

COMMON INTEREST PROGRAMME OR QUALITY CIRCLES - A COMPARISON

G. Lea  
N.Z. Forest Products Ltd

During the course of the late 1960's and 1970's, industrialised countries in Asia, Europe and North America became increasingly aware of the need for a change in the traditional relationship between employers and employees.

A number of factors created this environment for change which has seen the evolution of various forms of employee involvement.

In Europe, social and political change created by a new generation of Europeans saw the introduction of Works Councils, Employee Representatives on Boards of Directors and in some countries, legislation introduced to ensure that workers were represented at various levels of decision making.

In Japan and South East Asia, the need to export high quality manufactured goods saw a fusion of statistical quality control methods and the traditional consensus decision making process.

It was not until the mid 1970's that North American manufacturers were recognising that their traditional methods of production were being eclipsed in both quality and productivity and that they too could learn something about motivation and employee relations.

In New Zealand the evolution of employee participation and involvement has been later and slower than our trading partners. This is probably due to the fact that we are relatively under-developed in an industrial sense, and that most industries have worked in a highly regulated and protected environment, an environment which is conducive to managerial conservatism.

This managerial conservatism has been enhanced by a Trade Union movement which is equally reticent to change and is generally highly suspicious by nature.

For its part, the Employers Federation has monitored overseas developments in the field of employee involvement and has attempted to introduce and develop a more modern approach through publications, seminars and public comment. It must be said, however, that a good deal of the Federation's motivation has been a desire to prevent a "shotgun wedding" of employers and employees through industrial legislation, rather than a concern for the alienated worker.

The Trade Union movement has not developed any clear policy or attitude in relation to employee involvement. It seems to vacillate between a positive stance regarding representation on Boards of Directors and a negative approach to the idea of the

boss talking directly with his workers, thereby excluding the Union movement, and usurping its influence.

This slow and unsure approach to employee involvement in New Zealand suddenly gathered momentum as we reached the 1980's. Our homespun and piecemeal approach took a new direction with the arrival in New Zealand of two highly formalised and proven employee involvement schemes. Both these programmes were first developed in the 1960's, and have proven track records in overseas countries. I refer to the Common Interest Programme (CIP), which had its origins in Australia and Quality Circle Movement, (QC), which began in Japan, but now successfully operate in every industrial country in the world.

I propose to highlight the main points of these two different programmes for the purposes of comparison and then to identify some of the essential ingredients of introducing such Employee Involvement Schemes.

#### The Common Interest Programme.

Common Interest Programme has as its theme "Motivation through Participation and Reward". The basis of CIP is the establishment of representative teams within natural or logical work groups. In a small organisation there may be only one group representing the whole company, whereas a large multi-production organisation may have several such groups representing different plants or logical work provisions.

There is no ideal size for these work groups, but they usually number around eight. Representatives on a work group are responsible for a shift or a group of people with job activities in common. The representative ensures the feelings and ideas of all participants are heard and their suggestions are put forward. They similarly keep participants informed of Company Policy and decisions which affect them. Representatives are elected usually every six months. Each work group has a Chairman and also a representative on the Co-ordinating Group (ie different control body). The Co-ordinating Group provides the CIP with its direction and policy. It monitors the health and progress of the various groups and determines the future of the CIP. This group also reviews and evaluates suggestions and proves the calculation of the monthly result and authorises the dividend payment.

The reward or dividend is created by the savings obtained through improvement to productivity as a result of ideas brought forward through the scheme. They are calculated by comparison against a base figure which is established at the commencement of the programme. Only results which company employees can measure, i.e. manpower, power, raw materials, etc. are used. Items which cannot be controlled are excluded, i.e. taxes, depreciation, overheads, etc. Savings once calculated, are shared on a basis

of half to the participants (employees), and half to the organisation (employer).

Training of participants is an important feature of CIP. A three day induction/orientation programme covering consensus decision making, team cooperation, personal awareness and group dynamics, is an integral part of the programme. There are also follow-up sessions on team building, special relations and the encouragement of sub-communications.

The monthly meeting of participant representatives review productivity over the past month, and put forward proposals for improving productivity in the coming months. The meetings are partly decision making, (where the authority to decide exists with meeting members), and partly influence sharing, where participants' representatives can influence managerial decisions and managers can influence the behaviour of the people. The significant features of a CIP programme are that it rewards financially not only the whole of the working community involved, but that it relies on well trained representatives to involve that community.

### Quality Circles

Quality Circles are defined as a group of people who voluntarily meet on a regular basis to identify, analyse and solve quality and other problems in their area.

There are four structural components to the QC programme. The QC members, their leaders, the facilitator and the Steering Committee.

The QC members volunteer to belong to a circle and ideally come from the same work area. The circle will meet regularly - usually weekly - for a prescribed period in Company paid time. It is at these meetings that problems are identified and logical solutions sought.

The QC Leader is in effect, the Chairman of a QC, he is responsible for the smooth running of the circle, and the guidance of circle members. The leader is responsible for the training of members in QC techniques as well as communicating with management through the minutes of circle meetings, reporting on activities and organising presentations to management. Traditionally, the leader is also the supervisor of the area from which circle members are drawn.

The QC Facilitator is directly involved in QC activities. He coordinates and directs the circle activities, trains QC members, acts as backup or support to QC leaders, and provides a communication link into both the company organisation and the

Steering Committee. The Facilitator usually reports directly to a senior company executive.

The Steering Committee can be compared to the CIP Co-ordinating Group that in it sets goals, standards, objectives and policies. It also controls the rate of expansion or growth of the QC programme. It has a Chairman who usually a company executive and representatives of the major work groups where the programme is implemented. The QC Facilitator is also a member of the Steering Committee. Decisions are made by consensus or a democratic vote.

To be able to identify, analyse and solve work-related problems, each circle needs training in some basic techniques. The Facilitator and circle leaders also receive training in the basic analytical techniques, with additional training in leading and managing groups, and group decision making.

The Facilitator trains the leaders who, in turn, train circle members. Circle members receive their initial training during their first weekly meetings over an 8 week period. Once this training is completed, the circle then tackles its first problem.

The techniques in which circle members are trained are - brainstorming, check-sheets, pareto analysis, cause and effect, diagrams, histograms, graphs and control charts.

Having identified, analysed and found a solution to a particular problem, the QC will then put together a formal presentation for management consideration. The QC does not have the ability to make decisions regarding implementation. At this presentation, circle members will discuss their action and make a recommendation regarding the problem. This presentation provides circle members with the opportunity to communicate directly with senior management, it also offers members the chance to develop individual communication skills and confidence.

Should a QC recommendation be accepted, there is no financial reward to circle members. Their satisfaction is arrived at by having identified and solved a problem and having their efforts recognised by the Company for which they work.

Quality Circles v. Common Interest Programme - A Comparison.

	CIP	QC
INVOLVEMENT	WHOLE ORG.	PARTICIPANTS ONLY
LEVEL	MANAGER DOWN	SUPERVISOR DOWN
MEMBERSHIP	ELECTED	ALL VOLUNTEERS
INCENTIVE (\$)	ALL PARTICIPANTS	NIL
TRAINING	GROUP DYNAMICS	DEC. MAKING TECHS.
PRESENTATION OF FINDING	NO	YES
DECISION MAKING	YES	NO
SCOPE	PRODUCTIVITY	WORK RELATED

Essential Elements for a Successful CIP or QC Programme.

Clearly the most important single factor to a successful programme is the commitment management makes to its success. It is absolutely essential to have this driving force clearly, frequently and loudly insisting that a change in the work relationships be made through such a programme. Management must demonstrate support for the programme through continued practical commitment, enthusiasm and motivation. If management people are not totally committed to the programme, then it should not be started.

An organisation must also be ready for change. For a variety of reasons, some organisations may not be ready for a programme such as CIP or QC. Factors to be considered are - the current organisational climate, the ability to make the initial financial investment associated with implementing such a programme. The time commitment required to develop a programme, the training investment required, and the current attitude of Unions liable to be affected by any implementation.

Having determined to implement a programme, the selection of an individual responsible for coordinating or administering the programme (Facilitator), is crucial. Such an appointment should, ideally, be a full time one, involving an enthusiastic communicator, with drive and perseverance, and the ability to lead.

Any participation by the workforce at large, whether as elected representatives or workers directly involved, should be of a voluntary nature, the introduction of unwilling volunteers, especially in the initial stages of the programme, will surely prejudice its chances of success. Critics of such programmes should be left outside in the initial stages, to ensure early

success, thereby providing an opportunity and example for them to change their attitudes.

The manager or organisation seeking to implement an employee involvement programme must make adequate preparation. It becomes essential that options be examined and weighed against the factors previously referred to, in order to select a programme appropriate to the organisation. For example, it could be argued that a sophisticated programme such as CIP or QC, which were initially developed for the highly industrialised environment is entirely inappropriate to the local industry. The perspectives and attitudes found within the local industry would seem entirely different to that found within process industries. On the other hand the small and logical work groups which are common to the local industry readily lend themselves to the development of such schemes. One thing is certain, that with changing social attitudes, improved mobility and communication, the nature of logging and loggers is changing also, therefore, it follows that the relationship between employers and employees within the industry must similarly change.

#### CONCLUSION

Neither CIP or QC is not an abdication of managerial responsibility and authority. These programmes operate within an existing structure and involve management staff. The objective is to encourage a contribution of knowledge and experience from the workforce at large, based on what they know best in the organisation. Management is still required to manage. It is unlikely that CIP or QC will bring about dramatic changes in bottom line results. These programmes are not a "cure all" or "quik fix" for problems outside of the work place.

No Employee Involvement Programme, whether it be CIP or QC, or whatever, is a substitute for good management. Such programmes will not solve major problems such as lack of policy and direction, inter-departmental conflict, poor product design, poor customer relations, etc. Programmes such as these can only tackle and resolve problems within their own orbit.

No Employee Involvement programmes is a sure fire success. Implementation and maintenance of a programme calls for time, effort and cooperation from a number of parties. Programmes can, and do fail, but it is likely that a well planned and implemented programme will succeed.