

A more humanistic approach to operations

Operations management can play as key a role as leadership in getting the most out of people, by developing the most suitable processes and job positions for them.

September 5, 2013

Although companies say they recognize the importance of people in business, they tend to focus on cost-cutting and short-term productivity gains.

The problem with this approach is that the payroll savings often translate into fewer and lower-quality resources, which, in turn, lead to diminished operational performance, and hence, weaker sales and profits.

To stop this vicious circle, IESE professors [Philip Moscoso](#), [Alejandro Lago](#) and [Carlos Rodríguez-Lluesma](#) offer an alternative view to the policies and operational practices commonly used by companies, focusing on the human factor.

To better understand the human dimension and its impact on operations management, one must first grasp three truths about people: their productivity depends on their motivation; they have the ability and desire to learn and develop over time; and they have certain biases that may lead them to make a number of systematic mistakes in decision-making.

Designing tasks that motivate

According to cognitive psychology, people have several basic needs, including: exercising autonomy and control; enjoying close social relationships; and gaining competence through being able to perform their abilities the best they can.

As such, the authors present measures designed to improve the motivational aspects of a job, including: ensuring that tasks do not become overly monotonous; allowing employees

the flexibility to adapt tasks to their own personal styles; and providing adequate opportunities for learning and personal development.

Avoid artificial divisions based on departmental borders, advise the authors. Give business units a certain degree of autonomy, allowing the versatility of the members of each organizational unit to influence the outcomes desired.

Standardization vs. empowerment

A humanistic approach to operations management implies challenging such widespread principles and practices as: separating planning/control from execution; or organizing work by clearly dividing functions in order to foster specialization.

The authors critique the two fundamental philosophies traditionally considered when designing a system: standardization versus empowerment.

With standardization, the worker has little freedom to exercise choice over predetermined tasks.

With empowerment, employees have near-total freedom over how, where and when they do the job, so long as they fulfill pre-set objectives.

All activities have aspects that are standardizable or that enable empowerment. Priority should be given to one or another, depending on the situation.

Standardization is most effective in areas that do not require much customization, and where the individual contribution is constrained by external factors.

Empowerment tends to work best for high value-added products or services, and those requiring highly skilled workers.

Trying to standardize processes in these latter contexts is often tricky, either because of the highly specialized nature of the job, or because of emotional components that must be managed in real time.

The authors apply these humanistic considerations to other areas, such as technology. This, too, cannot be treated apart from people, as the human factor complements technology, and both become mutually reinforcing. They also discuss the implications for recruitment and performance measurement.

Establishing a culture of operations that takes account of the human dimension can have a positive influence on the overall performance of the organization, in both the short and long term, the authors conclude.

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