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**Managing Employee Involvement**

**CEO Publication  
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## **Abstract**

**Considers three types of involvement: suggestion, job and high. Points out how they differ in structure and impact. Identifies the organizational conditions where each fits best.**

# MANAGING EMPLOYEE INVOLVEMENT

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Numerous articles and books have argued that work organizations need to move toward a more involvement or commitment approach to the design and management of work organizations (see e.g., Lawler, 1986; Walton, 1985). The advantages of the involvement approach are said to include higher quality products and services, less absenteeism, less turnover, better decision making, better problem solving and less management overhead; in short, greater organizational effectiveness (Dennison, 1984).

Examination of the suggested approaches to involvement reveals that it is not a single approach, but at least three different approaches (Lawler, 1988). All of them are designed to encourage employee participation in decision making but they result in very different kinds of involvement. An organization interested in adopting employee involvement needs to be aware of the differences among these approaches and strategically choose the approach that is best for it.

The three approaches to involvement are:

- 1) Parallel Suggestion Involvement
- 2) Job Involvement
- 3) High Involvement

They differ in the degree to which they argue that four key features of an organization should be moved to the lowest level.

Briefly the features are:

- 1) Information about the performance of the organization.

- 2) Rewards that are based on the performance of the organization and the contributions of individuals.
- 3) Knowledge that enables employees to understand and contribute to organizational performance.
- 4) Power to make decisions that influence organizational practices, policies and directions.

When information, rewards, knowledge and power are concentrated at the top, traditional control-oriented management exists; when they are moved downward employee involvement is being practiced.

The "parallel suggestion approach" does the least to move power, knowledge, information, and rewards downward while the "high involvement approach" does the most. Because they have different strategies for positioning power, information, knowledge, and rewards, these approaches tend to fit different situations and to produce different results. It is not that one is always better than another, but that they are different and, to some degree, competing. Let us consider how each of these three approaches operates, and the results they produce. Once we have reviewed them, we can discuss when and how they are best utilized.

#### Parallel Suggestion Involvement

In suggestion involvement programs employees are asked to problem solve and produce ideas that will influence how the organization operates. The programs are a parallel structure to the ongoing organization activities because they take people out of their regular organizations and put them in a separate new structure or situation that operates differently than the traditional organization.

Quality circles are an extremely popular approach to suggestion involvement (Lawler, Ledford and Mohrman, 1989). They are often installed as one part of a total quality program. At

this point, quite a bit is known about their effectiveness (Lawler and Mohrman, 1985; 1987). Like written suggestion programs they ask employees to recommend ways that the operations of the organization can be improved. They do not have the power to implement and decide on the installation of their suggestions. Suggestions are developed through a group or quality circle. The group process may lead to better suggestions and better developed suggestions than does the individual written process. In quality circles, considerable training is done to enable the group to function effectively and to help individuals become efficient problem solvers.

Traditional suggestion programs often include a reward system change as well. For example, an individual who is not in a management position may be given a reward based on one year's estimated savings from the suggestion. Interestingly, managers typically are not rewarded for suggestions because it is "part of their job."

Much more extensive reward system change is involved in gainsharing plans. The oldest and best known gainsharing plan is the Scanlon Plan, other gainsharing plans include the Improshare plan and the Rucker plan (Lawler, 1990). The plans differ in a number of ways, one of the most important is in how they measure organizational performance gains. In the typical gainsharing plan, employees are asked to suggest improvements and they share in any performance improvement the organization makes. Unlike traditional suggestion programs, in gainsharing plans employees share in gains for as long as they are realized by the organization.

Some gainsharing plans move new information downward because they focus on organizational performance. In some cases, gainsharing plans go beyond suggestion involvement by creating a joint union/management committee structure that decides on the implementation of suggestions, designs and alters the plan, and makes other policy decisions.

Suggestion involvement programs do not represent a major shift in the way control oriented organizations deal with most issues. Instead they rely on a special parallel structure to change the

relationship between individuals and their organization. This structure gives people the chance to influence things that they would not normally influence and in some cases to share in the financial results of this new activity. It also usually leads to some additional information being communicated, and individuals acquiring greater knowledge. However, the change in knowledge, information, and rewards often is limited to a small percentage of the work force. In addition, it is encapsulated because individuals are asked to use it only when they are operating in special suggestion type activities. During their regular work activities, it is work as usual.

Research on the parallel structure or suggestion involvement approach suggest that this approach can lead to improvement in organizational performance (Lawler, 1986). Case after case shows that individuals and groups often come up with suggestions that save a considerable amount of money. There also seems to be no question that employees enjoy the opportunity to participate in problem-solving. As a result, they are often more satisfied with their work situation, are absent less, and are less likely to turnover.

Quality circles and other parallel structures are often easy to install and start quickly. The problem-solving groups can be small and do not need to disrupt the organization. They can easily be installed in a single plant or even in a department of a larger organization. However, they do not change the existing organization structure and they usually affect only a small percentage of the work force.

There are a number of well documented limitations of the parallel suggestion involvement approach. They tend to have a "program character" about them which leads to their being temporary systems in an organization. Parallel structures are expensive and difficult to maintain. In some situations, they run out of suggestions because individuals do not have enough expertise to solve the more complex problems. They also often are resisted by the middle levels of management because parallel structures threaten their power and put them in the position of



having to do extra work. Conflict can develop between those who are in parallel structures and those who are not. Nonparticipants can come to resent being left out. Sometimes they can lead to a call for systematically restructuring the organization for greater involvement. In essence, employees like the taste of involvement they have gotten and want more.

Finally, over time, suggestion involvement approaches that are not supported by reward system changes may lose their momentum and disappear. This comes about because they do not systematically change an organization's way of operating or the way the total work force relates to the organization and its performance. Gainsharing plans because they affect the way everyone is rewarded, typically do not suffer from this limitation.

### Job Involvement

Job involvement approaches focus on designing work in ways that will motivate better job performance. One strategy, job enrichment, focuses on creating individual tasks that give people feedback, increases their influence over how the work is done, requires them to use a variety of skills, and gives them a whole piece of work (Hackman and Oldham, 1980). This approach has an extensive research history going back to the 1950's, when behavioral scientists began to design alternatives to traditional standardized simplified work.

A second strategy for job involvement creates work groups or teams. This approach, too, has an extensive research history going back to the 1940's and the pioneering work of Trist, Emery, and Thorsrud (Cummings, 1978; Emery and Thorsrud, 1969). It differs from individual job enrichment in that it takes the work group as the primary unit of involvement. It tries to create group tasks and group performance measures and make group members all feel responsible for the group's performance. Groups designed according to this approach are often called autonomous work groups, self-managing groups, semi-autonomous work groups, or work teams.

The job involvement approach has significant implications for how an organization is structured and managed. In essence, individuals are given new skills and knowledge, new feedback, an additional set of decisions to make, and may be rewarded differently. Both the individual and the team approach have these effects, although the team approach carried to its fullest has it to a greater degree. With the team approach interpersonal skills and group decision making skills need to be developed. The reward system also is changed more with groups or teams, since skill based pay is often used. Finally, teams can make certain decisions that individuals usually can not. Both individuals and teams can control the way the work is done. They can do quality management, inventory, and other task related activities, but teams can also make personnel management decisions about hiring and firing, and may select their own supervisors.

Overall, job involvement represents a significant change in the fundamental operations of an organization. Individuals at the lowest levels get new information, power, skills, and may be measured and rewarded differently. The changes relate to particular work tasks; it typically does not have to do with the structuring and operating of the whole organization nor the development of its strategic direction. Unlike parallel suggestion approaches, the day to day work activities of all individuals are affected. Involvement is not a special activity, it is the way in which business is done.

Theoretically, the choice between teams and individual job enrichment should be made based upon the technology of the workplace (Hackman and Oldham, 1980). Teams are more complicated to build and to maintain, but may be necessary if the work is such that no one individual can do a whole part of it and get feedback about it. Teams are often appropriate, for example, in process production facilities such as chemical plants, oil refineries, and in complex service organizations such as banks and airlines. Where the technology allows an individual to do

a whole task or offer a whole service, individual designs are preferred because they are simpler to install and give the individual more direct feedback.

Studies of job involvement approaches show improvements in productivity, quality, absenteeism, and turnover among individuals working in enriched jobs and in teams (Hackman and Oldham, 1980). They also can lead to a reduction in the amount of management overhead because less supervision is needed. The net result for the organization is usually significant performance improvement. Unlike suggestion programs, job involvement structures seem to have reasonably good stability, particularly in the case of teams, since they represent cohesive organizational units that are difficult to dissolve.

The limitations of the job involvement approach are primarily those of lost opportunities. Because they limit employee involvement to immediate work decisions, they do not capture the contributions that individuals can make to strategic decisions, and to higher level management work. This can lead to a tendency for individuals in work teams to optimize their own performance without paying a great deal of attention to overall organization performance. Job involvement approaches may be subject to cancellation if they do not influence higher level strategic decisions. This is particularly true with individual job enrichment. Unless major restructuring is done to support it, supervisors are often in the position of being able to unilaterally change jobs in ways that take away the decision making power that is critical. Job involvement efforts are particularly likely to be canceled when they affect small parts of an organization. Like parallel structures, they can be installed only on a limited basis and, as a result, create friction between participants and non-participants.

Work involvement efforts do have significant start-up costs. They always require training and often they require new layouts of equipment and new information systems. Often overlooked is the need for training the supervisor and for dramatically changing the supervisor's job (Walton

and Schlesinger, 1979). Work involvement efforts are often resisted by middle managers because they feel threatened by the new power which others have and they often are not able to learn the new skills which it takes to manage successfully in a work involvement setting.

### High Involvement

The high involvement approach has also been called the "commitment approach", "total employee involvement", or perhaps more descriptively, "business involvement". It builds upon what has been learned from the suggestion involvement and job involvement approaches. It structures an organization so that people at the lowest level will have a sense of involvement, not just in how they do their jobs or how effectively their group performs, but in the performance of the total organization. It goes considerably further than either of the other two approaches toward moving power, information, knowledge, and rewards to the lowest level. It creates an organization in which individuals care about the performance of the organization, because they know about it, are able to influence it, are rewarded for it, and have the knowledge and skills to contribute to it.

In order to have high involvement management, virtually every major feature of the organization needs to be designed differently than when the control approach is used (Walton, 1985; Lawler, 1986). It shares some things with the job and suggestions involvement approaches. Parallel structures may be used for certain kinds of problem solving and policy setting, and work is designed according to the principles of individual enrichment and work teams.

In the case of decision power, employees need to be involved in decisions about their work activities, and to play a role in organizational level decisions having to do with strategy, organization design, and other major organization decisions. In order to make this happen, organizations need to be designed around business or customer based units, rather than divided into functional areas. Staff groups need to be kept small and placed in a service role. Perhaps most important of all, a flat structure with relatively wide spans of management is needed. Task forces

need to be used to get cross sections of the employees involved in making important design and strategy decisions.

In a high involvement organization everyone's rewards need to be based upon the performance of the organization; hence, profit-sharing, gain-sharing, and some type of employee ownership are appropriate. In addition it is important that individuals be rewarded for their contributions. In most cases this is best handled by using skill based pay for all employees. Pay information also needs to be open so that employees can understand how the pay system operates and participate in decision making concerning the pay of other employees. Finally, where practical a policy of employment stability for all employees can help reinforce the organizations commitment to its human resources.

As with the other forms of involvement, employees need to have expertise in problem analysis, decision making, group process, and self management. They also need to be cross trained so that they understand the entire work process in their work area. In order to understand their organization's pay for performance system and to participate in higher level decision making they need to be trained in business economics and the basic elements of business strategy.

Getting relevant business information to all employees is key in a high involvement organization. Modern information technology represents a valuable tool because it has the potential to give employees throughout an organization the kind of operating data that will both inform them of how the business is performing and allow them to make business decisions even though they are not at the senior management level. The information systems also need to be designed to provided a good upward flow of information about how it is operating from a process point of view. Attitude survey data, sensing sessions and grievance information channels can be used to do this. Finally horizontal communications need to be supported by using cross functional

task forces, encouraging horizontal career moves, and where possible creating channels in the information technology system which encourage it.

Creating a high involvement organization is clearly a much different and more complex task than is implementing job involvement or parallel suggestion involvement. Many of the methodologies and approaches for such practices as pay, selection, and training are readily available and well developed for control oriented management. Installing them is simply a matter of taking established systems "off the shelf" and making them operational. Virtually every feature of a control oriented organization has to be redesigned, and in some cases, innovation in design is necessary because the right approaches simply are not developed and available.

There is relatively little data on the effectiveness of high involvement organizations. Indeed, there are few examples to study. The closest organizations to this approach would appear to be the many team based new plants which have been started around the world (Walton, 1985; Lawler, 1978). The data on the plants are largely favorable, but limited. In addition, there are some new organizations which have started with this approach and some employee owned companies which are moving toward operating in a high involvement mode.

It is hardly surprising that the best examples of high involvement organizations are new startups. The high involvement approach represents such an extensive change from the control approach to management, that the difficulties in making a conversion are enormous. It is much easier to start with a clean sheet of paper and design the organization from the ground up. This is in notable contrast to job involvement and suggestion involvement approaches which are often put in place in existing organizations.

The admittedly sketchy, testimonial type evidence that does exist on high involvement organizations generally shows superior operating results. They tend to be low-cost, low overhead, relatively flexible, adaptive organizations which are very quality and customer oriented (Lawler,

1986). They are, however, not cheap to start, since they require a large investment in selection, training, and system development. In addition, as will be discussed next, they do not fit every person, situation, or business.

### Choosing An Involvement Approach

Decisions about which approach to management an organization should adopt ought to be guided by a number of factors. Perhaps the overriding determinant of how an organization should approach involvement is the kind of work it does and the technology it uses. Managers' values and attitudes can be changed over time, and older control oriented organizations can evolve their practices from traditional to high involvement, but organizations cannot necessarily change the kind of technology they use or the kind of jobs that the technology dictates.

There are two aspects of technology which are particularly critical in influencing the appropriateness of different involvement approaches: (1) degree of interdependence, and (2) the degree of complexity. Interdependence refers to how much individuals need to coordinate, cooperate, and relate to others in order to produce the product or services the organization offers. Organizations vary on this dimension from very high interdependence to low interdependence. For example, university professors and insurance salespersons are typically in a low interdependence situation while chemical plant operators and computer design engineers are in high interdependence situations.

High interdependence argues for teams and against individual approaches to work design. Low interdependence favors maximizing individual performance through job enrichment or well structured individual tasks with large amounts of incentive pay and a good measure of individual performance. A crucial issue in determining which way to go with low interdependence jobs is the complexity of the work involved; high complexity calls for job enrichment while low complexity calls for simple jobs and incentive pay.

Technology has a substantial influence on the complexity of the work. Complexity can vary all the way from the highly repetitive jobs associated with assembly lines, to the highly complex knowledge work represented by professional jobs and jobs in state of the art manufacturing facilities. Where the work is simple and repetitive by necessity, it is hard to put in place a high involvement or even a job involvement approach; unless the technology can be changed. These situations are often limited to parallel suggestion involvement approaches because they can operate with most approaches to work design and most types of technology.

With complex knowledge, the best choice is one of the involvement approaches. At the very least, job involvement is called for, job enrichment in the case of independent work, and teams in the case of interdependent work. If other conditions are right, high involvement would seem to be the best choice. High involvement flourishes where complex knowledge work exists because individuals who do this kind of work possess the ability to participate in a wide range of decisions, and often expect and want this approach to management.

Admittedly, technology is only partly driven by the products and services the organization offers, there is flexibility in the technology an organization chooses to use. In addition, the technology does not completely dictate the nature of the jobs an organization has. Some technologies can be modified to produce the type of jobs that are congruent with the desired form of involvement. A heroic example of this is the way Volvo has worked to alter auto assembly technology to make it congruent with work teams. But in many cases the control of a single organization is limited. There is, for example, little flexibility when it comes to refining oil and generating electricity. It is very difficult to change the telephone operators job given the way telephone equipment has been designed. As a result, there are some situations in which the technology is not amenable to any of the involvement approaches, with the possible exception of suggestion involvement.



## Conclusion

There is no one right approach to involvement. It needs to be dictated by a number of factors. If all an organization's systems are traditional, well developed, and firmly in place, and its technology leads to relatively independent, simple repetitive tasks, then suggestion involvement is appropriate. However, if the organization is new, has complex knowledge work, and interdependent tasks, it is possible to practice high involvement management and reap the rewards it has to offer.

Because involvement is not a universal good for all organizations, it is important to take a differentiated view toward it. If organizations carefully analyze where they are and where they want to be, they can lay out a series of steps which will lead to the type of involvement which fits their situation. In the absence of this kind of process, they run the risk of managing in a way that suboptimizes their potential effectiveness.

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