Organizational Alignment: A Tool for Obtaining Greater Organizational Efficiency and Effectiveness in a State Government Agency

Patricia A. Collins
Western Michigan University

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ORGANIZATIONAL ALIGNMENT: A TOOL FOR OBTAINING GREATER ORGANIZATIONAL EFFICIENCY AND EFFECTIVENESS IN A STATE GOVERNMENT AGENCY

by

Patricia A. Collins

A Dissertation
Submitted to the
Faculty of The Graduate College
in partial fulfillment of the
requirements for the
Degree of Doctor of Public Administration
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Western Michigan University
Kalamazoo, Michigan
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This study focuses on the modern day use of TQM, reengineering and privatization initiatives to gain efficiency and effectiveness in government operations, and the impact of alignment on the successful implementation of these three initiatives. A large state government agency which is currently using TQM, reengineering and privatization was used as a case study. Two-hundred-and-twenty-four employees were voluntary participants. This study examined three research questions:

1. Could the level of alignment, as hypothesized by Labovitz and Rosansky, be replicated with a sample of public agency employees?

2. Is the agency aligned, based on the Labovitz and Rosansky model, to successfully implement its TQM, reengineering and privatization initiatives?

3. Could it be determined that the customer focus scale, as theorized by Labovitz and Rosansky, related to the alignment components of strategy, process and employees?

Confirmatory Factor Analysis, used in answering the first research question, adequately replicated the Labovitz and Rosansky Alignment Model. MANOVA, used in answering the second research question, tested for group differences on four dependent
measures (customers, employees, process, and strategy) between gender and level of employment in order to gain insight about alignment. MANOVA revealed no significant differences between the groups. When other statistical procedures were used, in addition to MANOVA, females were found to be more aligned than males. In answering the third research question, multiple regression analysis confirmed that three of the components of alignment (strategic direction, employee focus, and process focus) were all important for customer focus.

The analysis also revealed that strategic direction is the most important of the three components. The findings of this study should provide useful information to government agencies looking to maximize limited resources when they implement large-scale change initiatives.
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Patricia A. Collins
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CHAPTER I

INTRODUCTION

Public agencies have focused on organizational efficiency and effectiveness for many years. Leonard White (1948) wrote, "The objective of public administration is the most efficient utilization of the resources at the disposal of officials and employees" (p. 2). Gulick (1977) wrote, "...in the science of administration, whether public or private, the basic good is efficiency (p. 192)". Other Public Administration scholars advocate public agency responsiveness to citizens should be a primary focus (Dimock, 1936; Kobrak 1996). Citizens today seem to want their government agencies to be responsive, efficient and effective; yet, they continually resist paying the taxes needed to support government operations.

Reduced tax revenues have forced government agencies to maximize the services they provide for the tax dollars received. In order to do this these agencies have turned to large-scale organizational change initiatives which are geared towards improving organizational performance. When these large-scale change efforts work, even small improvements in efficiencies can result in freeing up limited resources for other uses. According to Kemp (1990) public demands for greater government responsiveness and change will grow dramatically and the way government agencies cope with this fact will dictate their success in meeting these demands. Many of these agencies have chosen to
cope by implementing Total Quality Management (TQM), reengineering and privatization.

The state agency which is the focus of this study has strived for years to obtain greater efficiency and effectiveness, and to be increasingly responsive to citizens. Facing the same pressures as other government agencies, its leadership has recognized the importance of aligning its strategic direction with the needs of its customers, its business processes, and the day-to-day activities of its employees. As a result this agency has implemented TQM, reengineering and privatization initiatives. However, this agency has not measured its current level of organizational alignment with the goals and objectives of these three initiatives.

Statement of the Problem

Americans feel government agencies are inefficient and ineffective. When asked why they feel this way, they often state government agencies are too large, unresponsive and wasteful. This has led to an unwillingness to pay higher taxes, but has not quelled demands for services. As a result, government agencies face the challenge of providing higher quality goods and more services with reduced budgets and dwindling staff levels. Government officials have tried to address this challenge in many ways: forming blue-ribbon committees to examine government functions and make recommendations for improvement, as well as implementing traditional private sector tools such as Management by Objectives, Zero-based Budgeting, Management Information Systems, Program Evaluation, and, more recently, TQM, reengineering, and privatization.
TQM, reengineering, and privatization are modern day tools used to help improve agency performance, so that these agencies can do more with less. The organization under study has implemented these initiatives for a number of reasons: (a) to respond to public demands for more government services, with a smaller budget and fewer employees; (b) to make sure agency employees work as efficiently as possible; (c) to improve or discard old and inefficient programs, processes and services; and (d) to ensure that existing programs, processes and services are effective.

This agency's quality efforts began in 1993 when top executives hired a consultant to provide TQM services. The use of quality principles was endorsed and encouraged by the Governor of the state. This consultant was asked to assist agency executives in reaching this goal of improving quality while reducing cost. As a result the consultant facilitated quality related meetings, provided TQM training, provided overall management consulting, and coordinated internal quality assessments by using the criteria established for the Baldrige Award. The Baldrige Award criteria was created in 1997 by the U.S. Department of Commerce to measure organizational quality levels. The Baldrige Award is given to companies which meet or exceed the criteria and provide superior quality service. While government agencies cannot win the award, they can use the criteria to assess and measure levels of quality.

The consultant concluded that the agency had some weaknesses in delivering quality services to its customers and as a result an Office of Quality and Reengineering was established to lead the agency's quality and reengineering efforts. The charge of this Office was to work with department executives and staff to further the improvement of
business processes and the reduction of cost.

Official agency reengineering efforts began in 1993 when it was determined that several business processes within the department were not delivering the desired results. Agency executives felt these processes could not be improved by using traditional TQM concepts and that major redesign was needed. A consulting firm, with expertise in process reengineering, was hired for the sole purpose of working with key agency staff to radically redesign a few processes deemed by executive management to be too broken to fix.

The agency began its privatization initiatives well over thirty years ago when it was determined that delivering products and services to citizens could not be performed entirely with its existing work force. Since 1979 agency staff levels have decreased nearly fifty-percent to a current level of approximately 3,000 employees. This decrease in staff level has largely been due to reduced funding and public demands for smaller government. However, public demand, federal and state legislation, and administrative changes have resulted in an expansion of agency programs and responsibilities. Through privatization the resources of the private and non-profit entities have been used to help deliver agency programs. The agency has privatized by contracting out to these entities while maintaining control of all programs, processes, and assets. All contracts to the private and non-profit sectors are managed by agency personnel.

This agency has dedicated tremendous resources to the implementation of TQM, reengineering and privatization initiatives, and appears to realize the important role alignment can play in their successful implementation. Agency executives believe TQM,
reengineering and privatization can help them to reach three targets: efficiency, effectiveness, and cost savings and that reaching these targets will translate—in the public’s perception—to efficient government operations. However, the additional step of measuring the level of alignment has not been taken.

The commitment of this agency is further evidenced by the fact that consultants have been hired and books and materials have been purchased; employees have been trained so that they understand the theory and techniques of these initiatives; and executives, supervisors, managers and employees have been asked to participate in meetings and planning sessions. Given the expense of these initiatives, it is important that this government agency implement them successfully. These initiatives are more likely to succeed when the organization is aligned.

In 1996 the agency formed an alignment group. This alignment group consisted of the top 70 managers of this organization who were to share information—typically related to strategic direction, processes, employees and customers—with their subordinates. This group was formed as an attempt to align the organization with its strategic direction. Since no alignment measurements have been taken, the agency has not determined if this group helped to align the agency for success.

If the agency’s TQM initiatives are not successfully implemented then processes, that are inefficient and need to be improved, continue to operate in old and inefficient ways. If the agency’s reengineering efforts are not successfully implemented then the necessary major redesign of ineffective processes never occurs. If the agency’s privatization efforts are not successfully implemented then some activities, which might better
be performed by the private or non-profit sectors, continue to siphon off limited organiza-
tional resources which can best be used elsewhere. In summary, an agency which has
committed the money and staff time necessary to implement large-scale change initiativ-
es needs to measure its level of alignment with the goals and objectives of these improve-
ment initiatives. For example, an aligned organization with the strategic goal of reduc-
ing customer order processing time by fifty-percent would make the necessary changes
to its business processes, would communicate this goal to employees, and would collect
and disseminate customer satisfaction data. Failure in reaching this goal could: (a) result
in wasted resources; (b) leave the agency open to criticism from citizens, legislators and
others; and (c) decrease employee morale. Failure could also cause the reputation of the
agency to suffer; and could possibly result in further reductions of budgets and staff
levels. Additionally, agency operations would not improve.

Given the high cost of failure, it is important to align an organization with the
goals of large-scale change initiatives in order to try to improve the chances for success-
ful implementation. However, government agencies typically lack the knowledge and
skills necessary to measure level of alignment. This study attempts to address that prob-
lem by measuring the level of organizational alignment at a large state government
agency using a model of alignment developed by Labovitz and Rosansky (1997).

Significance of the Study

Langdon (2000) states alignment exists when strategy and processes, as well as
the employees in the organization, act together in achieving performance goals.
Labovitz and Rosansky (1997) have identified four key components essential to alignment: (1) strategic direction, (2) employee focus, (3) customer focus, and (4) process focus. According to these two authors, if the four key components are not in sync with organizational improvement initiatives, then the organization is not aligned. There is a lack of research in the area of alignment at government agencies, and how alignment relates to the successful implementation of large-scale change initiatives. Hence, the researcher used the alignment model developed by Labovitz and Rosansky to measure the level of alignment with TQM, reengineering and privatization goals at a large state government agency.

Study Objectives

The following four objectives were established for this study:

1. To take an initial measure of the level of alignment at a large state government agency.

2. To determine if factors such as gender, work location (agency headquarters vs. field offices), or employment level (managers/supervisor vs. non-managers/supervisors) influence perceptions of the level of alignment.

3. To determine whether or not employees believe this agency is aligned.

4. To contribute to the body of knowledge concerning alignment and large-scale change initiatives at the state government level.
Delimitations and Limitations

Study participants were asked to complete a modified version of the questionnaire developed by Labovitz and Rosansky (1997, pp. 199-200). The survey instrument was modified by the researcher to better collect needed information from the agency under study. For purposes of this study alignment is measured by: strategic direction, customer focus, employee focus, and process focus. Six questions were included in the questionnaire for the purpose of determining the degree to which the agency under study is focused on its customers. The analysis of responses to these six questions provided information which could be used to better measure the level of alignment. The researcher added open-ended questions to this survey, and also revised the survey instrument in order to collect demographic information from study participants.

This study was confined to agency employees. The employees within this organization are men and women of various ages and ethnicity. They work at several different geographical locations and within various organizational units. This agency is dominated by male employees and it has a number of employees who have worked in state government for many years. A number of government agencies have employees with similar demographics. Therefore, information about work location, gender, years of service and employment level was collected in an effort to determine whether or not they impact perceptions of alignment.
Definitions of Terms

In order for readers to understand the approach and findings of this study, a few key terms must be defined. The following terms are used in various ways in government agencies and, consequently, in this dissertation.

Alignment - the development and creation of organizational structures, processes and culture that support strategic initiatives such as TQM, reengineering and privatization.

Business processes - a series of actions, changes or functions occurring within an organization in order to bring about a result.

Customers - citizens who obtain goods and services from government agencies.

Effectiveness - the extent to which a program is achieving its stated objectives.

Efficiency - the relationship between inputs and outputs.

Employees - individuals who work for the government agency. They often serve as the first point of contact for citizens and are often responsible for the day-to-day delivery of products and services.

Privatization - the use of the private and/or non-profit sectors to provide government goods and services. Privatization can range from contracting out certain government services to the full transfer of functions or assets to the private or non-profit sectors.

Reengineering - identification of the core processes of an organization’s business systems and the radical redesign of these processes in order to eliminate unnecessary processes and steps.
Strategy - managing or planning based on a plan of action such as a statement of an organization’s basic mission, purpose, and goals as well as the means of accomplishing them.

Total Quality Management (TQM) - a comprehensive approach to producing high quality goods and services to meet customer needs.

Overview of Remaining Chapters

Chapter II of this dissertation focuses on the literature review. It includes information about the historical focus on efficiency and effectiveness within the field of public administration. This focus has often included the formation of blue-ribbon committees and several process improvement initiatives, including implementing large-scale change initiatives such as TQM, reengineering and privatization. Chapter II further defines the alignment process, and explains why it is essential to the successful implementation of large-scale change initiatives. Chapter III focuses on the methods used to complete this research. This chapter includes an overview of the research design, the survey instrument, the study participants and the treatment of the data. Chapter IV details the results of the analysis of the data. This chapter provides an overview of the statistical analysis performed, answers to the research questions, and the results of the test of the five research hypotheses. Chapter V includes a summary of this study, discussion of the study findings, and recommendations.
CHAPTER II

LITERATURE REVIEW

Introduction

This chapter focuses on historical efforts toward improving government agency reforms through greater efficiency and effectiveness. The efforts discussed span over one hundred years, and were often precipitated by the prevalent anti-government attitudes of citizens. The improvements initiated to change these attitudes are described, including the use of TQM, reengineering and privatization. This chapter ends with a focus on the efforts of the agency under study to align itself with its TQM, reengineering and privatization goals.

Efforts Toward Efficiency and Effectiveness in Government Operations

Improved organizational performance has historically been a major goal of government agencies. It is largely believed by politicians, citizens, and others that if government agencies are efficient and effective, then this goal of improved organizational performance will be met. Another major reason for this focus on efficiency and effectiveness is the public perception that government agencies are wasteful and untrustworthy. This perception often translates into a loss of public confidence. Table 1 illustrates the gradual loss of public confidence in government agencies from the late 1950s to the
Table 1

The Public’s Confidence in Government, 1958 - 1980

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>The government wastes a lot of money.</td>
<td>43</td>
<td>69</td>
<td>74</td>
<td>78</td>
</tr>
<tr>
<td>You cannot trust government to do right most of the time.</td>
<td>23</td>
<td>44</td>
<td>62</td>
<td>73</td>
</tr>
</tbody>
</table>


According to Nye, Zelikow and King (1997) public faith in government has slowly declined. They state: “For three decades, administrations have come and gone, and polling charts have bounced up and down in response to this leader or that policy, yet public trust has tumbled ever downward, regardless of which party has been in power” (p. 78).

This lack of trust is not solely related to actual government performance. Watergate, the pardon of Richard Nixon by President Gerald Ford, the Vietnam War, as well as other more recent national events have contributed to negative public perceptions of government. However, as Table 1 demonstrates, these negative perceptions do translate into a lack of confidence. The result has been public demands that government agencies to be more efficient and effective. While the recent tragic events of September 11, 2001, when terrorists killed thousands in New York, Washington, and Pennsylvania,
seem to have restored some public faith in government agencies, it is yet to be seen if this renewed faith will be short-term or long-term.

Historically, citizens have felt public agencies are efficient and effective when they maximize the services provided for the tax dollars received (Weiss & Barton, 1980). Reductions in government budgets in recent years and increasing public demands for services mean government agencies must do more with less. This has led these agencies down the path toward continuous improvement, change and reform. However, these efforts have not always had the desired effect of improving negative perceptions (Ingraham & Kettl, 1992). Former Vice-President Al Gore (1993a) describes his first hand experience with negative public perceptions:

Public confidence in the federal government has never been lower. The average American believes we waste 48 cents of every tax dollar. Five of every six want “fundamental change” in Washington. Only 20 percent of Americans trust the federal government to do the right thing most of the time—down from 76 percent 30 years ago. (p. 1)

The Use of Blue Ribbon Commissions and Management Tools

These negative perceptions and calls for improvements have not gone unnoticed by politicians. According to Ingraham (1992), “A favored mechanism of politicians for identifying and advocating possible solutions to perceived problems with government and its operations has been the blue-ribbon commission....” (p. 187). Table 2 outlines the work of several of the major Commissions formed since 1905. The individuals serving on these commissions were charged with making recommendations that would bring about government reforms. However, many of the resulting recommendations were
Table 2
Prominent Blue-Ribbon Committees Formed Over the Last One-Hundred Years

<table>
<thead>
<tr>
<th>Committee</th>
<th>Years in operation</th>
<th>Summary - work of the committees</th>
</tr>
</thead>
<tbody>
<tr>
<td>The Keep Committee on Economy and Efficiency</td>
<td>1905 - 1909</td>
<td>Studied personnel management, government contracting and information management. Promoted using businesslike procedures.</td>
</tr>
<tr>
<td>Taft Commission on Economy and Efficiency</td>
<td>1910 - 1913</td>
<td>Recommended a national executive budget.</td>
</tr>
<tr>
<td>Joint Committee on Reorganization</td>
<td>1921 - 1924</td>
<td>Recommended methods of redistributing executive functions among departments.</td>
</tr>
<tr>
<td>President’s Committee on Administrative management</td>
<td>1936 - 1937</td>
<td>Recommended the creation of the Executive Office of the President.</td>
</tr>
<tr>
<td>First Hoover Commission</td>
<td>1947 - 1949</td>
<td>Reviewed the organization and function of the executive branch.</td>
</tr>
<tr>
<td>Second Hoover Commission</td>
<td>1953 - 1955</td>
<td>Followed up on the First Hoover Commission Study. Focused more on policy problems than organizational structure.</td>
</tr>
<tr>
<td>Study Commission on Executive Reorganization</td>
<td>1953 - 1955</td>
<td>Recommended a series of low-key reforms.</td>
</tr>
<tr>
<td>Ash Council</td>
<td>1953 - 1968</td>
<td>Proposed the fundamental restructuring of the executive branch, including the creation of four new super departments to encompass existing departments.</td>
</tr>
<tr>
<td>Carter Reorganization Effort</td>
<td>1969 - 1971</td>
<td>Efforts to reorganize government that mostly ended in failure; new cabinet departments were created independently of this effort.</td>
</tr>
<tr>
<td>Grace Commission</td>
<td>1982 - 1984</td>
<td>Conducted a large-scale effort to determine how government could be operated with fewer tax dollars.</td>
</tr>
<tr>
<td>National Performance Review</td>
<td>1993 to 2000</td>
<td>A continuing attempt to reinvent government in order to improve performance.</td>
</tr>
</tbody>
</table>

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never fully implemented, thus further contributing to negative public perceptions of
government ineffectiveness and inefficiency.

The belief of citizens, politicians and others that government organizations cannot
perform as well as private ones has led government agencies to use several different man­
agement tools used by the private sector. The management tools used over the last sev­
eral years include Zero-based Budgeting, Management by Objectives, Performance Mea­
surement Systems, Program Evaluation, and Management Information Systems. There
also have been several movements toward reform. Table 3 outlines these movements,
tracing them back to the early 20th century.

Mandell (1997) analyzed the results of a 1995 study which examined the use of
various management tools by cities and counties in North Carolina. This study looked
at the use of several of these tools, including Zero-based Budgeting and Management by
Objectives. These public agencies felt compelled to use these tools because of public
demand for greater efficiency and effectiveness. Mandell administered a mail survey to
175 jurisdictions in North Carolina. As a result of this study, he concluded most of these
government entities continue to use these tools, thereby demonstrating a strong commit­
ment toward improving organizational performance.

Efforts Toward Improved Organizational Performance
by the Agency Under Study

The agency under study is a large state government agency focused on providing
superior services to citizens. As with most public agencies, this one also is faced with
### Table 3
Efficiency/Effectiveness Movements Which Have Influenced the Operations of Government Agencies Since the 1900s

<table>
<thead>
<tr>
<th>1900 to Present</th>
<th>Major Emphasis</th>
<th>Highlights of the Movement</th>
</tr>
</thead>
<tbody>
<tr>
<td>1900 to 1929</td>
<td>From the Spoils System to the Progressive Movement</td>
<td>A strong movement toward economy and efficiency in government operations. A move away from the spoils system where the emphasis was on political patronage toward an emphasis on separating politics from the administration of government. The values of economy and efficiency were emphasized.</td>
</tr>
<tr>
<td>1930 to 1939</td>
<td>From Scientific Management to Humanistic Management</td>
<td>Use of business oriented tools such as scientific management and hierarchical management theory. The Hawthorne studies of the Human Relations Movement. Both Scientific Management and the Human Relations Movement were major approaches toward making Government more efficient and effective.</td>
</tr>
<tr>
<td>1940 to 1969</td>
<td>A Movement Toward Greater use of Quantitative Methods</td>
<td>Quantitative methods such as operations research and quantitative management techniques. Move toward generic management. Beginning of anti-government and push toward cutback management and privatization.</td>
</tr>
<tr>
<td>1970 to Present</td>
<td>Increased Dissatisfaction with the Public Sector</td>
<td>Continued dissatisfaction with government Reinventing government movement.</td>
</tr>
</tbody>
</table>

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challenges such as revenue restrictions, staff reductions, increasing public demand for goods and services and negative public perceptions of government agencies. Figure 1 illustrates public perceptions of how government agencies used the tax dollars received over a twenty-one year period. This figure shows the public perceives state government agencies as providing less service for the tax dollars received than both federal and local governments.

Figure 1. Declining Public Attitudes About Government Performance: Which Level of Government Gives the Most for the Money?


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The state government agency under study is sensitive to these negative public perceptions, and has taken steps to focus on improving its organizational performance by committing resources to the implementation of its TQM, reengineering and privatization initiatives. Table 4 shows agency efforts toward using these initiatives over the last several years. This agency has an Office of Quality and Reengineering in place which assists agency executives and employees with Total Quality Management and reengineering efforts. This agency also had an Alignment Group, which was composed of the top 70 managers of the organization, charged with deploying the agency’s strategic direction and aligning the organization with this strategic direction.

Table 4

<table>
<thead>
<tr>
<th>Initiative</th>
<th>Dates</th>
<th>Overview</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Quality Management (TQM)</td>
<td>1993 - Present</td>
<td>Started after a Baldridge Assessment. Executive leadership formed a Quality Council to implement TQM. Several process improvements have been implemented.</td>
</tr>
<tr>
<td>Reengineering</td>
<td>1995 - Present</td>
<td>Started with the reengineering of a contracts process. Major processes have been reengineered since 1993.</td>
</tr>
<tr>
<td>Privatization</td>
<td>1970 - Present</td>
<td>This agency contracts out several major functions.</td>
</tr>
</tbody>
</table>


Agency TQM Efforts

According to Henry (1995), Total Quality Management is a philosophy of administration, a set of principles, and a series of quantitative techniques that are designed to continuously improve and transform the processes of an organization. Lawler, Mohrman, and Ledford (1998) define TQM as a set of organizational strategies, practices and tools used to improve organizational performance. TQM involves a systematic approach for improvements and the tools which can be used to measure those improvements.

DeLaney (1993) describes how the use of TQM at the United States Department of Agriculture (USDA), Forest Service helped that agency address the challenges of changing public values and increasing public demand in the face of dwindling resources. According to DeLaney, the Forest Service used the TQM principles of listening to customers, responding and adapting to change, and conforming to customer expectations to successfully improve performance.

The agency under study implemented its TQM effort in 1993, but it first looked at several approaches to improving quality before deciding to proceed with a formal TQM initiative. Three Baldridge Award assessments were conducted. The Baldridge Award was created in 1987 by the U.S. Department of Commerce to recognize organizations which provide superior quality service. While government agencies cannot compete for the award, they can use the criteria for self-assessments. The first Baldridge assessment conducted was to obtain baseline data detailing the current level of quality focus within the organization. Two additional assessments were conducted to further
assess the agency, determine progress made and determine the actions needed for the agency to continue to move toward becoming a total quality organization.

One major result of these assessments was the formal implementation of a TQM program in 1993. An executive within the organization was asked to lead this effort, and within two years Total Quality Awareness Training was given to almost every agency employee. As a result of this TQM initiative several quality teams were formed, and these teams implemented, and continue to implement, process improvements. The agency currently has a process in place to recognize individuals and teams which implement successful TQM efforts. However, as its TQM program has progressed, the agency has not taken any measurement of overall organizational alignment with TQM goals.

**Agency Reengineering Efforts**

Reengineering is defined as the fundamental rethinking and radical redesign of business processes in order to achieve dramatic improvements in organizational performance (Hammer & Champy, 1994). With process reengineering, organizations totally redesign a business process. This agency has reengineered several major processes over the last few years, including its contracting process, its process for developing projects, and several of its programs and services which impact customer and supplier relationships. While large numbers of employees have participated in these reengineering efforts, there has been no measurement of organizational alignment with these reengineering efforts.
Agency Privatization Efforts

Privatization involves using the private and non-profit sectors to deliver public services (Chi, 1993). The agency's privatization efforts began over 30 years ago, long before the start of its formal TQM and reengineering efforts. Several major projects have been privatized to for profit and non-profit organizations such as universities, cities and counties.

The analysis of comments given by survey participants indicates strong employee resistance to agency privatization initiatives thereby showing a level of non-alignment with agency privatization goals. Chi (1993) describes privatization as a tool government agencies can use to save money and staff time, while providing goods and services to the public. The agency implemented its privatization efforts over 30 years ago as a cost saving tool, and one that would allow for the organization to better utilize staff. This agency has seen a nearly fifty percent reduction in staff levels since 1979; however, this has been due to budget cuts and attrition, not privatization. No agency employees have lost jobs due to the privatization of some programs and services. Typically the privatization effort, or the contracts given to private and non-profit organizations are managed by agency employees.

However, the analysis of survey open-ended questions indicates strong employee resistance to agency privatization goals. Figure 2 shows that the organization's four components of alignment (employees, processes, customers and strategic direction) must be a focus in order to successfully implement TQM, reengineering and privatization.
Success of TQM, Reengineering and Privatization Initiatives

The Alignment of Employees, Processes, Customers and Strategic Direction

Successfully Implement These Initiatives

Figure 2. The Impact of Organizational Alignment.
initiatives. If there is a lack of alignment with privatization goals, then this means the agency has not made the necessary adjustments to its processes, not collected relevant usable information from its customers, and not communicated and coordinated with its employees so that alignment with privatization goals is firmly established within the agency.

In summary, the agency under study has shown commitment to TQM, reengineering and privatization efforts as shown by the number of years these initiatives have been in existence and by the obvious commitment of agency resources to these initiatives. However, the agency has not measured its level of alignment, and therefore has not gained key information about how effectively these initiatives have been implemented and continuously improved.

Organizational Alignment

It is important that public agencies have a model which can be used to measure the level of organizational alignment with the goals and objectives of major large-scale change efforts. Labovitz and Rosansky (1997) describe their model as one that can be used to take that measure. According to these two authors alignment is important to the implementation of change initiatives:

The quality approach, or TQM, is a way to continuously improve business processes. Its major flaw is that it too often diverts attention away from customers and important strategic issues....Reengineering does a good job of aligning the voice of the customer with business processes. But experience shows that it loses touch with the people who are actually doing the work. What is needed is a new way of looking at the challenge of growth....one that brings all important elements of the business into focus. This is the essence of alignment. (p. 23)
It can be difficult to know when alignment is present within the organization. According to Labovitz and Rosansky, some qualitative measures which indicate an organization is aligned are the following:

1. When every member, from top management to the newly hired employee, shares an understanding of the organization’s strategic goals.
2. When every member of the organization knows how he or she contributes to the organization’s business strategy.
3. When every member of the organization can clearly state the needs of the organization’s customers and how organizational efforts contribute toward customer satisfaction.

According to Labovitz and Rosansky (1997) once alignment is reached, it requires constant adjustment and continuous improvement to maintain. In essence, maintaining alignment requires:

1. A connection between employee behavior and the mission of the organization. This connection will allow for the steps required for the successful implementation of initiatives, and turning those steps into employee actions.
2. A link between the activities of employees and business processes to the changing needs of customers.
3. The shaping of organizational business strategies to current information collected about customers.
4. The creation of an organizational culture that allows for strategic direction, business processes, employee actions and customer needs to all work together
The Four Components of Alignment

According to the Labovitz and Rosansky model, the four components of alignment are strategy, employees, customers and processes. A brief definition of each follows.

**Strategy**

Strategy involves sharing a strategic vision for the organization, developing a deployment plan to translate that strategy into action, identifying critical success factors that contribute to the implementation of that strategy, identifying strategic work processes related to organizational goals, aligning all organizational work with the strategic vision of the organization, and designing an ongoing process that allows for the systematic review and the measuring and monitoring of results.

**Employees**

Employees are the individuals responsible for ensuring an organizational initiative is successful. Employees must have the skills and competencies necessary to achieve the organization’s strategic goals. This means the organization must identify employee competency and skill levels, design and employ plans to close any competency and skill level gaps, design and implement reward and recognition systems. In an aligned organization employees continuously work toward implementing organizational
performance goals.

Customers

The organization's strategic direction should reflect the needs of customers. The organization must identify its critical strategic customers, create the organizational capability and infrastructure to continuously gather customer data, and use that data to drive process improvements.

Processes

The organization implements its activities through established core business processes. Processes such as contracting, hiring personnel and completing customer orders allow for conducting the day-to-day activities of the organization. In an aligned organization all key processes are restructured to meet TQM, reengineering, and privatization goals. In order to fully focus on the four components of alignment, an organization must ensure there is a focus on both vertical and horizontal alignment.

Vertical and Horizontal Alignment

According to Labovitz and Rosansky (1997) an aligned organization must have both vertical and horizontal alignment. Vertical alignment involves rapidly deploying strategic direction through the organization, thereby taking a major step toward turning intentions into actual work. Vertical Alignment allows for the organization's strategy to be reflected in the behavior of every employee. Horizontal alignment infuses customer
concerns into the organization, and links organizational actions with customer needs. This is done by linking customer needs to core organizational processes in order to successfully implement large-scale change initiatives.

As further evidence of the importance of vertical and horizontal alignment in accomplishing organizational goals, Szanton (1981), in looking at the elements of people, processes and strategy to improve government performance states: "...anyone interested in affecting the performance of government must consider as well what is arranged or structured—mainly people, money and equipment and how the arrangement functions—it's processes of decision and operation" (p. 25).

Smith (1998) documented the importance of alignment when implementing planned organizational change by referencing a Coopers and Lybrand study and an Opinion Research Corporation study. Smith focused on highly successful organizations in transition, and described the importance of starting with a strategy that includes a clear vision, and then translating this strategy throughout the entire organization so that each employee knows his or her responsibility in meeting that strategic direction. Smith's work supports the concept of aligning employees and organizational processes in order to sustain large-scale change initiatives.

Robustelli (1989) found that organizations must be aligned with key business strategies in order to improve organizational performance. Kotnour, Barton, Jennings and Bridges (1998) studied large-scale organizational change at the Kennedy Space Center and discuss the importance of alignment in successfully implementing this change. These four authors outline six steps for successfully implementing change: developing
strategic direction, determining roles, aligning processes, aligning resources, aligning the workforce and leading the change. These studies show there is alignment focused literature available which supports the Labovitz and Rosansky's theory for achieving and sustaining organizational alignment.

Alignment Conceptual Framework

The success of TQM, Reengineering and Privatization initiatives require the alignment of key organizational components. Figure 2 shows that the successful implementation of large-scale change initiatives such as TQM, reengineering and privatization require the alignment of employee actions, business processes, organizational customer focus, and organizational strategic direction. Figure 3 shows that conceptually an agency is aligned when the four elements of alignment (strategy, employees, customers, and processes) are all pointed in the same direction. For example, an aligned organization which has reengineered its process for hiring new employees in an effort to reduce redundancy and shorten the hiring process will have: (a) incorporated this goal of streamlining the hiring process into its strategic direction; (b) ensured every employee responsible for hiring employees worked toward the successful implementation of this reengineered process; (c) made the necessary changes to the organization’s hiring processes to ensure the success of this reengineered process; and (d) collected, analyzed and communicated relevant customers input in order to make continuous improvements to this reengineered process. Figures 4 depicts what happens when an agency is not aligned. This figure shows, conceptually, that when the four components of alignment are not focused in the same
direction the organization is not aligned and process improvements will not work successfully.

Figure 3. An Aligned Organization.

Figure 4. An Unaligned Organization.
CHAPTER III

METHOD

Introduction

This chapter describes the procedures used to select study participants and to analyze the survey data collected in order to answer the research questions, and address the research hypotheses. This chapter also includes information about the study research design; the survey measurement instrument, including information about the research model; the study participants; and the treatment of the data collected for each research question and each hypothesis.

Research Design

This research measured employee perceptions of the agency's level of alignment with TQM, reengineering and privatization goals. Survey research was conducted in order to collect the data needed to assess these employee perceptions. According to Babbie (1992), survey research is appropriate when the individual is the unit of analysis. The study participants were employees of the a large state government agency, and they served as the unit of analysis. The survey used was a modified version of the instrument developed and tested by Labovitz and Rosansky (1997). The survey instrument was modified by the researcher to better collect information related to the agency under study.
This survey developed by Labovitz and Rosansky is included in their book, *The Power of Alignment: How Great Companies Stay Centered and Accomplish Extraordinary Things*. On page 197 of this book, the authors graciously give permission to organizations to utilize their survey. The purpose of survey research is to generalize from a sample to a population in order to make inferences about perceptions of the population. Analysis of the data collected allowed for making inferences about agency employee perceptions of the level of organizational alignment.

**Measurement Instrument**

The alignment survey used includes 16 questions with four sub-scales representing the four components of alignment. Figure 5 and Table 5 show the components used to measure an organization’s level of alignment. Figure 5 is the actual research model for this study. It shows the key words from each of the first sixteen questions on the survey questionnaire. The first set of four survey questions measure perceptions of strategy, or strategic direction; the second set of four questions measure perceptions of customer focus; the third set of four questions measure perceptions of the organization’s employee focus; the fourth set of four questions measure perceptions of process focus. Figure 5 also shows the key words (clear, guide, change, agree, etc.) that are included in each research question. Each research question is written in a way that allows for the measurement of employee perceptions of strategy, customers, employees, and processes.

Table 5 further explains the research study model. Column one indicates alignment is measured by collecting information to allow for measurement of employee
Figure 5. Research Alignment Model.

Note: This figure shows key words (clear, guide, change, agree, etc.) which are included in each research question. This figure also shows that four survey questions measure each of the four alignment components of strategy, customers, employees, and processes. This figure shows that each of these four components are used to measure level of alignment.
<table>
<thead>
<tr>
<th>Components of alignment</th>
<th>The four sub-scales (components) of alignment</th>
<th>Summary of survey statements used to measure the four sub-scales (components)</th>
</tr>
</thead>
</table>
| Alignment is measured by strategy, customer focus, employee focus, and process focus: | Strategy is measured by: (Note: questions 1-4 of the survey questionnaire measured perceptions of strategy). | 1. Clear communications about strategy in place  
2. TQM, Reengineering, privatization initiatives guide Identification of skills/knowledge needed  
3. Willingness of organization to change  
4. Priority given to initiative |
| Customer focus is measured by: (Note: questions 5-8 of the survey questionnaire measured perceptions of customers). | 5. Customer needs prioritized  
6. Customer complaint information provided to employees  
7. Goals of three initiatives periodically reviewed  
8. Processes oriented processes reviewed regularly |
| Employee focus is measured by: (Note: questions 9-12 of the survey questionnaire measured perceptions of employees). | 9. Goals/objectives information collected from employees  
10. Rewards given to teams  
11. Work groups cooperate  
12. Employee satisfaction measured |
| Process focus is measured by: (Note: questions 13-16 of the survey questionnaire measured perceptions of processes). | 13. Managers care about work results  
14. Work processes viewed to see how well they are functioning  
15. Process problems corrected  
16. Procedures reviewed to ensure they contribute to the three initiatives |

Note: The bolded words in column three are the identifiers in the alignment model shown in the study conceptual framework. A Maximum of 40 points is allowed for each of the four sets of questions related to strategy, employees, processes and customers, for a total of 160 points for the first sixteen questions.

Note: Questions 17-22 of the survey questionnaire provided additional information about customer focus.
perceptions of the organization's strategic direction, customer focus, employee focus and process focus. Column two shows which survey questions measure perceptions of strategic direction, customer focus, employee focus, and process focus. Column three has a more detailed description of each of the first sixteen questions on the survey, and shows that there are four sets of questions measuring each of the four components of alignment. An additional six survey questions (17 - 22) focus specifically on the organization's level of customer focus. Data collected for these additional six questions allow for a greater focus on strategy, processes and employees.

According to Labovitz and Rosansky (1997), these types of questions can give organizations a visual and quantitative measure of their level of alignment. The survey instrument used presented each participant with a series of statements which ask them to rate the agency's behavior and practices. The first 16 statements are preceded by the stem, "For each statement circle the response that best describes your perception of this agency's implementation of Total Quality Management (TQM), Reengineering and Privatization." The participants were asked to rate each item on a 10 point Likert scale, with 1 being "strongly disagree" to 10 being "strongly agree." Participants were also given the option of writing not applicable or N/A next to each question.

The additional six questions (17 through 22) measured the level of customer focus and are preceded by the stem, "Where customer focus is concerned, the agency:" Again, the participants were asked to rate each item on a 10 point Likert scale, from 1 "strongly disagree" to 10 "strongly agree." Participants were again given the option of writing not applicable or N/A next to each question. This section of the survey instrument provided

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the researcher with a greater opportunity to assess the degree to which the agency is focused on its customers.

Analysis of the answers to questions 17 through 22 provided the researcher with a better understanding of the relationship of the agency's strategy, processes, and people with the needs of the customers. Important information about the level of organizational focus on customer needs was also provided by these six questions. Correlation and multiple regression analysis were utilized in the examination of these relationships.

Participants were also asked an open ended question allowing them the opportunity to comment on the agency's implementation of TQM, reengineering and privatization initiatives. Key word analysis was used to analyze and categorize the responses. The last survey question asked, "Do you believe the agency's employees, strategic direction, customer focus, and business processes are aligned with reengineering, TQM, and privatization initiatives?" Respondents were given an opportunity to answer yes or no to this question, and to provide additional comments. The additional comments provided were also analyzed and categorized using key word analysis.

Participants

Three hundred participants were randomly selected by using a computer program with a database of the total population of 3,000 agency employees. Quick Basic software was used to randomly select the 300 study subjects. Each randomly selected participant was asked to participate voluntarily. The survey and cover letter was first sent to these 300 randomly selected employees on March 9, 2001. A follow-up letter and
another copy of the survey instrument were sent to the same 300 randomly selected participants on March 30, 2001. As a result of these two mailings 224 surveys were returned for a 75 percent response rate. SPSS software, version 10, was used to analyze the data collected.

Participant Demographic Information

Demographic information about each of the participants was drawn from the background questions included in the survey instrument by the researcher. The demographic information consists of the following variables: length of state employment, length of agency employment, gender, level of employment and work location. Table 6 shows a breakdown of demographic information collected from the study participants. This demographic information was collected to determine if any demographic influenced employee perceptions of the level of organizational alignment. The collection of this demographic information was considered important because employees of the agency under study work at several locations around the state, the agency has considerably more male employees than female employees and many employees within the organization have a number of years of service. There is virtually no literature available which provides information related to these demographics and their influence on employee perceptions of alignment.

Study Research Questions

This study answered the following three research questions:
Table 6

Breakdown of Study Participant Demographic Information

<table>
<thead>
<tr>
<th>Characteristics</th>
<th>Valid n</th>
<th>Percent of Respondents</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Level of Employment</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Supervisors</td>
<td>60</td>
<td>28.6</td>
</tr>
<tr>
<td>Non-supervisors</td>
<td>150</td>
<td>71.4</td>
</tr>
<tr>
<td><strong>Gender</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Male</td>
<td>139</td>
<td>67.1</td>
</tr>
<tr>
<td>Female</td>
<td>68</td>
<td>32.9</td>
</tr>
<tr>
<td><strong>Length of service</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Less than 5 years</td>
<td>29</td>
<td>12.9</td>
</tr>
<tr>
<td>5 Years to 9.99 Years</td>
<td>16</td>
<td>7.1</td>
</tr>
<tr>
<td>10 Years to 14.99 Years</td>
<td>46</td>
<td>20.5</td>
</tr>
<tr>
<td>15 Years to 19.99 Years</td>
<td>27</td>
<td>12.1</td>
</tr>
<tr>
<td>20 Years to 24.99 Years</td>
<td>33</td>
<td>14.7</td>
</tr>
<tr>
<td>25 Years to 29.99 Years</td>
<td>31</td>
<td>13.8</td>
</tr>
<tr>
<td>30 Years to 34.99 Years</td>
<td>18</td>
<td>8.0</td>
</tr>
<tr>
<td>35 Years or More</td>
<td>24</td>
<td>10.7</td>
</tr>
</tbody>
</table>

1. Could the model of alignment, as theorized by Labovitz and Rosansky, be replicated with a sample of agency employees?

2. Is the agency aligned, based on the Labovitz and Rosansky Model, to successfully implement its TQM, reengineering, and privatization initiatives? Five null-hypotheses, which relate to question two, were included in this study. These five null-hypotheses are:
H1. Agency employees will perceive the agency to be aligned, with a score of 40 points for each of the four components of alignment.

H2. Managerial/supervisory employee perceptions of the level of organizational alignment does not differ from the perceptions of non-supervisory employees.

H3. Gender does not impact perceptions about organizational alignment.

H4. Work location does not influence perceptions about the level of organizational alignment.

H5. Years of service does not influence perceptions about the level of organizational alignment.

3. Could it be determined that the customer focus scale, as theorized by Labovitz and Rosansky, related to the alignment components of strategy, process and employees?

Treatment of the Data

First Research Question

The main purpose of this dissertation is to measure the level of agency alignment with TQM, reengineering and privatization goals using the Model of Alignment developed by Labovitz and Rosansky (1997). However, it was first necessary to validate the model using data gathered from employees. Because the model was not statistically derived and tested—and the researcher could not find confirmation elsewhere in the literature—the validation was done with Confirmatory Factor Analysis (CFA).
A little explanation is necessary to make clear why this method was used. In Exploratory Factor Analysis an investigator collects data on a number of variables of interest and then attempts to identify underlying constructs. Using a physical fitness example, the investigator might measure a group of variables related to strength, a group related to endurance, etc. The factor analysis will reveal which variables, from each group, best hang together and thus identify which variables should be used to identify such underlying theoretical constructs as strength and endurance. Most likely, only a subset of the original variables will be retained. The underlying constructs cannot be measured directly but can be estimated with the selected variables. The researcher may publish a physical fitness test which measures the several fitness factors. Using new data, another investigator can validate the proposed test with CFA.

CFA is not limited to verifying the results of previous factor analyses. A purely theoretical model may be confirmed with this method. For example, the first researcher in the previous paragraph could have thought that she/he knew exactly what variables were best for each group and use CFA to verify this theory.

In the current study, the underlying constructs are the different components of alignment: strategy, customers, employees and processes. The CFA was performed using the AMOS 3.61 statistical package. AMOS is related to the SPSS software used to analyze the data collected for the current study. The model submitted using AMOS is shown in Figure 5. Because there are several indexes available to evaluate the fit of the model, and no clear indications about which fit indices are best, multiple indicators were used to examine the fit (Kline, 1991; Ullman, 1996). The Goodness of Fit (GFI), the
Non-Normed Fit (NNFI), and the Comparative Fit (CFI). For the GFI, NNFI, and CFI, values of .80 and higher indicate adequate to good model fit (Kline, 1991).

In addition to CFA, internal consistency measures of reliability for the alignment components were calculated. Cronbach’s (1951) alpha coefficient was used for this purpose. All component alphas greater than or equal to .70, as recommended by Nunnally (1978), were considered to be internally consistent and reliable.

The Second Research Question

In order to answer the second research question, “Is the agency aligned, based on the Labovitz and Rosansky (1997) model, to successfully implement its TQM, reengineering and privatization initiatives?” five null hypotheses were formed. Means were used to best demonstrate the acceptance or rejection of each null hypotheses. The five null hypotheses are:

H1. Agency employees will perceive the agency to be aligned, with a score of 40 points for each of the four components of alignment.

H2. Managerial/supervisory employee perceptions of the level of organizational Alignment does not differ from the perceptions of non-supervisory employees.

H3. Gender does not impact perceptions about organizational alignment.

H4. Work location does not influence perceptions about the level of organizational alignment.

H5. Years of service does not influence perceptions about the level of
organizational alignment.

To answer the second research question, Multivariate Analysis of Variance (MANOVA), was used. MANOVA tests for group differences on several dependent measures simultaneously, and was conducted to simultaneously test for the effect of level of employment (supervisor, non-supervisor) and gender (male, female) upon the components of alignment.

The Third Research Question

In order to answer the third research question, “Could it be determined that the customer focus scale, as hypothesized by Labovitz and Rosansky, related to the alignment components of strategy, process and employees?” Multiple Regression Analysis was used. Multiple Regression Analysis is used when more than one independent variable may be related to the dependent variable, in order to determine what best predicts the dependent variable. In this case the researcher looked at which of the three alignment components (strategy, processes or employees) best predicts customer focus. An analysis of customer focus will help the organization better align its strategy, processes and employees with customer needs. In other words, organizations that are aligned well will have a strong focus on customers (Labovitz & Rosansky, 1997).

Human Subjects Institutional Review

Study participants received a survey and cover letter explaining the purpose of the research, why it was conducted, and the time frame for completing and returning the
survey. A follow-up letter and survey was also sent to all participants. There was a minimum likelihood of physical, psychological or social risk to respondents. Respondents could decline to complete the survey. Survey results were kept confidential. The names of respondents completing the survey were not known, or retained, once the random selection process was completed.
CHAPTER IV

FINDINGS

Introduction

This study measured the level of organizational alignment by analyzing the data collected from agency employees about perceptions of alignment with TQM, reengineering and privatization goals. The focus of this study is a large state government agency in the Midwest. This agency has implemented TQM, reengineering and privatization over the last several years. While this organization is committed to its TQM, reengineering and privatization initiatives, it had not measured its level of organizational alignment with the goals and objectives of these initiatives. When an organization is aligned its strategic direction, employee focus, process focus, and customer focus are all in sync with the goals and objectives of these initiatives. A fully aligned agency is organized in a way that ensures daily operations are geared toward making these initiatives effective.

This chapter examines, and describes in detail, the analysis of the data collected from study participants to answer the three research questions and to address the five null-hypotheses.

The First Research Question

Confirmatory Factor Analysis (CFA) was conducted in order to answer the first
research question: "Could the model of alignment, as theorized by Labovitz and Rosansky, be replicated with a sample of agency employees?" Analysis of Moment Structures 3.61 (AMOS) using maximum likelihood procedures was utilized. The model was tested using all 16 quantitative items of the alignment survey instrument. A four factor 16-item theoretical model was tested. Tables 7, 8, and 9 display the results of the analyses and presents the correlations between the four factors (Phi-Matrix, Table 8) as well as inter-item correlations within the four factors. As shown in Table 7, the GFI, NNFI and CFI all demonstrated acceptable values of .80 and greater (Kline, 1991; Smith, Smoll & Schultz, 1990). Overall, the results demonstrated an adequate fit of the data to the model. Therefore, the factor structure of the alignment model was replicated with

Table 7
Results of the Factor Analysis

<table>
<thead>
<tr>
<th>Factors</th>
<th>Items</th>
<th>GFI</th>
<th>NNFI</th>
<th>CFI</th>
</tr>
</thead>
<tbody>
<tr>
<td>4</td>
<td>16</td>
<td>.826</td>
<td>.876</td>
<td>.899</td>
</tr>
</tbody>
</table>

Table 8
Phi-Matrix (Correlations) of All Components of Alignment
(Confirmatory Factor Analysis)

<table>
<thead>
<tr>
<th></th>
<th>Strategy</th>
<th>Customers</th>
<th>Employees</th>
</tr>
</thead>
<tbody>
<tr>
<td>Customers</td>
<td>.888</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Employees</td>
<td>.854</td>
<td>.924</td>
<td></td>
</tr>
<tr>
<td>Process</td>
<td>.843</td>
<td>.879</td>
<td>.920</td>
</tr>
<tr>
<td>Factor: Strategy</td>
<td>Q1</td>
<td>Q2</td>
<td>Q3</td>
</tr>
<tr>
<td>-----------------</td>
<td>------</td>
<td>------</td>
<td>------</td>
</tr>
<tr>
<td>Q1</td>
<td>1.000</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Q2</td>
<td>.640</td>
<td>1.000</td>
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</tr>
<tr>
<td>Q3</td>
<td>.310</td>
<td>.326</td>
<td>1.000</td>
</tr>
<tr>
<td>Q4</td>
<td>.326</td>
<td>.443</td>
<td>.396</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Factor: Customers</th>
<th>Q5</th>
<th>Q6</th>
<th>Q7</th>
<th>Q8</th>
</tr>
</thead>
<tbody>
<tr>
<td>Q5</td>
<td>1.000</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Q6</td>
<td>.625</td>
<td>1.000</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Q7</td>
<td>.523</td>
<td>.697</td>
<td>1.000</td>
<td></td>
</tr>
<tr>
<td>Q8</td>
<td>.524</td>
<td>.653</td>
<td>.525</td>
<td>1.000</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Factor: Employees</th>
<th>Q9</th>
<th>Q10</th>
<th>Q11</th>
<th>Q12</th>
</tr>
</thead>
<tbody>
<tr>
<td>Q9</td>
<td>1.000</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Q10</td>
<td>.559</td>
<td>1.000</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Q11</td>
<td>.542</td>
<td>.520</td>
<td>1.000</td>
<td></td>
</tr>
<tr>
<td>Q12</td>
<td>.681</td>
<td>.692</td>
<td>.525</td>
<td>1.000</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Factor: Process</th>
<th>Q13</th>
<th>Q14</th>
<th>Q15</th>
<th>Q16</th>
</tr>
</thead>
<tbody>
<tr>
<td>Q13</td>
<td>1.000</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Q14</td>
<td>.595</td>
<td>1.000</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Q15</td>
<td>.624</td>
<td>.718</td>
<td>1.000</td>
<td></td>
</tr>
<tr>
<td>Q16</td>
<td>.564</td>
<td>.724</td>
<td>.681</td>
<td>1.000</td>
</tr>
</tbody>
</table>

Note: The correlations among questions are lower in relation to the component strategy than the other three components (Customers, Employees, Process).
a sample of the agency's employees.

**Factor Accountability**

The four factors displayed eigen values of 1.00 and higher. Together the four components accounted for 72.23% of the overall variability in scores. Table 9 shows all component item correlations of the four factor model.

The researcher tested the reliability of the questionnaire for measuring perceptions of alignment. Internal consistency measures of reliability for the alignment components (strategy, employees, processes and customers) were calculated by using Cronbach's (1951) alpha (a) coefficient. All component alphas greater than or equal to .70 were considered as being internally consistent and reliable. The internal consistency measure of reliability for the alignment components ranged from alphas of .75 (Strategy), .85 (Employees), .87 (Customers), to .88 (Process). The alpha for the "customer focus" scale was .90. The alpha for the alignment model was .94 and for the questionnaire was .96.

**The Second Research Question**

The second research question, "Is the agency aligned, based on the Labovitz and Rosansky model, to successfully implement its TQM, reengineering and privatization initiatives?" was answered by the data collected. The five null hypotheses were examined, as well as perceptions of alignment based on employment level and gender simultaneously.
Null Hypotheses

This study had five null hypotheses which were:

H1. Agency employees will perceive the agency as being aligned, with a score of 40 points for each of the four components of alignment.

H2. Managerial/supervisory employee perceptions of the level of organizational alignment does not differ from the perceptions of non-supervisory employees.

H3. Gender does not impact perceptions about organizational alignment.

H4. Work location does not influence perceptions about the level of organizational alignment.

H5. Years of service does not influence perceptions about the level of organizational alignment.

The following pages provide information on the findings related to each of the five null hypothesis.

H1. Agency Employees Will Perceive the Agency to Be Aligned, With a Score of 40 Points for Each of the Four Components of Alignment

Study participants consistently rate the organization at twenty points or less. A fully aligned organization would score a maximum of forty points as shown in Table 10. Table 10 further indicates employees do not perceive the organization to be aligned overall. Null hypothesis #1 was false (rejected.)
Table 10

Overall Average for Each of the Four Components of Alignment

<table>
<thead>
<tr>
<th>Alignment Components</th>
<th>Averages</th>
<th>Averages for an Aligned Organization</th>
</tr>
</thead>
<tbody>
<tr>
<td>Strategy</td>
<td>19.0</td>
<td>40.0</td>
</tr>
<tr>
<td>Customers</td>
<td>18.9</td>
<td>40.0</td>
</tr>
<tr>
<td>Employees</td>
<td>17.8</td>
<td>40.0</td>
</tr>
<tr>
<td>Processes</td>
<td>20.5</td>
<td>40.0</td>
</tr>
</tbody>
</table>

H2. Managerial/Supervisory Employee Perceptions of the Level of Organizational Alignment Does Not Differ From the Perceptions of Non-Supervisor Employees

In Table 11 the means seem to indicate managers/supervisors rate the level of alignment with TQM, reengineering and privatization goals higher than non-supervisors for each of the components of alignment. However, these differences are not statistically significant. Null Hypothesis #2 was found to be true (not rejected).

H3. Gender Does Not Impact Perceptions About Organizational Alignment

A comparison of male average scores to female average scores is shown in Table 12. While the differences in perception by gender were not statistically significant as indicated by the t-tests, the average scores by gender, for each alignment component, show female perceptions of alignment to be more favorable. Nonetheless, null hypothesis #3 was found to be true (not rejected). The researcher found that females, (regardless of employment level) perceived the organization to be more aligned than their male...
Table 11

Means and (Standard Deviations) by Employment Level

<table>
<thead>
<tr>
<th>Components</th>
<th>Supervisors/Managers</th>
<th>Non-managers</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>n = 60</td>
<td>n = 150</td>
</tr>
<tr>
<td>Strategy</td>
<td>19.57 (7.05)</td>
<td>17.56 (7.26)</td>
</tr>
<tr>
<td>Customers</td>
<td>18.76 (8.87)</td>
<td>16.95 (8.07)</td>
</tr>
<tr>
<td>Employees</td>
<td>17.35 (8.85)</td>
<td>15.68 (7.81)</td>
</tr>
<tr>
<td>Process</td>
<td>20.73 (9.64)</td>
<td>17.97 (8.97)</td>
</tr>
</tbody>
</table>

Note: Total N = 224, respondents n = 210, non-response n = 14.

Table 12

Means and (Standard Deviations) of Alignment Components

<table>
<thead>
<tr>
<th>Components</th>
<th>Total</th>
<th>Male (SD)</th>
<th>Female (SD)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>Male (SD)</td>
<td>Female (SD)</td>
</tr>
<tr>
<td>Strategy</td>
<td>18.44</td>
<td>18.21 (7.10)</td>
<td>18.92 (7.43)</td>
</tr>
<tr>
<td>Customers</td>
<td>17.58</td>
<td>17.03 (8.09)</td>
<td>18.73 (8.49)</td>
</tr>
<tr>
<td>Employees</td>
<td>16.46</td>
<td>15.72 (8.04)</td>
<td>17.99 (8.51)</td>
</tr>
<tr>
<td>Processes</td>
<td>19.02</td>
<td>18.63 (8.96)</td>
<td>19.81 (9.86)</td>
</tr>
</tbody>
</table>

Note: Total N = 224, Males n = 139, Females n = 68, Non-response n = 17.
counterparts.

**H4. Work Location Does Not Influence Perceptions About the Level of Organizational Alignment**

Table 13 summarizes the average scores, by work location, for each of the four components of alignment. The MANOVA conducted on the four components of alignment, in conjunction with the headquarter or field location, found nothing significant. Wilks Lambda = 99, $F (4.207) = .44$, $p = .78$. The data indicates work location does not influence perceptions about the level of organizational alignment. Null Hypothesis #4 was determined to be true (not rejected).

Table 13

One-way ANOVA

<table>
<thead>
<tr>
<th>Perceptions of Alignment by Work Location</th>
<th>Means and (Standard Deviations)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Field</td>
</tr>
<tr>
<td></td>
<td>n = 81</td>
</tr>
<tr>
<td>Strategy</td>
<td>18.30 (7.22)</td>
</tr>
<tr>
<td>Customers</td>
<td>17.31 (8.40)</td>
</tr>
<tr>
<td>People</td>
<td>15.68 (8.05)</td>
</tr>
<tr>
<td>Processes</td>
<td>18.59 (9.49)</td>
</tr>
</tbody>
</table>

Note: Total N = 224, respondents n = 212, non-respondents n = 12.
H5. Years of Service Do Not Influence Perceptions About the Level of Organizational Alignment

Respondents were asked to provide information about their years of service with the agency under study. Years of service was divided into three groups (see Table 14). Group one consisted of employees who had been employed with the agency 10 years and less (n = 50). Group two consisted of employees who had been employed with the agency 10.1 to 20 years (n = 76). Group three consisted of employees who were employed with the agency above 20.1 years (n = 63). There were 18 non-responses. A one-way MANOVA revealed that there were no significant difference among groups in relation to the components of alignment. Wilks Lambda = .96, Φ (12, 547) = .78, p = .67 for overall years served in state government. Null Hypothesis #5 was determined to be true (not rejected).

Table 14

Means and (Standard Deviations) for Years of Service

<table>
<thead>
<tr>
<th></th>
<th>Less than 10 Years</th>
<th>10.1 to 20 Years</th>
<th>20.1 Years and Above</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>n=50</td>
<td>n=76</td>
<td>n=80</td>
</tr>
<tr>
<td>Strategy</td>
<td>16.79 (7.63)</td>
<td>18.58 (7.42)</td>
<td>18.76 (7.11)</td>
</tr>
<tr>
<td>Customers</td>
<td>16.72 (8.00)</td>
<td>17.48 (8.37)</td>
<td>18.06 (8.41)</td>
</tr>
<tr>
<td>Employees</td>
<td>15.96 (8.14)</td>
<td>16.57 (8.02)</td>
<td>16.57 (8.54)</td>
</tr>
<tr>
<td>Process</td>
<td>18.70 (8.60)</td>
<td>18.56 (9.41)</td>
<td>19.46 (9.61)</td>
</tr>
</tbody>
</table>

Note: Total N = 224, respondents n = 206, non-respondents n = 18.
Simultaneous Analysis of Level and Gender

Multivariate Analysis of Variance (MANOVA) examined the dynamics of the influence of gender and employment level upon the alignment model. All items were tested using the 5% significance level, and none were found to be statistically significant (see Table 15). The interaction of gender and employment level yielded a Wilks Lambda = .96, F(4, 197) = 1.82, p = .13. The main effect for gender yielded a Wilks Lambda = .96, F (4, 197) = 1.95, p = .10. The Multivariate Analysis of Variance (MANOVA) yielded a near significant finding, Wilks Lambda = .96, F (4, 197) = 2.31, p = .06.

Table 15

Means and (Standard Deviations)—Perceptions of Alignment by Employment Level and Gender

<table>
<thead>
<tr>
<th>Component</th>
<th>Management</th>
<th>Non-Management</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Male n = 46 Female n = 10</td>
<td>Male n = 91 Female n = 57</td>
</tr>
<tr>
<td>Strategy</td>
<td>19.58 (7.42)</td>
<td>21.11 (6.85)</td>
</tr>
<tr>
<td></td>
<td>17.37 (5.09)</td>
<td>18.32 (7.62)</td>
</tr>
<tr>
<td>Customers</td>
<td>17.38 (8.29)</td>
<td>24.30 (8.35)</td>
</tr>
<tr>
<td></td>
<td>16.69 (8.04)</td>
<td>17.59 (8.16)</td>
</tr>
<tr>
<td>Employees</td>
<td>16.72 (9.24)</td>
<td>22.60 (5.74)</td>
</tr>
<tr>
<td></td>
<td>15.01 (7.32)</td>
<td>16.92 (8.51)</td>
</tr>
<tr>
<td>Process</td>
<td>19.96 (9.91)</td>
<td>25.90 (5.46)</td>
</tr>
<tr>
<td></td>
<td>17.76 (8.39)</td>
<td>18.46 (9.92)</td>
</tr>
</tbody>
</table>

Note: Total N = 224, males n = 137, females n = 67, non-respondents n = 20.
However, it is noted that females were higher in all eight comparisons. If it is assumed that the likelihood of females being higher in each case is 0.50 (50%), the probability of getting 8 of 8 by chance is only 0.0078 (two-tailed p-value). This is highly statistically significant.

Respondents were asked if they believe the agency's employees, strategic direction, customer focus and business processes were aligned with TQM, reengineering and privatization goals. The responses were analyzed by employment level (managers/supervisors and non-supervisors). One-hundred nine non-supervisory employees answered the question, and 43 supervisors provided answers. The higher percentage of managers/supervisors (60.5%) believe that strategic direction, customer focus and business processes were aligned with TQM, reengineering and privatization goals than non-supervisory employees (39.4%). A more detailed breakdown of responses to this question is shown in Table 16. Analysis of Variance (ANOVA) revealed a statistically significant difference between supervisors and non-supervisors, $F(1,150) = 5.63$, $p = .019$.

Respondents were given the opportunity to respond to an open-ended question, "What additional comments do you have about the agency's implementation of TQM, reengineering and privatization initiatives?" An analysis is shown in Table 17. To conduct this analysis, all responses were reviewed and categorized as to whether or not the statements provided indicated the respondents perceived the agency to be aligned. A further breakdown of responses was conducted to determine the number of responses indicating commitment or non-commitment to the overall alignment of the agency with
Table 16

Answers to “Do You Believe” Question

Answers, by employment level, to the question: Do you believe the agency’s employees, strategic direction, customer focus and business processes are aligned with reengineering, TQM, and privatization initiatives?

<table>
<thead>
<tr>
<th>Employment Level</th>
<th>Number of Respondents</th>
<th>Respondents Answering Yes (Percentage)</th>
<th>Respondents Answering No (Percentage)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Manager/Supervisor</td>
<td>43</td>
<td>26 (60.5%)</td>
<td>17 (39.5%)</td>
</tr>
<tr>
<td>Non-supervisor</td>
<td>109</td>
<td>43 (39.4%)</td>
<td>66 (60.6%)</td>
</tr>
</tbody>
</table>

Table 17

Keyword Analysis and Sorting of Open-Ended Question/Comments

Question Asked: What additional comments do you have about the agency’s implementation of TQM, Reengineering and Privatization initiatives?

<table>
<thead>
<tr>
<th></th>
<th>Comments indicating a perceived lack of commitment to alignment with initiative goals</th>
<th>Comments indicating a perceived commitment to alignment with initiative goals</th>
</tr>
</thead>
<tbody>
<tr>
<td>Overall Alignment</td>
<td>36</td>
<td>8</td>
</tr>
<tr>
<td>Strategy Focus</td>
<td>8</td>
<td>0</td>
</tr>
<tr>
<td>Process Focus</td>
<td>3</td>
<td>0</td>
</tr>
<tr>
<td>Employee Focus</td>
<td>11</td>
<td>0</td>
</tr>
<tr>
<td>Customer Focus</td>
<td>6</td>
<td>3</td>
</tr>
</tbody>
</table>

Number of respondents providing no comments: 114, providing comments: 110
its TQM, reengineering and privatization goals. Table 18 provides similar information compiled by conducting the same type of analysis of comments provided that relate to the question, "Do you believe the agency’s employees, strategic direction, customer focus and business processes are aligned with reengineering, TQM, and privatization initiatives?"

In summary, while not statistically significant, the numbers indicate supervisors perceived the organization to be more aligned than employees, and women perceived the organization to be more aligned than men. Despite the perceptions, the results indicated that there were no significant differences in alignment based on gender and employment levels, which was very consistent with the overall low alignment average. Analysis of

Table 18

Keyword Analysis and Sorting of Responses to Belief Question

| Analysis of comments related to the Question: Do You Believe the Agency’s Employees, Strategic Direction, Customer Focus and Business Processes are Aligned with Reengineering, TQM and Privatization Initiatives? |
|-----------------|------------------------|--------------------------|
| Comments indicating a lack of commitment for the alignment component | Comments indicating commitment for the alignment Commitment |
| Overall Alignment | 55 | 3 |
| Strategy Focus | 13 | 0 |
| Process Focus | 5 | 0 |
| Employee Focus | 16 | 1 |
| Customer Focus | 6 | 3 |

Number of employees providing no comments: 75, providing comments: 149

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the two open-ended questions provide further evidence that employees feel there is a lack of alignment where TQM, reengineering and privatization goals are concerned. Therefore, in answer to the second research question, the agency is not aligned to successfully implement its TQM, reengineering and privatization initiatives.

The Third Research Question

The third research question, "Could it be determined that the customer focus scale, as theorized by Labovitz and Rosansky, related to the alignment components of strategy, process and employees?" was addressed by Questions 17 through 22 of the alignment questionnaire. The data collected for these six questions provided an additional measure about employee perceptions of the agency's focus on customers. The level of customer focus impacts strategic direction, employee focus, and process focus in that all three of these components are impacted by the level of focus the agency places on satisfying customers and using customer related information to drive improvements.

These six questions focused on communications with customers, deployment of emphasis on data collection throughout the organization, level of responsibility given to employees for collecting customer-related information, communication of information collected about customers, and use of data collected to improve customer satisfaction. The maximum score for each question was ten points for a total score of 60. Table 19 shows a summary of data collected for these six questions. Respondents perceived the agency to be most concerned with encouraging continuous communication with customers and less concerned with communicating information collected about customers.
Table 19
Means and Standard Deviations of the Last Six Survey Questions

<table>
<thead>
<tr>
<th>Questions</th>
<th>Mean</th>
<th>Standard Deviation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Stem Proceeding the Questions: “Where customer service is concerned the agency...”</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Always encourages continuous communication with customers</td>
<td>6.25</td>
<td>2.52</td>
</tr>
<tr>
<td>Has an emphasis on customer data being collected by everyone in the organization</td>
<td>4.58</td>
<td>2.49</td>
</tr>
<tr>
<td>Delegates responsibility for customer satisfaction to everyone in the organization</td>
<td>5.63</td>
<td>2.70</td>
</tr>
<tr>
<td>Always gives employees the authority to solve customer problems</td>
<td>4.63</td>
<td>2.73</td>
</tr>
<tr>
<td>Always communicates information collected from/about customers throughout the organization</td>
<td>4.10</td>
<td>2.49</td>
</tr>
<tr>
<td>Will base customer satisfaction efforts on actual data collected from customers</td>
<td>4.94</td>
<td>2.45</td>
</tr>
</tbody>
</table>

Note: There is a maximum of ten points for each of the six questions, with one indicating “strongly disagree” with the statement and 10 indicating “strongly agree” with the statement.

Throughout the organization. However, upon further statistical analysis, the total of the raw customer focus score was 30.12 with a standard deviation of 12.48 and was indicative of mis-aligned customer focus. The recommendation that was posed by Labovitz and Rosansky (1997) stated that in order for an organization to be properly aligned, customer focus must be at the forefront and the three other components (strategy, employees, and
process) would fall in line. Therefore it was paramount for this study to determine which of the three other components would be the best predictor of customer focus, so that the agency would be aligned.

Multiple regression analysis revealed that none of the components stood out. According to Labovitz and Rosansky (1997), concentrating on developing all three would be paramount to developing the good customer focus they advocate. Mean scores (Table 13) are strongest in encouraging continuous communication with customers, and weakest in communicating information collected from and about customers throughout the organization. The multiple regression model was significant, $F (3,220) = 153.45, p < .001$. The hierarchical order of the alignment components based on their Beta weights were Process, People, and Strategy. Research question number 3 was answered with more than a yes. The analysis of the data indicate the agency should focus on developing and strengthening organizational alignment using the hierarchical order of the alignment components as the vehicle. Strategy must be communicated, successfully comprehended, and practiced not only vertically (management, non-management), but horizontally (across all divisions and sections) as well.
CHAPTER V

SUMMARY, CONCLUSIONS AND RECOMMENDATIONS

Summary

This study focused on the modern day use of TQM, reengineering and privatization initiatives to gain efficiency and effectiveness, and the impact of alignment on the successful implementation of these three initiatives. A large state government agency which is currently using TQM, reengineering and privatization was used as a case study. The Labovitz and Rosansky (1997) model of alignment was used to measure agency alignment with TQM, reengineering and privatization goals.

This study examined three research questions:

1. Could the level of alignment, as theorized by Labovitz and Rosansky, be replicated with a sample of public agency employees?

2. Is the agency aligned, based on the Labovitz and Rosansky model, to successfully implement its TQM, reengineering and privatization initiatives?

3. Could it be determined that the customer focus scale, as theorized by Labovitz and Rosansky, related to the alignment components of strategy, process and employees?

Five null-hypotheses were formed to help answer the second research question.

Alignment is the development and creation of organizational structures, processes and culture that support strategic initiatives such as TQM, Reengineering and
Privatization. Labovitz and Rosansky measure the level of alignment by looking at four components: strategy, employees, processes and customers. TQM is a comprehensive approach to producing high quality goods and services to meet customer needs. Reengineering is the identification of the core processes of an organization's business systems and the radical redesign of these processes in order to eliminate unnecessary processes and steps. Privatization is the use of private and/or non-profit sectors to provide government goods and services and can range from merely contracting out portions of a program, to the full-scale transfer of government assets.

In focusing on the four components of alignment Labovitz and Rosansky (1997) consider strategy to involve sharing a strategic vision for the organization, developing a deployment plan to translate that strategy into action, identifying critical success factors that contribute to the implementation of that strategy, identifying strategic work processes related to organizational goals, aligning all organizational work with the strategic vision of the organization, and designing an ongoing process that allows for the systematic review and the measuring and monitoring of results. The employee component of alignment focuses on the individuals within an organization who are responsible for ensuring organizational initiatives are successful. Employees must have the skills and competencies necessary to achieve the organization's strategic goals. This means the organization must identify employee competency and skill levels, design and employ plans to close any competency and skill level gaps, and design and implement reward and recognition systems. The customer component of alignment involves an organization's efforts to focus on the needs of customers. An organization must identify its important
customers, create the organizational capability and infrastructure to continuously gather
customer data, disseminate that data and use it to drive process improvements. The last
component of alignment is process. An organization implements its activities through
established core business processes such as contracting, hiring personnel and completing
customer orders. These things allow for conducting the day-to-day activities of the
organization. In an aligned organization all key processes would be restructured to meet
TQM, reengineering and privatization goals.

Problem Addressed by This Study

Americans feel government agencies are inefficient and ineffective. Yet
American citizens want more and more products and services from government agencies,
want government agencies to be responsive to their needs, and want government
agencies to be more efficient and effective. These citizens want these things to be done
with as few government employees as possible, and for as little money (tax dollars) as
possible. This is evidenced by recent tax revolts and calls for smaller government. As
a result government agencies are faced with the challenge of having fewer resources to
meet increasing demands. To meet this challenge government agencies have turned to
initiatives such as TQM, reengineering and privatization in hopes that these tools will
allow for doing more with less. The literature indicates that in order for these initiatives
to succeed the government agency must be aligned (Robustelli, 1989; Smith, 1998). An
aligned organization, according to Labovitz and Rosansky, is one in which the strategic
direction, employee focus, customer focus, and process focus are all geared towards
ensuring the successful implementation of these three initiatives.

Importance of the Study

There is a need for research in the area of the alignment of government agencies, and how alignment relates to the implementation of large-scale change initiatives such as TQM, reengineering and privatization. The implementation of these initiatives is both costly and time consuming. Given recent movements to limit the budgets and resources of government agencies, it is important that any expensive large-scale change initiatives which are implemented succeed and deliver the desired results of greater organizational efficiency and effectiveness. A workable model of alignment, which can be used to enhance the chances of the successful implementation of large-scale change initiatives, is important to the field of Public Administration.

Objectives of the Study

There were four objectives of this study: (1) to take an initial measure of alignment at a large state government agency; (2) to determine if factors such as gender, work location (agency headquarters vs. field offices), or employment level (managers/supervisors vs. non-managers/supervisors) influence perceptions of the level of alignment; (3) to determine whether or not employees believe this agency is aligned; and (4) to contribute to the body of knowledge concerning alignment and large-scale change initiatives at the state government level.
Research Methods Used to Complete the Study

This research measured employee perceptions of the level of agency alignment with TQM, reengineering and privatization goals. Survey research was conducted in order to collect the data needed to assess these employee perceptions. A modified version of an alignment survey developed by Labovitz and Rosansky was used. The researcher modified the survey for purposes of this study. Study participants were the employees of a large state government agency, and 300 individuals were randomly selected from an agency population of 3,000 employees. Two-hundred and twenty-four surveys were returned for a 75 percent response rate.

Analysis of the survey results provided a quantitative measure of employee perceptions of the level of organizational alignment with agency TQM, reengineering and privatization goals where strategic direction, employee focus, process focus, and customer focus are concerned. Study participants were asked sixteen questions which related to strategic direction, employee focus, process focus, and customer focus. An additional six questions were asked which further measured perceptions of agency customer focus. Participants were also asked open-ended questions allowing them the opportunity to comment on the agency’s alignment with TQM, reengineering and privatization initiatives. Keyword analysis was used to analyze and categorize the responses to the open-ended questions. One question asked study participants, “Do you believe the agency’s employees, strategic direction, customer focus and business processes are aligned with reengineering, TQM and privatization initiatives? Respondents were given
an opportunity to answer yes or no to this question, and to provide additional comments.

The quantitative data collected was analyzed using descriptive statistics, which included the use of means and standard deviations, and inferential statistics which included the use of Confirmatory Factor Analysis (CFA); Multivariate Analysis of Variance (MANOVA) and Multiple Regression. Three study research questions were answered:

1. Could the model of alignment, as theorized by Labovitz and Rosansky, be replicated with a sample of agency employees?

2. Is the agency aligned, based on the Labovitz and Rosansky Model, to successfully implement its TQM, reengineering, and privatization initiatives? Five null-hypotheses were formed in relation to the second research question. They were:

   H1. Agency employees will perceive the agency to be aligned, with a score of 40 points for each of the four components of alignment.

   H2. Managerial/supervisory employee perceptions of the level of organizational alignment does not differ from the perceptions of non-supervisory employees.

   H3. Gender does not impact perceptions about organizational alignment.

   H4. Work location does not influence perceptions about the level of organizational alignment.

   H5. Years of service does not influence perceptions about the level of organizational alignment.

3. Could it be determined that the customer focus scale, as theorized by Labovitz
and Rosansky, related to the alignment components of strategy, process and employees?

Conclusions

Study Findings

The First Research Question

This section describes the conclusions drawn from the analysis of the data collected. In terms of the first research question, “Could the model of alignment, as theorized by Labovitz and Rosansky, be replicated with a sample of agency employees?” The alignment model used did measure the level of alignment at the agency under study. Confirmatory Factor Analysis was used in order to answer this research question. Analysis of Moment Structures 3.61 (AMOS) using maximum likelihood procedures was also utilized. Overall, the results demonstrated an adequate fit of the data to the model. Therefore, the factor structure of the alignment model was replicated with a sample of the agency’s employees. The results of the factor analysis may be seen in Table 20.

In terms of factor accountability the four components of alignment (strategy, employees, processes, customers) accounted for 72.23% of overall variability, less than

<table>
<thead>
<tr>
<th>Components</th>
<th>Items</th>
<th>GFI</th>
<th>NNFI</th>
<th>CFI</th>
</tr>
</thead>
<tbody>
<tr>
<td>4</td>
<td>16</td>
<td>.826</td>
<td>.876</td>
<td>.899</td>
</tr>
</tbody>
</table>
30% of the variability was due to chance. Internal consistency measures of reliability for the alignment components were calculated using Cronbach's (1951) alpha (a) coefficient. All component alphas greater than or equal to .70 were considered as being internally consistent and reliable. The internal consistency measure of reliability for the alignment components can be viewed in Table 21.

Table 21

<table>
<thead>
<tr>
<th>Internal Consistency Measure of Reliability for the Alignment Components</th>
</tr>
</thead>
<tbody>
<tr>
<td>Strategy</td>
</tr>
<tr>
<td>Employees</td>
</tr>
<tr>
<td>Customers</td>
</tr>
<tr>
<td>Process</td>
</tr>
</tbody>
</table>

The Second Research Question

The second research question asked, "Is the agency aligned, based on the Labovitz and Rosansky (1997) model, to successfully implement its TQM, reengineering and privatization initiatives?" To answer this research question, five null-hypotheses were formed:

H1 - The first null-hypotheses is: Agency employees will perceive the agency to be aligned, with a score of 40 points for each of the four components of alignment. This null-hypothesis was found to be false (rejected). This agency scores may be seen in Table 22.

H2 - The second null-hypothesis is: Level of employment has no influence on
perceptions of alignment. This null-hypothesis was found to be true (not rejected). Analysis of the data indicates the means for perception of alignment of supervisors/managers and non-managers/supervisors which may be viewed in Table 23.

H3 - The third null-hypothesis: Gender does not impact perceptions of alignment. This null-hypothesis was found to be true (not rejected). Women, whether they were

### Table 22

Agency Means for the First Null-Hypothesis

<table>
<thead>
<tr>
<th>Alignment Component</th>
<th>Means</th>
</tr>
</thead>
<tbody>
<tr>
<td>Strategy</td>
<td>19.0</td>
</tr>
<tr>
<td>Customers</td>
<td>18.0</td>
</tr>
<tr>
<td>Employees</td>
<td>17.8</td>
</tr>
<tr>
<td>Processes</td>
<td>20.5</td>
</tr>
</tbody>
</table>

### Table 23

Means for Perception of Alignment of Supervisors/Managers and Non-Managers/Supervisors

<table>
<thead>
<tr>
<th></th>
<th>Supervisors/Managers</th>
<th>Non-Managers/Supervisors</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>n=60</td>
<td>n=150</td>
</tr>
<tr>
<td>Strategy</td>
<td>19.57</td>
<td>17.56</td>
</tr>
<tr>
<td>Customers</td>
<td>18.76</td>
<td>16.95</td>
</tr>
<tr>
<td>Employees</td>
<td>17.35</td>
<td>15.68</td>
</tr>
<tr>
<td>Processes</td>
<td>20.73</td>
<td>17.97</td>
</tr>
</tbody>
</table>

Note: MANOVA showed no main effect for level of employment. Wilks Lambda = .96, $F(4, 197) = 1.95, P = .10.$

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managers/supervisors or non-supervisors, consistently perceived the organization to be more aligned in each of the components of alignment. A comparison of male mean scores and female mean scores is shown in Table 24.

Table 24

<table>
<thead>
<tr>
<th></th>
<th>Males</th>
<th>Females</th>
</tr>
</thead>
<tbody>
<tr>
<td>n = 139</td>
<td>n = 68</td>
<td></td>
</tr>
<tr>
<td>Strategy</td>
<td>18.21</td>
<td>18.92</td>
</tr>
<tr>
<td>Customers</td>
<td>17.03</td>
<td>18.73</td>
</tr>
<tr>
<td>Employees</td>
<td>15.72</td>
<td>17.99</td>
</tr>
<tr>
<td>Processes</td>
<td>18.63</td>
<td>19.81</td>
</tr>
</tbody>
</table>

Note: MANOVA indicates a near significant main effect for gender. Wilks Lambda = .98, F(4,197) = 2.31, p = .059.

H4 - The fourth null-hypotheses is: Work locations do not influence perceptions of alignment. This null-hypothesis was found to be true (not rejected). The MANOVA conducted on the four components of alignment, in conjunction with headquarters or field locations, demonstrated a significant finding at or below the 5% significance level, Wilks Lambda = .99, F(4, 207) = .44, p = .78. The means for field locations vs. the headquarter location may be seen in Table 25.

H5 - The fifth null-hypotheses is: Years of service do not influence perceptions of alignment. This null-hypothesis was found to be true (not rejected). A one-way MANOVA revealed that there were no significant differences among groups in relation
Table 25
Means and Standard Deviations for Perceptions of Alignment by Work Location

<table>
<thead>
<tr>
<th>Field</th>
<th>Field Headquarters</th>
</tr>
</thead>
<tbody>
<tr>
<td>n = 81</td>
<td>n = 131</td>
</tr>
<tr>
<td>Strategy</td>
<td></td>
</tr>
<tr>
<td>18.3</td>
<td>18.21</td>
</tr>
<tr>
<td>(7.22)</td>
<td>(7.17)</td>
</tr>
<tr>
<td>Customers</td>
<td></td>
</tr>
<tr>
<td>17.31</td>
<td>17.81</td>
</tr>
<tr>
<td>(8.40)</td>
<td>(8.34)</td>
</tr>
<tr>
<td>People</td>
<td></td>
</tr>
<tr>
<td>15.68</td>
<td>16.74</td>
</tr>
<tr>
<td>(8.05)</td>
<td>(8.20)</td>
</tr>
<tr>
<td>Processes</td>
<td></td>
</tr>
<tr>
<td>18.59</td>
<td>19.16</td>
</tr>
<tr>
<td>(9.49)</td>
<td>(9.07)</td>
</tr>
</tbody>
</table>

Note: Total N = 224, respondents n = 212, non-respondents n = 12.

to the components of alignment. Wilks Lambda = .96, $\chi^2(12, 547) = .78$, $p = .67$. Means for the three groups are shown in Table 26.

Multivariate Analysis of Variance (MANOVA) was used to examine the dynamics of the influence of gender and employment level upon the alignment model. All items were tested using the 5% significance level, and none were found to be statistically significant as shown below. The interaction of gender and employment level indicated Wilks Lambda = .96, $\chi^2(4,197) = 1.95$, $p = .10$. The Multivariate Analysis of Variance (MANOVA) yielded a near significant finding, Wilks Lambda = .96, $\chi^2(4, 197) = 2.31$, $p = .06$. However, it is noted that females were higher in all eight comparisons. If it is assumed that the likelihood of females being higher in each case is 0.50 (50%), the
Table 26
Means and Standard Deviations for Years of Service

<table>
<thead>
<tr>
<th></th>
<th>Less than 10 Years</th>
<th>10.1 to 20 Years</th>
<th>20.1 Years and Above</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>n = 50</td>
<td>n = 76</td>
<td>n = 80</td>
</tr>
<tr>
<td>Strategy</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Strategy</td>
<td>16.79 (7.63)</td>
<td>18.58 (7.42)</td>
<td>18.76 (7.11)</td>
</tr>
<tr>
<td>Customers</td>
<td>16.72 (8.00)</td>
<td>17.48 (8.37)</td>
<td>18.06 (8.41)</td>
</tr>
<tr>
<td>Employees</td>
<td>15.96 (8.14)</td>
<td>16.57 (8.02)</td>
<td>16.57 (8.54)</td>
</tr>
<tr>
<td>Processes</td>
<td>18.70 (8.60)</td>
<td>18.56 (9.41)</td>
<td>19.46 (9.61)</td>
</tr>
</tbody>
</table>

Note: Total N = 224, respondents n = 206, non-respondents n = 18.

probability of getting 8 of 8 by chance is only 0.0078 (two-tailed p-value). This is highly statistically significant (see Table 27).

**Analysis of Open-Ended Questions.** Respondents were given the opportunity to respond to the open-ended question, "What additional comments do you have about the agency’s implementation of TQM, reengineering and privatization initiatives?" An analysis of the comments using keyword analysis show 64 comments indicate a perceived lack of commitment to alignment with the goals and the objectives of TQM, reengineering and privatization, and 11 comments indicate commitment. Analysis of comments related to the Question: “Do You Believe the Agency’s Employees, Strategic Direction, Customer Focus and Business Processes are Aligned with Reengineering, TQM and Privatization Initiatives?” Keyword analysis indicate 89 comments indicating a perceived
Table 27

Means and (Standard Deviations) for Perceptions of Alignment by Employment Level and Gender

| Component | Management | | Non-Management | |
|-----------|------------|-------------------------------------------------|-------------------------------------------------|
|           | Male n = 46 | Female n = 10 | Male n = 91 | Female n = 57 |
| Strategy  | 19.58 (7.42) | 21.11 (6.85) | 17.37 (5.09) | 18.32 (7.62) |
| Customers | 17.38 (8.29) | 24.30 (8.35) | 16.69 (8.04) | 17.59 (8.16) |
| Employees | 16.72 (9.24) | 22.60 (5.74) | 15.01 (7.32) | 16.92 (8.51) |
| Process   | 19.96 (9.91) | 25.90 (5.46) | 17.76 (8.39) | 18.46 (9.92) |

Note: Total N = 224, males n = 137, females n = 67, non-respondents n = 20.

lack of commitment to alignment, and four Comments indicating commitment to alignment.

In summary the statistical analyses indicate this agency is not aligned; supervisors perceived the organization to be more aligned than non-supervisory employees, and women consistently perceived the organization to be more aligned in each of the four components of alignment than men. While this is not statistically significant, it is important. The results indicated that there were no significant differences in alignment based on gender and employment levels, which was very consistent with the overall low alignment average. Analysis of the two open-ended questions provide further evidence that
employees feel there is a lack of alignment with TQM, reengineering and privatization goals.

The Third Research Question

The third research question, "Could it be determined that the customer focus scale, as hypothesized by Labovitz and Rosansky (1997), related to the alignment components of strategy, process and employees?", was largely answered by analysis of the last six survey questions. Labovitz and Rosansky (1997) state these six questions are important because the answers to these questions provide additional useful information for assessing the degree of customer focus within the agency. The two authors state, "Analysis of (the) answers will help to better align your strategy, processes, and people with customer needs" (p. 215). Analysis of the data collected from this agency confirms the thesis of Labovitz and Rosansky (1997) and Smith (1998) that an organization must focus on customers (an external focus) as well as the employees and other internal elements of the organization. Multiple regression analysis of the data collected reveals that a greater focus on strategic direction, processes, and employees is important to greater customer focus. In terms of which of these three elements to focus on first, it should be strategy. This was determined through multiple regression analysis. As Kotter (1991) indicates, strategy must be communicated, and then successfully comprehended in order for change to occur. This communication and assurance of comprehension must be done not only vertically (management to non-management), but also horizontally (across all departments and divisions) in order for the organization to have adequate customer focus, and
therefore organizational alignment.

In summary, the above detailed analysis of the data collected indicates the Labovitz and Rosansky model of alignment could be replicated at this agency, and therefore this model was used to measure level of alignment with agency TQM, reengineering and privatization goals. It was determined that agency employees do not perceive this organization to be aligned with the goals and objectives of these three initiatives, but that supervisors and managers perceive the organization to be more aligned than non-supervisors. It was also found that females perceive the organization to be more aligned than males. While this was not shown to be a significant finding, it is important. The last key factor found that if the agency more strongly communicates the strategic direction of these three initiatives, then the other components of employee focus, process focus and customer focus will be more aligned.

Recommendations

Given current budget constraints public agencies cannot afford to spend valuable, but limited, resources on large-scale change efforts without ensuring success in implementing these initiatives. The successful implementation of initiatives such as TQM, reengineering and privatization will assure the effective use of valuable resources. In order to improve alignment within the agency under study three things should occur:

1. This agency must have a greater focus on its strategic direction where TQM, reengineering and privatization initiatives are involved.

2. Once there is a greater focus on strategic direction, then there needs to be a
greater focus on employees, processes and customers.

3. The agency must recognize the important role that managers/supervisors and female employees can make in assisting senior management with the implementation of these three initiatives.

This research has provided a model which can be used to measure level of organizational alignment, as well as a detailed analysis of a large state government agency’s attempt to make improvements through the use of TQM, reengineering and privatization. Other organizations will hopefully use this information and improve this model when conducting the additional studies needed on government agency alignment with ambitious large scale organizational change.
Appendix A

Human Subjects Institutional Review
Board Approval Letter
Date: March 5, 2001

To: Peter Kobrak, Principal Investigator
    Patricia Collins, Student Investigator for dissertation

From: Michael S. Pritchard, Interim Chair

Re: HSIRB Project Number 01-01-14

This letter will serve as confirmation that your research project entitled "Organizational Alignment within a State Government Agency" has been approved under the exempt category of review by the Human Subjects Institutional Review Board. The conditions and duration of this approval are specified in the Policies of Western Michigan University. You may now begin to implement the research as described in the application.

Please note that you may only conduct this research exactly in the form it was approved. You must seek specific board approval for any changes in this project. You must also seek reapproval if the project extends beyond the termination date noted below. In addition if there are any unanticipated adverse reactions or unanticipated events associated with the conduct of this research, you should immediately suspend the project and contact the Chair of the HSIRB for consultation.

The Board wishes you success in the pursuit of your research goals.

Approval Termination: March 5, 2002
Appendix B

Letters to Respondents
Dear Employee -

We are involved with research that studies the level of organizational alignment with reference to the Total Quality Management (TQM), Reengineering and Privatization goals of the organization. We would like for you to participate in this research by answering the attached questionnaire. This research is being conducted as part of a student's dissertation requirements. The results of this study will provide useful information concerning the integration of TQM, Reengineering and Privatization into the operations of the organization.

You have been randomly selected to participate in this study. This questionnaire will take approximately 10 to 15 minutes to complete. Your replies will be completely anonymous, so do not put your name anywhere on the form. You may choose to not answer any question and simply leave it blank. If you choose to not participate in this survey, you may either return the blank survey or you may discard it. Returning the survey indicates your consent for use of the answers you supply. To ensure your anonymity, please fold and staple the questionnaire and forward it to the supervisor. If you decide to participate in this study, please return this questionnaire by 03/23/01.

This consent document has been approved for use of one year by the Human Subjects Institutional Review Board as indicated by the stamped date and signature of the board chair in the upper right hand corner. You should not participate in this project if the corner does not have a stamped date and signature.

If you have questions you can call Dr. Peter Kobrak, School of Public Affairs and Administration, Western Michigan University, at 616-387-8941. You may also call the Chair of the Human Subjects Institutional Review Board, Western Michigan University, at 616-397-8293 or the Vice-President for Research at 616-387-8298.
Appendix C

Survey Instrument
Your agency has implemented Total Quality Management (TQM), Reengineering, and Privatization. Please consider organizational practices concerning these three initiatives as you answer the following questions.

**Survey**

For each statement circle the response that best describes your perception of your agency's implementation of Total Quality Management (TQM) Reengineering and Privatization.

<table>
<thead>
<tr>
<th>Strongly Disagree</th>
<th>Strongly Agree</th>
</tr>
</thead>
<tbody>
<tr>
<td>(you may write not applicable (NA) next to the question)</td>
<td></td>
</tr>
</tbody>
</table>

1. TQM, Reengineering and Privatization strategies are clearly communicated to me.  
   - 1 2 3 4 5 6 7 8 9 10

2. TQM, Reengineering and Privatization strategies guide the identification of skills and knowledge I need to have.  
   - 1 2 3 4 5 6 7 8 9 10

3. People here are willing to change when new organizational strategies require it.  
   - 1 2 3 4 5 6 7 8 9 10

4. Our senior managers (administrators and above) agree on TQM, Reengineering and Privatization strategies.  
   - 1 2 3 4 5 6 7 8 9 10

5. Where customers are concerned, your agency has an agreed upon prioritized list of what customers care about.  
   - 1 2 3 4 5 6 7 8 9 10

6. Employees in the organization are provided with useful information about customer complaints.  
   - 1 2 3 4 5 6 7 8 9 10

7. Strategies related to TQM, privatization, and re-engineering, are periodically reviewed with employees and managers to make sure our customer’s most important needs are met.  
   - 1 2 3 4 5 6 7 8 9 10

8. Processes are reviewed regularly to ensure that they contribute to the attainment of customer satisfaction.  
   - 1 2 3 4 5 6 7 8 9 10

9. My agency collects information from employees about how well we are meeting our goals and objectives.  
   - 1 2 3 4 5 6 7 8 9 10

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For each statement circle the response that best describes your perception of your agency's implementation of TQM, Reengineering and Privatization.

10. My work area is rewarded for our performance as a team.
   Strongly Disagree Strongly Agree
   1 2 3 4 5 6 7 8 9 10

11. Work groups within the organization cooperate to achieve customer satisfaction.
   1 2 3 4 5 6 7 8 9 10

12. When processes and procedures are changed, the impact on employee satisfaction is measured.
   1 2 3 4 5 6 7 8 9 10

13. Our managers care about how work gets done as well as about the results.
   1 2 3 4 5 6 7 8 9 10

14. We review our work processes regularly to see how well they are functioning.
   1 2 3 4 5 6 7 8 9 10

15. When something goes wrong, we correct the underlying reasons so that the problem will not happen again.
   1 2 3 4 5 6 7 8 9 10

16. Processes are reviewed to ensure they contribute to the achievement of TQM, Reengineering and Privatization strategic goals.
   1 2 3 4 5 6 7 8 9 10

Where Customer Focus is concerned my agency:

17. Always encourages continuous communication with customers.
   1 2 3 4 5 6 7 8 9 10

18. Has an emphasis on customer data being collected by everyone in the organization.
   1 2 3 4 5 6 7 8 9 10

19. Delegates responsibility for customer satisfaction to everyone in the organization.
   1 2 3 4 5 6 7 8 9 10

20. Always gives employees the authority to solve customer problems.
   1 2 3 4 5 6 7 8 9 10

21. Always communicates information collected from/about customers throughout the organization.
   1 2 3 4 5 6 7 8 9 10

22. Will base customer satisfaction efforts on actual data collected from customers.
   1 2 3 4 5 6 7 8 9 10
Length of state service ______ years
Length of service at this agency ______ years

Gender:    _____ Male    _____ Female

Employment level:  _____ Management/Supervisor    _____ Non-Supervisory
                                 _____ Student Assistant

Where do you work (Check the appropriate area):

Headquarters    _____ A Field Office    _____

Other (Please give a broad indication of your work location)  ____________________________
                                                        ____________________________

What additional comments do you have about your agency's implementation of TQM, Reengineering and Privatization initiatives?

__________________________________________________________
__________________________________________________________
__________________________________________________________
__________________________________________________________
__________________________________________________________

Do you believe your agency's employees, strategic direction, customer focus and business processes are aligned with Reengineering, TQM, and Privatization initiatives?

Yes ______  No ______  Don't know ______

Comments:__________________________________________________________
                                                        ____________________________
                                                        ____________________________
                                                        ____________________________
                                                        ____________________________
                                                        ____________________________

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Appendix D

Agency Organization Chart
BIBLIOGRAPHY


Gladden, E. N. (1972b). *A history of public administration (vol. 2)*: From the eleventh century to the present day. Portland, OR: Frank Cass.


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