THE CONTRIBUTION OF POLICIES, PROCEDURES AND RULES FOR SUCCESSFUL SUGGESTION SYSTEMS IN ORGANISATIONS: SOME RESEARCH FINDINGS

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Abstract: A Suggestion System consists of a formal procedure which encourages employees to think creatively about their work and work environment, to generate and to produce ideas which will benefit the organisation for which the employee will receive recognition, in one or another way, if the ideas are useful for the organisation.

The success of any Suggestion System depends on a number of factors of which a proper Suggestion System policy, specific procedures, definite rules and certain structures might be some of the most important ones.

This paper reports on research of Suggestion Systems more specifically on generation of ideas, the importance of policies, procedures, rules and certain structures that should be in place for successful Suggestion Systems. This research was executed through qualitative research with structured interviews in 21 organisations in New Zealand of which 90.48% are from the private sector and 9.52% from the public sector. A 100% response rate was achieved.

Keywords: Idea generation, Suggestion Systems, policies, procedures, rules, employees

Introduction

Everything mankind has and will have in the future is and will be the result of people’s ideas. What is more is that it does not only derive from people of above average intelligence, but also from those of average intelligence. Employees will always have ideas, why not using it. Henry Ford said: “With every pair of hands you get a brain free” (Stern, 2006:7). Seinworth adds to that when he said: “Idea power is the most tremendous human force in the world” (Seinworth, 1948:3). One way for management to utilise the “free brain” and this tremendous human force is by means of suggestion systems.
New Zealand is constantly changing to keep up with global competition or rather supply and demand on the global market (Du Plessis, 2012). The most recent census in New Zealand revealed that many changes in the country’s geo-demographic composition took place; the greatest concentration of change has been in and around Auckland, the area that our survey was executed in the last quarter of 2007. A further interesting fact is that the 65 year and older age group in Auckland is the fastest growing population segment (Mosaic, 2008:25).

These changes in age and demography are typically accompanied by a wealth of human capital i.e. skills, knowledge, attitudes and behaviours of employees. They are working in some of the organisations in the surveyed areas. It is therefore surprising for the researchers and authors of this article that organisations are so slow or reluctant to make use of the human capital that’s available in their organisations to their benefit, as was found in the survey and discussed later in the analysis of this article (Du Plessis, Paine, Botha, 2012). The employers could easily make their Suggestion Systems work for them to get “hold” of the wealth of human capital in their organisations.

A suggestion system can be defined as a formal procedure which encourages employees to think creatively about their work and work environment, and to produce ideas which will benefit the organisation and for which the employee will receive recognition, in one or another way, if the ideas are useful for the organisation (Du Plessis, Marx, Wilson. 2008).

To give stature and structure to a Suggestion System, proper policies, rules, regulations and procedures are necessary. This article reports on research regarding the role and contributions of policies, rules, regulations and procedures in the success of Suggestion Systems as it is applied in some New Zealand organisations. The literature review includes a flow chart of effective Suggestion Systems for Policies, Procedures and Rules, developed by the authors; in the analysis of the results the different responses of the respondents are discussed. Thereafter the implications for management are pointed out and the next section has some recommendations for management to implement for a successful system before the conclusions which forms the last part of this article.

**Literature review**

One of the reasons behind the failure of Suggestion Systems is an over-reliance of a formal, ready made, “off the shelf” Suggestion System, which take little or no account of the organisation’s context, its particular issues, the concerns of its employees or its communication infrastructure (Sweetman, 2005:44). Every organisation has its own culture and needs and therefore the Suggestion System should be moulded around that. Every organisation should set its own policies, rules, procedures and structures to fit its own needs and organisational culture.

According to The Oxford Advanced Learner’s Dictionary of current English (2005: 1122) “policy is a plan of action agreed or chosen by a business, a principle you believe in that influences how you behave; a way in which you usually behave”. A Suggestion System policy therefore is a general guide that expresses limits within which action should occur (Ivancevich, 2001:19). Policies act as general guidelines, while procedures and rules are specific to situations (Mathis & Jackson, 2003:529).
The policy should leave very little room for personal judgements and arguments, thereby reducing favouritism and dissatisfaction. Every aspect of the scheme should be clearly defined so that employees are left in no doubt as to what is expected of them and what they can expect from the organisation in return. It should be remembered that the policy is the guide to decision making where there is a choice among actions. This does not mean that a policy could not change, in fact it should and must change if the needs and culture of the organisation changes. An obsolete policy could result in poor choices and thus in poor decisions. The policy should also adapt to changes in technology and the needs of the employees that will definitely change over time.

Stone (2011) describes policies as general statements that serve to guide decision making. They could also direct the actions of the human resource management function towards achieving its strategic goals. Policies are normally in writing and communicated to all employees by the human resource department, management, and line managers. He also refers to procedures that detail precisely what action is to be taken in a particular situation. A good example is the steps to be followed when a pay increase is given or terminating of employment. Policies and procedures should be fair and equitable.

What, however, is important is that policies, procedures and rules should not smother creative behaviour and initiative. It should rather create the opportunity for the employees to use their imagination and initiative.

Policies are only a guide to help with decision making. In his research Marx (1992:80-84) found that some aspects that should be addressed in the Suggestion System policy are:

- The aim of the system
- The definition of a suggestion or idea
- Topics which are not eligible as suggestions
- The members of the suggestion committee
- Employees who are eligible to submit suggestions
- Suggestion awards and recognition
- Taxation on the suggestion awards
- Procedures related to the submission of suggestions
- The right to appeal
- The cession of suggestions
- Patentable suggestions

Mathis & Jackson, (2003:529) have their own view on procedures in contrast to policies, it provides for customary methods of handling suggestion system activities and are more specific than the suggestion system policy. For example, the policy may state that the Suggestion Committee will be responsible for the evaluation of ideas that have
corporate wide implications. Procedures establish the specific method of evaluation and approval before implementation.

Some of the procedures that should be addressed are:

- How to promote the suggestion system
- How, where and to whom to submit suggestions
- How to register submitted suggestions
- How to evaluate suggestions
- How to appeal when a suggestion, which the suggestor feels really has merit, has been turned down
- How to recognise and award successful suggestors
- How to deal with taxation in case of financial awards
- How to handle patentable suggestions

**Figure 1: Flow Chart of the Idea Generation Process in Suggestion Systems**
The use of the flow chart in Figure 1 above

Line managers are often the most important link in the idea generation programme. Employees and line managers are the people with the most knowledge of the job and it came as a surprise that 66.66% of the respondents admitted that no explanation of the suggestion programme forms part of the induction programme in their organisations. In Figure 1, above, it is clear that the awareness and publicity programme follows the idea generating programme. The explanation could easily be done during the induction period.

There was consensus among all the organisations that the evaluation of suggestions is completed in less than 90 days after it was submitted. This is an indication that the management is open for suggestions and that they value the ideas of employees. The fact, however, that 71.43% of the respondents either disagree or do not know whether suggestors are getting feedback on a regular basis during the evaluation period places a question mark on the commitment of management. The flow chart (Figure 1) above explains the flow of feedback.

The question was put forward to the respondents whether software is used to submit and process suggestions. Only 4.76% of the respondents agreed that software is in use for administration and processing. Almost all (95.24%) of the respondents responded that they don't use any software for the said issues. It can be deduced that the organisations are too small to layout huge amounts of money on systems that they think could be managed manually.

More than three quarters (80.95%) of the respondents agreed and strongly agreed that they receive their ideas via email, intranet, internet or face to face. It can be deduced that the old fashioned way of meetings face to face still has its value. In Figure 1 above all the aforementioned methods are mentioned as a method to gather ideas.

Rules, on the other hand, are, according to Mathis and Jackson (2003:529) the specific guidelines that regulate and restrict the behaviour of the individuals. For example, employees of the Research and Development Department will not get any financial award for implemented ideas. Rules, thus, give specific direction for decision making and serve as control device in that they represent standards of behaviour that ensure a reasonable level of conformity throughout the organisation (Du Plessis, 2007:85; Wendell, 1994: 188). Therefore there will be a set of rules that will be applicable to the list of procedures that have been mentioned above.

Almost two decades ago Marx (1995:16) pointed out the following set of rules that will apply for any Suggestion System to qualify for a formal Suggestion System:

- The system should be approved and supported by top management.
- The suggestion must indicate a problem, potential problem or opportunity to improve an existing process or situation.
- The suggestion must present a solution to the problem, potential problem, process or situation.
• The suggestion must be in writing.
• The idea proposer must be identifiable, even if the system provides facilities for anonymous suggestions.
• The suggestion must be acknowledged on receipt.
• These rules are still applicable today according to our research project.

**The use of the flow chart in Figure 2 below**

For the Suggestion System policies, procedures and rules to be effective, coordination between the Suggestion System Committee/Coordinator, other managers and supervisors are vital. The ideal flow of communication is shown in Figure 2 below. The human resource (HR) department who is primarily responsible for the designing of policies, procedures and rules in the organisation can delegate the Suggestion System issues to a committee or coordinator. HR can also delegate or just be part of the designing committee. It is also pointed out clearly in Figure 2 that policies, procedures and rules are downward communication; it flows from HR or top management, through the other levels of management to the rest of the organisation. The Suggestion System, on the other hand, is upward communication that enables employees, supervisors, middle management levels and top management to know about ideas that originates somewhere in the organisation as is explained in Figure 2 as well. Therefore, policies, procedures, rules and structures should be designed to smooth the way for suggestions rather to obstruct them (Robinson & Schroeder, 2006:97).

But who should be responsible for designing and setting the Suggestion System policies, procedures, rules and structures and who should be responsible for the execution thereof? The final approval of the policies, all procedures, rules and structures is the responsibility of top management. However, the drawing up of policies, working out of the procedures, setting the rules and creating the structures will usually, in bigger organisations, be delegated to the HR department. The latter in turn, will either commission a Suggestion Committee or a coordinator to do the job. In smaller organisations it is usually the responsibility of the human resources manager or some one specially dedicated to the task.

Enforcing the rules is the responsibility of the supervisors. The more the Suggestion System rules are supported by group attitudes and norms, the more enforcement becomes a responsibility shared by all employees. If management can engage supervisors and employees in problem solving by means of the Suggestion System rather than issue directives, it is more likely that the Suggestion System’s and other work rules will be developed that are practical and have broad support (Wendell, 1994:188).
Figure 2: Flow Chart of effective Suggestion Systems for Policies, Procedures and Rules in organisations showing the ideal flow of communication

Source: Developed by the authors (“COM” is communication)

Dessler, Griffiths and Lloyd-Walker (2007:449) are of the opinion that an organisation will put in place mechanisms that would allow employees to feel empowered to communicate upwards with managements. Therefore they support the idea that organisations should encourage feedback from their employees through upwards channels. The Suggestion System provides the ideal channels for feedback. Extensive communication is a key component in innovative organisations within the organisation upwards, downwards and laterally.

Take note that the best Suggestion System’s policies, procedures, rules and structures are useless if it is not communicated to everybody in the organisation. Therefore, it must be publicised as wide as possible, starting with the induction and orientation of
new employees, official functions, monthly internal newsletters and even employee booklets. A continuous publicity programme will also contribute to a more successful Suggestion System.

**Problem statement and objective of the article**

It is expected that, due to the fact that most of the Suggestion Systems driven in New Zealand, are to a great extend of an informal nature, there will be a lack of a proper policy statement, well formulated procedures and a set of rules to guide the whole system.

The objective of this article is to report on empirical research undertaken by Unitec New Zealand and the University of Pretoria, (South Africa) on Suggestion Systems as applied in some New Zealand organisations.

**Methodology**

A number of critical success factors for suggestion systems were identified from the literature. From these critical factors the ten most important ones were identified. A questionnaire was compiled by the University of Pretoria (UP) to establish to what extend these critical factors are complied with in organisations. The same questionnaire was used with permission from UP after minor modifications for an identical survey in New Zealand. Minor modifications involved updating and scrapping of some questions for use during short interviews in New Zealand; the UP questionnaire was too long and not applicable for certain New Zealand organisations.

**Data collection**

The questionnaire was used and completed during personal interviews which were conducted in four main business areas, namely Auckland CBD, Greater North, Manukau and Waitakere City. Table 1 below is a profile of the distribution of the respondents in the four business areas. A 100% response rate was achieved.

<table>
<thead>
<tr>
<th>Business Area</th>
<th>Number of organisations</th>
<th>Percentage of organisations</th>
</tr>
</thead>
<tbody>
<tr>
<td>Greater North</td>
<td>6</td>
<td>28.57%</td>
</tr>
<tr>
<td>Auckland</td>
<td>10</td>
<td>47.62%</td>
</tr>
<tr>
<td>Manukau</td>
<td>4</td>
<td>19.05%</td>
</tr>
<tr>
<td>Waitakere City</td>
<td>1</td>
<td>4.76%</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>21</strong></td>
<td><strong>100.00%</strong></td>
</tr>
</tbody>
</table>

The number of employees employed by the different organisations, varied from a minimum of six employees to a maximum of 110, as reflected in table 2.
Table 2: Profile of respondents by organisation size

<table>
<thead>
<tr>
<th>Number of employees</th>
<th>Number of organisations</th>
<th>Percentage of organisations</th>
</tr>
</thead>
<tbody>
<tr>
<td>6-29</td>
<td>8</td>
<td>38.10%</td>
</tr>
<tr>
<td>30-49</td>
<td>8</td>
<td>38.10%</td>
</tr>
<tr>
<td>50-110</td>
<td>5</td>
<td>23.80%</td>
</tr>
<tr>
<td>Total</td>
<td>21</td>
<td>100.00%</td>
</tr>
</tbody>
</table>

From the 21 organisations 19 (90.48%) are from the private sector while two (9.52%) are from the public sector. A total of 89.47% (17) of the private sector organisations are from industry. Due to the size of the study and the amount of different sections and the large amount of questions in the research, only section B regarding Policies, Procedures and Rules are covered in this article. The other sections are dealt with in other papers and articles.

Analysis of the results

Methods used in Idea Generation Programmes

The fact that 85.71% of the respondents agree that the methods that they use to generate ideas are clear and straightforward confirms that they have either a formal or informal suggestion system in place. The methods are also open to all potential participants including teams and individuals. With this high percentage one could easily deduce that it was going well in designing of the idea generation programmes as well if the methods used are so good; but it’s a total different result in the next section.

Employees involved in Idea Generation Programmes

An alarming 38.10% of the respondents reported that their employees from all levels are not involved in the design of the idea generation system. A further 28.57% of the respondents were unsure; therefore two thirds (66.67%) of their organisation’s employees are excluded in the basic design of what could be a possible cost saving or a possible labour turnover decrease. Only a third (33.33%) of the respondents is sure that their employees are involved and contribute positively to possible cost saving or attaining of their competitive advantage.

Policy as guide

From the empirical study only 19.05% organisations claimed to have a formal Suggestion System. Only 28.57% of the respondents have official policies, certain structures and procedures in place. They claim that the suggestion policy is a clear general guideline that expresses the limits within which all suggestions activities must occur. That means that only two of the informal Suggestion Systems in use in the surveyed organisations are clear on this aspect. An alarming 71.43% of the respondents...
either don’t have or are not sure if they have official and clear policies in use as general guides.

**Aim of Suggestion System**

In spite of the above facts a mere 4.76% of the respondents strongly agree that the policy explains in full details the aim of the Suggestion System. This is really disappointing because a great number of employees are unaware of the system; it can be deduced that 95.24% organisations or rather management deprive their employees of participation if they knew the real value of the system, not only for the company but also for themselves. This is also clear evidence that the power of the system is not used to its full potential and that the aim of the Suggestion System is totally missed by the majority (95.24%) of the respondents.

**Suggestion Committee or Coordinator**

It is concluded from the survey that none of the organisations made use of suggestion committees to evaluate suggestions. A total of 100% of the respondents agree that they have no committees functioning at all and that it is not explained in any policy either. The flow chart in Figure 2 above explains the position of the committee or coordinator. Suggestion Committees could be very helpful with the evaluation of suggestions, especially in bigger organisations, where a specific suggestion will have a corporate wide influence. Members of such a committee will usually consist of representatives of all the departments, or at least of those departments that will be influenced by the suggestion. Although some managers might argue that it is just one more meeting added to a list of other meetings, it could really add value to the productivity of the organisation if the meeting is well managed. It is therefore absolutely necessarily that policies, procedures and rules applicable to the Suggestion Committee should be clear to all employees so that there will be no confusion with regards to its function, responsibility and actions.

**Eligible employees to submit suggestions**

More than half (52.38%) of the organisations either don’t know or disagree that the Suggestion System policies clearly indicate which employees are eligible to the submission of suggestions. Why would any employee submit suggestions if they are not sure that any one would pay any attention to such a suggestion? It might be just a waste of valuable time. It is therefore necessary that the policy clearly indicates which employee or department, for example the Research and Development Department, will not be allowed to submit suggestions that are related to their own department (they might or might not be allowed to submit suggestions outside their field of expertise, depending on the policy). It can be deduced that if only 47.62% of the organisations that participated in this study have policies in place it is time for New Zealand organisations to review their own structures, functions, management duties and even their job descriptions so that their policies are then also reviewed or amended for their employees to have the motivation or initiative to participate in suggestions. Employee
inputs or suggestions can add so much value to any organisation. Engaged employees are known to go the extra mile.

**Recognition and awards**

Less than 10% of the organisations agreed that their suggestion system policy clearly explains how the recognition and rewards are working. That means that two of the organisations with formal systems are sure how it works; an enormous 90.47% don’t know or are not sure that their policies explain to their employees what recognition or reward they could expect for suggestions that could have millions of dollars impact on the organisation. Everybody likes to be recognised and rewarded for something well done. When employees are recognised for what they do it demonstrates and confirms their achievements.

Recognition is very important for good relationships and a powerful way of recognition; most of the time it’s an inexpensive tool for motivating employees. According to research conducted by North-Western University during 2005, it was found that 98.9% of the respondents placed employee recognition as the top motivation tactic (Potentials, 2005:6). Most employees know when they have done a good job, but when their managers acknowledge it they really believe it. Employees cannot be forced into participating in the Suggestion System. It is a purely voluntary activity. It is therefore unclear why some organisations are still against recognising and rewarding employees for suggesting improvements in their own jobs. Who knows the job and processes better than the employee (Darragh-Jeromos, 2005:18)? Any employee is likely to ask: “What does it mean for me?” (Sweetman, 2005:44). Employees will only participate if they have the will to do so, in other words, the motivation, and the opportunity to submit their ideas. What gets recognised gets done. This principle also applies to Suggestion Systems.

Awards can have a monetary or non-monetary value. Many organisations have healthy idea programmes with small or no financial awards. Some resort to awards that are imaginative and cost little but have high perceived value to the recipients. Beddows (2001:15) give examples of such non-financial awards such as car parkings and lunches with managers for the submitters of adopted ideas. Robbins (1997:387) confirms this when he said that it is a myth that most people are interested in absolute rewards. People are more sensitive to relative differences than to absolute differences. They compare what they get from the organisation with what others get. That is one of the reasons why policies, procedures and rules should be very clear with regards to recognition and awards.

**Procedures**

With regards to the communication of the procedures related to the submission of suggestions to the employees, 95.24% of the respondents agreed that it is done. The other almost five percent were not sure, probably due to the fact that they only have informal systems and they are used to receive communication only from the top. Figure
Specific section suggestions

A disappointing 19.05% of the respondents agreed that suggestions received in a specific section are authorised by the line manager and implemented immediately. It can be deduced that line managers either don’t want to take responsibility or they don’t have the authority or are not empowered to do it. If the line manager does not take the responsibility, who must? Surely, the suggestor cannot implement the suggestion without the approval of the line manager? If there is agreement on this, then it should be the responsibility of the line manager.

A total of 71.43% of the respondents were unsure what happens in their organisation. It is almost three quarters of the organisations in the main business areas in Auckland and the surrounding business areas that are not sure whose responsibility it is or who must record and implement suggestions. Recognition and rewards also fall under this heading with 80.95% of the respondents not knowing or disagreeing that line managers are responsible for it.

Right to appeal rule

In only one case the employees know that they have the right to appeal against the non-acceptance of a suggestion and that the procedures for appeal are communicated to all staff members. In seven organisations the employees do not have the right to appeal to non-acceptance, while 61.90% of the respondents don’t know whether they have the right to appeal.

In the comparing study of Marx (1992: 58), more than 75% of all suggestions are declined and as a result the suggestion strategy should cater for these eventualities. Whenever a suggestion is declined it should be dealt with in such a way so as not to alienate the employees from the Suggestion System. The suggestor should be given full reasons why the suggestion was declined. To be completely transparent the suggestor should be given the opportunity to appeal provided that they could provide additional information or material which will support the appeal. The rule should stipulate a period of time within which the appeal should be lodged and also the number of times appeals will be considered. Appeal opportunities will also reflect management’s commitment to the system.

Policy in terms of patentable suggestions

None of the respondent’s Suggestion Systems’ policies explains the ownership and rewards in cases of patentable suggestions. The reason for this might be two fold:

- That most of the respondents only have informal systems, and
- That there were no patentable suggestions in the past.
It could, however, become a serious problem if a suggestor came up with a suggestion that could generate a large amount of money. The question will be: “To whom does the intellectual capital belong to?” It will be therefore wise to include the following in the Suggestion System policy: “Due to the cession of rights, the accepted suggestions become the property of the organisation and if the idea/suggestion is patentable, the suggestor has no further claim on the organisation and any benefit resulting from the idea/suggestion. Management can, as a gesture of goodwill, make an ex gratia award to the suggestor”.

**Corporate level implications**

With reference to the implementation of ideas and suggestions consensus (95.24%) was reached that it is the responsibility of the highest level in the organisation to approve recognition and rewards and the implication of any suggestions. If the line managers cannot take responsibility for rewards and the implementation of the suggestions it is understandable that not in one of the participating organisations implementation of suggestions form part of the line managers’ performance appraisal.

**Implications for management**

In this article we described flow charts showing the usual downwards communication. It was also explained how the ideal communication flow should take place and who should be responsible for it. Specifically the flow chart depicts the flow of communication for the Suggestion System. In other words the upwards flow of communication (suggestions) in organisations and how to submit a suggestion through the right channels. The flow chart represents an important theoretical contribution to the understanding of how important communication is in any successful system in organisations and for management’s use to ensure successful submission of suggestions that could be vital for the survival of an organisation.

**Recommendations for organisations not using any suggestion system**

Suggestion Committees should be functioning in organisations because it could really add value to the productivity of the organisation if the meeting is well managed. It is therefore absolutely necessary that policies, procedures and rules applicable to the Suggestion Committee should be clear to all employees so that there will be no confusion with regards to its function, responsibility and actions.

It is recommended that policies clearly indicate which employee or departments are eligible to submit suggestions and who will not be allowed to submit suggestions. Whenever a suggestion is declined the suggestor should be given full reasons why the suggestion was declined; the system should be completely transparent and the suggestor should be given the opportunity to appeal provided that they could provide additional information.
It should be included in the Suggestion System policy that an accepted suggestion becomes the property of the organisation especially in the case where it is patentable.

**Conclusion**

From the results of the survey it is evident that the full power of Suggestion Systems in New Zealand is not used to its full potential. The absence of formal policy statement, well formulated procedures and a set of rules to guide the whole system might contribute to the problem. This could be as a result of a lack of knowledge and skills to apply a Suggestion System. It is therefore important that, first of all, all levels of management should be properly trained. The whole management team should know what a formal Suggestion System consists of, what the benefits are, not only for the organisation but also for the individual, work teams and the esprit de corps.

With this knowledge a formal policy could be formulated that will leave little room for personal judgements and arguments. From there on the procedures and the rules could be worked out. It is however important to communicate the policies, procedures and rules to all employees throughout the whole organisation. It is important to remember that the policies, procedures and rules should not choke creativity and initiative. With clear policies, procedures and rules every aspect of the system will be clear so that employees are left in no doubt to what is expected of them and what they can expect from the organisation in return.

**References**


