TRANSFORMING THE ORGANIZATION: WOMEN AS THE KEY RESOURCE

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Introduction

American corporations are entering a time of crisis. Sharp reductions in the growth of our economy and increased economic hardships that began in the 1970s have continued into the 1990s. Many analysts now call for widespread organizational change if American corporations are to remain viable and competitive. The extensive five-year Management in the 1990s Research Program jointly sponsored by MIT and a number of large corporations, recently concluded that all successful organizations over the remainder of the decade will have to pass through a transformation stage "characterized by leadership, vision, and a sustained process of organization empowerment so basic as to be exceptionally hard to accomplish" (Scott Morton, 1991, p. 17).

A number of economists maintain the key to any transformation is restoring worker productivity. American corporations have responded to their productivity problem by attempting to define new standards of quality, instituting new management techniques, optimizing organizational structure, maximizing the use of technology, and striving for an effective work environment. While each approach carries some merit, none has caused corporations to reexamine and revise their fundamental beliefs and practices with the degree of depth necessary. The severity of the economic problems, the poor performance of most firms, and the enormity of the environmental changes coming in the next decade all combine to make anything short of a full-scale organizational transformation inadequate.

It is, therefore, highly significant that corporations typically overlook one of the most promising opportunities for restoring productivity and competitiveness: The successful integration of women into their professional and managerial ranks. The strong linkage between the employment of women and economic health of most enterprises stems from three primary factors. First, by comprising a larger share of the labor force over the next decade, women will become the primary labor source for a growing number of highly skilled positions that will prove critical to a revitalization of American businesses. Second, women today remain largely outside the corporate mainstream in lower-level positions and, consequently, represent an exceptionally under-utilized resource. Third, capitalizing on
women's capabilities will serve as a catalyst to bring about the deep-seated changes in corporate life that are essential for organizations to remain competitive.

**A Model of Organizational Transformation**

With evidence continuing to mount that most organizations fail to grasp the nature of the business challenge, Figure 1 shows the confluence of forces confronting American corporations today and in the years to come. According to the figure, economic conditions, labor force developments, and technological advances are the predominant forces propelling corporations in new directions, presenting perhaps the most propitious time for making deep-rooted systemic changes in five major areas: 1) corporate goals and mission, 2) corporate culture (e.g. attitudes, norms, values, and standards of behavior); 3) organizational structure; 4) organizational processes (e.g. business practices, operational and management procedures); and 5) human resource policies and programs. Changes will
lead to improved productivity and business performance, however, only if action is based on a sound understanding of the primary forces that are compelling organizations to radically alter their functioning.

**Economic Forces Shaping the Transformation**

Economics represents the driving force behind the transformation because organizations are motivated to change significantly only when their economic health is at risk. And there is no mistaking the fact that a number of important trends will continue to exert significant financial pressures on corporations, reshaping American jobs and industries.

**Globalization.** Perhaps, the single most important factor influencing American corporations over the past several decades has been the integration of formerly distinct economies into a single world market. This development has led to a significant rise in business competition, requiring that corporations find new and novel ways to improve performance.

**Business Uncertainty.** American corporations have also been influenced by a growing uncertainty and business cautiousness caused by deregulation, privatization of industry, mergers, acquisitions, divestitures, and downsizing. As a result, there is now sizable concern about a permanent undermining of workforce productivity and morale in ways that will affect American competitiveness for decades to come (U.S. Dept. of Labor, 1989). Corporations must engage in rigorous long-term planning rather than focus primarily on short-term objectives to avoid this outcome.

**Changing Economic Structure.** Restoration of economic health is complicated by a major shift of the U.S. economy from the production of goods in manufacturing to the delivery of services. Productivity gains are easiest to obtain in the the factory which can be readily automated, rather than in service industries which rely on the performance of people (e.g. lawyers, doctors, engineers). American corporations can improve their competitive position dramatically, therefore, only by becoming highly responsive to the needs of an expanding professional workforce - many of whom will be women.

**Labor Force Influences Shaping the Transformation**

**The Shrinking Talent Pool**

At the same time that corporations are becoming more dependent on a high-skilled workforce in demanding jobs that require greater communication and technical skills, organizations must contend with an expected shortage over the next decade of well-educated, capable men and women. Virtually all demographers concur that the labor force will be increasing at a slower rate than at any time since the 1930s with fewer young people
entering the job market than in the past (Rauch, 1989). The shortage will cause the national rate of economic growth to fall well below the rates of previous decades unless organizations foster increased productivity in each worker, making maximal use of each employee (Offermann & Gowing, 1990). It is especially significant, therefore, that despite smaller talent pools, women will comprise nearly two-thirds of all new labor force entrants over the next decade (Johnson & Racher, 1987).

Since most women still occupy clerical and lower-level professional jobs, corporations must find new ways to recruit and retain women in middle to higher-level jobs, and to foster an environment that encourages women to contribute to the success of the enterprise. A new corporate culture must be created based on two fundamental commitments: 1) Every employee, men and women alike, has the right to balance their work and family responsibilities, and 2) Women, as well as men, will be developed and supported equally within the organization.

**Work and Family Issues in the Workplace**

There is a wealth of historical and empirical evidence demonstrating why it is in the best interests of corporations to provide a supportive infrastructure that mediates competing work and family demands for all employees (Bureau of National Affairs, 1986; Economic Policy Council of UNA- USA, 1985; Ford Foundation, 1989). Ongoing work and family research that began in the 1970s shows how delays in transforming American corporations can only make successfully attacking the problem more difficult. In fact, many studies find that the need for organizational and institutional support is particularly acute for professional women who are typically partners in dual-career relationships, especially when these women are mothers of young children. Increased lateness, absenteeism, preoccupation with family matters, reduced work hours, avoidance of extensive business travel, the foregoing of promotions and relocations, and even job resignations are high cost outcomes documented with regularity.

In the absence of external support, work and family difficulties will likely escalate over the next decade. The rate of maternal employment in two-parent families with school-aged children, which is currently 71 percent, is expected to grow a little each year (Hoffman, 1989). And between the present time and the year 2000, about three-quarters of new women labor force entrants will become pregnant during their working years. Moreover, family demands will be complicated further by elder care as approximately 40 percent of workers, primarily women, become responsible for their aging parents in the next five years (Galinsky et. al., 1991).
Corporate Work-Family Initiatives

Despite the organizational consequences of work-family interdependence, employers have not always been quick to recognize the severity of the situation or to respond in a constructive manner. Often, by adopting a short-term perspective, organizations are unable to see long-term payoffs for resolving the work-family dilemmas of employees (Hall & Richter, 1988). The problem is compounded by the fact that many corporations are run by men who have stay-at-home wives and who have not grasped the problem of balancing work and family (Bureau of National Affairs, 1986). These men are making management decisions and setting human resource policy for a work force with a completely different life-style and set of job and home responsibilities than theirs (Burden & Googins, 1987).

While the number of companies providing employer-supported child care has grown from 600 in 1982 to 5600 in 1990 (Friedman, 1991), a recent survey of 188 Fortune 1000 companies concluded that American corporations have a long way to go (Galinsky et. al., 1991). Nearly 80 percent of the companies surveyed had not yet implemented any formal work-family program, or they had implemented only one or two programs such as child care referral or flexible spending accounts for dependent care expenses. Of the companies offering programs, few had implemented any kind of management training, stress management, and few were involved in some form of community service. Perhaps most troublesome, only 4 percent of the companies recognized that a supportive corporate culture was a prerequisite to implementing work and family programs effectively. And these corporations were in the earliest phases of examining the cultural issue.

Research has shown that work and family programs improve performance only when employees first perceive the organization’s culture as supportive of their family needs (Orther & Pitman, 1987). In addition, there are many indications that superimposing policies and programs on the current organizational system in the absence of other changes may actually exacerbate rather than improve workers’ work-family conflicts, and may reinforce or increase the disadvantages that women already face in the workplace (Bailyn, 1992).

Gender Equity Issues in the Workplace

Beyond the impact of balancing work and family, the professional lives of women are constrained by ongoing gender inequality. Primarily as the result of the passage of labor laws, U.S. companies have made important strides in the last few decades in confronting blatant forms of sex discrimination. However, more subtle forms of sex bias still exist at the professional and managerial levels in six critical areas: 1) the corporate culture, 2) selection and recruitment, 3) task assignment, 4) performance appraisal, 5) promotion, and 6) pay (Auster, 1988).

Gender inequality carries a high cost not only to women directly but also to
corporations in two important ways. First, the retention of women is jeopardized with sex bias often identified as a major cause of the exodus of women from the corporate ranks. Of the 100 leading corporate women identified by a Business Week survey in 1976, nearly one third had left their corporate jobs for other pursuits 10 years later (DeGeorge, 1987).

Second, critical opportunities to improve productivity are missed as women are kept in lower level positions and outside the corporate mainstream. For example, while women represent 45 percent of all paid workers and fill nearly a third of all management positions, up from 19% in 1972, most are stuck in jobs with little authority and relatively low pay (Hymowitz & Schellhardt, 1986). Similarly, a recent Office of Technology Assessment report (1988) concluded that the principal reason for the slowdown in women's science and engineering careers is that women continue to experience higher unemployment, lower pay, and fewer promotional opportunities than their male counterparts.

**Corporate Sex Bias Remedies**

The actual implementation of workplace adjustments to better accommodate women remains an unmet goal for many organizations. Most firms direct their efforts toward compliance with government regulations focusing on numbers. Some organizations are concerned with retaining high-performing women and attempt to provide necessary support and implement accountability in how women are managed. However, since ongoing evaluation of any attempted remedy is rarely undertaken, many organizations remain unclear about which remedies affect which symptoms or causes of differential treatment (Morrison & Glinow, 1990).

Education and training may be the most important technique in helping managers and other employees work together to reduce inequalities. Limited research suggests that education may be most useful in the areas of career and self-awareness, mentoring, leadership development, and conflict resolution. Support groups, including women's internal networks and women's community groups, may help by providing career guidance and psychological support in managing discrimination issues and other sources of tension.

Some research suggests working alongside a woman may be the key to overcoming important aspects of occupational stereotyping, particularly by White men. Incentives may be necessary to aid this process. For example, some organizations give equal employment opportunity accountability to line managers, rewarding positive performance with bonuses. Other organizations use task forces to mandate and implement changes that reduce gender inequalities.
Technology Issues Shaping the Transformation

The Surprising Lack of Productivity Gains

In contrast to a slow response to labor force developments, American corporations have invested billions of dollars over the past decade in new forms of information technology (IT) - namely, computers and communications technologies - in the expectation of capitalizing on new business opportunities and improving their competitive positions (MacDuffie & Krafcik, 1992). By overcoming the barriers of time and distance that have organized work throughout the industrial age, by expanding organizational knowledge, and by increasing flexibility, IT has shifted beyond its traditional use as backoffice support toward an integral part of the strategy of organizations (Scott Morton, 1991).

Unfortunately, the enthusiastic predictions of the early 1980s about the cost-saving and quality-enhancing capabilities of advanced microprocessor-based technologies were matched late in the decade by widespread concern about the failure of many technology investments to yield expected performance results (Dertouzos et. al., 1989). In fact, with mounting evidence that productivity gains from advances in information technology are not being realized despite huge investments, it is clear that new technologies can be a powerful enabler or catalyst, but do not represent a singular determinant of systemic organizational change.

These unrealized expectations have brought increasing attention to the organizational context into which new technologies are introduced. According to this perspective, new technological capabilities must be integrated with organizational changes and human resource innovations to improve economic performance. Traditional organizational forms that stress hierarchic authority, centralized control, and fixed boundaries must give way to more open and flexible organizational structures that rely upon work teams, decentralized decision making, and informal networks that transcend formal boundaries. In addition, competitive strategies that are based on aggressive cost cutting and quick tendencies toward downsizing must be replaced by approaches that seek to sustain high levels of employee commitment, participation, flexibility, and cooperation. Interestingly, ongoing research into the psychological development of women suggests that women have the potential to be more effective than men in two major areas that are critical to the success of a new workplace: 1) promoting a learning culture, and 2) empowering people throughout the organization.

The Promotion of a Learning Culture

With organizations more open and less compartmentalized, data and ideas can begin to flow more freely across boundaries than in hierarchical structures which tend to avoid or control information exchange. To facilitate communication and support innovation, the
flexible organization requires a culture that stresses learning about the organization's components and the relations among them (Useem & Kochan, 1992). People must know how to encourage and make use of information sharing, and must be willing to process new ideas and implement actions across all parts of the enterprise. The focus can then change from individual reward, advancement, and competition to a sharing of goals, knowledge, expertise, decision making, responsibility, and recognition. A greater emphasis on cooperative work among peers will require higher levels of coordinative and interpersonal skills, especially in professional and higher level positions, as role complexity increases, formerly distinct lines of authority become unclear, and sources of decision making become uncertain.

Under these circumstances, it is particularly noteworthy that women exhibit a high tolerance for ambiguity, are highly challenged by complexity, and possess a unique capacity to learn and work in ways that connect the human environment to the knowledge environment (Belenky et. al., 1986). Moreover, since research demonstrates that women seem particularly determined to succeed on the basis of what they know, and not who they know, women are more likely than men to influence co-workers from a technical knowledge base, and, as a result, facilitate organizational learning. Men, on the other hand, tend to be more politically inclined, thriving when their success is based far more on a social network. In a revealing study comparing the work experiences of a national sample of men and women, Adelman (1991) observes that men as a whole are less likely than women to be satisfied with aspects of their work bearing on productivity and more satisfied with their own opportunities for advancement.

The Empowerment of Organizational Members

The distribution of authority and decision making in flexible organizations changes the nature of power in ways that are much more in keeping with the strengths of women compared to men. Men are most comfortable with the form of power characteristic of hierarchical organizations where the concept is linked to the ability to augment one's authority and influence in ways that limit or dominate others. This view reflects a workplace that is inherently male-defined in the first place, stressing competitive situations and valuing an impersonal and analytical task orientation.

However, rather than controlling people, the use of power in flexible organizations is directed toward empowering another to increase the other's resources, capabilities, effectiveness, and ability to act. Women are more skilled than men at empowerment because in our culture women are trained to be concerned about other people and to foster the growth of another on many levels - emotionally, psychologically, and intellectually (Miller, 1991). Whether in a supervisory or co-worker capacity, women start with a strong motivation to approach empowering people and tend to experience enhancing the resources
of others as valuable and gratifying. To capitalize on these capabilities, American corporations must overcome a predominant workplace tendency rarely recognizing or considering that the values, attitudes, and experiences of women are different from those of men. Removing this barrier will help insure that corporations restore their economic vitality and preserve their competitive positions over the long-term.

References


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