emphasis on innovation and continuous improvement. Thirdly, and equally important, are social skills. The development of a high-trust culture where people understand and have the ability to interact with others through teamwork, have problem-solving skills and are able to communicate effectively, recognises the social character of work and needs to be addressed in a training policy. In this high-trust workplace culture, people can accept responsibility and accountability for their work.

In the research group, we started with a skills audit to establish what skills we had available and how they matched the jobs we needed to perform. A skills audit is a process to discover who could do what. We established the strengths and weaknesses of the people in the research group and discovered what may be difficult for one person to do can be very easy for another to perform. This skills audit was vital for the research because the people in the group under study were the resource we had and the supervisors had no input into the original group composition. Because of the trust relationship, it was possible to convince people that the audit was not a threat but a first step in developing them and their skills. Another reason for this audit was to measure what the organisation had achieved over the years with their training. This would give us a clear picture of the results of the training methods they had previously been using. The results made it easier for the supervisor to allocate jobs to people who were trained to do a particular job. In this way, we avoided wasting time to try to find out what was required with each new job. Those trained could also be used to train others and we found that to teach is an intrinsic reward, which further enhances commitment and satisfaction.

The results of the skills audit confirmed the arguments of Braverman (1974) and others that certain tasks and methods of organising work can deskill people and lower their confidence and self-esteem. We found that after ten years of work, some employees were conditioned to do one task and refused to change to others. It is true that for some, because of low skills and special needs, this conditioning was the only training and outcome possible, but for many others this was not the case.

With the trust building and new ways of supervision, supervisors had the opportunity to convince people that they could change and learn more skills. A training-needs analysis enabled us to collect information, to find out what is being done and what should be done. Any gaps could be addressed by training. From the data, we planned the content and method of training, who to train, to what level and how we should measure the results of training.

Firstly, we started with a review of the different tasks, grouped them into categories and recorded the resulting performance. Secondly, we gathered data on these different categories. We used a variety of methods including observation, interviews, questionnaires, records and samples to gather the data. Thirdly, we divided the analysis of the data into three sub-groups.

1. Organisational analysis where we looked at company and unit objectives, the human resources available and the workplace culture.
2. A job analysis to specify the standard of job performance and the breakdown or the aggregation of job components to improve efficiency and meaningfulness. From this, we could match the person to the job.
3. A person analysis to look at the person doing a particular job, measuring the current level of performance and any requirements needed to bring the performance up to standard.

From this analysis, we started to develop a training programme, which we believed would improve the productivity of the research group and improve the satisfaction and quality of working life. This reflected Lawler's (1994) view that satisfaction comes from performance and therefore it is necessary to train for performance.

The first training session was a formal meeting in which we explained the workplace and its place in the wider external environment. We offered examples of how competition might influence our workplace and the consequences and what we could do to minimise the impact and maximise our own satisfaction. We discussed the labour cost per hour in New Zealand compared with other countries and the fact that customers could take their business to these countries, given price differentials and the best quality to time specifications.

We involved them in a discussion about the finances involved and an assessment of the external and internal influences. We commented that the company has to compete and earn

money to provide jobs. The productivity of workers will determine success and help secure jobs.

We also explained what direction the company needed to take to survive and stressed the importance of employee involvement in this new direction. The workplace needed to change from one of special employment to a fully commercial approach and only when the company had become financially strong could there be financial benefits for all involved. It was also very important to emphasise that this change was not to be at the expense of employees but the opposite. This change was to give everybody a chance to develop, to be able to be more productive and, in this way, contribute to the development of the company and their own gain from these changes.

With this training programme, we used the trust building process and the resulting level of trust to develop the research group, not only in skills but also to change their way of thinking about their job and the workplace. Part of the training was to develop self-esteem and the way they saw themselves. Achievement and the consequent satisfaction from that became part of the driving force behind training. That people wanted to be trained was clearly shown in the satisfaction survey. They started to demand training.

We held discussions at our weekly meetings to measure our progress and to point out the mutual gains for the week. At these meetings, we also discussed the hourly return of the week, which was our way of measuring our progress. Training meetings could only take place if we reached the hourly rate target for the week. Training time from management could only take place if we were ahead. If not, I could not justify training time. We seldom missed a training meeting because the people realised there was something in it for them. This included many different facets such as recognition, pride, competition or time off.

### **7.1 Social Skills**

Training in social skills was very important in the move from a low-trust to a high-trust culture. People have to understand and develop the skills required to interact with others,

whether it is in teamwork, problem-solving or communication about issues to work with co-workers or managers.



Socialising on international day at Mountain Industries

In the training programme, communication was portrayed as a major means by which we might get improved performance, gain co-operation from others and increase our satisfaction and quality of working life. The two-way or open communication process with feedback, which clarified the message, was explained in detail and demonstrated in practice. This was extremely important for people to understand that there is more than language in the communication process and that other factors, such as body language and various means of communication, could be used. This was vital, especially if it was taken into consideration that some of the cultures in the research group were so diverse that they could not exchange one word.

With the emphasis on teamwork and the training which focussed on interaction with others, it was possible to strengthen inter-personal relations with co-workers and with

management. In a business context, the sender has more control over the content of a message and training and communication skills enhance the sender's effectiveness. Thus effective communication is central to the exchange of understanding. During a training session, we, as a group, made up a list of how to promote communication among the team and put it up on the notice board as an agreement of how we would communicate in the future.

## **7.2 Problem Solving and Decision Making**

The high-trust culture also demands the ability to recognise and solve problems. With this goes the ability to make decisions. All of this is very important, especially the new supervisory practices that expect autonomy, self-discretion and decision-making by workers and teams. People were trained to look for causes or solutions when things went wrong, or when people complained, or when someone felt frustrated, dissatisfied or unhappy. Usually there was a problem that led to poor performance. The most common problem was that someone did not know what to do.

For simple problems involving choices, workers need to be able to generate a range of alternative courses of action from which to make a choice. For this, we used a systematic approach based on a seven-stage plan. They were taught to analyse the problem by gathering as much information as possible for solving the problem. If it was a task to be done, they had to look at how they did the job before and what they could learn from this. They then had to clarify how the task should be done or product be handled. They had to know exactly what the customer required. Then they had to generate ideas to solve any problems. In conjunction with teamwork, problem-solving is an option to get the team to put ideas together about how to solve a problem. They learned Kipling's six serving men: What? Why? When? How? Where? Who? They had to evaluate the options and ideas and then make a decision. After implementing the decision, monitoring was important to see whether the solution had worked. If not, they had to make changes. When the solution was not working, they had go back to stage one.

## 8. Teamwork

### 8.1 The Rationale for Teamwork in the Research Group

The underlying reasons for organisations to use teamwork are discussed in the development of a high-trust environment. The value of **diversity, improved quality, flexibility, multi-skilling, co-ordination and team synergy** are all part of the rationale to develop teamwork in the research group. It is also to improve satisfaction by developing people to be involved in the planning, problem-solving and decision-making and to promote people's feeling of worth, value and achievement.

Together with rewarding workers, by increasing levels of satisfaction and improving the quality of working life, the study and the development of teamwork seeks to improve productivity in the organisation for the reasons explained in previous chapters. The literature suggests that teamwork may increase productivity (Perry et. al, 1995; KPMG, 1995) by empowering and delegating responsibility to teams. Teams may improve the way individuals learn (Capper et al.,1994) and as a training-focussed organisation, the benefits of better learning methods must be investigated. It should be clear that conditions, needs and goals must serve as the rationale for a change to teamwork and not simply because of a fashion.

The workplace in this study has together with the many reasons discussed above also reasons of its own to develop teamwork. The low-skill situation and the needs of the people, who work in it require new means to provide satisfaction, improve their quality of working life and increase productivity. Because of the special needs, low skills and language barriers of many people in this workplace, there is a tendency to look at their work as a form of social activity. To be part of a supportive team helps fulfil both organisational goals and those of workers. For this reason, the development of teamwork in the research group should add to the satisfaction and the quality of working life for certain workers. The language barrier can be overcome when people work in supportive

teams where the group, because of the mutual goal of achieving results, will help the team member to be able to do his/her part.

Thus teamwork provides opportunities for social support and interaction with others where workers have a common goal and are interdependent. This means they have to work together to accomplish the goal. Secondly, it takes the stress out of the task when low-skill and special needs people are allowed to have the support of the rest of the team and to move from one job to a simpler task if necessary. Thirdly, while individual jobs in many instances do not make an obvious, perceivable contribution to the end product in the workplace under study, by combining that job into the team's total responsibility, individuals can feel a sense of achievement. There were a number of examples of this.

For this study, teamwork is one of the key practices introduced to develop a high-trust workplace culture to improve worker satisfaction, the quality of working life and to influence productivity positively.

## **8.2 The Meaning of Teamwork in the Research Group**

Teamwork in the research group is the vehicle to implement changes in supervisory practices and the ideas of Levine (1951, cited in KPMG Report 1994) were used. It is easier to change individuals formed into a group than it is to change any of them separately. We started by discussing the planned changes in the group and asked for opinions and suggestions from them all. In the beginning, participation was low, but as the trust relations developed over time, more and more people took part in this process. A very important principle is the emancipation of people to use the combined strengths of the team to achieve higher productivity.

## **8.3 Type of Teams in This Study**

Prior to the research, the teams in the research group were the same as the rest of the groups with a management-appointed supervisor. According to the literature,

management usually appoints supervisors that will reflect their own management style. As described in previous chapters, the management style of this workplace is based on the traditional low-trust approach. Supervisors get their orders from a production manager who assigns work on a basis of who is available, what jobs are available and what skill level is necessary to perform the job. The production manager is also responsible for prioritising jobs and resources and is able to change groups and 'teams' relative to the job. Workers may have different supervisors for the same job on the same day. This type of team and the use of it depend on the outcome sought by the organisation. In a traditional workplace like this, control is a defining characteristic. In this research, the control group operates on this basis. As the Human Resource Manager explained, "People were told what to do, how to do it and where to do it. Workers did not participate in the production set-ups or procedures".

In the research group, one unit consists of a management-appointed supervisor, a supervisor appointed leading-hand and ten team members appointed by management. The other unit in the research group consists of a management-appointed supervisor, a management-appointed leading-hand and twenty-one team members appointed by management. Although this group of twenty-one people was, according to management, one team, the reality was that they functioned as three separate teams responsible for different jobs and only occasionally, when needed for a specific job, amalgamated into one large team. The difference was that we measured the unit's productivity as a whole, so all the teams had to work together to achieve the objectives of the unit.

#### **8.4 Changes**

The Human Resource Manager identified the start of the change process when the organisation began to employ supervisors with the people skills and training experience to undertake the development of teamwork. It is argued here that teamwork can only prosper in a high-trust environment and therefore teamwork forms part of an inter-related change programme to move away from the traditional low-trust one. With a trust

building programme through leadership, involvement and training, teamwork provided the vehicle to implement all aspects of the inter-relationship.

The supervisors of the research group saw themselves as facilitators and although appointed by management, they believed that decision-making should spiral down wherever possible. Group decision-making utilised and developed the skills, knowledge and expertise of all members of the team. The group also helped individuals to develop through the support of the rest of the group. To develop and lead the group to achieve maximum satisfaction was also one of the objectives of the study. From the satisfaction survey of both the research and control groups, it was clear that most of the people who took part in the research were satisfied with their groups, but their productivity was low. To address the low productivity and ensure that the satisfaction and quality of working life remains high, we had to transform the group into a team by encouraging the group to establish objectives in line with the company. Together with this, we had to lead, encourage and train them to achieve results.

Our criteria for successful teamwork are, on the one hand, for the team to be able to carry out its tasks competently and efficiently to benefit the organisation and the customers. On the other hand, members should work well together and enjoy a good work atmosphere with a high degree of satisfaction and high-trust relations. Teamwork provides a rewarding experience for individual members and sustains a high degree of skill development.

### **8.5 Building the Team**

Teambuilding forms part of the change which includes trust building, involvement, supervision style and training. All of these are amalgamated in the team-building process which we regarded as the prime vehicle to achieve change. It is a process of developing trust relations between team members, including the supervisors. We used meetings as a place to discuss and plan what we had to do, which methods to use and exchanged experience and knowledge. At first, very little was said at the meetings, but

as trust developed and confidence grew, everyone had the opportunity to put a suggestion forward. This gained momentum as members realised that attention was paid to their views and that the team leader made sure that everyone could have an input.

It is through the meetings that the team achieved clear objectives and agreed goals, so that they knew what they wanted to achieve as a team, with each member clear about what was expected of him/her. In the meetings, we used openness to confront issues and resolve them. The team members were willing to express their views, even when it differed from the views of other members. In this atmosphere of mutual support and trust, members worked together, made decisions by consulting each other and they learned to discuss a matter and not get agitated about it. This made it possible to conduct regular reviews on how we were doing as a team, checked how we were progressing with the team's tasks and assessed how individuals were performing in the team. With this assessment, it was possible to make decisions on what was to be done to solve the problem. We used the meetings to encourage the individual development of members and to encourage involvement and commitment. The meetings enabled us to establish effective communication between team members and encouraged the generation of new ideas, in order to develop aspects of the workplace. The meetings provided an opportunity where we could use the trust relations in discussions to ensure that the team accepting new ideas and, to cope with, and manage change. For the research group, this meant joint decision-making and the sharing of authority with the supervisor in certain areas, which were jointly agreed to. Boundaries and limitations were set.

Members, as individuals or as a team, were able to discuss and make decisions in a meeting. While working on the job, they were able to make decisions about the work. In order to do this, they had access to the information regarding the planning of the job and could work out their own best way. They had a say in how the team was going to meet the quality standards required by the customer. During a briefing session, they could set their own targets according to a previously agreed to framework and could measure their own performance against it. They used feedback to recommend, make decisions and implement solutions if goals were not met. They also had a say in the prioritising of the

jobs because they had access to the necessary information and were able to make the correct decision.

Workers in the work group met once a week without the supervisor to discuss any difficulties they experienced, such as too little information about jobs or the supervisory style of the supervisor, team performance or the performance of individual members. They could discuss, solve or recommend relationship problems or other job-related matters such as the condition of the equipment that could influence their performance. They could also address any relational problems with management and assess training problems and needs. The team could solve problems as a group by using the problem-solving technique discussed under training and/or making recommendations to the supervisor. These recommendations were dealt with in a meeting with the supervisor or in a job situation. The supervisor could also take the problem or recommendation to management if the unit did not have the authority to handle it. In this team situation, workers had a say in decisions and were responsible in implementing their own agreed to decisions.

On Monday mornings, after tea break, the whole unit gathered for the weekly performance figures which we measured as dollars per hour and discussed the outcome. If we were above the target, we looked at what went well and formulated plans to improve on that. If we were below what was expected, we used the feedback to work out what went wrong and how we could improve our effort. If it was a quality problem, we used the problem-solving method to learn from the mistake. We also used teamwork in quality assurance, the prevention of defects and the willingness to examine the whole system, including people, structures and technologies, to find the key to sustainable quality. The existing method of quality control in the low-trust workplace was not entirely clear. In practice, the production manager with the supervisor of the unit took responsibility, although there was a separate department assigned to the task of quality control. Inspection is the main method used to ensure that the product looks like the sample or meets the customer's requirements.

The research group took over the responsibility of quality in their units and used teamwork to establish their own programme of personal quality assurance. With this programme, we wanted to do the job correctly the first time. As part of the PQA, workers checked their own product quality as required for the specific job and previously agreed to methods. Any worker in the workplace had the responsibility and authority to alter, redo, change or reject a product at any stage of assembling, if he/she saw the need to do so. This was based on the TPS in Japan, where a production line worker can stop the line to correct a mistake. The packer, as part of the team, would refer any deviations he/she could spot back to the team for their decision and action. The product would then be packed without any further inspection. The supervisor did random checks to keep himself in touch with quality standards.

To succeed in this PQA system, we introduced a programme in customer service where workers got the opportunity to learn what customer service was, the importance of it and our responsibility towards our customers. This programme consisted of internal group courses, group meetings, on the job training and briefing before each job. If the job demanded it, the team had to undertake and record quality performance tests. Feedback from customers was used as a measure of success and discussed in team meetings. Team members were encouraged to discuss mistakes as a learning tool and to avoid any cover-up.

The intention in this high-trust work culture was that each team member would be accountable, firstly, to himself or herself and then to the customer, the team and then the supervisor. The PQA programme is an interrelated part of the high-trust culture and together with trust, training, leadership and teamwork, forms part of a workplace culture. The alternative to the PQA is the inspection of tens and even hundreds of thousands of items by the supervisor.

To develop the team in the research group, we had to give special attention to team structure. We, as supervisors, had no say in the hiring or placement of team members and had to use the group as it was before. From the literature, we realised the importance

of team size and skill mix and that members of a team should be able to communicate easily and understand the roles of others (Katzenbach and Douglas, 1993; cited in KPMG survey, 1994). We strove to achieve a situation where skills would complement each other and that team members would collectively have the necessary skills to meet the overall team objectives. Belbin (1993) illustrated the importance of roles in teams and explained it with the classical "Apollo syndrome", where the smartest people were selected to play a game. They spent so much time expressing their own opinion that the team performed poorly. From this, Belbin (1993) concluded that for a team to be effective, it needs different types of individuals. Based on the research, there are now questionnaires available to select the "best" team based on a balance of roles.

Workers could ask to leave the group if they wanted to, but we could not replace them with people we thought were suitable for the team structure. This situation resulted in a team role questionnaire, which was developed, from Belbin's (1993) management teams. The supervisors were tasked to assess their people during the trust-building period of many months, in the eight different team roles. With the information from the questionnaire, I could manage the available members in order to build a team. This was just the opposite of the "Apollo" situation, which was a failure.

We found that overall team effectiveness depends upon the knowledge team members have of each other's strengths and the awareness of the different team roles each of them can play. In the end, the team could sort out who was going to do what, when they started a new job. Even if the supervisor allocated a person to a specific task, the team could, during the job, gradually change tasks until it fitted the roles of the different team members. This is because members realised that with the best person on the specific task, the team could achieve more.

Team effectiveness also depends on balance in team roles. In the more effective teams, each of a number of distinct roles is filled by at least one team member. Some roles are better utilised by having only one person for the specific role. More than one coordinator or driver is likely to interfere with the operation of the team.

Because team members understood their own role and the roles of other team members, the team could easily divide itself into sub-groups to perform different jobs at the same time. This was one of the objectives of teamwork: to allow the team to be flexible and multi-skilled. All team members could slide into a particular place without the supervisor's direction, because they could match the different tasks to the different strengths of team members. One member may fill more than one role and some members have a number of preferred roles that are of equal preference. Others have a clearly preferred role but with one or two "back up" roles which they can fill comfortably.



There must be a better way

We tried to keep the numbers of a team responsible for a job at fewer than ten members. We preferred fewer than seven with, if possible, one co-ordinator or one driver and one each of the other six-team roles. With one member filling more than one role, a team of

fewer than seven was often to be found very effective. Although it is clearly best for members to fill the roles for which their strengths and preferences suit them, there were situations where we had to change the group and change the team structure to suit the situation. We found that for a short time, many members could fill roles which were well outside their usual preferences, provided they understood the importance of the role to the team's effectiveness. It also helped if they were given some say in the role they were to fill.

In those situations where there was a particular gap in the list of roles, it was often useful for the whole team to take responsibility for filling that gap. In that way, the burden of doing something out of the normal did not fall on only one member to be done.

In some teams, sometimes, all roles were filled by the most suitable member and team functioning could be enhanced by team members understanding their particular contribution and learning more constructive ways of exercising it. Understanding other roles can also make relationships more satisfying and thus lift satisfaction and the quality of working life. These principles have been useful to this research and have had an influence on the outcome of higher productivity and satisfaction in the workplace and have also influenced the quality of working life.

We found that incentives must complement teamwork. In the case of this research, incentives were other than money. The learning of new skills, cohesiveness and solidarity instead of competition between individuals were some of the incentives. We used intrinsic rewards such as achievement, recognition, work organisation, responsibility and advancement. Praise at the right time and the involvement of the boss in the research group, to see and to give recognition for good effort, were very effective. The value of the personal opinions of team members and the discussion of the work with the team were all valuable incentives.

Rewards for the collective success of the team, such as time off for work finished within the time frame and the quality standard set by the team, were frequently used. More

interesting tasks, responsibility for a team, involvement and recognition for effort were good incentives and rewards to stimulate positive behaviour. Advancement for team members for good performance, such as courses in fork hoist training and leadership, encouraged members to perform.

## Chapter Six

### Results

The situation before changes took effect was explained in depth in the first part of this thesis. The evidence suggests the need to change towards a high-trust workplace culture. The satisfaction survey indicated the need for changes in trust relations, supervisory style, training and work organisation. Therefore, the research centred around four areas and in this section I want to compare the statistics of the 'before' period with the 'after' period. The diagrams show the statistics of the 18-month-long data recording period of the research. One year after we started to implement new practices in supervision, trust relations, training and implement a specific type of teamwork, a second survey was completed and the results compared with the first one.

Overall, the high satisfaction rate at the workplace continued and as in many other surveys with other studies, overall satisfaction is often high. In the NUMMI case, when they closed the plant down, the satisfaction level of the workers was still 65%. In this study, the facet satisfaction level in the control group is noticeably higher compared with the research group. From the interviews, an explanation may be that workers had no pressure to perform because they had no goals. They did not know how they were doing because they received no feedback and they believed that they were achieving. In the research group, the facet satisfaction level was noticeably lower, maybe because of the emphasis on autocratic supervision style and the influence of measurement and feedback. The research group realised, because of the measuring and feedback, that they were not performing particularly well and started to demand feedback and changes. Some of the literature suggests that measurement on its own can have impact on satisfaction and productivity (Brinkerhoff and Dressler, 1990). This dissatisfaction was clearly expressed in the survey and the research group demanded involvement, training and teamwork to be able to meet their goals. A year after the implementation of the new practices, facet satisfaction in the research group increased noticeably. However, the new practices have not influenced overall satisfaction in any way.

The following two diagrams demonstrate the difference of **overall** satisfaction among the research group, control group and the company overall, before the changes started and after the changes were implemented in the research group.

Fig 9

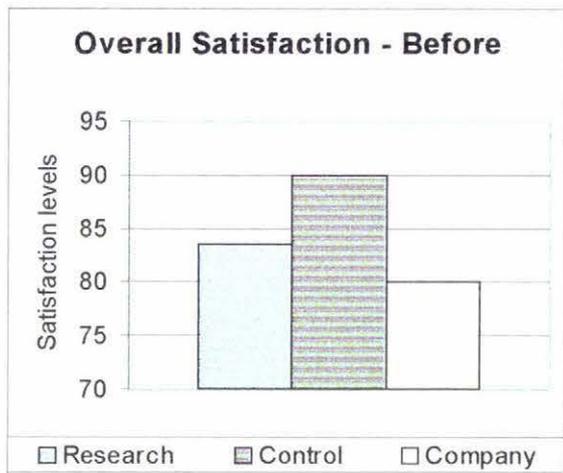
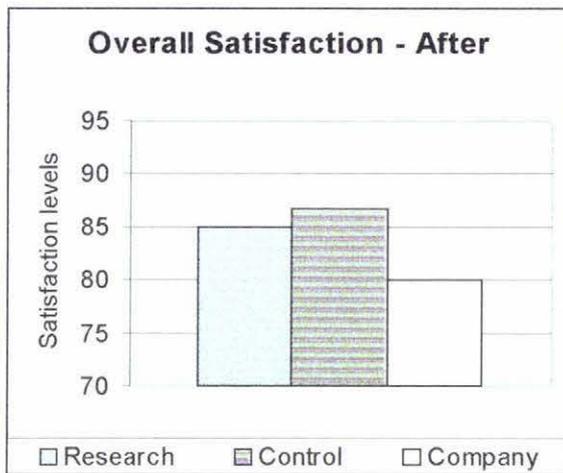


Fig 10



The following two diagrams demonstrate the difference of **facet** satisfaction among the research group, control group and the company overall, before the changes started and after the changes were implemented in the research group.

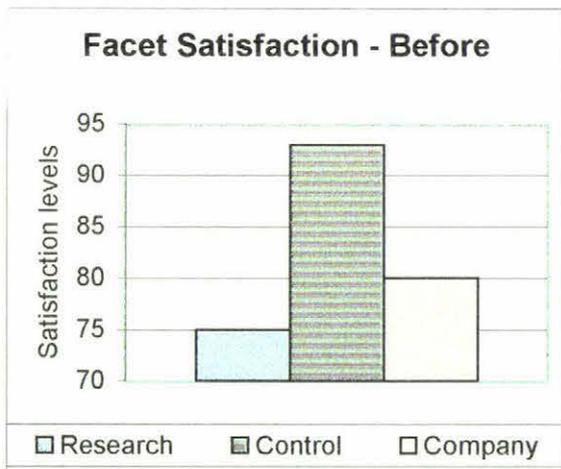


Fig 11

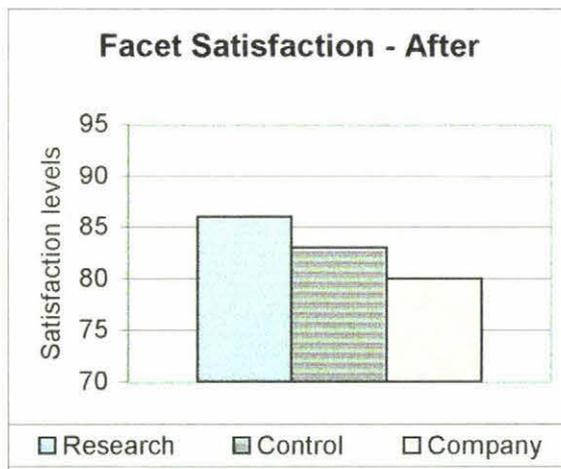


Fig 12

The results of the after survey demonstrate that the facet satisfaction of the research group in the areas of change such as supervision style, trust relations, training and participation

improved. It demonstrates that the influence of the emerging high-trust culture has a positive influence on those aspects of job satisfaction responsible for higher productivity. Those aspects are the facets which were addressed in the research such as participative supervision style, trust relations, training and achievement.

The following diagram demonstrates the difference of trust levels among the research group, control group and the standard criteria, as developed by Shaw (1997), **before** the changes started.

Fig 13

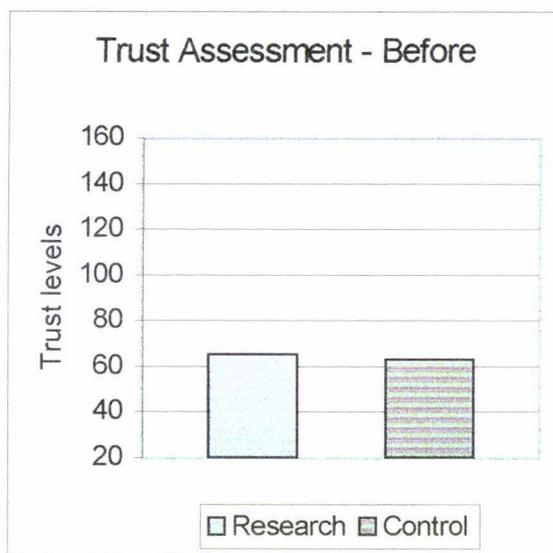
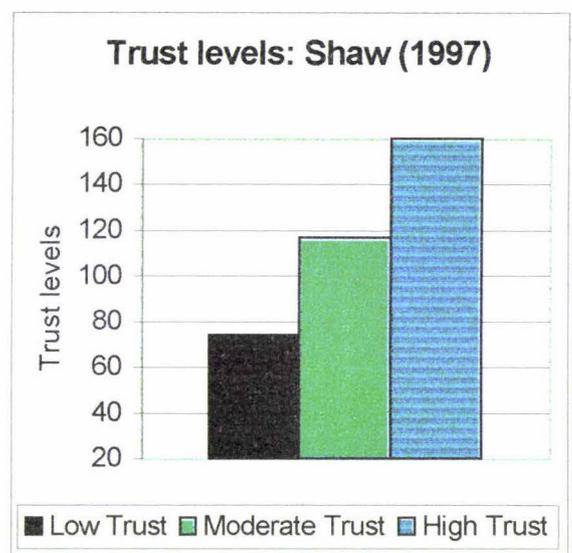


Fig 14



The first diagram illustrates that the trust levels were generally low in both the research and control groups **compared with Shaw (1997)**. The results demonstrate a parallel between low trust levels at the workplace and low productivity. The next diagram, figure 15, demonstrates that the most noticeable change was in the trust levels between the research and the control group. In the first survey, both were at a similar low-trust level, but after the changes, the results for the research group reflected a higher level of moderate-trust on the scale. At the same time, the hourly return of the research group increased over the research period by 33%, while the control group and the company as a whole showed no increase and sometimes a decrease in their monthly hourly return. This reflects the influence of the various and interrelated changes, which were implemented in the research group during the

research period of 18 months and in particular the influence of the move towards a high-trust culture.

Figure 15 demonstrates the difference of trust levels among the research group, control group and figure 16 the standard criteria, as developed by Shaw (1997), **after** the changes have been implemented.

Fig 15

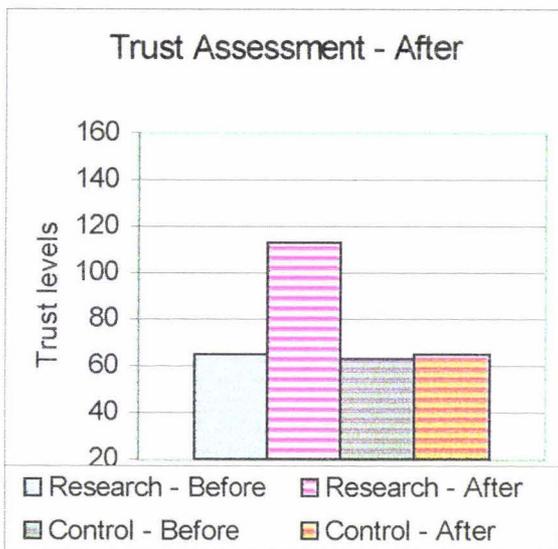
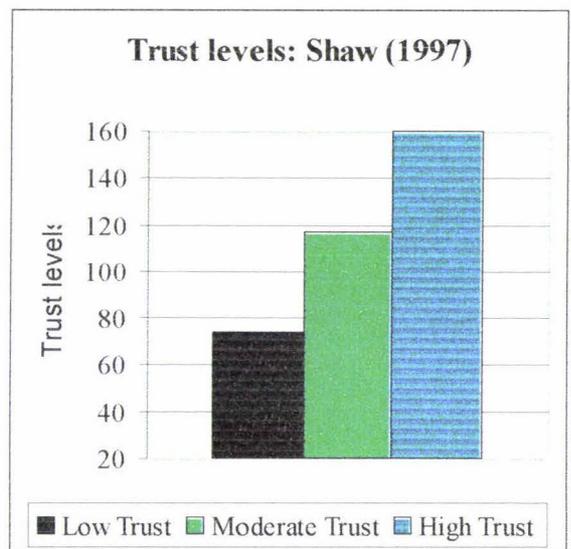


Fig 16



The following diagram demonstrates the productivity results of the autocratic supervisory style in the research group before the changes started and compares the results with the control group and the company as a whole over the same period.

Fig 17

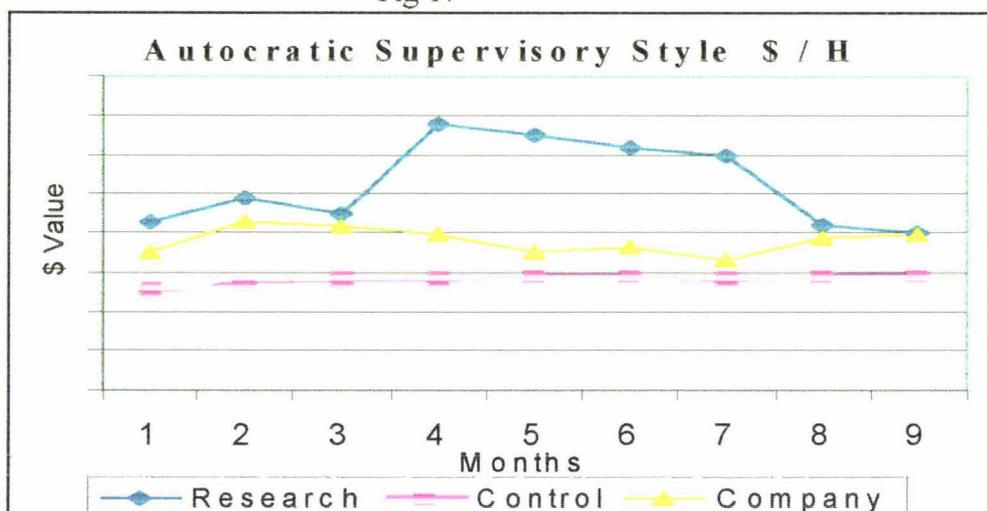


Figure 17 demonstrates that it was possible to achieve good hourly returns with an autocratic supervisory style but that it was not sustainable over a longer period.

The results of the participative supervisory style (Fig 18) in the research group after the changes have been implemented demonstrate a significant improvement in productivity. It also compares the results with both the control group and the company as a whole over the same period and demonstrates little change in productivity.

Fig 18

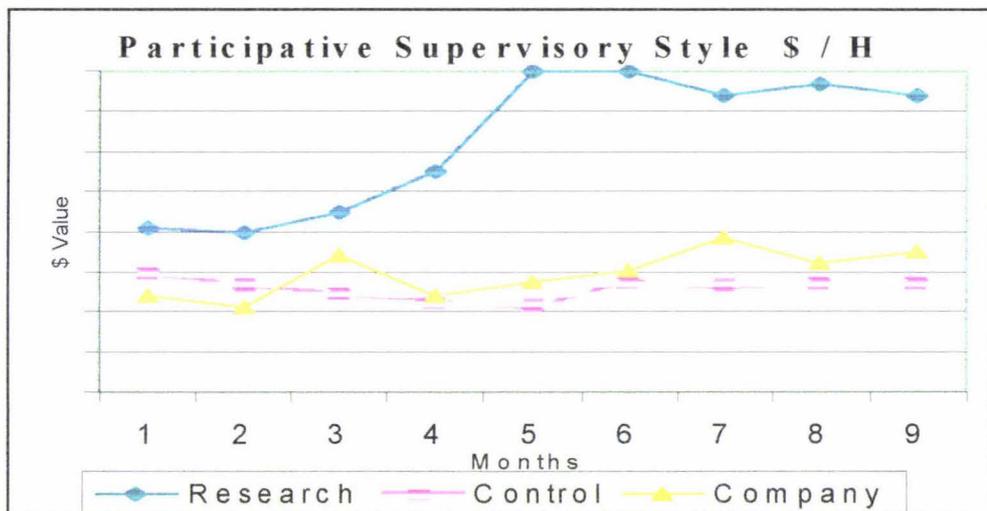
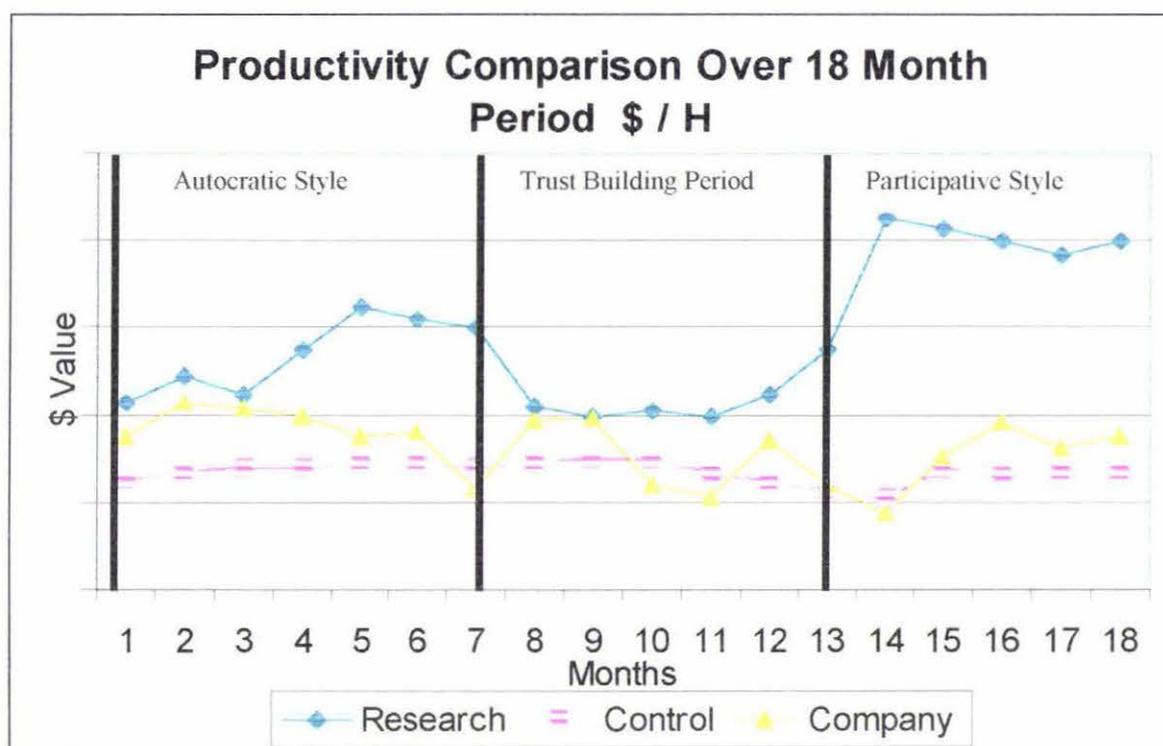


Figure 18 and 19 demonstrate the longer term productivity results from the research group compared with the control group and the company as a whole over the 18 month period. In terms of the hourly return in dollars, the productivity improvement relates well to the improvement in trust levels in the research group. The trust levels in the control group stayed the same over the period of the research and the hourly rate demonstrates little change.

The next diagram illustrates the productivity changes in both the research group and control group in comparison with the organisation as a whole, over an 18-month period. It reflects

the influence of different stages in the research period on productivity and in particular the results of the supervisory style of that specific period.

Fig 19



The criteria of success for this research were identified in the beginning as the improvement of productivity, satisfaction and the quality of working life. The statistics demonstrated the improvement in productivity with little improvement in the satisfaction of the people. A question that arises is: was the higher productivity because of exploitation of the workers in the research group? I asked the same questions of both the research and control groups and of the Human Resource Manager one year after the first interviews. The objective was to record and evaluate the feelings of the workers in both the research group and the control group regarding their quality of working life. This was to determine whether there was an improvement or deterioration in the quality of working life as a result of the higher productivity.

## **The After Interviews:**

**Q: Describe how it is at present with trust relations in your group.**

A: Research:

Trust is something that needs to be earned and when earned you have confidence in what you are doing. Now people have a say in the planning of the job, they are able to ask for information, exchange ideas and get feedback. Because of the openness, we know where the boundaries of our responsibilities are and within the boundaries we can make decisions. We care about our work and we have goals and the responsibility to achieve them. We also realise that when we are working together as a team we can achieve more and this achievement makes us feel good about our job.

A: Control:

There is little trust in our group. We do not have a say and never share ideas or discuss any part of the work. We come to work and go home and never think about the job. If you are not part of a job you are not responsible for what happens.

A: Human Resource Manager:

The supervisors in the research group implemented ideas and practices to build trust relations. They gained the trust and respect of their employees by using a participative supervision style including training and teamwork.

**Q: How does your supervisor treat the workers?**

A: Research:

Our supervisor treats us as if we are responsible for the job. We get the information about the job and we discuss the different methods of how to do it and then do it the way we find best. The supervisor makes suggestions how to improve. The supervisor trains us if necessary. We get constant feedback on our progress and

then we can make decisions on how to improve. Workers are accountable for their own work and quality.

A: Control:

We are thrown into the job without information or training. We have no say on the allocation of work to people and most of the time the wrong person is on the job. Then we have to change again and at the end nobody is responsible for the job.

A: Human Resource Manager:

The supervisors in the research group involved their workers in all the tasks. They trained the people and made an assessment of their skills to utilise them where they best fitted in the team. They also gave people responsibilities and the authority to be able to do the job and they developed a team spirit.

**Q: What does your job mean to you?**

A: Research group:

It means everything to me. I enjoy working with the team every day and when we do a good job we feel good and worthwhile. We like working in a team and we care about each other. We have confidence in what we are doing because of the training and we know we can perform. This makes us proud of our job and looking to the future.

A: Control group:

It means a wage at the end of the week. That means food on the table.

A: Human Resource Manager:

Behaviour problems diminished and the last written warning for unacceptable behaviour or performance in the research group was given more than 2 years ago. My experience of the research group is that people feel good about their jobs and enjoy their work. They are trained to understand the wider perspective and understand what a job is about. We had practically no complaints from the research

group and our employee turnover diminished. People are taking responsibility for their work and there is a sense of `ownership` of the job among employees in the research group.

## Chapter Seven

### Summary

The literature generally does not specify a high-trust workplace culture as a prior condition for workplace change, but does regard the features of a high-trust culture as an integral part of change. This study shows that mutual benefit alone is not enough. In the case of Weddel Tomoana (Foster, 1995), the company attempted to change the culture of the plant, by providing a shared interest in the plant's performance and by moving management to a more inclusive and delegating role. On 19 August 1994, Weddel Tomoana closed its doors. Foster (1995:157) concluded: "Therefore the Weddel experiment was indeed something considerably different from workplace reform". On the other hand, the Toyota Thames plant, once regarded by Toyota Japan as one of the best overseas examples of TPS and winner of the New Zealand Quality Award in 1993, also closed down. High-trust relations and a high-trust production system could not prevent this closure.

#### 1. The Significance of Supervisory Practices

Evidence from the literature and the research signals the influence of supervisory practices on the culture of a workplace. Low-trust culture is often a function of a supervisory and management style, but this research, as many other studies have demonstrated, shows that supervisory change can be used to positively alter workplace culture to a high-trust one. In this study, we used supervision to change the way people think. Instead of expecting subordinates to do as they are told, supervisors challenged them to participate in the process, to come up with better and smarter ideas and, at the same time, raised expectations of what they were capable of. The aim was to transform the job into an exciting experience with both intrinsic and extrinsic rewards. As the Human Resource Manager put it: "We now have a very efficient team who is able to take on all work". The second trust assessment shows clearly that, after the period of altered supervisory practices, there was a distinct move away from the low-trust level that had existed previously to higher-trust

levels. As Shaw (1997) argues, trust building involves the identification and removal of supervisory practices that erode trust.

There is no single blueprint for what constitutes the best supervisory practices in a particular situation and this study supports Perry et al. (1995) that workplace environments require customised solutions because workplaces approach change from different starting points. They also may have different objectives as illustrated in the discussion on teamwork and workplace cultures and requirements differ considerably. What this study demonstrates is that 'best practice' requires trust relations as an integral part of the process to be successful and supervisory style is critical to this success.

## **2. The Implications of Culture Change for Management and Supervision?**

For management, changes are often a move into the unknown. For example, one consequence of a high-trust culture for management is the flattening impact on the traditional hierarchy of an organisation. The team-based workplace may require traditional boundaries to be shifted as multiple skill requirements and functional work relations become more prominent. This may result in resistance to implement change, as middle management sees change as a threat to their authority and job security.

On the other hand, the decentralisation of authority, if implemented in a participative way, can involve line managers taking part in the downward spiral of responsibilities and accountability. This raises the question of training and the ability of line managers to undertake this task. The success of a high-trust culture centres on leadership style and the ability of the leaders to build trust relations.

Beer et al. (1990, cited in Perry, et al., 1995) advocates a bottom-up approach to change, while in practice, managers often tend to emphasise a top-down approach. This study experimented with a bottom-up approach, which echoes Beer et al's (1990) approach, but the decision to implement change must also come from senior management and have the unconditional support of managers, to be successful.

### 3. Culture Change in the Research Group: Productivity, Satisfaction and the Quality of Working Life

The statistics from this study demonstrate an obvious improvement in productivity. The question is why? This study sought to provide an assessment of the success in developing a high-trust workplace culture with different interrelated practices and the results suggest that this customised model delivered the sought-after results, including an improvement in the quality of working life.

The principles identified by advocates for improvement of quality of working life (see Matthews, 1986) all had some bearing on workplace performance and the nature of the working environment. For example:

- \* Regulation: Employees have a much greater say in the pace of work and some significant choice over work methods.
- \* Task variety: Employees have the opportunity to do a wider range of tasks.
- \* Principle of closure: Work provides intrinsic meaning and people can feel a sense of achievement.
- \* Interaction: Work organisation includes greater interaction with other workers.
- \* Control and Monitoring: The worker has much greater responsibility for quality.
- \* Continuous learning: The work environment provides challenges and opportunities for learning.

All of these are important upon the development of a high-trust culture and worker satisfaction. As Perry et al (1995:262) comment as a result of their research of workplaces in New Zealand: **Improvements in the quality of working life are based on the realisation of workers that by working together, the workload can become manageable. Secondly, that the quality of working life depends on increased possibilities for selfregulation. Thirdly, participation, shared decision-making and the**

**ability to exercise some discretion over aspects of their working lives are seen as crucial to the improvement of quality of working life.**

The inter-relationship between high-trust, job satisfaction and productivity is a central interest in this study. Research here suggests that for a number of reasons, the relationship be far from clear. It has been argued in the literature that the relationship varies in strength between different types of jobs. Since a stimulating job allows holders to experience job satisfaction when they perform well, the relationship between the two variables should be higher in more interesting jobs. However, results of studies testing this hypothesis have not been sufficiently consistent to support it in all circumstances (Cranny et al., 1992). Some researchers, on the assumption that the most significant source of satisfaction at work is doing a job well, have suggested that the relationship is better conceptualised the other way round: high productivity leads to high job satisfaction (e.g. Wanous 1974; Lawler 1994; Petty et al. 1984; cited in Cranny et al., 1992). The implications of this for seeking higher productivity, are considerable. The common-sense view suggests that management should be concerned with their employees' job satisfaction to achieve high productivity. The reverse view, that high performance leads to high levels of job satisfaction, if true, means management simply needs to reward past levels of high performance to increase productivity.

The strongest implication of much of the research is that the two variables, job satisfaction and output, are virtually independent of each other. There seems to be at least two possible reasons for this. The first is that, in many jobs, variations in satisfaction do not lead to variations in productivity. In machine-paced assembly work, for instance, the speed of the production line is constant whatever the level of job satisfaction of people working on the line. Secondly, even when a correlation does appear, as Porter and Lawler (1968, cited in Cranny et al., 1992) have suggested, the association may be spurious, since both may be associated with another factor (Petty et al., 1984, cited in Cranny et al., 1992). In other words, job satisfaction and productivity may well have largely separate causal paths: one set of

factors (e.g. investment in technology) determines productivity; another set (e.g. perceived equity of rewards) produces job satisfaction.

Though much of the interest in job satisfaction research stems from a practical concern with increased productivity, managers have not been provided with easy answers to questions about the nature of the satisfaction-performance relationship. Attempts to increase productivity need to be set in a more broadly based theoretical and practical context that encompasses more than job satisfaction. **This wider context includes issues such as changing the organisational culture and the design of work.** Such intervention to improve performance and satisfaction have been extensively reviewed (Cummings, 1982; Guzzo, 1988; Katzell et. al., 1977; cited in Cranny et. al., 1992) and include changes in the design of work and in human resource management practices such as training, incentives and supervision. Katzell and Guzzo (1983, cited in Cranny et al., 1992) reviewed studies of the effects of intervention on productivity and reported that 87% succeeded in raising productivity in at least one measurable aspect. They also found that 75% of the studies also found improvement in the level of satisfaction. Add to this the findings of Guzzo and Gannett (1988, cited in Cranny et al., 1992) that multifaceted interventions have a much greater impact on productivity and satisfaction. This study attempts to use multifaceted interventions to change the culture of the research group to achieve an improvement in productivity, increased satisfaction and the quality of working life.

#### **4. Are the culture changes sustainable?**

The question is an empirical one that can and needs to be answered by further research. However, for the moment the signs are auspicious. As the Human Resource Manager comments: "We now have a very efficient team which is able to take on any work and is able to function at the same level in the supervisor's absence". In the research group the culture change has, to date, been sustainable and cost effective. Together with the development of the high-trust culture in the research group, the training and inclusion of employees in the process of monitoring and evaluating the hourly return had a positive

effect on our productivity. Consequently the two units, as the research group, are the highest-achieving work units out of the 10 units at this workplace. During the long absence of one of the supervisors the team continued to perform at the same level. This has been the aim of the research to have teams running the job efficiently in the supervisor's absence. In the past, productivity dropped up to 50%. Now we have a very efficient team, which is able to take on all work.

## Chapter Eight

### Conclusion

This study analysed the current situation at a particular New Zealand workplace and used change in supervisory practices in the workplace to encourage a high-trust culture, which is favourable to increase productivity, worker satisfaction and the quality of working life. It is important to provide a win-win situation. The results of this study show that a higher productivity and a positive correlation between performance and quality of working life can result from improved trust relations. However the empirical evidence concerning the link between job satisfaction and performance is weak (Iaffaldano and Muchinsky, 1985 cited in Cranny et al, 1992).

The interest in job satisfaction stems from a practical concern with increased productivity as an objective. The literature and this research have not provided clear answers in relation to the satisfaction-performance link, but attempts to improve productivity have now been broadened to include other aspects of the context. This wider context includes changing the organisation's culture to a high-trust one, which, it is demonstrated here, influenced productivity, satisfaction and the quality of working life positively.

At the outset, Mountain Industries displayed the traditional characteristics of a low-trust environment. There was considerable distrust between employer and employee and this distrust ensured that performance and the quality of working life were less than satisfactory. The way in which work was organised and controlled and the rewards that workers received were significant factors in the continuation of low levels of trust and correspondingly, poor performance and satisfaction in certain facets of the work. Fordist production and organisational processes encouraged low-trust environments. Raising productivity and the lowering of production costs often take priority over worker dignity. In the long term, as proven in the research in the study, such production practices are not sustainable, especially given the changing nature of production and the increasing demands

of a competitive workplace. There is little motivation for workers to increase productivity in low-trust cultures.

The debate, which has been driven by contributors such as Braverman (1974) and Piore and Sable (1984) concerning the low-trust workplace culture, is particularly relevant in today's workplaces, including the workplace of this study. A new direction in workplace organisation and management is required if production objectives along with worker satisfaction and improvement of the quality of working life are to be achieved. A high-trust culture is one significant ambition.

Changes to organisational culture can motivate through clearly identifying worker goals, as well as organisational goals, standards and contribution. Managerial strategies to attain the required behaviour will affect satisfaction and performance. High-trust workplace cultures are seen as an appropriate means of motivating people to excel (Littek and Charles, 1995; Shaw, 1997; Chambers and Craft, 1998; Hill, 1991). The culture of groups, sections or teams in the same organisation can differ, as the research in this study has demonstrated and the question is how to identify the relative elements in the existing workplace culture and then how best to maximise the high-trust work environment. One option demonstrated in the research is to employ people with particular skills who are able to make changes, to work within the organisation but the research also suggests that change to a high-trust culture is not sustainable without the **active support** of senior management.

Trust relations in the workplace are an important basis for culture change and work organisation. The literature suggests that many successful systems operate on trust. Trust is also an integral part of 'best practice' in high performing organisations. Change as such is dependent on the organisation's ability to build trust relations among employees and between employees and management whereby high-trust organisational cultures increase the chances of successful changes, which are required for competitive advantage. This thesis demonstrates that improvement in trust levels enhance productivity significantly and at the same time improve the quality of working life for workers.

In this process, supervisors and front line managers have to be recognised as one of the key elements. They should be able to apply new management practices in order to allow workers to have more say in the way work is organised and controlled. Training is a key facet of a high-trust culture. To provide employees with the necessary training and skills to enable them to do a job well can improve productivity, satisfaction and the quality of working life. Training should go further than focussing on narrowly defined job-specific skills that do not encourage or require employees to widen and deepen their performance and personal development. It is the creation of an enhanced learning environment to handle constant change that is fundamental to high-trust work environments, worker satisfaction and improved productivity. The results of this research demonstrates and accentuates that training is one of the key factors in the interrelated changes in the attempt to move to a high-trust culture.

Trust rests on leadership. High-trust cultures are found in organisations whose leaders understand its importance. Supervisors in the research group believed in the need to give their employees autonomy, to be able to do their job and have trust in them that they will deliver. They also have to work at renewing trust and their own performance so that they would be worthy of the trust placed in them. Trust building in the research group took more than a year to reach the point where it was possible to implement change. This thesis demonstrated that trust requires a positive work environment, involving all three of the trust imperatives (Shaw, 1997). The inter-relationship between the three imperatives (achieving results, acting with integrity and demonstrating concern) have the potential to create the environment where workers prefer to trust management and supervisory staff. Trust does not develop by talking about the importance of trust but instead practising the factors that enhance trust. In this respect, trust is best approached indirectly through actions rather than words. Workers will only trust management and managers when the latter proved that they are trustworthy through actions.

Changes in the workplace from a low-trust culture to a high-trust one help lay the foundation for involvement and the participation of workers. Culture change must contain strategies that enable everyone (or most at least) in the workplace to feel that they are

contributing to success. This happened in the research group and resulted in higher satisfaction levels in certain facets of work and work organisation. It also resulted in much higher productivity for the research group, especially as workers were not exposed to the culture of control and distrust as continued in the rest of the organisation. The after interviews demonstrate that workers in the research group experienced an improvement in their quality of working life.

The literature also suggests that teamwork is an important vehicle to change organisational culture. This thesis reiterated the importance of the development of teamwork. The underlying philosophy of teamwork in this study was to encourage the desire of the team to achieve results. The best way to utilise teams may differ from workplace to workplace but many organisations use teamwork to improve productivity and satisfaction. Quality improvements, superior customer service, higher productivity and the improvement of the quality of working life are some of the advantages organisations claim as the results of teamwork. In this study, we found that the use of teamwork influenced the culture change positively and therefore supports the general findings of the literature. This thesis demonstrates that for workers the introduction of teamwork altered specific jobs and interdependent work systems with the intention to increase the quality of team members' work experience, satisfaction and productivity. As such, the pay-off from teamwork to workers is the evolution of worker involvement; worker empowerment; ownership and responsibility for the success of the business and for these reasons workers want to be involved in teamwork.

Workplace change needs to be customised to a specific workplace. The literature suggests that there is no standardised 'best way' to implement change. Workplaces differ in their relationships, methods of organising work and workplace technologies and skills. The workplace that was researched had a mixture of skills, with a large component that were low skilled. This needed to be factored in as the research began and to be addressed by specific strategies.

Before the new management practices became a popular theme, many workplaces recognised that by promoting worker consent and giving them more discretion was an effective method of raising productivity (MacInnes 1987, cited in Perry et al., 1995). This thesis evaluated a number of 'best practice / high performance' methods, selected what was considered a 'best' practice given the nature of this workplace and developed a customised programme for the research group. This programme certainly delivered significant change and the results provided evidence of what can be achieved. The results saw increased productivity, often significantly, and satisfaction in certain facets of work and work organisation improved. It also delivered an improved quality of working life according to the criteria identified by Perry et al. (1995). The changes went beyond the rhetoric and achieved a genuine culture change in the research group, which has, to date, been sustainable and cost effective.

This thesis legitimates and necessitates the need for continuing, comprehensive, theoretical and practical examination of high-trust workplace cultures and all the relative issues that have been promoted (including trust relations, workplace culture, management practices, training and worker involvement). It highlighted a model and demonstrated that management can demonstrate real concern, enhance trust and continue to ensure the profitability of the company.

For future research into the high-trust culture, the following areas may be considered:

- \* A longitudinal research project to look at the sustainability of the high-trust culture within one organisation.
- \* What is the influence of a high-trust workplace culture on customer service?
- \* The influence of leadership on the high-trust culture.

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