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SDDOT Organizational Health Assessment 2002

**Study SD2002-06
Executive Summary**

**Prepared by
Business Research Bureau
University of South Dakota
Vermillion, SD**

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16. Abstract <p>This report offers an organizational health assessment for the South Dakota Department of Transportation (SDDOT) in 2002. The assessment and its findings must be evaluated in terms of where the organization wants to be in fulfilling its mission to its employees and to the people of the State of South Dakota.</p> <p>Four objectives provided a solid foundation directing the activities and tasks undertaken to complete this study. They were: to measure the Department of Transportation's employees' perceptions and level of satisfaction regarding organizational health; to identify the Department of Transportation's organizational strengths and weaknesses; to evaluate progress in making desired changes in the Department's organizational culture, through comparison of the current assessment with the baseline measurements of the first assessment; and, finally, to refine a survey instrument that can be used to periodically assess the Department's organizational health.</p>			
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EXECUTIVE SUMMARY

ORGANIZATION HEALTH

An organization's health, broadly defined, is its ability to accomplish its mission now and in the future. It is defined by properties that directly influence the behavior of employees, such as:

- communication
- understanding of policies
- staff competency
- work force stability
- management skills
- staff morale
- work environment
- awareness of mission
- cooperation
- work force demographics
- training and professional development

The South Dakota Department of Transportation (SDDOT) commissioned the University of South Dakota's Business Research Bureau (BRB) to conduct the third assessment of its organizational health based on its employees' attitudes and perceptions. The Department asked the BRB to:

- measure the Department of Transportation's employees' perceptions and level of satisfaction regarding organizational health. Analysis was performed Department wide, by central office division and geographical region (location), and by general position classification;
- identify the Department of Transportation's organizational strengths and weaknesses;
- evaluate progress in making desired changes in the Department's organizational culture, through comparison of the current assessment with the baseline measurements of the first assessment;
- refine a survey instrument that can be used to periodically assess the Department's organizational health.

This report summarizes the Department of Transportation's organizational health and identifies issues the Department must evaluate as it decides how to fulfill its mission to its employees and to the people of the State of South Dakota.

BASELINE (1998) ORGANIZATIONAL HEALTH ASSESSMENT

A baseline SDDOT organizational health assessment was completed by the BRB in 1998¹. In the baseline assessment, the survey was categorized into three areas: domain questions, national comparison questions, and overall satisfaction. The questions in the domain areas were categorized for analysis and weighted average responses were developed for each domain. The National Comparison questions were used to provide a baseline against the average responses from the *Inc. Magazine's* 15 fastest growing organizations. The overall satisfaction measurement was used to assess the overall satisfaction of the employee at the point in time that they completed the survey.

¹ SDDOT Organizational Health Assessment, Study SD1998-01 Final Report, South Dakota Department of Transportation Office of Research, Pierre, SD, June 1998.

ORGANIZATIONAL HEALTH ASSESSMENT 2000

The Business Research Bureau conducted the Department's second organizational health assessment in 2000². Using a slightly revised survey instrument, the study again explored domain questions, national comparison questions, and overall satisfaction. The study showed that, in the two-year period between 1998 and 2000, employees of the Department perceived clear improvements in most, but not all, aspects of organizational health. Improvements were attributed to actions that had been taken in response to the 1998 assessment.

ORGANIZATIONAL HEALTH ASSESSMENT 2002

FOCUS GROUPS

The BRB conducted eleven focus group sessions with three groups—one session with the executive team, five sessions with supervisors, and five sessions with non-supervisors—around the state. The purposes of the focus groups were to identify perception differences between groups, to provide insights needed to prepare the survey instrument, and to provide insight into areas where employees' perception may be dependent on variables such as supervisory status.

The focus group participants confirmed that the Management Team did indeed take actions in the last two years as a result of the 2000 Organizational Health Assessment (OHA). The actions identified as most important were different for each group, with only communications and wages identified in the top five for all three groups.

The focus group participants also identified several priority issues for the upcoming year including communication, wages, retention of employees, maintaining the transportation system, efficiency, more staff, and pleasing the public.

The focus group participants identified issues that included:

- Morale
- Staff Meetings
- Access to Training
- Recognition/Encouragement
- Vehicles
- Job Classifications and Titles
- Communication
- Safety
- Performance Standards
- Pay and Pay Raises
- Orientation Program

SURVEY

Using the information gained from the focus group sessions, the 2000 survey was modified by adding the new issues identified and revising questions making it easier to understand. The 2000 study was replicated in 2002. As was done previously, each survey instrument was numbered to allow the demographic analysis of the data. The BRB printed and mailed a survey to every SDDOT employee's home address with a postage-paid return envelope. A reminder and a second survey were mailed to all employees who had not responded to the first survey mailing.

² SDDOT Organizational Health Assessment 2000, Study SD2000-07 Final Report, South Dakota Department of Transportation Office of Research, Pierre, SD, October 2000.

At the time of the 2002 survey, there were 961 people working for the SDDOT. Of the 961 employees, 677 of them responded to the survey, yielding a 70.4 percent response rate. While a response rate of seventy percent is very good for a written survey, it is below the 83.5 percent response rate for the 1998 survey and the 78.5 percent response rate for the 2000 effort.

In 2002, two demographic variables in the analysis were determined not to be representative of the population: employee pay status³ and job group classification⁴. The distribution of employees who responded within these classifications was statistically different from that which existed in the population. A possible product of employees not responding to the survey is termed non-response bias. A bias in the findings exists when those that did participate do not reflect the views of those that did not. The existence and the extent of non-response bias on the measures are not known. As a result, the findings that relate to employee wage status and job group classification should be read recognizing this limitation.

Table 1: Response Rate by Employee Group

		Response Rate		Total
		Response	No Response	
Clerical	Count	40	13	53
	Group Percentage	75.5%	24.5%	100.0%
Drafting	Count	15	9	24
	Group Percentage	62.5%	37.5%	100.0%
Engineering	Count	185	53	238
	Group Percentage	77.7%	22.3%	100.0%
Equipment	Count	37	15	52
	Group Percentage	71.2%	28.8%	100.0%
Executive	Count	10	1	11
	Group Percentage	90.9%	9.1%	100.0%
Maintenance	Count	258	137	395
	Group Percentage	65.3%	34.7%	100.0%
Specialist/Analyst	Count	50	8	58
	Group Percentage	86.2%	13.8%	100.0%
Technician	Count	66	37	103
	Group Percentage	64.1%	35.9%	100.0%
Financial/Info Services/Legal	Count	16	11	27
	Group Percentage	59.3%	40.7%	100.0%
Total	Count	677	284	961
	Group Percentage	70.4%	29.6%	100.0%

In 1998, there were 874 SDDOT employees on the date the survey was mailed. During the two-year period between the 1998 and 2000 surveys, there were 145 people that left the SDDOT for voluntary and involuntary reasons. That made the turnover rate just over eight percent per year (8.3 percent). There were 195 new hires during this timeframe for a total of 924 employees on the date the data was gathered for the second analysis, which was a 5.7 percent net increase in employee numbers.

In 2000, there were 924 SDDOT employees on the date the survey was mailed. It was calculated that 128 people had left the SDDOT for voluntary and involuntary reasons period between the 2000 and 2002 surveys. That made the turnover rate less than seven percent per year (6.9 percent). Further it was estimated that there were 165 new hires during this timeframe for a total of 961

³ The pay status classifications are salaried and hourly.

⁴ The job group classifications are clerical, drafting, engineering, equipment, executive, maintenance, specialist/analyst, technician, financial information, and services/legal.

employees in 2002 on the date the mailings were made for the third analysis, which is a 4.0 percent net increase in employee numbers from 2000.

The average and median ages both increased in the past two years and are near what they were in 1998. The average age for SDDOT employees was 43.68, 43.01 and 43.35 years in 1998, 2000 and 2002, respectively. The median ages followed a similar pattern. The median age was 44.50 in 1998, 43.00 in 2000 and 44.50 in 2002.

The agency had fewer years of experience per employee. SDDOT employees in 1998, 2000 and 2002 averaged 15.48, 13.90 and 13.93 years of service to SDDOT. The median measures for the same years were 12.79, 12.17 and 12.75 years. The medians in 2002 and 1998 were very close while the means showed a larger difference, suggesting that there were currently not as many employees with advanced tenure.

DOMAIN ANALYSIS

The domain questions were divided into 20 areas or domains, each containing statements designed to measure the related perceptions and attitudes. Respondents indicated their agreement or disagreement with the statement based on one of four potential responses: “Strongly Disagree”, “Inclined to Disagree”, “Inclined to Agree” and “Strongly Agree.”

Statements in this study were scored for reporting purposes in one of two ways. Statements phrased in a context that suggests a desirable outcome were given scores of one for each Strongly Disagree, two for each Inclined to Disagree, three for each Inclined to Agree, and four for each Strongly Agree.⁵ (I.e. The jobs in the SDDOT are clearly defined and logically structured.)

Statements with phrasing suggesting an undesirable outcome (i.e., “In the SDDOT, it is sometimes unclear who has the formal authority to make a decision”) were scored by the survey participant in a manner consistent with the positive context statements as described in the preceding paragraph; however, the code values were then reversed for reporting purposes. To Strongly Disagree with this statement “it is sometimes unclear” is interpreted for reporting purposes as Strongly Agreeing with the opposite meaning “it is always clear.”

Assigning one to the most negative response and four to the most positive response allowed a mean to be calculated for each domain. The mean was then used to determine if the domain was one of strength, operational, or concern. Table 2 provides the mean for each domain in 1998, 2000, and 2002. The changes from the base year and 2000 to the current period are also provided.

Strength Range—A mean score of 3.35 to 4.00 for the domain analysis is considered to be in the strength range. This indicates the behaviors and perceptions of the employees, with regard to the issue being measured, are considered to be very consistent and strong and not to be causing any concern or dysfunctional behavior at this point in time.

Operational Range—A mean score of 2.95 to 3.34 for the domain mean is considered to be in the operational range. This is considered to be a good score. A score in this range indicates the behaviors and perceptions of employees are consistent, and they are viewed as being quite positive. However, they are not as strong, nor as prevalent, as the behaviors identified in the strength range.

⁵ Note that the 1998 scores presented in this report are different than the 1998 report. In order to provide comparability to the 2000 data, the 1998 domain means were recalculated using the same numeric coding as the 2000 data.

Table 2: Domain Means

Domain	Year			Change		
	2002	2000	1998	2000-2002	1998-2002	1998-2000
Identity	2.655	2.418	2.277	0.237	0.378	0.141
Work Schedule	2.583	2.393	2.157	0.190	0.426	0.236
Morale	2.644	2.468	2.649	0.176	(0.005)	(0.181)
Purpose	2.753	2.580	2.493	0.173	0.261	0.088
Safety and Efficiency	2.724	2.556	2.259	0.168	0.465	0.297
Climate	2.575	2.436	2.393	0.139	0.182	0.043
Reward	2.156	2.020	1.881	0.136	0.275	0.139
Performance Measurement	2.413	2.290	2.364	0.122	0.048	(0.074)
Communication	2.770	2.654	2.442	0.116	0.328	0.212
Structure	2.569	2.456	2.309	0.114	0.260	0.146
Culture	2.464	2.353	2.264	0.111	0.199	0.088
Support	2.493	2.405	2.255	0.088	0.238	0.150
Problem Solving	2.447	2.361	2.362	0.087	0.086	(0.001)
Risk	2.433	2.363	2.343	0.070	0.090	0.020
Teamwork	2.795	2.736	2.668	0.060	0.128	0.068
Responsibility	2.390	2.334	2.307	0.056	0.083	0.027
Conflict	2.438	2.384	2.310	0.054	0.128	0.073
Performance Appraisals	2.645	2.599	2.557	0.045	0.088	0.042
Training	2.857	2.829	2.722	0.028	0.135	0.107
Standards	2.548	2.550	2.424	(0.002)	0.123	0.126

Concern Range—A mean score of 2.94 and below for the domain mean is considered to be a concern. That is, the behaviors and perceptions are causing some concern or problem among employees or management. They may not have reached the point of causing dysfunctional behaviors, but the potential is there and possibly needs to be addressed.

The **theoretical mean** is 2.50. This is also referred to as the theoretical midpoint or the point of indifference. The point of indifference indicates a balance between positive and negative responses.

There were no organization-wide domains in the strength or operational ranges in 2000 and 2002. Strong positive growth was seen in eleven of the twenty domains (net change greater than 0.10); some growth is seen in seven domains (growth between 0.05 and 0.10); little growth is evident in the remaining two domains (net change less than 0.05). There were no domains where the mean score decreased between 2000 and 2002.

DIFFERENCES IN AVERAGE DOMAIN RESPONSES

The demographic variables are useful when reviewing the domain scores in that they further explain which groups think things are better and which think things are worse. Before exploring specific domains, the change in the average of all twenty domain scores is presented as a summary of the overall change from 2000 to 2002.

Performance by region showed the respondents in the Pierre Central office (0.13) had the greatest growth in its mean score followed by the Pierre (0.12) and Mitchell (0.11) regions. The Aberdeen (0.07) and Rapid City (0.07) regions had the least improvement performance this period but improvement was scored nonetheless.

Respondents in the E position class had a substantial change (0.22) in the average domain response from 2000 to 2002 followed by lesser progress in the Q (0.13), T (0.10) and N (0.10) position classes.

Salaried respondents (0.12) had a slightly larger average increase in domain scores from 2000 to 2002 than did the employees paid hourly (0.10) that participated in the survey.

The respondents in the specialist/analyst (0.22), clerical (0.21), financial/ information services / legal (0.20), maintenance (0.14), engineering (0.11), executive (0.08), equipment (0.02), and drafting (0.00) job classifications had increases in their average domain mean score between 2000 and 2002. The technician (-0.02) classification showed a decrease over the two-year period.

OVERALL JOB SATISFACTION

The percent reporting some level of satisfaction, either satisfied or extremely satisfied, was 68.48 percent in 2002, up measurably from the 55.85 percent measure in 2000 and more than twenty percentage points higher than the 1998 score of 47.83 percent. A recent sampling of the American work force noted that approximately 86 percent of employees were either completely satisfied or somewhat satisfied with their work.⁶

The overall mean job satisfaction increased from 2.75 in the 2000 Organizational Health Assessment (OHA) to 2.96 in 2002. The score in the benchmark year of 1998 was 2.64. While these changes were relatively modest, the changes were in the desired direction and do represent improvement.

The Rapid City Region (3.08), Pierre Central Office (3.05) and Pierre Region (2.98) had the strongest overall job satisfaction scores. All three locations had means in the operational range. The Mitchell (2.83) and Aberdeen (2.77) regions had the lowest overall job satisfaction scores and fell within the concern range.

The E (3.65) and Q (3.48) position classes were in the strength range of 3.35 to 4.00. T was in the operational range (2.95 to 3.34) at 3.10 followed by the N class at 2.86 in the concern range.

SPECIAL ANALYSIS OF OVERALL JOB SATISFACTION

Suggested follow-up questions from employees regarding overall job satisfaction included:

- “Are the results better because those who left were disgruntled?”
- “Are the results better because we hired new people with better attitudes?”
- “Are those that are still here happier?”

The first question asked whether those people that have left the Department had significantly worse opinions of overall job satisfaction than did those that remained with the SDDOT through 2002. A first comparison, contrasting the overall 1998 job satisfaction measure from those that left was not significantly different ($p=.080$)⁷ in that year from those that remained with the Department through

⁶ Source: Gallup Poll Releases, <http://www.gallup.com/poll/pr990903.asp>, accessed on 6/28/2000. The poll had a margin of error of plus or minus four percentage points and was a sample of full-time and part-time employed Americans.

⁷ A p-value is the probability of rejecting the null hypothesis when in fact it is true. For a decision rule of 95% confidence, the maximum p-value that would result in the rejection of the null hypothesis is $p=.050$. The null hypothesis is that the measures are the same. The smaller the p-value below $p=.050$, the stronger the evidence that there is a statistically significant difference between the measures being compared.

2002. A second comparison contrasted the overall 2000 job satisfaction assessments of those that left with those that have remained with the Department through 2002. The difference in satisfaction between those that stayed and those that left was significantly different ($p=.002$).

That means that the evidence was split on the first question. The 1998 “job leavers” did not differ significantly from those that remained with the Department. But the same cannot be said of the employees that left their job from 2000 to 2002. The attitude toward overall job satisfaction of those that left ($M=2.63$) was on average statistically different from those that stayed ($M=2.80$).

With respect to question number two, the assertion that the results were better because SDDOT has hired new people has some basis in fact. The job satisfaction mean for new employees in 2002 was $M=3.09$ and was higher (0.15) than the 2002 mean ($M=2.94$) for the employees who responded to both surveys. New people, on average, typically have higher satisfaction scores than those continuing their careers and a higher proportion of younger people will bring up the average score. These results do account for some percentage of the increase in overall job satisfaction assessments but they do not account for all of it.

The answer to question three is yes. Analysis of the data showed that for SDDOT respondents that worked in both 2000 and 2002, the overall job satisfaction 2002 measure of $M=2.94$ was higher than that the same people scored in 2000 ($M=2.80$). People that stayed became happier.

NATIONAL COMPARISON STATEMENTS

The SDDOT technical panel agreed to include a series of national comparison statements in the survey instrument. The 2002 study replicated 1998 and 2000 studies. The statements are again included. The statements were developed by the Gallup Organization and were used with its permission.⁸ The national comparison statements or questions developed by the Gallup Organization are known as the Q12. These questions were distilled from hundreds of questions that researchers thought might contribute to employee engagement. Paraphrased, numerous focus groups and employee interviews identified 12 expectations that, when satisfied, form the foundation of strong feelings of engagement. Gallup has established a strong link between higher survey scores indicating greater engagement and worker performance.

Gallup writes: “In recent years this tool has been used by more than 87,000 divisions or work units within corporations, and approximately 1.5 million employees have participated. *For companies that were able to provide data across units, comparisons of engagement scores reveal that those with high Q12 scores have also experienced lower turnover, higher sales growth, better productivity, better customer loyalty or other manifestations of superior performance* (emphasis added). Dozens of managers and employees from four companies that have adopted and gotten results from Q12—International Paper, Swissôtel, B&Q (a U.K. retailer of do-it-yourself and gardening supplies) and Best Buy, the electronics retail chain—have offered insights and observations for this story. The number of employees involved in the Q12 interventions detailed here was large, more than 20,000 at B&Q alone.”⁹

Much of Gallup’s printed information on Q12 performance relates the use of the tool with higher sales growth and profitability. While these concepts do not directly apply to governmental organizations like the SDDOT, the concepts underlying these outcomes do apply. Private sector

⁸ Permission granted by the Gallup Organization’s Roarke Stratton by telephone on February 25 and 26, 1998.

⁹ Feedback for Real, <http://gmj.gallup.com>, The Gallup Management Journal, March 15, 2001

organizations accomplish their outcome goals of increased sales and greater profitability by increasing their efficiency and productivity. Engaged employees contribute to that end. Likewise, public sector organizations like the SDDOT can through greater worker engagement accomplish their goal of providing the taxpayers a better value for their tax dollars through increased efficiency and productivity while improving worker morale and making the SDDOT a better place to work. All stakeholders from the taxpayer to top management in the SDDOT down through the organizational structure have their personal situation improved by increased worker engagement.

SDDOT RESPONSES TO NATIONAL COMPARISON STATEMENTS

Table 3 shows the percent of respondents indicating “yes” to each statement in 1998, 2000 and 2002. The percentage points change (percent)¹⁰ from the base year 1998 to 2002 and from 2000 to 2002 are presented. The response ranges for these statements were also evaluated against the Gallup defined decision rules that determine the ranges of Strength (84 percent or more “yes”), Operational (74 to 83 percent “yes”), and Concern (less than 74 percent “yes”).

Table 3: National Comparison Statements

National Comparison Statement	Percent Responding “Yes”			Percentage Point Change	
	2002	2000	1998	2002-2000	2002-1998
At work, I have the opportunity to do what I do best everyday.	70.23	60.47	56.35	9.76	13.88
My supervisor or someone at work seems to care about me as a person.	80.12	77.47	76.18	2.65	3.94
I know what is expected of me at work.	91.77	87.40	86.19	4.37	5.58
In the last seven days, I have received recognition or praise for good work.	34.00	30.39	24.17	3.61	9.83
At the SDDOT, my opinions seem to count.	53.04	45.05	43.83	7.99	9.21
There is someone at work who encourages my development.	48.98	48.96	43.81	0.02	5.17
In the last six months, someone at work has talked to me about my progress.	46.19	47.16	63.43	-0.97	-17.24
This past year, I have had opportunities at work to learn and grow.	78.98	72.82	68.88	6.16	10.1
My associates (fellow employees) are committed to doing quality work.	81.58	76.19	76.75	5.39	4.83
The mission of the SDDOT makes me feel my job is important.	73.08	60.98	55.74	12.1	17.34
I have the materials and equipment to do my work right.	77.27	71.53	66.30	5.74	10.97
I have a best friend at work.	35.74	38.01	41.59	-2.27	-5.85
Strength Range					
Operating Range					
Concern Range					

SDDOT responses in five of the twelve areas were in the operational or strength ranges. That was an increase in the operational range of two areas over the findings in the 2000 study. There continues to be some concern with the relatively low level of response for Statement Question 4 “In the last 7 days I have received recognition or praise for good work.” Some progress had been made in that domain with an increase this period of 3.61 percentage points. Response levels decreased again between 2000 and 2002 (-0.97 percent) for Statement 7 “In the last six months, someone at work has talked to me about my progress”. Decreases in this area in the 2000 study were down sharply from 1998 and were attributed to a change to annual performance appraisals.

¹⁰ Percent change is used throughout the study in the common context and also to represent the words “Percentage Points Change”.

Efforts to remedy issues that employees have in this area do not appear to be improving perceptions.

The Gallup School of Management likens the building of a successful organization to that of mountain climbing.¹¹ There are four levels on the way to the top of the mountain. There is the Base Camp, Camp 1, Camp 2 and Camp 3 with Camp 3 representing the summit. The Base Camp level answers the question “What do I get from working on this job?” The employees get to “know what is expected of them at work” and they get to “have the materials and equipment to do their work right.” The SDDOT scored in the strength range on “I know what is expected of me at work” and the operational range on “I have the materials and equipment to do my work right.” The outcome from achieving the Base Camp level of performance in employee opinion is a lower employee turnover expectation. The observed turnover rate dropped from 8.3 percent per year between 1998 and 2000 to 6.9 percent per year between 2000 and 2002. That expectation is satisfied.

The next level up the mountain is Camp 1, which answers the question “What do I give to the job?” The questions among the Q12 that identified with Camp 1 are the statements relating to “Opportunity to do what I do best”, “Recognition and praise”, “Someone cares about me”, and “Someone encourages my development.” The SDDOT was scored by employees as being “operational” on the statement, “My supervisor or someone at work seems to care about me as a person”. The other three questions scored in the “concern” area. There has been good progress on the employee perceiving they have had the “Opportunity to do what I do best”. The lowest SDDOT scoring on the Q12 has consistently been on the statement, “In the last seven days, I have received recognition or praise for good work.” This is true even though there was improvement between 1998 and 2000 and improvement continued between 2000 and 2002. No progress had been made on the statement “There is someone at work who encourages my development.” This measure is the same in 2002 as it was in 2000.

Table 4: Gallup Mountain Climbing Measures for Camp 1 Statements

Statements	2002	2000	1998
At work, I have the opportunity to do what I do best every day.	70.23	60.47	56.35
In the past seven days, I have received recognition or praise for good work.	34.00	30.39	24.17
My supervisor or someone at work seems to care about me as a person.	80.12	77.47	76.18
There is someone a work who encourages my development.	48.98	48.96	43.81

Two of the four questions that define Camp 1 as the organization climbs the mountain have progressed and will be given less attention in the recommendations. The two are “Opportunity to do what I do best” and “Someone cares about me as a person.” The first still falls short of the classification of “operational” but significant gains have been made. With regard to the latter statement, it is assumed that these higher scores are a function of good people with solid Midwestern values knowing how people treat each other in this culture.

The focuses of the recommendations are on the other two questions. The first relates to rewards “In the past seven days, I have received recognition or praise for good work.” The consistently low scores on this question are thought to be a combination of the culture and a lack of skill development. The culture asks why I should tell a person they are doing “good work” if they are doing no more than what they are being paid to do.

¹¹ First Break All The Rules, What The World’s Greatest Managers Do Differently, Marcus Buckingham & Curt Coffman, Simon & Shuster, p266

The second focus of the recommendations relates to “Someone at work encourages my development.” The lack of management skills in the supervision of people appears cultural in that the SDDOT is a very good technical organization with a solid technical skill educational background that does not include people skill development. The people skills among the employees and more specifically the supervisors and executives need work. This is an important operational issue if progress toward achieving Camp 1 is to be made with any expectation for expediency. Added to this concern is the issue of management succession. Twenty-five percent of the employees in the SDDOT will qualify for retirement in the next five years. Mentoring the future leaders of the organization may not be sufficient given the potential for change in the ranks and the issues that have been discussed. Seventy-one percent of working adults surveyed by the Gallup Organization for Inc. Magazine in 1998 indicated that “Someone at work encourages my development.” Seventy-one percent of the working people in the general population responded yes to that question, while less than fifty percent of SDDOT employees said yes to the same question.

Camp 1 is highly correlated with profitability in private sector business operations. It is assumed that strength on the four questions results in higher profitability because of greater productivity. A more satisfied employee is a more engaged employee, resulting in greater productivity by means of greater efficiency. The recommendations of this study will suggest actions to assist in advancing the Department toward Camp 1 achievement.

CONCLUSIONS

Since 1998, the SDDOT has been engaged in a concerted and continuous effort to improve the subjective nature of the quality of its organizational environment by examining the organizational climate variables. The climate of the organization can be measured and can be described in numerical form, and once measured, organization climate can be managed in proactive, deliberate ways to improve performance.

The findings of the 2002 Organization Health Assessment (OHA) indicated that leadership practices, formal organization relationships, and efforts at goal achievement were improving at the South Dakota Department of Transportation. The discussions with employees in focus groups prior to and following the survey clearly supported that finding. Employees have noted that there has been continuous improvement in the operation and attitudes in the organization and they were more satisfied with their jobs than they were in either 1998 or 2000.

Much of the improvement within the organization can be traced to actions taken by management within the Department in response to items identified by employees during the 1998 and 2000 OHA and departmental quarterly meetings. Gains reflecting the organization’s focus on attitudes and goals were demonstrated in nearly every domain and the national comparison questions. The pervasive nature of the improvement was reflected in gains scored by almost all employee groups.

What has SDDOT done right? The organization has shown an increased respect for its employees. Management is more sensitive to employee concerns and issues demonstrated by their listening to employees and developing programs to address issues brought forward. Departmental management appears to be willing to talk about most issues as evidenced by the transcript of the questions and answers from the employee meetings. There is a general perception that management has reduced the incidence of arbitrary and capricious management practices. In the spirit of continuous improvement, we have seven recommendations to maintain momentum and increase the organization’s ability to respond to future challenges.

RECOMMENDATIONS

Continuous improvement requires that the Department continue the improved practices initiated in the last four years and make refinements in policy and actions where potential gains in employee satisfaction and associated gains in productivity and efficiency are thought to lie.

The goal of the next two years should be to maintain the Base Camp and progress to Camp 1 in the organization's mountain climb.¹² Maintaining the Base Camp requires that the supervisors continue to ask themselves the questions that encompass that level of performance: "Do my employees know what is expected of them?" and "Do my employees have the material and equipment they need to do the job right?"

If employees do not have the material and equipment that they think they need, do they see how the material and equipment allocation by the Department relates to the organizational outcomes? Supervisors should, on a quarterly basis, review the work unit's responsibilities to the Department and its role in the completion of the mission with their employees.

With maintenance of the Base Camp in mind, attention moves toward Camp 1. Four statements comprise Camp 1. The respondents scored the Department as being operational on one statement, improving substantively on another and doing little more than maintaining on the other two. The SDDOT was scored by employees as being "operational" on the statement "My supervisor or someone at work seems to care about me as a person."

RECOMMENDATION 1: WORK ENVIRONMENT

The first series of BRB recommendations relate to the Gallup Organization's Base Camp and Camp 1 statements.

- The BRB recommends the Department and each supervisor continue to provide a caring environment for their workgroup.

The level of agreement on the statement, "At work, I have the opportunity to do what I do best every day" is where substantial improvement has been made moving from 56.4 percent in 1998 to 70.2 percent in 2002. The Department has not yet reached the minimum operational range of 74 percent on this measure, but good progress has been made.

- The BRB recommends that supervisors identify what each employee does best in fulfilling the workgroup's mission and tell them, "This is what you do best..." This will help establish a culture that values employee's talents and contribution to the workgroup, the Department, and the mission. Supervisors should identify what prevents employees from doing what they do best and seek remedy.

The BRB suggests the SDDOT give more attention to actions affecting the statements, "In the past seven days, I have received recognition and praise for good work," and "There is someone at work that encourages my development." We need to continue giving attention to the statements previously discussed, but need more attention on these issues to initiate movement on these measures.

- The BRB recommends that supervisors regularly provide specific performance feedback to individual employees and the work team. Supervisors should ensure that employee

¹² See page 9 of this report for explanation of organizational health Mountain Climbing, Base Camp and Base Camp 1 concepts.

feedback is close in time to the behavior that produced the good result, and is specific in terms of the behavior that led to the desired performance. Supervisors should attempt to give three or four supportive comments for each negative comment made to a worker or workgroup. The idea is that more productivity results from praising employees for what they do well than from only mentioning what they do poorly. Praise is better at producing productivity than is criticism or punishment. Note that criticism is constructive and not punishment if it specifies a desired behavior by informing the employee what needs to be accomplished and is not made personal.

- The BRB recommends the Department provide training and coaching on the skill sets necessary to provide positive performance feedback to the employees.

The issue in this last recommendation, from the employee's perspective, requires further development of relational or people skills in the supervisory ranks. The same issue from the perspective of the supervisors leads to recommendations on the second statement "There is someone at work that encourages my development."

- The BRB recommends supervisors identify developmental opportunities for each employee that helps them get better at what they do best. This might include training or project assignments.
- The BRB recommends supervisors ask each employee what the employee needs to grow and develop.
- The BRB recommends the Department identify individuals by means of nomination for developmental experiences and training to facilitate a productive succession as people retire. Nominations for consideration should come from both individuals and supervisors.
- The BRB recommends the Department continue assisting people with career planning.

RECOMMENDATION 2: EMPLOYEE CONCERNS

Second, it cannot be overstated that the SDDOT must be sensitive to employee concerns and issues showing increased respect for them and their ideas. Respect for one another is the lynch pin upon which the other recommendations build. The vision is one of having a job that each person does well, having the equipment that one needs to do that job, and having the respect of supervisors and coworkers in how one does their job. It is from this foundation or Base Camp that the engagement of employees in their work and greater productivity is achieved.

- The BRB recommends the continuation of the Organizational Health Survey. Continuation is recommended because people and organizations do better at what is measured. The literature notes that sporting events would not have the same intensity or garner as much interest without scores being kept. A second reason to continue the OHA is that the employees are provided a venue where their voices are heard and either reward the organization on its achievements or point out concerns that need to be addressed.
- The BRB recommends the Department continue the semi-annual listening sessions between top management and other personnel. This is "bottom up" communication between the workers and the management. Continue as well the publication of employee questions and management responses to those concerns.

- The BRB recommends the Department create a web site enumerating policy changes and support for the changes to insure the flow of information from top management to other personnel. This provides a direct channel of “top down” communication between the management and the workers.
- The BRB recommends utilizing the web site to implement an electronic suggestion box to provide input to management on a continuous basis. This would be the modernization of the index card approach currently used. The index card system should be continued recognizing that not all employees are adept at computer mediated communication.
- The BRB recommends efforts be made to include supervisors in sharing the departmental vision and including supervisors in goal setting. One action to implement this recommendation is to include workers as a constituency, a group served by the agency.

These suggestions are consistent with the Organizational Health component of the South Dakota Department of Transportation Strategic Plan 2003.¹³

RECOMMENDATION 3: LONG-TERM STRATEGY

Third, we recommend that the SDDOT management think longer term—to move its strategic planning process out to five years with a vision looking to ten years. This will be a challenge to top management because of the effort required and the likelihood they will not see the vision completed during their tenure. But, just as today’s management is responding to issues dependent on routines and practices developed years ago, the actions of today’s management will affect the organization’s younger long-term employees in years to come. The motivation to act now to challenges anticipated five or ten years from now is not the easy road but the choice to act now will greatly enhance the organization’s ability to respond to future challenges.

- The BRB recommends the SDDOT lengthen its time horizon from a couple of years to between five and ten years in its planning and strategic goal setting.

We are not recommending that the SDDOT engage in a “self visioning” exercise that results in unachievable goals like experienced in neighboring states. Instead we are recommending that the word “mobility” in the Department’s mission statement be explored from the perspective of what mobility means to the customers using this service. Then the Department can explore how external influences and factors such as the economic, sociologic and technological trends will affect the need for mobility in the state. The state’s sociologists and economists are discussing the changing demographics and centers of business within the state. In this sense, the term “strategic” in strategic planning refers to those factors that have the ability to affect plans and transfer significant costs to the organization or even threaten its funding base and operations.

We think that the SDDOT has been very adept at planning the accomplishment of specific goals, usually short-term in nature, and allocating resources to achieve those goals. What has been missing is a sense of future environmental influences on the SDDOT. This is not unusual. Peter Drucker when receiving his lifetime achievement award from the Academy of Management in 1998 said, “The biggest lie of management is that we account for the external environment.” What Drucker means is that many businesses fail by failing to plan for events outside their control. In effect, Drucker asserts that strategic planning is planning for the future consequences of present

¹³ South Dakota Department of Transportation Strategic Plan 2003, South Dakota Department of Transportation Office of Research, Pierre, SD, January 2003.

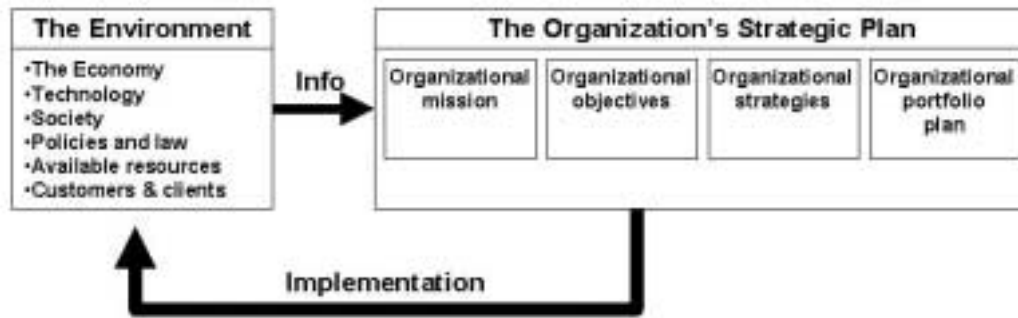


Figure 1: The Strategic Process

decisions made by you or by others. The SDDOT must continue to systematically analyze its environments and plan for future external influences.

- The BRB recommends utilizing an external facilitator to insure that environmental factors such as those presented in Figure 1 are considered. This approach ensures that participants will also consider what the organization “might” do within its environment to improve the transportation system rather than continuing with what the organization “can” do based upon the organization’s past experiences.
- The BRB recommends that supervisors be involved in the strategic planning process to strengthen their perception that they are a part of the management team. Involving supervisors facilitates changing their perception from “us” and “them” to “we” the management.

Our recommendation is that the SDDOT systematically assess the environments in which the agency operates, review the statutory mission and the operating mission, and the strategic goals listed in the Strategic Plan 2003 for congruency with this assessed environment. We recommend that the discussion needs to be facilitated by someone outside the agency, who can identify “group think” and other phenomena that involve the group making decisions on bases other than the facts presented.

RECOMMENDATION 4: PERFORMANCE MEASUREMENT

Fourth, we recommend that the SDDOT invigorate its performance measurement initiative. The agency must develop more outcome, performance, and productivity measures to speed progress. The purpose of developing these measures is not to provide a “rope to hang us with” as noted by an employee in the 1998 OHA, but to provide valuable measures by which to judge performance. Measurement is the hallmark of continuous improvement. One need only think of the analogy of going to watch a football game. There will be lots of great passing, blocking, running, and tackling as a result of the game being played. But the game will generate little interest for anyone if we do not keep score. Most of us need to see the scorecard in order to improve. A score provides a metric against which we can judge our performance. Measured improvement in performance is a positive outcome for supervisors and employees to discuss during annual reviews.

- The BRB recommends, in preparation for future reviews, that each worker with their supervisor develop three challenging and achievable goals that both agree will benefit the worker's development and the SDDOT as an organization.
- The BRB recommends that training be provided to supervisors to improve their appraisal and goal setting skills.
- The BRB recommends that independent coaches with appraisal and goal setting skills be assigned to assist the supervisors develop employees and link individual behaviors to organizational outcomes.

The BRB is not recommending the SDDOT appoint a department-wide review of the goals set or their achievement in response to the above recommendations. The objective in the short term is to build trust between supervisors and employees as a mechanism for adding value to the organization. The long-term objective is for the employees to identify strategic performance measures that will link individual accomplishment to unit activity to mission accomplishment.

The BRB recommends the continued development of the activity-based costing system. Activity-based costing answers the question, "If SDDOT engages in an activity, what does it actually cost the organization to provide that product or service?" Strategic performance measures, on the other hand, identify which activities lead to the accomplishment of the mission. The recommendation is to ask a preliminary question, "Should the SDDOT engage in the activity?" The order of these questions should be reversed. The first question should be whether or not the activity contributes to mission accomplishment and the follow-up question is how much does it cost?

RECOMMENDATION 5: MANAGEMENT DEVELOPMENT

Fifth, we recommend initiating an ongoing supervisory and management development program. The importance of developing the people skills of the SDDOT's well-trained technical staff was identified as an important objective. The training and development program should be tailored to ongoing key variables identified as capable of impacting the climate in a positive way. In particular a major focus should center on skill in communications, policy interpretation and implementation, trust, and desired outcomes of training. We recommend all supervisors attend supervisory training, and that training be available to individuals who wish to be considered for promotion and upward mobility in the organization. Current supervisors need to attend supervisory training to maintain the momentum of continuous improvement. We still hear of supervisors that use poor technique and questionable judgment in motivating and encouraging subordinates.

Immediacy is an issue in this regard. We analyzed the potential for turnover in SDDOT and have found that within five years, nearly 25 percent of the workgroup members of the agency will be eligible for retirement under South Dakota Retirement System rules. The SDDOT needs supervisors with sound management skills to familiarize new employees with desired behaviors and attitudes as well as indoctrinate the SDDOT culture and values into the new employee.

- The BRB recommends that the SDDOT employ supervisory training in addition to the tradition of mentored experiences. Retirements will require the cultivation of talents by means of training for two reasons. The first is the loss of mentors to retirements. The second is the opportunity to employ contemporary supervisory practices.
- The BRB recommends the Department identify individuals with supervisory potential for training and development into supervisors.

- The BRB recommends the SDDOT project skill sets needed five to ten years into the future because of looming retirements.
- The BRB recommends formalizing the orientation of new employees so they learn desirable values and work behaviors.

RECOMMENDATION 6: SURVEY RESPONSE RATE

Sixth, we recommend that the SDDOT work to improve the response rate of future surveys. While the response rate reported in the literature for most organizations is about 70 percent, the SDDOT rate in 2002, the concern is the drop off in response between 1998 and 2002 and the need to reverse the trend minimizing the potential for non-response bias. It is important that employees understand that efforts to improve the Department are not solely the result of better “top down” management. An engaged workforce requires that the executives, the supervisors, and the frontline workers share a vision of the organization’s future that will improve performance and the satisfaction that each employee takes in his or her contribution. The appearance of being a “top down” managed organization will be diminished with engagement and respect for the information that comes from the “bottom up.” Participation in the survey is as essential to an organization as the vote is to a healthy democracy.

- The BRB recommends the implementation of a “Survey Day” to increase the participation in the survey and stress the importance of employee contributions. While “Survey Day” suggests that the selection of a single day for the entire organization is preferred, flexibility is recommended within a specific period of time to better fit the schedules of different offices. A “Survey Week” may be a better designation.

The SDDOT has made substantive gains in its organizational health since 1998 as is measured in the quantitative findings of the written survey and confirmed by discussions in post survey focus groups and workshops. The need for continuous improvement is recognized by the Department and efforts to proceed on that path are becoming part of the culture.

RECOMMENDATION 7: SURVEY LENGTH

Seventh, we recommend shortening the OHA survey. The Business Research Bureau has worked at reducing the number of questions by removing redundant questions, and subjecting each question to “reliability assessment” to determine its necessity. The objective was to determine whether any questions or a specific question could be removed and still obtain a “healthy” reliability coefficient for the domain. The BRB also performed a factor analysis of the questions to see if we should restore questions that contribute substantially to the overall domain measure. If the number of questions could be reduced, it would be more convenient for SDDOT staff to respond to the Organizational Health Assessment. With an increased response rate we can say with confidence that the views reported represent the views of all employees of the SDDOT improvement.