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**TOTAL QUALITY-ORIENTED HUMAN
RESOURCE MANAGEMENT**

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Abstract

Human resources holds the key to sustained quality improvement. Consequently, the HRM department can *potentially* play a critical role in an organization's TQM effort. To actually do so, the HRM Department must: (1) Be a first-class, quality organization itself. It can accomplish this by applying TQM principles to its own internal operations; and (2) Design HRM practices for the entire organization that support a total quality-orientation. We describe how selection, training, reward systems, and so on, can be changed to help implement the TQM effort.

TOTAL QUALITY-ORIENTED HUMAN RESOURCES MANAGEMENT

David E. Bowen

Edward E. Lawler III

How important are human resources issues in creating quality-oriented organizations? Here is Tom Peters' take on the people-side of quality improvement:

TQM often looks suspiciously like the latest act in a long-running farce called Revenge of the Number Nerds.

But the numbers nuts, despite (or because of) the massive Baldrige application (Malcolm Baldrige National Quality Award--or "MBNQA," as one correspondent lovingly labeled it), do not get it. Real participative management, Baldrige categories notwithstanding, is about elusive characteristics such as dignity and worth, much more than computer-aided suggestion tracking systems. Real customer loyalty is as much or more about listening, listening and then listening harder still than it is about zero-variance manufacturing processes.

One major focus in the quality movement is on upgrading technical systems. This attention to process, product, and information technology is necessary and often yields quality improvement, but may not be the key variable in the quality equation. The quality of a product is determined primarily by two factors: technology and employee input. U.S. industry is regarded as a world-leader in technology. Consequently, quality problems stem mainly from employees attitudes, employees' interaction with each other, and employees interaction with technology. More succinctly put by John E. Condon, immediate past Chairman of the Board, The American Society for Quality Control, "People really do make quality happen."

This belief in the human resource side of the quality equation is apparently shared by senior executives across the United States. Consider the results of a Gallup survey of executive perceptions on a range of competitive issues conducted for the American Society for Quality Control. The Gallup Organization conducted telephone interviews with 615 senior executives: 307 with companies from the Fortune 1000 and 308 with smaller, non-Fortune companies.

The executives most frequently cited quality (service and product) and productivity as the key competitive issues facing them. They then rated the relative effectiveness of eight different methods for improving quality: Employee motivation (85% rated it most effective); change in corporate culture (82%); employee education (74%); process control (53%); expenditures on capital equipment (45%); more control of supplies (36%); more inspections (29%); and improved administrative support (28%). Clearly, executives are convinced that human resources issues are the most important.

The Baldrige Award (despite Peters' bashing) also highlights the importance of human resources. "Human Resource Utilization" is one of the Award's seven examination categories and is weighted with 150 points of the total 1,000. It states:

This category examines the effectiveness of the company's efforts to develop and realize the full potential of the workforce, including management, and to maintain an environment conducive to full participation, quality leadership, and personal and organizational growth.

This is consistent with the emphasis that most total quality management advocates place on employee involvement as an important part of any total quality management effort. [The other categories are "Leadership" (100 points); "Information and Analysis" (70 points); "Strategic Quality Planning" (60 points); "Quality Assurance of Products and Services" (140 points); "Quality Results" (180 points); and "Customer Satisfaction" (300 points)].

There is also a strong focus on human resources in Deming's 14 points concerning quality improvement. The exact wording of the 14 points has changed over the years. However, these human resources-based quality improvements points always appear: (a) institute training on the job, (b) break down barriers between departments to build teamwork, (c) drive fear out of the workplace, (d) eliminate quotas on the shop floor, (e) create conditions that allow employees to have pride in their workmanship, including abolishing annual reviews and merit ratings, and (f) institute a program of education and self-improvement.

Total Quality: Opportunity (or threat) for HR Management?

The importance of the HR side of the quality equation provides HR Departments with a Golden Opportunity. Quality can be the "business issue" that truly brings senior management and HR execs together to move from just HRM to *strategic* HRM. If HR can play a major role in the quality improvement effort, it can directly and visibly, affect the bottom line. It can tangibly demonstrate its value-added to the company like other functions such as Marketing and Sales, Accounting, and Production and acquire the added status that goes with being able to document direct contribution to the organization's performance.

However, many are not comfortable with the idea of giving the HR staff a strong hand in the quality improvement effort. As quality guru Philip Crosby observes:

"Most HR execs are still tied up in being a regulatory agency. Many times they act like robots. . . . There are two departments behind the times. . . . One is HR, the other is purchasing. There are enlightened people trying to change this, but most HR execs are their own worst enemy. Its a case of 'Physician, heal thyself.'"

This may explain why few companies have turned to the HR department to lead their quality improvement efforts. Instead, direction of the quality improvement effort usually is assigned to a newly-formed unit. A number of reasons may explain this. One, there still are senior managers who do not understand "holistic quality improvement" well enough to appreciate the critical role of human resources issues in improving quality. Second, most HR functions are so specialized and cut-off from the rest of the organization that department members lack the breadth of perspective necessary for total quality. Indeed, these specialists may view the demands of a full-scale quality improvement process as a threat to their well defined, well guarded domains. Even though the number of top HR executives who report to their CEOs or attend board meetings is increasing, this still is not the case in many organizations. This denies the HR staff the opportunity to view the overall competitive picture facing the company. Third, HR departments are frequently autocratic and hierarchical, with strict definitions of responsibility and authority. The participative approach which is so necessary for an effective quality improvement effort can be a tough sell to a department that operates this way.

A final reason why HR can end up with a minor role in a quality improvement effort is its own low self-esteem. There are people *in HR, itself*, who feel threatened by being asked to assume a leadership position on an important business issue. They may view themselves as powerless, second-class citizens, who really do not know the business. And, regrettably, they are often right. As a result, managers may conclude that the human resources issues are too important to be left to the human resources department.

Should the TQM effort be run by the HR department or a separate TQM office? It is a tough call, and we can only confidently suggest what not to do. Do not have both an HR and TQM department that are acting independently, pursuing separate programs. The more effective approaches seem to create one integrated program that stresses employee involvement and total quality management. In these programs, the HR organization needs: (1) to be redesigned to fit what is known about quality management, and (2) to institute human resources management practices that support the entire organization being effective in its TQM effort. In what follows we describe how to accomplish these two objectives of total quality-oriented human resources management (TQHRM).

Redesigning the HRM Department to Fit TQM Principles

If human resources are the key in quality, what are the implications for the HRM function? Only when the HRM department is a first-class total quality operation, itself, can it have a credible say in the TQM effort in the organization. How should the HRM function define its mission and organize itself to truly become quality-oriented?

Exhibit 1 presents a typical listing of TQM principles. We can suggest some ways that these principles can be enacted within the HRM Department to move it in the direction of total quality.

Quality Work the First Time. The emphasis on quality in the HR Department must come from the top, as is true throughout the organization. The senior HR executive must truly care that the HR department provides only quality services and instill a passion for quality among the HR staff. This quality-orientation needs to shine through the decisions and actions taken by senior HR executives: They must support HR employees to give them the time needed to do it right the first time -- when line managers are pressing for quick fixes; HR employees who truly do quality work need to be rewarded more so than those who do not; HR managers must insist that less-than-quality work be redone, nothing leaves the department until it is done right.

Moreover, "scrap and rework" in HRM should be reduced. Examples of rework include the need to redesign a bonus system because it is not understood by employees or an orientation training program confuses new employees and must be redesigned. These examples, called mistakes or errors of judgement in the HR department, are called "rework" on the production line.

The HR Department might usefully track the amount of time it takes to do each piece of rework. It can compute the percentage of total productive time spent on rework tasks, e.g. redesigning the training program. As HR activities are repeated, their patterns can be analyzed for the causes of poor quality and then changed or eliminated--paralleling the idea of statistical process control techniques applied on the shop floor.

Focus on the Customer. Quality means more than doing things right the first time; it means first choosing to do the right thing. The HRM department that succeeds in eliminating rework may become more efficient, but that does not guarantee that it will be more effective. It may only be doing the wrong things, very well.

Doing the right thing (effectiveness) is a matter of satisfying customer requirements. This translates into the need for HR Departments to be more service-oriented, and less production oriented. Production-oriented HR Departments are driven more by their own internal technologies and pet-programs than they are driven by customer needs. Production-oriented HR Departments, for example, carry on-the-shelf inventories of canned supervisory skills training programs, mass produce the same trait-based appraisal rating forms for all departments, and so on.

A service-driven HR Department functions like high-quality service firms such as world-class resorts, gourmet restaurants, and superior consulting firms that thrive on satisfying clients. These service firms emphasize the intangibles, customize their offerings to different clients, and involve their clients in decisions that affect the services they receive. HRM must learn to thrive on satisfying its clients (e.g. line managers). Services need to be offered that fulfill the unique and changing needs of different groups of managers and employees.

There should be more co-design and co-production of services between the HR staff and clients, e.g., HR staff and line managers, together, develop and teach a training program. The HR department should be comprised primarily of generalists who act as client executives, as opposed to being staffed with

specialists, who often have a narrow view of the business and champion their various product-lines e.g. MBO, cafeteria-style benefit plans, and so on. In sum, service-oriented HR Departments get close to their customers and encourage them to help set the department's agenda.

Finally, data-based decision making is critical to quality. In this spirit, the HRM department needs to collect data from line managers and others on how well it is doing. Surveys, focus groups and other ways of listening must keep HRM saturated with client information. In addition, external benchmarking data are critical to keeping the HR department aware of how it is performing in comparison to world class organizations.

Strategic, Holistic, Approach to Improvement. Quality improvement may require changes in mission, structure, job design, management practices, and every other facet of the HR organization. Transamerica Life Companies, Los Angeles, recently overhauled its HR function in a way that exemplifies a strategic, holistic, approach to improvement. The process began by asking the employees (customers) served whether or not HR was doing a good job. The majority said they did not know what services HR provided or how to access them. The HR staff, itself, was surveyed, asking them about what things interfered with their serving customers. Responses indicated that jobs in HR were so narrowly defined that people could not see how their work fit into the big picture.

Transamerica reorganized to better serve the customer and to provide more challenging work in HR. An advisory committee consisting of HR managers and line representatives helped guide the change. Guidance also came from surveying other companies known for effective HR organization (an application of "Benchmarking").

The HR staff now has several cross-functional teams that are responsible for key processes and customers (e.g. people from employee relations, employment, and compensation). There is also a special HR service team trained to provide one-stop customer service by answering 80% of the diverse array of questions that come into the department. These teams are being cross-trained to become generalists.

HR people now are being asked to join strategic planning meetings for the first time and there is on-going contact with customers. Overall, the HR function serves a model for innovative work design for the rest of the company.

Continuous Improvement As a Way of Life. A popular sentiment in TQM is that the value of continual improvement must be ingrained in the corporate culture. This fits the definition of corporate culture as "how we do things around here."

Philip Crosby, despite his reservations about HR executives, believes that, "HR should be the architects of corporate culture." It should be their charge to build values and practices that support continual improvement in quality throughout the organization. And that emphasis must be applied with equal force within the HR department, itself. For example, a 4% gain in client satisfaction with this year's performance appraisal process needs to be highly valued, even if it comes on top of 75% of customers already being satisfied. These small gains need to be valued as much as, say, the successful completion of a high-level

executive search. The spirit of continual improvement is that a department can be transformed over time by the cumulative impact of endless, small improvements.

Mutual Respect and Teamwork. Deming talks about driving fear out of the work place. Much of this fear is tied into the control and hierarchy-dominated fabric of many organizations. The "workers" fear the "bosses" and this fear is a distraction from doing high quality, collaborative work. If HR is to champion issues such as employee involvement and cooperation throughout the organization it must first champion them internally.

In many organizations HR is now preaching the importance of supervisors "empowering" their employees by giving them more responsibility, autonomy, and participation in decision making. However, in one organization a reluctant supervisor responded with, "Why should I stick my neck out and be democratic with my people when the HR people manage their shops as if they were each Attila the Hun?" When it comes to the issue of empowerment, HR must practice what it preaches.

Total Quality-Oriented HRM Practices

How would this upgraded HRM department design HRM practices to support TQM throughout the organization? There is a long history of research that has focused on the relationship between quality and a number of human resource management practices and systems. This research goes back much further than the current interest in total quality management. However, there is no question that the current fascination with quality and total quality management systems has brought into much sharper focus the relationship between product and service quality and human resource management systems. The selection, development and reward systems all have a significant impact on quality performance. As we shall discuss next, the practices which are recommended by advocates of total quality management fit much of what is known about the relationship between human resource management practices and quality. Together, they make a strong case for changing the way many human resource management systems are designed and operated.

Selection

For decades selection devices ranging from tests to interviews have been validated against measures of job performance that typically include both productivity and quality measures. Generally, these studies have shown that quality can in fact be influenced by the selection process. The focus on total quality management has brought a new focus to the selection process however. Historically many U.S. companies did ability testing and sometimes personality testing in order to determine whether an individual was capable of, and perhaps inclined to, produce high quality products and services. Ability testing needs to be viewed differently in organizations that adopt a total quality management approach. These organizations require individuals who can problem solve and do certain types of statistical analyses. These abilities need to be tested for during

the selection process in order to be sure that individuals can learn how to use the statistical and problem solving methods that are a part of TQM programs.

Many of the Japanese companies that started manufacturing in the United States have placed a much greater emphasis on the whole selection process. The selection process is a long one, high standards are set, and a much greater emphasis is placed on giving employees a realistic preview of what work will be like. This emphasis is very much in line with research on realistic job previews which indicates they can be helpful in producing a stable workforce that fits the culture of the organization. Interestingly, the practices in these transplants are very similar to those which are used in the new plants that have adopted a high involvement approach to management.

Because of the emphasis on group processes in total quality management efforts, (suggestion or quality circles are used as are work teams), there needs to be an emphasis on identifying employees who can function well in teams. This has led to a number of new selection processes that include interviews by teams and the use of assessment centers and other technologies to evaluate how individuals function in teams. One company, Motorola, has included video tapes of problem solving groups and asked job applicants how they would respond to particular quality issues.

An emphasis on selecting capable employees is not new and does not differ greatly from what most HR organizations have traditionally focused on. What is perhaps different from the practices of many organizations is the emphasis on a quality oriented organization culture as the desired outcome of the selection process. This requires organizations to commit more resources to the selection process itself and to structure the process differently so that it includes a realistic preview of expected behaviors and an emphasis on self selection.

Development and Training

A major element of all total quality management programs concerns the training and development of employees. Typically, the training goes far beyond simply teaching the employee how to perform their particular job. It includes training in problem solving technologies, problem analysis, statistical process control and quality measurement. In those organizations that use problem solving groups and teams there also often is a great deal of training in group process and group decision making. Finally, for managers, quality programs often call for extensive training programs that sensitizes managers to the importance of quality, the cost of quality and how their behaviors influence the quality of the organization's products and services.

In many respects, a strong emphasis on training is exactly what human resource professionals have been urging for decades. In many cases, however, they have been unsuccessful in getting organizations to commit heavily to training. International analyses of training costs show that U.S. corporations spend less on training, than do Japanese and European organizations. There is some evidence that this is, in fact, changing with the increased adoption of quality management practices. An emphasis on training and

development is one that in many respects is long overdue in most U.S. corporations. Motorola and IBM stand out as two companies that have made particularly strong commitments to training. They have extensive training for all employees and have enforced this by putting in place requirements that all employees have a certain number of days of training each year.

A strong emphasis on training is also highly consistent with the high involvement management approaches that have been advocated for decades. Again, research has clearly shown that in order for employees at lower levels to make decisions that they need to have the skills to not only execute their job but to function in teams and make decisions about how to manage their time and the organization's resources.

Overall the strong emphasis in most total quality management programs on training is very significant for the HR function in the organization. In many respects total quality efforts recognize the significant value that human resource management functions can add by increasing the skill level of the employees in the organization. Particularly if the HR department approaches the training needs of the organization with a customer service focus there is a tremendous opportunity for the human resource management function to partner with total quality management efforts.

Career Development

Historically, the career development practices of most large organizations have supported linear careers. That is, they have emphasized individuals moving up the hierarchy usually through a single function. This movement has been aided by assessment centers, management development programs, and a wide range of relatively sophisticated practices that are intended to insure that the senior managers in an organization are talented, knowledgeable individuals. These hierarchical practices need to be changed significantly in order for the human resource management practice of an organization to fit what is known about quality.

In order to understand the work flow of the organization, a Systems orientation, which emphasizes the horizontal flow of work through the organization, is needed. Understanding the horizontal flow requires cross functional experience while improving it often means putting more power and decision making in the hands of individuals at lower levels of the organization.

The career implications of analyzing and managing horizontal flows are significant. As a starting point it strongly suggests that more career moves need to be made that are cross functional and, in some cases, purely horizontal. This type of career move has been characteristic of Japanese organizations for decades, but represents a significant departure for American organizations. Interestingly, the same recommendations fit with both an emphasis on total quality management and an emphasis on high involvement management. Both emphasize horizontal flows and work designs. Understanding these and managing these in turn requires individuals to develop themselves in ways that give them a picture of the whole as well as expertise in particular functions.

Performance Management

Individual performance appraisal is basic to the human resource management systems of most large corporations. Performance appraisals are used to determine reward levels, to validate tests, to aid career development, to improve communications and to facilitate understanding of job duties. Deming and others in the total quality movement however, have been quite critical of the performance appraisal practices of corporations. They point out that these practices focus too much on the individual and often try to assign blame for quality problems to individuals. Deming argues most quality problems are the product of systems and processes and that a focus on individuals is counter productive in terms of identifying the system's problems. He argues for the total abandonment of individual performance appraisal systems particularly those that are based on management by objectives and those that cause individuals to compete with each other. In many respects his recommendations tend to be consistent with the Japanese orientation toward collective responsibility.

The area of performance appraisal represents the most significant conflict between current practice in many corporations and what is recommended by most total quality management programs. A typical solution to the problem of poor quality in many organizations is to emphasize quality measures more in the individual performance appraisal process. This, of course, could be relatively easily accommodated as part of an organization's existing performance management systems, but does not fit the total quality management approach.

Complete abandonment of individual performance management represents a much more significant paradigm shift and one that, in fact, many organizations are not willing to make. A complete shift may not be necessary in order to have an organization that emphasizes quality. The performance management system can focus strongly on developing skills and abilities necessary to perform well and, as such, need not be in conflict with collective responsibility for quality performance. In addition, performance ratings do not have to be competitive, individuals can compete against absolute standards rather than against each other.

Finally, in participative team based organizations peers can become involved in the appraisal process and individuals can be evaluated on how much they contribute to team performance and how much they cooperate. This, in turn, can help reinforce the emphasis on collective responsibility and on the horizontal relationships that are needed to get individuals to own systems and collective results. These methods are rapidly becoming common in those situations which use high involvement management and are structured around high performance teams.

Overall, there seems to be little question that performance management practices need to change significantly if a quality emphasis is to be built into an organization. Clearly, traditional individual performance appraisal systems are more supportive of individual excellence and perhaps high levels of individual performance than they are of a systems oriented focus on quality. Regardless of whether an organization decides to completely abandon an individual performance appraisal or decides to modify it to fit

better with the emphasis on quality, significant change is needed. The Human Resource Management department needs to lead this change process. It needs to ensure that the new performance management system meets the needs of the organization and not just the needs of the human resource function for data and numbers on individual performance levels.

Pay Systems

Most pay systems in organizations have focused on individuals. They start with job descriptions and job evaluation systems and they typically include merit pay increases. There is a direct and strong conflict between these traditional practices and the emphasis in quality management programs on collective responsibility, horizontal relationships and horizontal learning.

The first conflict is in the area of using job descriptions and paying people based on the worth of their job. This suggests that an individual's accountabilities and responsibilities are limited to the tasks that they regularly perform. Much of the emphasis in the total quality management literature is on individuals being flexible and being responsible for the entire production or service process. Job descriptions which stress defined accountabilities are in conflict with this because they talk about what people are not responsible for as well as what they are responsible for.

Job based pay systems also conflict with total quality management in that they highly reward individuals for moving up the hierarchy in an organization. This is directly counter to an emphasis on horizontal movement and on individuals learning skills that are upstream and downstream from the ones they currently perform.

Most of the writing on total quality management has not suggested new approaches to pay that are more consistent with total quality management. When the issue is considered at all, the suggestion often is simply to pay everyone the same thing. Advocates of the high involvement management approach, however, have suggested a movement to skill based pay as a substitute for job based pay. In essence, in skill based pay individuals are paid for what they can do and are rewarded for acquiring new skills and knowledge. In most skill based pay systems the skills learned can include horizontal skills as well as vertical skills that can lead to individuals improving quality because they understand the work process and can problem solve. Overall, skill based pay would seem to fit much better with a quality emphasis than job based pay.

Individual merit pay based systems place a strong emphasis on individual performance and in almost every instance create a competitive situation among employees since in order to get a higher increase for one employee, managers must take money from another employee. Not surprising, quality management programs have emphasized abandoning individual based pay systems. They have not, however, typically suggested other pay for performance systems to replace individual merit pay systems. This is in notable contrast to the emphasis on gainsharing plans, profit sharing plans and stock ownership plans that is present in much of the writing in employee involvement and participative management. They emphasize pushing

rewards for collective performance throughout the organization and creating a financial reason for employees to be involved in the business and make performance improvements.

In the United States where rewards for performance are a major cultural value it is important to create reward systems which not only reward quality improvements but create a team environment and a group focus. Creating organizations that focus on collective pay for performance is a major challenge for human resource management department. The evidence on gainsharing plans, profit sharing plans, and other collective pay for performance plans strongly suggest that they only work when they are combined with strong communication programs and relatively high levels of employee involvement. The implication of this for the human resources function is clear. Not only is it important to support the design of group, plant and organizational wide pay for performance collective plans, it is critical to support them with appropriate training and communication activities. In the absence of ongoing training and communication, these programs are not likely to have the desired impact and may simply end up as extra costs which produce few advantages.

Perquisites

The policies of most large organizations tend to be highly stratified. Some stratification is required by law, but much of it occurs because organizations operate hierarchically. The allocation of perquisites and benefits are used as a device to reinforce this hierarchical orientation. Organizations can do little about the fact that some employees have to be on a non-exempt overtime pay basis while others are exempt. However, they can do a lot about the who has access to parking lots, dining rooms and office space.

The emphasis in total quality management is on collective responsibility for results, problem solving, and involving people at lower levels in the quality process. This strongly suggests that organizations need to be much more egalitarian in their personnel and human resource management practices. This point also is highly consistent with the emphasis in employee involvement programs on non-hierarchical allocation of perquisites, status symbols, and a host of other organizational rewards.

Part of the issue with perquisites is symbolic and cultural but, in some respects, it goes beyond this. Allocating rewards based on hierarchy can influence how strongly individuals are motivated to move up the hierarchy. Upward mobility is highly appropriate in an organization where the top is expected to be the group which directs the organization and is accountable for results. In a quality oriented organization with its emphasis on collective responsibility and having highly knowledgeable individuals at all levels who take responsibility for quality, this approach is counterproductive. It runs the risk, among other things, of suggesting individuals should listen to people because they are in a position of power and have more status, rather than because they have more expertise and ability to solve the problem. It also runs the risk of sending a message to individuals at lower levels in the organization that they should sit back and wait for higher level individuals to take action and solve the problem.

One final point about status symbols and perquisites. There is a danger that these can interfere with the needed communication patterns within an organization. Again, the emphasis in total quality programs is on system wide responsibility and system wide solutions to problems. To operate on system problems an organization needs to be able to work across functional and across hierarchical levels. If there are obstacles to communication system solutions often fall short of including the necessary individuals and addressing the critical issues. Differences in office space, in accessibility, and in visible rewards can block the kind of communication flows and working relationships that are needed to produce systems thinking and solutions.

Labor Relations

Historically, labor relations in the United States have been adversarial. Part of this is by law since the basic labor laws in the United States and some other parts of the world are designed to support collective bargaining and adversarial relationships. There is little doubt that adversarial relationships are the antithesis of what is needed in order to produce high quality products and services. They run exactly opposite to the emphasis in most total quality management programs on collective responsibility for quality and employee involvement in the improvement of quality and work methods. This is particularly true of those union/management adversarial relationships that are highly rigidified with large bureaucratic contracts, carefully specified jobs and accountabilities, and elaborate grievance procedures. There is little room for the kind of participation, problem solving and systems solution generation that quality management programs emphasize.

Advocates of employee involvement argue for labor/management relationships which emphasize unions as partners in the success of the organization and critical players in helping the organization to be successful. These relationships are much more compatible with total quality management efforts than are adversarial relationships. They treat the union as collectively responsible for quality, thus creating the opportunity for more systems thinking and more creative problem solving. They also can help create a climate in which employees participate in many of the important decisions affecting quality. In the absence of union support for employee problem solving and union/employee participation in improvement groups and self-managing teams, there is the danger that employees will not trust the process and that ultimately union will reject the activities that are part of the total quality program.

Human resources departments clearly need to play a central role in changing the relationship with unions to a partnership one. More than any other part of the organization it deals on a day to day basis with the union. It also, of course, handles collective bargaining and indeed historically has gained considerable power in organizations because it handles the relationship. It needs to play a major role in restructuring the collective bargaining process from one that is adversarial to one that is more problem solving and vision oriented. Unfortunately, HR departments sometimes resist this change because they see it as eroding their power and influence. In fact it may have quite the opposite effect if a more effective labor management relationship is created.

A positive example of this change is represented by the Saturn Corporation's cooperative labor/management relationship. There the contract has been shortened to just a few pages of general philosophy about how the union and management relate. It clearly states that they are partners in this venture and that the role of union is one of facilitating employees involvement in the running of the business and in producing a high quality of the product.

Communication

Feedback about quality and information about the strategy and direction of the organization are critical to all programs that try to improve quality. The human resources management systems in an organization need to be structured so that they encourage the open flow of quality and business results information throughout the organization. The human resources department of course is just one piece of the organization that needs to support this approach. Nevertheless, because of its presence throughout the organization and its critical role in many of the basic systems that regularly impact upon employees, it needs to play a major role in supporting widespread communication of performance results, objectives and the organization's strategic plans. This orientation is a notable contrast to the history of many large organizations.

Secrecy about performance results, business plans and major changes is the norm for a variety of reasons. In union/management situations it has been assumed that the union cannot be trusted to receive confidential data and, in some cases, it has been feared that any information given to the union will come back to haunt the company in a collective bargaining session. In the case of employees, they simply have not been given much business information because it has been assumed that they would not be interested in it or understand it, and perhaps they could not be trusted with it. The result has been that employees tend not to care about their companies performance because they do not receive information about it and are not educated to understand it.

The evidence from a variety of studies strongly suggests that if employees are going to care about goals and performance improvement plans they need to receive regular, ongoing communication. In addition, it can also help if they are part of the process that structures communication programs. The human resources function needs to play a role in assuring that employees receive information, have the skills to understand that information, and, where appropriate, participate in developing the communication programs that exist in the organization.

Finally, the human resources function needs to help the organization develop information about how it is doing in establishing a quality culture, improving communication, and involving individuals in the business. Attitude surveys can be done to facilitate this as can focus groups. The results of these need to be generally distributed and, where appropriate, they can be used as the basis for problem solving activities.

Change and HR Management

Five themes emerge across the different quality-oriented HR practices that set them apart from conventional HR practice: (1) A focus on the organization, rather than the job; (2) Support for group performance, rather than individual performance; (3) Egalitarianism, rather than hierarchy; (4) Change, rather than stability; and (5) Participation, rather than command and control.

These five themes represent a radical break with the past as far as HR management is concerned. They demand major changes in both the way HR departments are run and in the type of systems they create and operate. Major change can be frightening but it can also be empowering. We believe the opportunity exists for HR departments to become much more important in most organizations if they can change the way they operate. The pursuit of total quality can inspire, guide, and unify this change.

Exhibit 1
Principles of Total Quality Management

1. Quality Work the First Time
2. Focus on the Customer
3. Strategic, holistic, approach to improvement
4. Continuous Improvement As a Way of Life
5. Mutual Respect and Teamwork

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