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THEORY Z MANAGEMENT  
AND  
THE UNITED STATES AIR FORCE  
GRADUATE RESEARCH PROJECT

Thomas R. Kettler, Major, USAF

AFIT/GMO/LAL/96N-5

DEPARTMENT OF THE AIR FORCE  
AIR UNIVERSITY  
**AIR FORCE INSTITUTE OF TECHNOLOGY**

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THEORY Z MANAGEMENT AND THE UNITED STATES AIR FORCE

GRADUATE RESEARCH PROJECT

Presented to the Faculty of the Graduate School of

Logistics and Acquisition Management of the

Air Force Institute of Technology

Air University

Air Education and Training Command

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Master of Air Mobility

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Thomas R. Kettler

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Abstract

People are the vital link to any organization's success. Success, however, is an improbable outcome unless proper management techniques are employed to motivate individuals to achieve organizational objectives. As the Air Force transitions into the 21st century, the nation's war-fighting and readiness capability rests with a force that faces budgetary, infrastructure, and personnel cutbacks.

Given these constraints, a commander's ability to successfully accomplish a task or mission is directly related to the managerial techniques he or she employs to influence the human behavior of their people. One such technique, Theory Z management, is a concept proposed by William G. Ouchi, a professor at the Graduate School of Management at the University of California, Los Angeles. Theory Z management is an adaptation of traditional Japanese management principles to reflect American cultural values with the overall purpose of improving organizational performance, worker motivation, and the relationships between the worker and the manager.

This paper will discuss the cultural basis for traditional Japanese management theory, the principles of Theory Z management, some opposing views of Theory Z management principles, and how Theory Z management practices can be adapted to the United States Air Force. Theory Z methodologies offer commanders alternatives to more traditional managerial approaches designed to motivate subordinates and complement the current Air Force focus on quality.

THEORY Z MANAGEMENT  
AND  
THE UNITED STATES AIR FORCE

I. Introduction

The Changing Face of Global Reach

“People are AMC’s greatest asset and its highest priority” (1996 Air Mobility Master Plan, 1996, p. 3-1). Despite technological advancements in infrastructure and equipment, people are the key to providing effective Global Reach for America. As the Air Mobility Command continues to reduce in size from approximately 70,000 positions in FY95 to approximately 60,000 positions in FY01, the operations tempo continues to increase resulting in a mobility force comprised of individuals feeling the squeeze of “doing more with less” (Air Mobility Master Plan, 1996, p. 3-8). With this change in operational environment (political, economic, and organizational), new methods will need to be adopted to meet these new challenges. Motivation, being closely linked to productivity, must be maintained in support of a viable fighting force. In meeting these challenges, today’s Air Force must adopt managerial practices which satisfy both the organization’s and airmen’s needs. With the end to the Cold War and subsequent rise in operational tempo, many unique managerial requirements present themselves which were not found just a few short years ago. Responding to this new era, the Air Force has warmed to several managerial practices that more closely resemble those practices found in the civilian sector.

As a result, the application of Theory Z management styles, popularized during the 1980’s, deserves a new look in light of the many changes that have taken place within

the Department of Defense structure. These changes continue the natural evolution of an organization's development and it is through change that opportunities present themselves. The Air Force must view these changes as an opportunity, and exploit them in the same manner it would exploit air superiority during a conflict.

But why is managerial change needed and why is Theory Z appropriate? In the first case, managerial change is needed to better support the men and women who accomplish the Air Force mission. Loyalty, commitment, and faith in the organization's mission are essential to successful military operations and it is through loyalty that individuals more easily adapt to changes proposed by an organization. Loyal conformity to organizational objectives remains a fundamental precept to Theory Z philosophy. With recent force reductions, rising operational commitments, and organizational structure changes, personnel concerns regarding retention, productivity, and job satisfaction have become critical issues in the Air Force. Theory Z is based upon the organizational success through the individual contribution to the team's effort toward goal accomplishment. By properly applying the Theory Z philosophy, personnel concerns can be supported in a positive manner. The evolution of Theory Z begins in Japan and that country's reconstruction after the war is proof of viewing change as an opportunity rather than an inconvenience.

### Theory Z Evolution

Throughout history until the 1850's, Japan had been an isolated culture with strong traditional values (Fernandez, 1993, p. 37). In the relatively short period of time since the end of World War II, the Japanese have transformed their nation from a "pile of rubble" to a highly successful, industrialized super-power. Today, its economic power ranks third, after the United States and the European Economic Community (Wolf, Rutten, and Bayers, 1992, p. 11). During the last two decades, Japan has averaged an

annual productivity growth rate in excess of 3.5 percent, whereas the United States has averaged only 1.3 percent. (Brown, 1993, p. 853). Today, productivity remains high in Japan, while the United States has decreased to ninth overall in the world economic ranking (Wolf, Rutten, and Bayers, 1992, p. 11). Japan, on the other hand, has the highest standard of living in the world with 90 percent of its population falling into the middle class (Wolf, Rutten, and Bayers, 1992, p. 13). Many reasons are offered for Japan's record growth and high productivity. These include supportive government policy, low cost financing, friendly labor unions, and unfair trade barriers (Fernandez, 1993, p. 47).

While these factors are important, many experts (William Abernathy, Robert Hays, William Ouchi, Richard Pascale and Ezra Vogel) feel the key to Japan's success has been its management system, particularly how the Japanese manage their most plentiful resource -- people -- to accomplish organizational objectives (Chung and Gray, 1982, pp. 41-42). As a result of this opinion, Japanese management has received a great deal of attention in the United States, during the 1980s.

Japanese management has been widely studied, resulting in a plethora of articles and books on the subject. One of these books, entitled *Theory Z: How American Business Can Meet the Japanese Challenge*, was written by William G. Ouchi, a professor in the Graduate School of Management at the University of California, Los Angeles. In his book, Ouchi analyzes Japanese management, concentrating on the differences between East and West cultures. From this he develops an organizational theory based on Japanese management principles that he feels are adaptable for use in the United States. Theory Z organizations display a common foundation regarding management theory which can be described as follows:

Theory Z organizations capture the best in management methods from Japanese and US approaches. A Theory Z organization is egalitarian, engages fully the participation of employees in running the company, and emphasizes subtle concern in interpersonal relations. It is characterized by employee cooperation and commitment to the objectives of the company. (Ouchi, 1993, p. 8)

Today, several large corporations in the United States successfully use Theory Z type management principles. A partial list of these corporations include Kodak, Union Carbide, Proctor and Gamble, and IBM (Ouchi and Price, 1993, p. 66). Moreover, the United States is not the only industrialized nation to get on the Theory Z bandwagon. Many large industries in the emerging economic giant, Korea, to include Samsung Group, Hundai, Daewo, and Lucky-Goldstar are practitioners of Theory Z (Mushin, 1992, p. 29). They represent a wide variety of businesses, and all have generally prospered. In addition, public agencies like the Bureau of Motor Equipment in New York City's Department of Sanitation, the city council of Auburn, Alabama, and six departments of Texas state government are now using Theory Z principles (Contino, 1982, p. 66; Watson and Burkhalter, 1992, p. 404; Burke, 1982, p. 32).

If private and public organizations have been successful using Theory Z, then it may also have beneficial applications in other organizations. Specifically, could the management effectiveness of the Air Force be improved by applying Theory Z management principles? This question will be answered by the suggested application of Ouchi's principles of Theory Z to the United States Air Force. As such, the purpose of this paper will identify those principles of Theory Z that I feel could be used to improve human resource management within the Air Force, thereby improving the overall effectiveness of the organization.

It is first necessary to develop an understanding of the major principles of Theory Z. To provide necessary background of Japanese management, the values upon which it

is based, Japanese traditions and cultural biases will be discussed briefly. Following that discussion, the major principles of Theory Z will be described in detail. To put the concepts in perspective, criticisms of the theory will also be reviewed. From that point, Theory Z's application to the Air Force will be theorized utilizing Ouchi's principles.

## II. The Japanese Management Culture

The Japanese people are very homogenous in terms of race, history, language, religion, and culture (Ouchi, 1993, p. 55). This consistency is reflected in three basic values--intimacy, subtlety, and trust -- which underlie Japanese management theory. First is intimacy. Because land has been extremely limited in Japan, the people have lived close together for centuries. In many cases, families have lived next to each other for several generations. Besides living close together, families have traditionally worked together to produce sufficient amounts of rice for food. From this close association, the ability to live and work together in harmony has become deeply rooted in Japanese culture. A key corollary to this is that the individual is not the central point of focus in Japan; rather, the group is of paramount importance (Ouchi, 1993, p. 54-55). This strong sense of collectivism carries over to the work environment where interdependence is important. It manifests itself by people cooperating, working well together, and encouraging each other to remain committed to the group (Zimmerman, 1985, p. 5). Ouchi claims that in Japan it is teamwork, not individualism, that achieves high productivity (Ouchi, 1993, pp. 4-7). This supports the cultural belief that "individuality and independence are symptoms of immaturity and selfishness" (Abbeglen and Stalk, 1985, p. 177).

As a result of this intimacy in the Japanese people, the value of subtlety follows in a complementary manner. Ouchi describes this as the ability of a supervisor to assemble a highly effective work group to accomplish a given task. This is possible because the supervisor thoroughly understands the personalities of the workers and knows who works well with whom. In Japan, his selection process is not bound by union contracts or bureaucratic rules. Instead, the supervisor is able to bring together cooperative people who are group oriented to task/goal accomplishment (Ouchi, 1993, p. 6).

The third underlying value is trust. In Japan, this bond exists not only between the employees, but also between the employees and their supervisors, and between companies and the government. Trust supports the notion that individual performance is not important and that everyone works for the good of the whole. As a result, an open and honest atmosphere exists in Japan. Trust also supports the Japanese concept of "turn." That is, Japanese workers know that at the proper time their efforts will be rewarded. This concept creates group leaders who concentrate on human relations and harmony, versus personal ambition and short term excellence (Abbeglen and Stalk, 1985, p. 155).

With these three cultural values as a foundation, modern Japanese management has evolved. These values are most observable in large Japanese firms. The economic benefits associated to these cultural values are enormous. Japanese industry shows an average absentee rate of below two percent and has achieved productivity increases two to three times over the U.S. rate for the past three decades (Ouchi and Price, 1993, p. 68).

In the analysis of Theory Z, Ouchi lists seven major principles: "long-term employment, slow performance evaluation and promotion, implicit control systems, careful career development, a collective decision making process, individual responsibility, and a holistic orientation [for employees and their families]" (Ouchi, 1993, p. 48-49). The Theory Z view of management characterizes many of the elements associated with the 35 percent of Japan's work force that is under lifetime employment (Gautschi, 1988, p. 238). Since intimacy, subtlety, and trust do not exist in the same manner in the United States as in Japan, these principles of Japanese management are not directly transferable to the United States. Instead, they must be modified or adapted to the culture of the United States, and this is precisely what Ouchi attempts to do with Theory Z. As he says, "we have to learn how to manage and organize people at work utilizing Japanese management principles if the United States wants to have the same

kind of high productivity" (Ouchi, 1993, p. 4). In the following paragraphs, each of Ouchi's seven principles will be described in detail.

### III. The Seven Principles of Theory Z

#### Employment Duration

In Japan, lifetime employment means a young person goes to work for a major firm after completing school and remains with that firm until retirement at age fifty-five. Approximately one-third of the workers in Japan fall into this category with the remainder being temporary employees or employees of smaller, satellite companies (Fernandez, 1993, p. 39). The temporary employees are hired and laid off based on economic highs and lows, thus protecting the jobs of the lifetime employees (Ouchi, 1993, pp. 15-22). This concept results in a strong ties between lifetime employees and their companies. These ties create intense loyalty and job commitment (Anderson and Anderson, 1982, p.17).

While lifetime employment like this would be difficult to achieve in the United States, Theory Z stresses that companies should at least work toward long-term employment. Currently, many manufacturing and clerical occupations in the United States have an annual turnover rate of over 50 percent; even at executive levels, 25 percent annual turnover is not uncommon (Ouchi, 1993, p. 49). At an operational level, a company with employee turnover of fifty percent must train half of its workforce anew each year. To make this feat possible, jobs must be divided into very basic applications, able to be learned within a few days. Unfortunately, these simple jobs remain unbearably boring prompting workers with any options to quit at the first opportunity, renewing this inefficient cycle (Ouchi, 1981, p. 60). Company loyalty and job commitment have been one of the natural benefits to long-term employment. Additionally, the added benefit lower training costs due to reduced turnover support the concept of long-term employment (Anderson and Anderson, 1982, p. 18). Finally, long-term employment provides the employees with a stable social setting that Ouchi says allows them "to get

their bearings and draw support to cope with and to build the other parts of their lives" (Ouchi, 1993, p. 166). Thus, long-term employment is the foundation of Theory Z (Ouchi, 1993, p. 22).

### Evaluation and Promotion

Formal performance evaluation does not occur in Japan until after an employee has been with the firm for approximately ten years. Promotion also occurs at a much slower rate in contrast to the United States. This has the positive effect of eliminating the desire of employees to seek short-term successes for their own advancement or to promote their careers at someone else's expense (Ouchi, 1993, p. 22). Instead, the employee operates in an environment where long range orientation is rewarded (Ouchi, 1993, p. 102).

However, this slower, Japanese system would be unacceptable to most Americans. American workers expect rapid promotion and organizations find that if they do not comply, they will be faced with the difficulty of holding on to qualified personnel (Griffin and Ebert, 1989, p. 178). This rapid movement of personnel leads to an interesting paradox. The young, aspiring manager wants to grow rapidly into an influential position, one that has an impact on the organization's decisions or events. In organizations that are slow to evaluate and promote before knowing the skills and abilities of its employees well, these people become impatient. Often they move on to some other fast-paced organization that has a practice giving promotions rapidly regardless of age, experience, or time in position. These individuals soon discover what Einstein knew long ago -- that motion is relative. As the individual received promotions at a regular interval, so do all the other individuals in the organization, and a sense of "standing still" rather than "moving ahead" develops (Ouchi, 1981, p. 59). To achieve the desirable benefits of long-range employee orientation, Theory Z suggests that formal

performance evaluation can be delayed as long as superior performance is recognized in the interim. This recognition can take many alternative forms, from being selected to work with superiors on special projects to having higher level officials develop a mentor relationship with younger employees (Ouchi, 1993, p. 102-103). In terms of promotion, Theory Z recommends that employees be promoted in their first few years faster than their contemporaries in other companies in order to retain them. (Ouchi, 1993, p. 102). In all cases promotions should come from within the company. Also, the slower performance evaluation and promotion concepts of Theory Z can be supported by group memberships. That is, employees will accept slower promotion if they are receiving positive recognition from their peer groups. This group recognition is as influential in the United States as it is in Japan (Ouchi, 1993, pp. 24-25). The goal of Theory Z is to achieve a long-range orientation for employees. This is possible with frank, open performance evaluations that provide for employee growth and employee confidence that their overall performance will be recognized by promotion in the long run (Ouchi, 1993, pp. 86, 103).

### Control Mechanisms

Theory Z suggests the use of a balanced implicit and explicit control system. This means Theory Z companies will use modern management information systems and techniques, such as formal planning and management by objectives. Even though used, quantitative data may not dominate the decision process. Instead these data will be supplemented by asking questions such as does it "fit" the company's objectives or is it a "suitable" approach. It is important in Theory Z to strike the proper balance between "social intimacy and objectivity" (Ouchi, 1981, p. 63). The evolution of American organizations has led to a bureaucratic structure that has moved away from a closely-knit society of people who know one another well to a social structure in which people barely

know or care about one another (Ouchi, 1981, p. 63). The answers to these questions can be found in the backbone of the implicit control system -- a balanced company philosophy (Ouchi, 1993, p. 61). Ouchi promotes a company philosophy that covers three areas:

- (1) the objectives of the organization,
- (2) the operating procedures of the organization, and
- (3) the constraints placed on the organization by its social and economic environment.

It specifies not only ends, but also the means, thus control is all-encompassing (Ouchi, 1993, p. 113).

This philosophy provides direction to the company about what it should be doing and how it should relate to its employees, the owners, and the general public (Ouchi, 1993, pp. 63-65). The defined corporate culture must not remain static, but needs to be continually refined and updated as conditions change (Ouchi, 1993, p. 125). To be effective, all employees must thoroughly understand it; thus training, especially for new employees, becomes very important (Ouchi, 1993, p. 63). Also to support this understanding, the philosophy should be published in a form that can be distributed to all employees. After it is developed, the philosophy must be applied to everyday decisions made in the working environment so that patterns of behavior and interaction based on it can develop. Once this is accomplished, the need for explicit orders or directions will be reduced. The philosophy will enable two employees, who thoroughly understand it, to arrive at the same decision given a specific set of circumstances. Solutions to problems will mesh better, and coordination will be improved (Ouchi, 1993, p. 35). However, a company philosophy cannot succeed by itself. Its values must be practiced, and it needs

the support of other Theory Z principles, such as long-term employment and broad career paths (Ouchi, 1993, p. 65).

### Career Development

Career development in the United States is generally based on specialization in one functional area or field. Employees concentrate on these specialties and therefore develop very skill centered careers. To maintain marketability to other companies, a high level of specialized skills must maintain a degree of "transference" to other companies, otherwise, a person who meets the needs of only one organization (such as Air Mobility Command tanker navigators) runs the risk of eventual unemployment (Ouchi, 1981, p. 61). In contrast, employees in Japan rotate among several or all of the functional areas of the company. They tend to become generalists who are experts in the structure, internal workings, and overall operation of the company (Ouchi, 1993, pp. 29, 132). Theory Z recommends a shift towards the generalist approach. As a result, employees will develop company specific skills that will improve coordination and understanding at all levels (Ouchi, 1993, pp. 51, 61). Ultimately within a division or specific group of employees, it would be desirable to have someone who knows the people, the problems, and the procedures of each of the other areas of the company (Ouchi, 1993, p. 27). This "whole person concept" to career development should have the added benefit of increasing the employee's loyalty to the company. This approach will require additional training investments as employees move between areas or specialties, but the long-term employment aspect of Theory Z should make this expense worthwhile (Ouchi, 1993, pp. 29-31). Finally, the generalist approach of Theory Z may increase employee satisfaction. Similar to the "Kaizen approach to management," Theory Z advocates positive efforts to help the individual attain the highest levels of personal effectiveness (Abramovitch, 1994, pp. 85-88). As Ouchi notes, research "strongly suggests that workers at all levels who

continually face new jobs will be more vital, more productive, and more satisfied with their work than those who stay in one job, even though the change in jobs does not include a promotion but is entirely lateral" (Anderson and Anderson, 1982, pp. 20-21).

### Decision Making Process

In many respects, American and Japanese approaches to decision making are exactly opposite. The traditional American approach is a highly centralized, "top down" process. Decisions are usually made quickly, but require a lot of post-decision effort to ensure compliance. In Type Z organizations, the decision making process is typically a consensual, participative one (Ouchi, 1981, p. 78). This "bottom up" process can be quite slow because of the extensive coordination required to achieve consensus by all affected people before decisions are finalized. In light of this handicap, Type Z organizations devote a great deal of time and energy to developing the interpersonal skills necessary to promote effective group decision making (Ouchi, 1981, p. 78). While consensus among members in group decision making may take longer than a directed, "top down" type of decision, once a group decision is made, implementation of the decision is generally faster and smoother in Type Z organizations. This consensual, participative approach to decision making as a basic company philosophy normally results in those more creative decisions to be implemented more easily. While there may be disagreement among members during the consensus phase, once the decision is reached, there is generally a great deal of acceptance and support among group members. This shows trust and confidence in the employees and signals a cooperative intent on the part of the company (Ouchi, 1993, p. 66). The participative approach asks for more employee involvement but offers them increased job satisfaction in return (Ouchi, 1993, p. 162). Finally, like several other principles of Theory Z, this decision process requires employee training to

be effective and useful. That is, employees need to develop the interpersonal skills necessary for use in the participative approach if it is to be successful.

#### Individual Responsibility as a Core Value

In Japanese management, the group (versus an individual) assumes full responsibility for its decisions. This is the result of the importance that a group has in the Japanese culture (Ouchi, 1993, pp. 39-40). However, this characteristic is very frustrating for Americans who like to know who is responsible or who is in charge. Therefore, while the participative approach to decision making is recommended, Theory Z suggests the ultimate responsibility for the decisions reached by the group still reside in one individual (Ouchi, 1981, p. 78). As the collective form of responsibility that is common to Japanese organizations remains incompatible to most Westerners, the divergence in management philosophies creates tensions in the adoption of Theory Z practices by Western organizations. This is because members are effectively being asked to place their fate to some extent in the hands of others (Ouchi, 1981, p. 78). In making Theory Z more compatible with Western views on responsibility, the group's decisions can be divided into several parts with an individual assigned responsibility for each part (Ouchi, 1993, p. 66). This approach can be a source of conflict within a Theory Z organization, however, this conflict can be overcome by creating an atmosphere of trust. That is, the employees must know that their goals are compatible and that no one individual is engaged in self-serving behavior (Ouchi, 1993, p. 67).

Closely associated with the principle of individual responsibility is the Theory Z concept of egalitarianism. This concept, as Ouchi says, "implies that each person can apply discretion and can work autonomously without close supervision, because they are to be trusted. Again, trust underscores the belief that goals correspond, that neither person is out to harm the other" (Ouchi, 1993, p. 68). Of all the Theory Z principles, the

concept of individual responsibility as a core value -- emphasizing individualism -- probably deviates furthest from Japanese management theory to accommodate a very strong American trait.

### Holistic Orientation

In a large Japanese company, the employees' work and social lives are integrated. Besides working together on several committees, employees frequently socialize together after work for cocktails or by participating on a company sports team. Young employees may even live in company dormitories, and most large companies have extensive recreational facilities available for their employees' use. Japanese firms go to great lengths to create an identification with the individual and the corporate interests (Prestowitz, 1988, p. 154). The Japanese feel this integration strengthens the relationships between the employees and develops mutual trust. They believe the employees' values and beliefs become more compatible (Ouchi, 1993, p. 46). Furthermore, they feel that superiors and subordinates need an opportunity to relate to each other as individuals -- more as equals -- and this can be accomplished best in the social setting outside the office (Ouchi, 1993, p. 68).

American workers shy away from this kind of integration, preferring a separation of their work and social lives (Ouchi, 1993, p. 44). This segmented reliance on organizational roles or positions dehumanize relationships leading to authoritarian feelings of superiority and inferiority between workers (Ouchi, 1981, pp. 79-80). As a compromise, Theory Z offers the notion that showing broad concern for employees and coworkers is a natural part of the working relationship. It emphasizes that people should interact with each other as individuals. Working relationships should be somewhat informal. The objective is to personalize the work environment, and to a degree, break down the authoritative structure typified by the "it's not my job" mentality. An

organization that maintains a holistic orientation and encourages employees at all levels to deal with one another as complete human beings creates a condition in which de-personalization is impossible, autocracy is unlikely, and open communication, trust, and commitment are common between employees (Ouchi, 1981, p. 80). It is important to note that holistic relationships cannot be directed; rather, they evolve as a result of implementing other Theory Z principles (Ouchi, 1993, p. 109). Ouchi has studied several companies operating under Theory Z management and has found that when the employees develop broader relationships with each other and engage in more outside activities together, they have reported more satisfying family/marital relationships. As a result, a healthier emotional state is the by-product of a holistic orientation (Ouchi, 1993, p. 182-183).

#### IV. Criticisms of Theory Z

While the foundation of Japanese management was briefly discussed and the major principles of Theory Z were described in some detail, as with most management theories, Theory Z has its critics. Therefore, to complete the description of Theory Z and to present a balanced view, criticisms of the theory by four experts will be presented so Theory Z and its application to the United States Air Force can be considered more objectively.

The first critical view is that of B. Bruce-Briggs, a management consultant and longtime student of Japan. He has been a policy analyst at the Hudson Institute. Bruce-Briggs challenges Theory Z, attributing much of the Japanese success to the work ethic of the labor force, not the Japanese art of management. He notes that values such as obligation, duty, patience, and endurance are dominant in the Japanese culture. These values have created a labor force that is disciplined, does what it is told, and works hard. For these reasons, he feels that the Japanese are able to produce what the customers want at a very competitive cost. He maintains that when the labor force in the United States was motivated like this, it too was very productive. Bruce-Briggs concludes that adopting a Japanese style management, like Theory Z, will not alter the basic values of the American worker; and therefore, it will not achieve Japanese type success. In his opinion, Theory Z represents nothing new for American management. Instead, it is a re-work of the emphasis on the quality of work life that was popular in the early 1970's. Finally, the implementation of Theory Z principles would, he feels, work against the competitive advantages that American companies still enjoy, such as the ability to innovate, invent, and to operate at a faster pace (Bruce-Briggs, 1982, pp. 41-46).

The second critic of Theory Z is James W. Begun, an assistant professor at the Graduate School of Business and Public Administration at Cornell University. Like

Bruce-Briggs, Begun attributes Japan's success to several factors, of which management is only one. Other factors range from a low defense burden to a cooperative relationship between government and business; from supportive labor unions to the centralization of banking and finance. He also feels that the principles of Theory Z are not new or unique to just Japan. He maintains they are similar to the techniques suggested twenty years ago by the human resources school. In his opinion, Theory Z creates a work atmosphere that is resistant to change, crushes individual expression through conformity, and lacks the ability to make quick decisions. In sum, Begun concludes, "Theory Z gives us something easy to hang on, to try, and to do. It gives managers an illusion of control. It fails to recognize the vulnerability of organizations to external forces" (Francir, 1982, p. 10).

A third criticism is provided by Robert Neff who felt that Theory Z is based on Japanese management principles developed out of necessity after World War II to attract and retain employees from the limited labor pool available. As Japan has become more fully industrialized like the United States, he sees many changes taking place that challenge the validity of these principles. Several examples are cited. In the area of lifetime employment, Japan now has a growing class of workers over age fifty which is creating a utilization and productivity problem. That is, there are too many senior workers for the limited number of meaningful jobs available. Another example concerns company loyalty. Immediately after World War II, Japanese workers gave their companies top priority; today, younger workers regularly consider their family life as most important. From this, Neff concludes that the time of usefulness for Theory Z in the United States may have already passed. (Neff, 1982, pp. 19-20). This coincides with indicators in today's evolving global economic indicators showing signs that the underlying values of the Japanese worker are changing. The Japanese drive to excel, commitment to the organization, and the relationship to the harmful side effects to worker

wellness are being challenged by Japan's younger generation of workers (Brown, Lubove, and Kwalwasser, 1994, pp. 58-60).

Another critical examination of Theory Z's principles was provided by Edgar H. Schein, Chairman of the Organizational Studies Group at the Sloan School of Management at the Massachusetts Institute of Technology. Schein also agreed that Japan's success is due to more than their management system. He cites several other factors that he considers equally important in their success, such as the postwar reconstruction, the modernized industrial base, the close cooperation between government and industry, and the cultural traditions of obedience and discipline. Schein believes that Theory Z companies have trouble identifying changes that need to be made and then implementing them. They also tend to develop more rigid solutions to problems because of their strong commitment to the company philosophy and the pressure exerted on the employees to conform. Additionally, Schein suggests that Theory Z is not really new or different. As evidence he cites the indoctrination processes used in the United States in the late 1950's to develop company loyalty and conformity. He specifically mentions the IBM and General Electric centers that were built expressly for that purpose. As additional evidence, he discusses several examples of American concern for the holistic treatment of employees. The first of these is the famous study of Western Electric's Hawthorne Plant. This study showed that employees tended to bring personal problems with them to work. The company responded to these employee problems by developing an extensive counseling program. He says the human relations training programs of the 1940's were designed to teach managers how to treat employees as whole people. The leadership and sensitivity training programs of the 1960's had a similar purpose. He also feels that McGregor's Theory Y shows the importance of having faith and trust in employees. Schein concludes that Theory Z is a new name for practices that have existed in the United States for many years (Schein, 1981, pp. 55-56).

Theory Z is showing the effects of these challenges. As profits in Japan continue to be challenged by other world markets, the rising yen has led to greater exposure of the weaknesses in Japanese management philosophy. A casualty to declining profits, consensus management and lifetime employment may become today's endangered traditions in Japan (*Japanese Industry: Losing Its Way*, 1993, p. 78). It is not to say, however, that many of the principles of Theory Z cannot be adapted for improved organizational effectiveness. On the contrary, careful application of Theory Z principles can contribute to a positive effect on the bottom line of many of today's organizations.

## V. The Seven Principles of Theory Z: An Air Force Perspective

Theory Z has been discussed in detail, to include some critical viewpoints. As noted by the critics, Theory Z principles may not be totally new, as some similar principles already exist in various American management theories. As a result, it is not surprising that Ouchi refers to the fact that the United States military currently displays certain characteristics of a Theory Z organization (Ouchi, 1993, pp. 46, 57, 180). However, it is my opinion that the Air Force could benefit by applying the Theory Z's principles even further. This is based on the long-term success of Theory Z and Japanese management principles compared to the vacillating "corporate philosophy" demonstrated through the many senior leadership transitions during my fourteen years of service in the Air Force. From such programs as Primacy of Flight and Project Warrior to the several iterations of the "improved" uniform, direction and focus has at times been less than consistent. The opinions presented here should not be considered as final proposals; rather, they should be viewed as notional, indicating a direction the Air Force could consider going. Theory Z principles can provide many complementary advantages that improve upon the effectiveness and efficiencies of current Air Force initiatives such as Quality Circles, Empowerment, and Total Quality Management.

During the early 1980's, the American economy was suffering from high unemployment and rising inflation. Civilian industry was attempting to cope with the sagging productivity compared to industry efficiency leaders such as Japan. In an effort to reverse this trend, a focus on quality became a central theme to organizational management theory. One such method, quality circles, became a popular method in attempt to regain a competitive advantage. In quality circles, a small group of employees doing similar or related work would meet regularly to identify, analyze, and solve product quality and production problems, thereby improving general operations (Omachonu,

1994, p. 83). The Air Force, facing reductions in force and defense appropriations during this period, embraced this theory in effort to improve the productivity of its units and compensate the requirement to "do more with less." As a result, those individuals remaining face longer hours, more tasks with less resources, a strained infrastructure, and frequent TDY commitments, all of which promote morale problems and retention issues.

Another Air Force philosophy which was popularized during this time period was the concept of greater empowerment of its people. Senior leadership felt that decision-making needed to be moved to lower, more appropriate levels within the Air Force organizational and operational structures. With empowerment, individuals were given the responsibility for decisions related to the mission. Accompanying this responsibility was the authority to act, commensurate to the responsibility at hand. Unfortunately, the Air Force steeped in bureaucracy and its very structured chain of command often found that the responsibility for an action was often passed to a lower level, however, the corresponding authority was retained at the higher levels making satisfactory completion of the task near impossible. A classic example of this is the supervisor who is quick to delegate the responsibility for a task, such as scheduling pilots for operational missions, yet retains the authority to complete the task by micro-managing the crew assignments proposed by the pilot scheduler. For all intents and purposes, the supervisor is doing the scheduling and the pilot scheduler is merely an administrative figurehead. This dichotomy caused a great deal of frustration and inefficiency at lower operational levels.

One of the latest management fads to sweep the Air Force today would be that of Total Quality Management (TQM). General Bill Creech, former Commander in Chief of the Tactical Air Command, structured this theory around five "pillars" to include: product, process, organization, leadership, and commitment (Creech, 1994, p. 7). The process itself is interrelated as Creech states:

This approach placed product as the focal point for organizational purpose and achievement. Quality in product is impossible without quality in process. Quality in the process is impossible without the right organization. The right organization is meaningless without the proper leadership. Strong, bottom-up commitment is the support pillar for all the rest. Each pillar depends on the other four, and if one is weak all are. (Creech, 1994, p. 6)

Air Force initiatives in TQM look to improve upon its warfighting capabilities by organizing strategic functions at lower levels, attempting to reduce the bureaucracy within the Department of the Air Force structure, and provide a climate of quality which promotes pride and professionalism. An integrated approach, TQM looks at the organization as an interrelated system and weighs the tradeoffs associated with an improvement in a singular area and its effects on other areas within the entire organization. The corresponding metrics system associated with the quality movement is designed to measure the success or failure of TQM initiatives. In his book, *The Five Pillars of TQM*, Creech outlines a framework for the principles important to the success of a TQM program (see Figure 1). Long-term in nature, the Air Force has invested great deal of time, effort, and money into TQM philosophies as it is mandatory training for all personnel.

While Quality Circles, Empowerment, and Total Quality Management have contributed to the evolution of Air Force organizational strategies, recent world and societal changes have made Theory Z management practices a viable addition to Air Force organizational management methods. The complementing nature of Theory Z philosophies to current Air Force quality initiatives highlight the relevance of Ouchi's principles. Ouchi's seven steps are now discussed from an Air Force perspective.

## Principles for Successful Total Quality Management

1. Build Your TQM Approach on the Five Pillars: Product, Process, Organization, Leadership, and Commitment
2. Firmly Establish the Character and Culture of Your Organization
3. Use a Decentralized, Interactive System That Integrates All Levels
4. Organization is the Central Pillar -- It Influences Everything Else
5. Base the Structural Building Blocks on Small Teams, Not Big Functions
6. Orient Employee Focus and Activity to Their Product, Not Their Job
7. Place Prime Leadership Focus on Outputs, Not Inputs
8. Keep Score, Assess, and Provide Timely Feedback to One and All
9. Know Your Marketplace Inside Out and Create Strong Customer Linkage
10. Provide a Climate of Quality Which Promotes Pride and Professionalism
11. Base All Decisions on the Inseparability of Cost and Value
12. Provide Detailed, Focused Training to Employees at All Levels
13. Give High Priority and Pay Great Attention to the Communication Flow
14. Instill Common Purpose From the Bottom to the Top
15. Build Commitment Through Genuine Ownership and Shared Success

Figure 1. Principles for Successful Total Quality Management (Creech, 1994, pp. 527-531).

### Long-Term Employment: Length of Service

As recommended by Theory Z, the Air Force already recruits most of its personnel from young people completing high school or college. They are extensively trained in service related specialties and offered fixed periods of employment, e.g., a four year enlistment, a twenty-year career for early retirement, and a thirty year maximum period of service. To further implement the long-term employment concept, the Air Force should consider extending the maximum period of service to forty years or age sixty, whichever occurs first. The Royal Air Force currently allows a similar proposal, allowing aircrew to fly as long as they are able to maintain their physical qualification. In

essence, the Royal Air Force promotes a dual track of professional development, allowing those content in serving in a specific contributing role (such as pilot, maintainer, or logistician) to do so while allowing those interested in command and leadership opportunities to compete for those positions. Additionally, a longer service period would also discourage the Air Force's twenty-year retirement option. This could be done by altering the amount of retired pay available at that point, thus reducing the attractiveness of the option. The thirty-year career appears to have been based on the requirement for younger people in combat duty and, the American life expectancy that existed at the time it was established. However, the Air Force has a minimum number of people who would be directly involved in combat -- mainly just a portion of the aircrew members and approximately ten percent of the non-rated force.

In addition, the life expectancy in the United States has increased substantially in the last three decades. As Theory Z suggests, this longer-term employment would further strengthen loyalty and job commitment because people would not necessarily need to consider a second or follow-on career. The increased period of service would also reduce the number of new accessions required each year, thereby reducing turnover in the total force. Other benefits include a reduction in training costs for new personnel and the growing taxpayer expense of retired pay. Finally, productivity should theoretically increase as experienced people would be available to perform their jobs for a longer period of time. This concept would require a shift away from accepting the high turnover rates found in United States manufacturing, clerical, and executive occupations. As a result of this slower turnover rate, recruiting efforts could be more selective, bringing a higher quality input into the organization.

### Performance Evaluation and Promotion: OPRs and the Elusive "DP"

Contrary to Theory Z, Air Force personnel are formally evaluated on the average of once a year. Officers below the grade of captain are evaluated twice a year. As a result, many Air Force personnel develop a very short-term perspective, based on completing specific projects that can be referenced in annual performance evaluations. The phenomena of "square filling" or doing what customarily gets people promoted, often detracts from the performance of the mission at hand. Applying Theory Z, the Air Force should consider slowing down the evaluation process -- possibly to one formal performance report every two or three years. Between these reports, supervisors and subordinates should meet in regularly scheduled counseling sessions. These sessions should be open, frank discussions and focus on ways to improve performance and increase individual growth. No small feat as accuracy in performance appraisals has been a problem in the past with the Air Force routinely inflating performance appraisals. Past attempts to rate performance honestly resulted only some of the rating officials applying the new, more honest ratings. Others continued to inflate ratings as in the past and when the Air Force experienced drawdown requirements, there was a disproportionate number of individuals that were rated honestly that were separated from the service. As a result, a strong case can be made concerning the validity of the current promotion process, the methodology used in awarding "DP's," and board process itself.

Another advantage of a slower performance evaluation program would be the establishment of mentor relationships between senior and junior personnel, again designed to foster individual growth. A time period between performance evaluations would be lengthened. The key to this adjusted evaluation program's success is to ensure all personnel receive regular performance feedback between formal evaluations. Although duty station changes would create a degree of disruption in these mentor

associations, positive benefits would still be gained as professional networking would have take place.

In the area of promotions, the Air Force uses a hierarchical, up-or-out system. This needs to be maintained to achieve the proper grade distribution of personnel mandated by Congress. However, the forty-year career proposal would support extending the promotion phase points. For example, instead of the current promotion to major at approximately the twelve year point, perhaps it should be delayed until fifteen years. To make this change workable, the Air Force would have to alter the pay scales so that personnel under this revised system would receive approximately the same compensation that they do today with the earlier promotion system. Also, personnel that are not selected for promotion could be continued for certain contractual periods of time based on the needs of the service. Future pay increments based on subsequent promotion or time in grade would be adjusted appropriately for these people to ensure equity for those who are promoted on time. These people, plus those who voluntarily leave the service early, would be very similar to the temporary employees in Japan and would help maintain the hierarchical grade structure. In summary, the proposals to change the evaluation and promotion systems are designed to encourage the development of long-term versus short-term perspectives within Air Force people and to support a forty-year career plan.

#### Control Mechanisms: The Pulse of Theory Z

The Air Force is very progressive and effective in its use of modern management information systems and quantitative/analytical techniques. However, when you look for an Air Force philosophy to serve as the foundation upon which to base decisions (as suggested by Theory Z) there is room for improvement. The Air Force has published a manual on its functions and basic doctrine that was designed to meet this need. When

this manual was first produced, General Lew Allen, Jr., then the Chief of Staff of the Air Force, said in the foreword:

Whether you are enlisted, an officer, or a civilian in the Air Force family, I believe this manual will help you to think seriously about why we are in business--why we have an Air Force, and what it must be ready to do in the next 30 years and beyond. (US Department of the Air Force, 1979, p. i)

A second publication during this period of time entitled *Air Force Standards*, goes on to do an excellent job of describing roles, missions, and the employment of air power. But it does not address basic values, norms, or operating objectives for Air Force personnel. Continued refinement needs to take place to ensure these manuals emphasize Air Force values, customs, and courtesies thereby reinforcing the "corporate" culture of the Air Force. Publications of this type provide the basic philosophy recommended by Theory Z as the backbone of the implicit control system. In today's Air Force, the application of Global Reach - Global Power is achieved through the application of five core capabilities: nuclear and conventional deterrence; long-range, lethal, sustainable combat power; rapid, global mobility; global situation awareness; and United States engagement around the world (Fogleman, 1996, p. 1). In the accomplishment of these core capabilities, airmen are expected to live by the highest standards implicit to the core values of integrity, service above self, and a commitment to excellence in all accomplishments (Fogleman, 1996, p. 3).

The major commands within the Air Force structure have gotten better at defining the objectives, operating procedures, and constraints of the organization. For example, each year the Air Mobility Command publishes its Air Mobility Master Plan which outlines a "25-year strategic plan outlining AMC's future vision and detailed plans for its total force. It uses executive-level guidance from Congressional, Department of Defense,

US Transportation Command, sister service, and Air Force agencies to effectively manage the Air Reserve Component, Civil Reserve Air Fleet, civilian work force, and active duty personnel” (Air Mobility Master Plan, 1996, Foreword). This integrated approach to organizational objectives outlines a defined philosophy that can serve as a guide. The organization needs to stress this philosophy through training programs and information systems to ensure that daily decisions and actions are made in concert with planned philosophies. In support of personnel embracing organizational philosophies, emphasis should be placed on Air Force heritage and professional military education programs.

#### Career Development: Fundamental Changes Required

In the area of career development, implementing Theory Z within the Air Force structure suggests two changes. The first involves tour lengths. Currently, the average tour length in the Air Force is approximately three years, mainly driven by the requirement to station people overseas for fixed periods of time. With only a three year tour, personnel tend to focus on short-term goals and plans. Generally, little concern exists within an organizational unit for what will be happening from five to ten years in the future because the people currently on assignment will not be there. If possible, the Air Force should try to extend this average tour length by two or more years. With a standardized tour length of five or more years, greater continuity at both the organizational level as well as individual level would result.

The second change concerns the specialist versus generalist issue. The Air Force has a large number of specialists, from electronics technicians to pilots. These people have had long and expensive training, and therefore, career broadening for many of them may be impractical. However in the case of mid-career officers and senior-enlisted personnel, career broadening should definitely be considered. To a degree this is

currently being done in the Air Force, but the opportunity to develop between specialties should be expanded. While it may be impossible to rotate people through several specialties as suggested by Theory Z, it should be possible to develop a second or third related area of expertise by selective career broadening. Care would need to be taken to ensure the career broadening assignment still contributed to the Air Force mission and maintain an appropriate balance between technical and managerial expertise. The acid test would assume the broadening in no way makes the Air Force or individual unproductive in the long-term. The current Air Force methodology of "trial by fire" normally throws an individual into an area they know nothing about hoping a challenge of this nature will warrant the award of a "universal management badge."

A current example of this process is the Air Mobility Command's attempt to blend both air refueling and airlift experience -- the two major missions of the command -- for all pilots. The effort is designed to "grow" mobility officers rather than perpetuating the tanker- or airlift-specific officer. Changes such as these will develop senior managers who have a broader, more "corporate" outlook on organizational operations and issues. Career broadening efforts that promote the "big picture" view of the Air Force versus tanker, airlift, or unit parochialisms help to unify the organization as a whole. The forty-year career proposal would also benefit from this type of career development. Greater organizational allegiance would be the result as well as contributing to an increase job satisfaction and productivity as boredom and burnout would be minimized (Anderson and Anderson, 1982, p. 21).

#### Decision Making Process: Participative Decision Making

Decision making in the Air Force must be situational. There are times -- especially in flying operations or combat situations -- when it needs to be highly centralized and top down. However, most of the decisions made on a daily basis in the

Air Force are not in these specific categories and could be made using the participative approach recommended by Theory Z. This technique would be valuable to the Air Force to gain greater consensus within the organization. Presently, the formalized staff coordination process used in the Air Force is far from a participative decision making process. That is, all staff officers whose area of responsibility is impacted by a proposal must coordinate on it, or prepare a non-concurrence, before the final implementation decision is made by the senior decision maker. Regardless of how much consensus could have taken place as the staff coordination rose to the top, the senior decision maker could decide in either direction leaving the subordinates no choice but to salute smartly and implement the decision. However, the use of participative decision making could and should be expanded as much as possible. This would provide an opportunity for each individual to make the maximum contribution to his job and, as Theory Z suggests, improve group cohesiveness. The Air Force's Quality Circle, Empowerment, and TQM initiatives are an examples of pushing decision making downward to the worker level in an effort to instill worker commitment through more participative decision making practices.

#### Individual Responsibility as a Core Value: Integrity in the Air Force

The Theory Z approach -- participative decision making with individual responsibility -- should work well in the Air Force. Unfortunately, this arrangement can create problems unless it is practiced in an atmosphere of trust. The egalitarian concept of Theory Z requires a trusting environment and the Air Force can do a better job of creating this atmosphere. The Air Force has a bad habit of monitoring relatively minor things from too high a level and frequently "checks on the checkers." This is not an easy area to change, especially in these times of force reductions where job security is a primary concern. However, it can be improved by stressing individual trust in the Air

Force philosophy and by practicing the decentralized, participative approach to decision making. From these efforts, a more trusting atmosphere that is supportive of Theory Z concepts would evolve.

The efforts of the Air Force in the quality arena have done much to foster this type of atmosphere. By embracing quality as a principle part of mission accomplishment individuals learn that their contribution, regardless of how minute, remains an important part of the overall success of the task at hand. Pride in ownership, responsibility, and accountability have become a fundamental part of Air Force training programs and is viewed as important as the training to properly accomplish the steps of a task. The current quality focus often allows the "man in the trenches" to question why the Air Force is doing something a certain way and offer an alternative solution to the problem or task at hand. Individuals who feel as though they contribute to the organization develop a bond to the mission and find value to their efforts.

Nonetheless, it is critical that every individual know what is required in the completion of his or her job or mission. As a team member, each individual would know their contribution to organizational goals and how it affects others within and around their area of expertise. The responsibility of each individual in doing their job to the best of their ability would be based on a value system developed through personal integrity and commitment to the organization as a whole.

#### Holistic Orientation: Concern for Air Force People

The Air Force has long been structured to excel in this area as most Air Force installations are really a small, self-contained cities complete with families living in government built housing. A full range of services are provided with examples ranging from religious activities to health care; from sporting events to educational programs; from shopping facilities to law enforcement. Most of these activities involve the direct

participation of co-workers through either voluntary efforts or primary duty support. The Air Force looks upon its personnel as a "family" and strives to incorporate family values when members are in need.

With the corporate philosophy of "family," one area that is receiving emphasis, but still needs attention, is the military family program. Air Force personnel are comprised of many different types of families including traditional husband and wife relationships, single parent families, as well as both adult family members in the service. While each of these family situations share common stresses and problems caused by the military life style (frequent household moves, long hours, family separations, and more), each situation is unique and must be recognized as such. It is in this area that the Air Force could show a more holistic concern for its people by placing additional emphasis on helping to solve individual problems as well as providing for common bonding opportunities.

In effort to reach this endeavor, the Air Force has provided many programs to build esprit de corps and a corporate family philosophy. For individuals who actively serve or are thinking of this form of employment, distinctive uniforms, unit diversity, historical background, as well as television advertisements all provide a common denominator to link individuals together. Dependents are also drawn into the Air Force family culture through such programs and associations as Morale, Welfare, and Recreation privileges, officer or enlisted club memberships, library, medical, and shopping facilities all of which require sponsorship through military association. As Theory Z suggests, the Air Force subsidization of these many benefits do much to impart the holistic concern for its people.

Despite current efforts, there is still much to be done. The very nature of military life places unique demands on service members and their families. Frequent moves, new jobs, temporary duty requirements, and the very essence of the military, wartime taskings,

all require a degree of flexibility and adaptability that is not normally found in the civilian sector. Concerns for stability for the service member and family, while maintaining a strong warfighting capability, is a top-level concern for Air Force leadership but the return on investment when the balance is achieved is worth it.

## VI. Implementing Theory Z in the Air Force

Ouchi devotes an entire chapter in his book to implementing Theory Z in an organization. He lists thirteen specific steps (see Figure 2) designed to successfully accomplish the transition from a traditional organizational structure to a Theory Z organizational structure (Ouchi, 1981, pp. 97-129). While his steps are good, all of the steps are not required by the Air Force, as it is already applying many of the Theory Z

### **Thirteen Steps To Theory Z**

1. Understand the Type Z Organization and Your Role
2. Audit Your Company's Philosophy
3. Define the Desired Management Philosophy and Involve the Company Leader
4. Implement the Philosophy By Creating Both Structures and Incentives
5. Develop Interpersonal Skills
6. Test Yourself and the System
7. Involve the Union
8. Stabilize Employment
9. Decide on a System for Slow Evaluation and Promotion
10. Broaden Career Path Development
11. Prepare for Implementation at the First Level
12. Seek Out Areas to Implement Participation
13. Permit the Development of Holistic Relationships

Figure 2. Thirteen Steps to Theory Z (Ouchi, 1981, pp. 97-129).

principles to some degree. However, some general comments on implementing Theory Z are offered. First and most important, the senior leadership of the Air Force, and in some cases the Department of Defense, must be convinced of the value of Theory Z and be committed to those proposals they decide to implement. A difficult task as gaining

consensus at senior levels is difficult with the many changes in both political and military office. However, to be successful, senior leadership must feel that Theory Z management will make the Air Force a better organization and be willing to provide managerial support during the transition period. According to Ouchi, implementation needs to start with the senior leadership and expand from there (Ouchi, 1993, p. 106). This concept has been evidenced through the Air Force quality movement.

Following the primary requirement of leadership support, training and education will be very important. Air Force personnel will need to know why the changes are being made, why they are good for the organization, and why they are good for the individual. Unfortunately, change -- even when it is for the better -- will no doubt meet with a degree of skepticism from the operational levels due to the high degree of "mid-course corrections" the Air Force has experienced over the years. The "Air Force philosophy" needs to be thoroughly explained, and training will be required to sharpen interpersonal and group skills. Next, open communication -- vertically and horizontally within the organization -- will be critical. Very much like the concept found in quality circles, implementation will be much smoother if participation is used to help develop the exact proposals and decide how best to implement them. Finally, incorporating Theory Z principles into an organization is a slow, incremental process. Patience will be required and results may not be evident "overnight." Ouchi points out that it can take two years just to get the senior leadership transitioned and up to fifteen years to convert a large organization like the Air Force to a Theory Z structure (Ouchi, 1993, p. 110). For senior leadership, in today's Air Force they normally hold a particular position for about twelve months before being moved on to some other position. Achieving continuity and Theory Z focus between leaders could be a difficult task. Only through clear, unwavering direction and commitment from the highest levels will Theory Z implementation be successful.

Efforts in Theory Z management practices are intended to allow organizations to achieve their full potential. Any action taken (be it Theory Z, Total Quality Management, or some future management method), should be designed to improve processes and products of an organization. The United States Air Force exists for one reason: “to fight and win America’s wars when called upon to do so” (Fogleman, 1996, p. 1). Only through vision and careful planning can any organization achieve its fullest potential in the 21st century. The ability of an organization to recognize transition points in its systems and programs is critical in minimizing the amount of turbulence encountered when changes are made. For the Air Force to meet the challenges of the future with air and space power requires an understanding and focus on the priorities of the nation. Through the coordinated use of management methodologies such as Theory Z, the strategic and operational needs of an organization can be met.

## VII. Conclusion

This study has investigated Theory Z management and its possible application to the United States Air Force. To accomplish this, Japanese management has been examined from which the majority of the theory has evolved, the major principles of Theory Z has been discussed in detail, and several critical reviews of the theory were also mentioned. Understanding the concepts of Theory Z, the report then discussed how the major principles of Theory Z could be used to improve the overall management of the Air Force, particularly in the human resources area.

The Japanese have been very successful in the last thirty years. Their productivity and growth rates attest to this. Many reasons are cited for this success, including the Japanese management style. Theory Z, considering the cultural differences, attempts to adapt Japanese management for use in the United States. Several American companies are now using Theory Z, and all have prospered in relation to their competitors. On balance, critics of the theory indicate that its principles are not completely new to American management theory; in fact, variations of the principles have been practiced in the United States for many years. After examining the concepts of the theory, it appears to be true for the Air Force, where several Theory Z characteristics already exist. However, continued development of Theory Z principles would improve the organizational climate of Air Force even more.

Major criticisms to Theory Z do not outweigh its benefits to Air Force applications. Bruce-Briggs view that Theory Z would work against innovation, invention and the ability to operate at a fast pace would have application in combat; however, in the long-term operations and management of the Air Force, a more conservative approach to change that retains the rapid response capability necessary in wartime will be the most successful. Begun had similar criticisms, noting that an atmosphere resistant to change

crushes individualism, and lacks the ability to make quick decisions. Military service as a whole is based upon conformity to uniform standards and missions. Individualism, although appreciated in finding new and better ways to accomplish the mission, is normally valued less than adherence to the rules and regulations which makes the organization strong. Neff's criticisms that hangers-on would not be pulling their weight along with reduced loyalty to the organization is debatable when compared to the benefits found in greater experience, lower training costs, and better continuity for units and missions. Criticisms offered by Shein regarding the difficulty Theory Z organizations have in identifying changes that need to be made tend to be valid in organizations which become too focused on their own corporate philosophy. It would be difficult for the Air Force to fall into this trap due to the great number of external influences which effect operations. Political influences, budgetary constraints, and changing world missions would be just a few of the factors that would prevent organizational complacency in taking place. While Theory Z may not be a panacea for all situations, when properly managed it does offer organizational advantages that outweigh its drawbacks.

In the investigation how Theory Z principles could be applied in the Air Force, notional proposals were offered to show how the principles could be incorporated into the Air Force management culture and what benefits would result. These proposals were based on my own interpretation of Theory Z and my personal experiences as a pilot and personnel officer in the Air Force. The Air Force would require commitment by its leadership as well as the masses for Theory Z to prosper. All organizations would need to continually review and refine their management techniques and long-term organizational strategies. The status quo should not be accepted. In this regard, Theory Z offers management improvements to the Air Force. Therefore, the leadership of the Air Force should review Theory Z, direct studies on its possible utilization, and finally, implement those principles that offer long-term organizational improvements.

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## Vita

Major Thomas R. Kettler was born on 18 April 1957 in Blytheville, Arkansas. He graduated from Boiling Springs High School in 1975 and completed undergraduate studies at Harrisburg Area Community College in Harrisburg, Pennsylvania and The Pennsylvania State University, in Middletown, Pennsylvania. He graduated with an Associate in Arts degree in May 1980 and a Bachelor of Business Administration degree in June of 1982. On 21 January 1983 he received his commission as a distinguished graduate from Officer Training School.

His first assignment was to attend Undergraduate Pilot Training at Columbus AFB. Following graduation, he was assigned to McGuire AFB where he performed duties as a C-141B Instructor Aircraft Commander. From McGuire, his next assignment was at Altus AFB where he was a C-141B Flight Examiner Aircraft Commander and Executive Officer for the Wing Commander. A tour at the AMC Headquarters at Scott AFB followed the Altus assignment. As Chief, Rated Officer Assignments, Major Kettler managed operational pilot and navigator assignments for the entire command. While at Scott, Major Kettler completed a Master of Arts degree in Human Resources Development from Webster University in July 1994. In August 1995, he entered the Air Mobility Warfare Center's Advanced Study of Air Mobility program, Graduate School of Logistics and Acquisition Management, Air Force Institute of Technology.

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<b>13. ABSTRACT (Maximum 200 Words)</b>  <p>People are the vital link to any organization's success. Success, however, is an improbable outcome unless proper management techniques are employed to motivate individuals to achieve organizational objectives. As the Air Force transitions into the 21st century, the nation's war-fighting and readiness capability rests with a force that faces budgetary, infrastructure, and personnel cutbacks.</p> <p>Given these constraints, a commander's ability to successfully accomplish a task or mission is directly related to the managerial techniques he or she employs to influence the human behavior of their people. One such technique, Theory Z management, is an adaptation of traditional Japanese management principles to reflect American cultural values with the overall purpose of improving organizational performance, worker motivation, and the relationships between the worker and the manager.</p> <p>This paper will discuss the cultural basis for traditional Japanese management theory, the principles of Theory Z management, some opposing views of Theory Z management principles, and how Theory Z management practices can be adapted to the United States Air Force. Theory Z methodologies offer commanders alternatives to more traditional managerial approaches designed to motivate subordinates and complement the current Air Force focus on quality.</p>			
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