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The Case of Quality Circles

CEO Publication
G84-8 (56)

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PARALLEL PARTICIPATION STRUCTURES:
THE CASE OF QUALITY CIRCLES

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ABSTRACT

A parallel organization is set up as an adjunct to the regular organizational processes and structures. This paper examines the typical life cycle of one kind of parallel organization, the Quality Circle. It makes the point that such structures tend to be unstable precisely because they are parallel.

Parallel Participation Structures:
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During the past decade, many organizations have experimented with approaches that increase employee participation in decision making. Many have set up special participative structures in which groups of employees can identify and solve problems encountered in organizational task performance. This approach gets around the relatively nonparticipative practices which are embodied in the culture and practice of traditional bureaucratically structured organizations by setting up parallel structures designed expressly to house participative activities.

The most widely employed approach to parallel participative groups is the Quality Circle. A 1982 study by the New York Stock Exchange showed that 44% of all companies with more than 500 employees had Quality Circle programs (NYSE, 1982). Such well-known companies as IBM, TRW, Honeywell, Westinghouse, DEC, Xerox, and Hughes Aircraft have been heavy users of the Quality Circle approach.

This paper draws on our extensive research on Quality Circle programs to depict their common patterns of longevity, vitality, and the threats which they encounter. It points out the limitations of this approach to the involvement of employees and draws some conclusions about the use of parallel involvement structures in general. First, however, it examines the assumptions and beliefs which appear to

motivate organizational efforts to involve employees in problem-solving and decision making.

The Trend Toward Participation

Experimentation with participative approaches appears to be motivated by a convergence of factors, all of which contribute to a willingness of managers to question some of the underlying beliefs and practices concerning authority and hierarchy in American organizations. The 1970s and early 1980s presented a time of new challenges. From within, organizations were confronted with a highly educated work force with increasing expectations for the intrinsic and extrinsic outcomes of work. New computerized technologies demanded a work force at once sophisticated and specialized. From without, American businesses faced an economy characterized by global interdependence, dependency on foreign and sometimes hostile nations for natural resources, and serious threats from international competition which endangered many basic industries as well as emerging high-tech areas such as electronics.

In short, American organizations have been facing simultaneous pressures to become more competitive, and by implication more productive, and to become more responsive to the needs and expectations of an increasingly sophisticated work force. A logical response to these pressures is to reverse the adversarial relationship with employees, and to more effectively utilize their problem solving skills. Organizations facing an increasingly turbulent environment and a steady need for change and development began to recognize the need for the active involvement of personnel in the design and implementation of new practices and procedures.

The use of task forces and other problem-solving groups is predicated on a set of beliefs about participation, some of which are based on organizational research, and others on "common sense." The research literature, although somewhat equivocal, suggests that employee participation can lead to acceptance of change, to better understanding and consequently more effective implementation of new ideas, and to increased intrinsic satisfaction. It also suggests that group decisions may be more effective than individual decisions because of the representation of multiple viewpoints, and may lead to more effective implementation because of common understanding and peer pressure. The "common sense" beliefs that are frequently voiced about participation include the following: "The people closest to the work have the information about how to make improvements"; and "People want to contribute more to their organizations."

Widespread media attention to the management practices of one of our most successful foreign competitors, Japan, contributed to many organizations focusing on particular approaches. In particular, attention was drawn to the Quality Circle, a mechanism which is widely used in Japanese businesses to actively involve small groups of employees in solving key quality and productivity issues. In the United States, consulting firms quickly grew up to market and implement circles, professional organizations were formed to support their proliferation, training materials were developed in great abundance, and the popular press was filled with accounts of Quality Circles programs.

The next section of the paper will describe the Quality Circle model and comment on its attraction for American managers.

The Quality Circle Model

A Quality Circle is a small group of employees from a common work area who get together regularly to identify and generate solutions for problems which they encounter in their work situation. Most Quality Circles are designed similarly. Common design features include:

1. Membership is voluntary.
2. The problem-solving domain is limited to quality and productivity related issues.
3. The groups have suggestion responsibility but not decision authority. They submit their suggestions to an appropriate higher level management group, which is frequently a specially constituted steering committee.
4. Circles meet regularly; generally on company time.
5. Motivational approaches include prizes and recognition; no financial awards are offered unless through the company suggestion program.
6. Groups receive support from a specially trained facilitator, who helps with training, group process, and communication to the rest of the organization.
7. Circle leaders and group members receive training in problem-solving and group process.

Although there is a fairly standard set of design features that most organizations use, each organization does its own fine tuning to fit the context in which the circles are being implemented.

Quality Circles in the United States clearly fit the model of a parallel structure. That is, they operate independently of and in different ways from the existing organization, are designed to address

issues not being addressed by the regular organization, and are not considered part of the day-to-day work activities. They exist to introduce changes in the way work is done, but such change **must** generally be approved by the same individuals and groups who have authority in the regular organization. The changes which are suggested by the Circles leave the structure and design of the regular organization for the most part untouched.

The Appeal of Quality Circles

In addition to the popular press interest in Japanese management practices, several other aspects of Quality Circles help explain their large-scale adoption.

First, Quality Circles are marketed as a standardized program complete with a price tag which includes training, support materials, procedures, and consultant assistance during the implementation phase. Managers know what they are purchasing and how much it will cost.

Second, circle programs do not involve everyone. In fact, it is possible to stage the introduction of circles, and to expand only if initial circles are successful. It is also possible to introduce them only into areas which are interested. Thus, managers can control the amount of activity and its cost. The voluntary aspect of circle programs has a special allure, since managers feel that they will capture the ideas of the truly interested employee, and not have to expend time and resources trying to motivate those who are more apathetic or negative.

Finally, many managers are willing to adopt Quality Circles precisely because they are parallel to the regular organization. Because decision-making authority is not redistributed, managers **do** not

see themselves as giving anything up. It is not uncommon, in our experience, to hear managers say that they have little to lose--that any positive outcome will be a bonus since the organization is investing so little. Sometimes we hear managers say: "We don't care whether the circles generate important money saving ideas, although that would certainly be icing on the cake. What we really want is to get our workers and managers communicating with one another." Or, "We're not in this to save money. What we're really after is to create a climate where everyone feels important and is willing to cooperate to get the job done."

In summary, it is our experience that many managements embark on a quality circles program in the belief that it is a low-cost, low-risk approach to creating an environment where workers and managers cooperate to get the job done better. Most managers do not contemplate major change in the systems and practices which constitute the regular organization, although they anticipate that quality circle ideas may result in minor changes that make the operation more efficient. Some, however, do anticipate that circles will produce ingenious ideas, which, when implemented, can save hundreds of thousands of dollars in operating costs. All hope for more harmonious relations with the work force, and more enthusiasm in getting the job done.

Stages of Quality Circle Activity

Although many organizations have maintained Quality Circles programs for multiple years, institutionalization has not occurred in many organizations. An understanding of why successful institutionalization

zation of quality circle programs is difficult can be gained by examining the typical life cycle of a program.

Quality Circles go through a series of identifiable phases or stages in their development (see Table 1). Each one has its own key activities as well as its own threats to the continuation of the Quality Circle program. Quality Circle programs that survive the threats of the first stage move into the second stage, and so forth. That is, the organization either drops the program at one of the stages or moves on to the next one.

1. Start-up Phase. During the start-up phase, a high level of activity is demanded and considerable effort needs to be put into a Quality Circle program. The program usually begins with a communication program and a call for volunteers. At this point it is also important to identify who the facilitators will be and to be sure that they are trained and capable of carrying out the facilitating function. In addition, an intensive training program is often conducted for the circle members. As was noted earlier, the training is in group process and problem-solving skills.

Table 1 about here

The primary threats concern whether anyone will volunteer, whether adequate training will be provided, whether the problem solving capability of the volunteers will be adequate, whether competent facilitators can be found and finally, whether an adequate budget will be made available to allow for meetings, facilitator time, and training. Most Quality Circle programs deal successfully with this stage and are able to progress to the problem-solving phase. This is aided by the

fact that there are many firms offering good training packages for Quality Circle program participants and by the fact that most people like the idea of participating in problem-solving groups. As decades of research has often pointed out, people want to contribute to the place they work and want to participate in decision making. In fact, the danger is that the high level of initial enthusiasm creates expectations which cannot possibly be quickly met. Setting up the groups is a relatively easy and straightforward process. Deficiencies in start-up activities, either inadequate orientation or inadequate training and resources, generally do not become apparent until later stages.

2. Initial Problem Solving. At this stage, circles identify the problems that they will work on and begin to come up with solutions. Most groups successfully identify problems and begin to problem solve. Once they start problem solving, they may find they have inadequate business and technical knowledge to solve the problem, but this too can be overcome through additional training or through adding expertise to the group, sometimes in the form of resource people. Therefore, in most Quality Circles, initial problem solving does take place and success is experienced. This leads to the next phase of activity.

3. Presentation and Approval of Solutions. Because Quality Circles are a parallel structure, the results of Quality Circle problem-solving activities must be reported back to decision makers in the line organization. This report back activity is often perceived by participants and managers as the high point of the Circle process. It is also critical to the evolution of the circle program. If circles are to succeed, the reporting back must be done well and the line

organization must respond quickly, knowledgeably, and, in a significant percentage of the cases, positively to the ideas coming out of the Quality Circle program. It is during this phase that the typical Quality Circle program encounters the first serious threats to its continuation.

Most of the individuals who have to accept and act on the ideas from the Quality Circle program are middle level managers and in many organizations they have had little or no role in the Quality Circle activities prior to this phase. Indeed, they probably have little previous experience soliciting and responding to ideas from subordinates. They are often presented with ideas that in many cases they feel they should have thought of themselves or with ideas that will change their own work activities. Not surprisingly, they often resist the new ideas and, as a result, either formally reject them or are simply slow in responding to them.

Part of the problem in getting adequate responses to Quality Circle suggestions may also be that the people who must respond have many other things to do and, as a result, they do not have the time available to respond to the ideas of the circles. In any case, a scenario can develop in which the Quality Circles present their ideas and this is followed by literally no activity on the part of the people to whom they were presented. This is particularly likely to happen to suggestions which follow the first Quality Circles suggestions. A great deal of pressure exists to accept the initial suggestions because of the time and resources invested and because it is known that if the ideas are not accepted the program will lose its momentum. Subsequent ideas often are received far less positively, however.

If the initial ideas are not accepted the Quality Circle participants get discouraged and feel that the program is a sham, waste of time, and a management trick. If, in a high percentage of cases, Quality Circle suggestions are reacted to negatively or not at all, this usually ends the Quality Circle program. The individuals in the group become discouraged and stop meeting. They feel that management never took the program seriously and react against the whole idea of the Quality Circle program. If, however, the ideas are accepted, as they often are then the circle moves to the next phase.

4. Implementation of Solutions. Because the pressures for acceptance of the initial ideas of a Quality Circle are quite strong, many of these ideas are accepted but they may not be implemented. In many cases, the people who need to put their time, energy, and resources into implementing the suggestions are not involved in initial activities of the circle program. Thus, staff engineering groups, maintenance groups, and middle management groups are often faced with a choice between continuing their normal activities and picking up on ideas that have been suggested to them by the quality circles. Because they have not been involved in the program and are not committed in its success, they often lack the necessary motivation to act upon the suggestions.

Failure of the organization to implement circle ideas can cause the Quality Circle programs to lose momentum and die. Although participants are delighted to have their ideas officially approved, this is not sufficient to reinforce their Quality Circle activity. They need to see implementation of their ideas and receive feedback on the impact of their suggestions. Failure to provide both implementation and feedback will ultimately lead to the deterioration and cessation of the program.

Many organizations, but not all, do successfully implement some of the ideas of the Quality Circle program, project large savings based upon them, and move on to the next phase.

5. Expansion and Continued Problem Solving. During this phase the program is often expanded to include new groups. Old groups are either phased out or told to work on new and additional problems. If the program has gotten this far, then there is usually considerable commitment of resources to it and it becomes a major operating part of the organization. More facilitators are hired; more groups are started and trained. An administrative structure develops to support circle activities. Circles are in fact a program that requires the maintenance of a parallel organization.

The initial success of the program leads to a desire of other people to get into the Quality Circle program. Nonparticipants become jealous of participants and wonder why they too cannot have the luxuries of meeting and problem solving while others are working. They also may resent the recognition and status accorded to successful Quality Circle members. To a degree this issue can be met by expanding the number of groups to include more people, but there almost always is an insider-outsider culture. Furthermore, as a result of peer and subordinate pressure, supervisors who initially were less than enthusiastic about the notion of employee participation may volunteer to have circle activity in their areas.

At this point the members of the initial groups often develop aspirations for further developments. They may, for example, desire greater upward career mobility and/or additional training and technical skills. They may desire to transfer the Quality Circle process back

into the everyday activities of the organization. Circle members become uncomfortable with the split between the way they are treated in the Quality Circles and the way they are treated in the day-to-day operations of the organization. They ask for more participative management in the day-to-day work activities of the organizations as their sense of competence increases and their aspirations for influence rise.

Some groups also run out of problems to solve. Initially, they pick off the easiest ones to solve. They then find themselves in a situation where, with the limited charter and training they have, there is little additional they can do. They may react to this by simply going out of existence or they may try to expand their activities into other areas even though it is not in line with their mandate to solve only quality and/or productivity related problems.

The initial success may also bring a request for financial rewards from the participants. This is particularly likely to happen when organizations talk about their high levels of success and the great savings the circles have produced for the organization. Ironically, the more publicly the organization measures the cost-benefit of ideas and of the program, the more likely the employee to develop a desire for remuneration if the program is successful at improving operating efficiency or reducing costs.

Expansion of the program also may bring to a head issues of the cost of running the program and the parallel organization needed to operate it. Not only is there training time, but there is coordinator time, facilitator time, and meeting time. All this costs a great deal for an organization and ultimately many organizations ask if it is

justified by the savings that have been realized. Partially because circle ideas are not implemented or because there is not sufficient follow-up to ensure continued utilization of new procedures, savings often turn out to be somewhat smaller than had originally been estimated. It turns out that the initial expansion of the program was based on optimistic estimates of just how much was going to be saved and, indeed, people may have been rewarded for projected savings rather than for actual savings. A combination of disappointment over the actual savings from early ideas and the significant expense of running the Quality Circle program often provides the single most serious threat to its continued existence and sets the stage for the decline which usually follows.

6. Decline. Some circles maintain enthusiasm for years, and some organizations support circle activity for a long period of time. In many others, circles gradually decline. Groups begin to meet less often, they become less productive and the resources committed to the program are decreased. Often the main reason why the groups continue is because of the social satisfaction and pleasure that they bring the members rather than because of their problem-solving effectiveness. As the organization begins to recognize this, it cuts back further on resources and as a result the program starts to decrease in size. The people who all along have resisted the Quality Circle program recognize that it is not as powerful as it once was and they openly reject and resist the ideas. The combination of more effective resistance on the part of middle and staff managers, the decreasing budget, and decreasing enthusiasm of the participants can lead to a rapid decline of the Quality Circle program and ultimately to a cessation.

In summary, then, our analysis of the phases that Quality Circle programs go through suggests that there are many threats to their continued existence. Because of these threats, it is likely that few programs will be institutionalized and sustained over a long time period. As will be pointed out in the next section, Quality Circles contain in their initial design many of the elements which lead to their elimination.

The Parallel Model: Design Issues

Ironically, the demise of Quality Circle programs results from the very design features which make the concept attractive to managers in the first place; namely, its parallel nature. Even in organizations which have maintained some Quality Circle activity for as long as ten years, we have found that it remains "extra" and outside of the normal organizational routine. As such, the primary challenge is to maintain energy and enthusiasm among the various parties whose active involvement is essential to circle accomplishments. This is not easy to do when the work is seen as an extra activity.

We have mentioned that many managers start Quality Circles based on a belief that a more cooperative and productive climate can be established by allowing workers to become more active in problem-solving. They also believe that communication can be improved by upward and downward flow of ideas and responses in the organization. Our research suggests, however, that a long-term interest in the process requires more than human relations victories; it requires results. Not only must the circles contribute ideas based on systematic and informed problem-solving, but these ideas must be implemented and have a visible

and recognized impact on productivity and the quality of worklife. The chance to participate in a circle is not in and of itself a strong enough intervention to result in improved manager-employee relations, or in intrinsic satisfaction of workers. Rather, it is the responsiveness of managers to the ideas of the circles, the mutual cooperation in implementing these ideas, and the resultant sense of accomplishment which can be the foundation for a cooperative climate and intrinsic satisfaction.

Several potentially alterable design features reduce the likelihood that circles will effect significant changes sufficient to stimulate ongoing support for the circle process. These will be briefly discussed below:

1. The parallel nature of the activity. Because circle activity is parallel to the organization, it is not seen as a required part of anyone's job. For members as well as for the managers and support group personnel whose cooperation is vital, circle activity can quickly be perceived as a burden. In busy times, it is often hard to "get away from work" to attend to circle business. Thus, through the very act of establishing circles as voluntary and apart from the normal workgroup, managers are designing it to be secondary in the perception of the organization.

Those designing participation groups can avoid this problem by organizing the process so that it is carried out by existing workgroups as part of their task assignment, rather than as an extra activity. Likewise, support for workgroup ideas can become an explicit task assignment of managers and support personnel, upon which part of their performance evaluation rests.

2. Lack of resources. Circles typically have no budget to support their activities and ideas. They have neither authority to proceed, control over timetable, nor stature to command response. They are in a real sense parasites on the regular organizational structure.

This problem can be avoided to the extent that responsibility, budget and authority can be moved down into the participative workgroups, thus enabling the group not only to generate ideas, but to be more potent in the authorization and implementation process. Just this has been successfully done for decades in Scanlon Plan companies.

3. The locus of skills in the organization. Although some up-front training is usually conducted, it is our observation that circles remain reliant on facilitation and implementation support from external parties such as facilitators. Managers and supervisors are frequently not required to become skilled in the participative process, either as participants in groups or as leaders of participative work groups. Consequently, the skills of group participation remain "special" in the organization, precluding a gradual shift toward a more participative culture in general.

Designers of the participative process can address this weakness by conducting much more extensive up-front training with managers, support personnel and supervision, and by reinforcing the use of these skills through the performance appraisal and reward process. Finally managers and supervisors can be required to play the facilitative and change agency roles that are generally performed by the special facilitator role. In short, the role of manager and supervisor can be altered.

4. Limited Domain. Quality circles are rarely encouraged to ask very fundamental questions about the systems and structures of the

organization. Their activities are generally confined to discovering inefficiencies of method, equipment, and communication. Circle members in many of the programs that we have studied are concerned with matters of personnel policy, division of labor, management treatment of employees, and the equity of the reward, training and promotional practices. These concerns are generally "out of bounds" to circle members. Our detailed case studies suggest, however, that circle members lose enthusiasm when they realize that these fundamental issues cannot be addressed. Interviews with members who quit their circles suggest that a primary reason is that "Nothing has changed in my day-to-day existence in this organization." Likewise, many of those who continue to participate do so in the hopes that through the visibility they achieve in the circle, they may advance to a different role in the organization.

To address these fundamental issues, a participative process must expand beyond the volunteer, suggestion type system. Organization-level task forces must examine and address concerns about the personnel system, division of labor, and rewards. Ultimately changes in these areas must be made through the installation of such practices as gain sharing programs and self-managing work terms.

Summary

In recent years, managers in many American companies have come to believe that the solution to many of the problems and challenges which they are confronting is only possible through a better utilization of human resources. The wide adoption of parallel structure, including Quality Circles, is a manifestation of this concern.

Parallel structures have an appeal for management, in that they can be established with minimal up-front disruption of the regular organization. Nevertheless, it is difficult to maintain momentum in a parallel process because of its dependence on the regular organization for the approval of its ideas and the resources necessary for implementation. Only if it can achieve visible and recognized results can the parallel process receive continued support from the rest of the organization; and yet, results are dependent on the resources controlled by that regular organization. In a real sense, parallel groups exist at the whim of others.

In practice, we see the gradual decline and disappearance of many quality circle programs. Although short-term enthusiasm and quick results are relatively easy to stir up, long-term commitment is more difficult. Some organizations purposefully utilize parallel structures as temporary problem-solving devices. For those that want to build a more participative environment in a lasting manner, the only solution we see is to design the participative approaches so they are not parasitic on the regular organization. This implies the transfer of responsibility and authority, and the alteration of role expectation and reward systems in organizations. In other words, it requires alternation in the systems and processes of the regular organization. This is a far more risky and fundamental change than the creation of parallel problem-solving processes.