Motivating People

Quality Circles After the Fad

by Edward E. Lawler III and Susan A. Mohrman

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On the face of it, it makes sense. If you want to involve your employees more in decision making and shift the organization toward a more participative culture, starting suggestion groups called quality circles seems to be a risk-free way to begin. Having studied many quality circles in different organizations, the authors of this article conclude that quality circles have their distinct advantages but that they have inherent in their design numbers of factors that often lead them to self-destruct. Quality circles are also said to be a poor forerunner for more participative approaches to management. Changing a quality circle into an institutionalized participative structure involves making many changes in important features of the organization that do not naturally flow from the implementation of a circle program. The authors describe the stages that quality circles go through, discuss the various threats they must survive, and then outline the most effective uses that managers can make of them.

Suggestion programs have always been popular in U.S. workplaces. Until recently, in most programs employees would write down their ideas and pass them on to management via a suggestion box. The widespread adoption of quality circles (QCs) and other group suggestion programs has changed this in many companies. Although QC programs are relatively new in the United States, we have studied their effects in a range of situations. The results of these studies are consistent and suggest that some purposes management has been

putting the circles to are doomed from the start. But before we discuss the limitations of QCs and how management should use them, we want briefly to describe their characteristics and examine their popularity.

The Quality Circle Phenomenon

The QC programs that managers have implemented in the United States follow a similar pattern. (See the accompanying insert for a description of what we mean by "quality circle.") Not all programs are the same, however. Usually organizations fine-tune the quality circle approach to suit their needs. The number of circles, the amount of training, the size of groups, and whether the supervisor serves as the facilitator vary among companies. Nevertheless, what goes on across organizations is similar enough to allow us to speak with some confidence about how management usually operates quality circles.

What Is a Quality Circle?

A quality circle is a group of employees that meets regularly to solve problems affecting its work area. Generally, 6 to 12 ...

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It is interesting to contrast quality circles in the United States with those in Japan and with the suggestion groups that companies with Scanlon and other gain-sharing plans have used for several decades. Although American and Japanese QC programs are very similar, several important differences exist. Programs in Japan give greater emphasis to statistical quality control; employees often meet on their own time rather than on company time; and finally, in Japan all company employees usually receive a financial bonus for the performance of the organization.

The problem-solving groups that work in conjunction with the Scanlon Plan differ in some important ways from the typical quality circle. The groups often have the authority to make and implement

decisions that affect their work area only. Indeed, they generally have a small budget they can draw on. Most Scanlon Plan organizations have a hierarchy of committees, so that lower-level groups pass on to higher-level groups whatever problems can't be solved at that level. Although the more mature quality circle programs sometimes also have higher-level groups, higher-level QC groups generally legitimate and approve suggestions rather than solve problems. Overall, Scanlon Plan groups seem to have more power than quality circles and, like Japanese quality circles, are found in companies that give bonuses based on organization performance.

Quality circle programs in the United States create a parallel organizational structure; that is, they operate independently and in ways different from the existing organization. They emphasize different group processes, assign new roles to people, and take people out of their normal day-to-day work activities. To accomplish anything, the circles have to report their results back to the existing organization, which is the object of change as well as the controller of the resources necessary to effect it.

Popular & prospering

In the last five years QC activity has increased dramatically. A 1982 study by the New York Stock Exchange showed that 44% of all companies with more than 500 employees had quality circle programs. Nearly three out of four had started after 1980. Although no hard data are available, a good estimate is that over 90 of the *Fortune* "500" companies now have QC programs in their structures. Such well-regarded companies as IBM, TRW, Honeywell, Westinghouse, Digital Equipment, and Xerox use them a lot.

In any discussion of the prevalence and popularity of quality circles, the question inevitably arises, "Why are they so popular?" As with most management trends, there is no simple answer. Probably the single most important reason is the success of high-quality Japanese products at competitive prices in the United States. The invasion of the U.S. auto, steel, and electronics markets led many people to examine what the Japanese were doing that could explain their success. The press, along with many academics, attributed that

success to Japan's superior approach to management, which includes quality circles. Thus people came to see quality circles as a way for U.S. companies to regain competitiveness. Favorable press reports of some early uses of quality circles in the United States reinforced this perception.

Some features of quality circles have also contributed to their popularity. First, the programs are accessible: for a fixed price, executives can buy a standardized package complete with training and support materials and instructions on how to proceed. The turnkey approach appeals to many managers because it is similar to the way they buy other things, such as machines and training programs.

Second, because quality circles do not have to involve everyone, management can easily control the number of people involved as well as the size and cost (mainly for start-up and training) of the program. With little risk, it can test the waters with a small number of quality circles and expand that number if they work.

Third, because quality circles have no decision-making power, managers don't have to give up any control or prerogatives. Also, because they are parallel to the organization's structure, top management can easily eliminate them if they become troublesome.

Fourth, and finally, quality circles are, as everyone knows, a fad. Some companies have tried quality circles on a trial basis simply because they symbolize modern participative management. In a number of cases we studied, the CEO of the company had seen a TV program or read a magazine article praising circles and decided to give them a try. He or she then ordered the personnel department to start a few to see how they work. In these cases, circles were simply something the top told the middle to do to the bottom.

Developing a QC Program

Like virtually any planned organizational change effort, quality circles go through a series of stages in their growth. Each phase contains its own key activities as well as its own threats to the program (see Exhibit I). The time it takes to go through each phase varies, but

almost without exception every QC program we studied that survives the threats of the first stage moves into the second stage, and so forth. They rarely skip stages or become stuck at one or another.

Exhibit I Phases of a circle's life

Phase	Activity	Destructive forces
Start-up	Publicize Obtain funds and volunteers Train	Low volunteer rate Inadequate funding Inability to learn group-process and problem-solving skills
Initial problem solving	Identify and solve problems	Disagreement on problems Lack of knowledge of operations
Approval of initial suggestions	Present and have initial suggestions accepted	Resistance by staff groups and middle management Poor presentation and suggestions because of limited knowledge
Implementation	Relevant groups act on suggestions	Prohibitive costs Resistance by groups that must implement
Expansion of problem solving	Form new groups Old groups continue	Member-nonmember conflict Raised aspirations Lack of problems Expense of parallel organization Savings not realized Rewards wanted
Decline	Fewer groups meet	Cynicism about program Burnout

Exhibit I Phases of a circle's life

Start-up phase

During the start-up phase, few serious threats to the program arise. The worst are an insufficient number of volunteers, inadequate training, inability of volunteers to learn the procedures, and, finally, lack of funding for meetings, facilitator time, and training.

Because many consulting firms offer good training packages for QC program participants, because costs aren't high, and because most people like to participate in problem-solving groups, most organizations are able to deal effectively with the threats during the

start-up phase. As decades of research have pointed out, people want to contribute to the company they work for and want to participate in decision making.

Initial problem solving

Once people in circles are trained and officially sanctioned, they turn to problem solving. It is at this point that they identify the problems they are going to work on and begin to come up with solutions. As in the initial phase, few serious threats to the continued existence of the program occur at this stage. Some groups get in trouble because they are unable to agree on which problem to tackle. This is particularly likely when representatives from different areas make up the group and no tractable issue affects everyone. Nevertheless, most groups do identify common concerns and begin to problem solve.

Once it starts, a group may find it has inadequate knowledge to deal with the issue. Management can overcome this barrier by providing additional training or by adding expertise to the group, sometimes in the form of people who have technical resources at their disposal. Therefore, in most quality circles the groups do solve problems and experience success.

Presentation & approval of solutions

Because quality circles form a parallel structure, the group must report its solutions back to decision makers in the line organization. This report-back activity is very important. The reports must be relevant and thorough, and the line organization must respond quickly, knowledgeably, and in most cases, positively. It is during this phase that the typical QC program first encounters serious threats to its continuation.

Usually the people who have to accept and act on the ideas the circle generates are middle-level managers, most of whom have no role in the quality circle and little experience either soliciting or responding to ideas from subordinates. They may be uncomfortable listening to ideas that they feel they should have thought of themselves or that will change their own work activities. Also, they may be too busy. In

any event, not surprisingly, these middle managers often resist the new ideas; they either formally reject them or take a long time to respond.

Because of the time and resources invested in the program and because middle managers know that the program will lose its momentum if they don't accept the ideas, managers feel a great deal of pressure to accept the initial suggestions. In fact, we have even seen situations in which top management has ordered middle management to accept all initial suggestions. Such situations heighten bad feelings about the process. Middle managers then receive subsequent ideas far less positively. Often, a clear rejection is better than what happens to suggestions in some cases. After the quality circles make their suggestions, the people to whom they are presented sometimes do literally nothing.

If in a high percentage of cases managers react negatively, or not at all, to circle suggestions, the program usually ends. The people in the group become discouraged and stop meeting. The quality circle participants get discouraged and feel that the program is a sham, a waste of time, and a management trick. If, however, middle managers accept the ideas, the program moves on to the next phase.

Implementation of solutions

In most organizations, approval does not mean implementation. Indeed, time after time we found situations where managers accepted many of the initial ideas with great fanfare but didn't implement them. The result was a serious loss of credibility of both the program and management.

Implementing ideas often involves the cooperation of many people and, of course, requires money and manpower. As we noted earlier, in many cases the people who are in charge of putting the circle's ideas into action are not involved in the group's initial activities and therefore have little investment in them. In addition, only those individuals who develop the ideas, not those who implement them, receive recognition and rewards. Time is also a factor. Staff engineering groups, maintenance people, and middle managers are often faced with a choice between continuing their normal activities

and picking up on ideas that the QC groups have suggested. Unless they are willing to put their regular duties aside, these organization members will never implement the ideas.

Just as with approval, if the ideas are never converted into action, QC programs usually lose their momentum and die. Official approval of their ideas may please participants but isn't enough to motivate them to come up with new ideas. People need to see their ideas in action and to receive feedback on how they are working out. Because it is so hard to effect change in organizations, a significant percentage of QC programs end at this point. In some cases, however, some of the ideas from the program are implemented and produce large savings. In these situations, the program moves on to the next phase.

Expansion & continued problem solving

During this phase the program is often expanded to include new groups, and old groups are either phased out or told to work on additional problems. In general, if the program gets this far, management has committed a considerable amount of resources to it, and it has become a part of the organization. Threats to continuation do, however, appear during this phase. Simply reaching this phase provides no guarantee that the program will continue.

Problems that confront a program at this point are many and varied. Some of them are a product of the initial success of the program, while others are related to the fact that the circles are a program that requires a parallel organizational structure.

The initial success of the program spurs formerly disinterested people to want to get into a circle. Nonparticipants become jealous of circle members and wonder why they cannot have the luxury of meeting and solving problems during work hours. They also resent the recognition and status successful circle members receive. To a degree, managers can meet this issue by expanding the number of groups to include more people, but almost always an insider-outsider culture arises.

Success of the first groups may also raise group members' aspirations. These increased hopes can take several forms. They may, for example, lead people to desire greater upward career mobility as well as additional training. Also, circle members often become uncomfortable with the split between the way they are treated in quality circle meetings and how they are treated in the day-to-day operations of the organization. As their desire for influence rises they may ask for more participation in managing the daily work of the organization.

Having initially picked off the easiest problems to solve, some groups run out of problems. They then find themselves in a situation where, with the limited charter and training they have, they can do little more. At this point, the circle may simply go out of existence or take on other areas—even those beyond its mandate.

The initial success may also lead participants to ask for financial rewards. They are particularly likely to do this when management talks about the great savings the circles have produced for the organization. In the American culture, people who have contributed to gains perceive that they have the right to share in them. Management can deal with this issue through various financial sharing plans, but to do so requires changing the basic structure of the quality circle program.

Expanding the program may boost its price tag. The need for training time rises, as does the need for time to coordinate, facilitate, and meet. All this costs a great deal, and ultimately many managers question whether the savings justify the expense. Unfortunately, when executives try to document the savings from the early QC ideas, they often turn out to be smaller than originally estimated. It often turns out that management based the initial expansion of the program on optimistic estimates of just how much it was going to save and, indeed, may have rewarded people for projected, rather than actual, savings. Disappointment over the actual savings from early ideas and the significant expense of running the QC program often combine to provide the single most serious threat to its continued existence.

Given the many forces and pressures that develop during this phase, it is not surprising that the typical program either begins to decline or becomes a different kind of program at this point.

Decline

In our experience, few QC programs turn into other kinds of programs; more commonly, decline sets in. During this period, groups meet less often, they become less productive, and the resources committed to the program dwindle. The main reason the groups continue at all is because of the social satisfaction and pleasure the members experience rather than the groups' problem-solving effectiveness. As managers begin to recognize this, they cut back further on resources. As a result, the program shrinks. The people who all along have resisted the program recognize that it is less powerful than it once was, and they openly reject and resist the ideas it generates. The combination of overt resistance from middle managers and staff, budget cuts, and participants' waning enthusiasm usually precipitates the decline of the QC program.

In summary, then, circles encounter many threats to their continued existence. Because of these threats, it is not likely that managers will institutionalize and sustain programs over a long time. Ironically, circles contain in their initial design many of the elements that lead to their elimination and destruction. This raises the issue of how, if at all, executives can effectively use quality circles.

How Best to Use Quality Circles

Although we have tried to show that circles are an unstable organizational structure that is likely to self-destruct, this does not mean that management should avoid them. Companies can use circles in three sensible ways. Each pattern produces different results and may meet different organizations' needs.

Group suggestion program. Quality circle programs can effectively collect the ideas of the individuals closest to the work. If management has no interest in shifting its style toward participation or in creating an elaborate parallel structure, it can create quality circles, capture the ideas they produce, and then stop them. This approach recognizes

the strengths and limitations of the circle process and capitalizes on them. It relies on the initial enthusiasm and knowledge of workers who get an opportunity to meet and make suggestions. It recognizes that circle programs are difficult to maintain and therefore plans for their being phased out.

If management takes this approach, it should rotate circle membership, thereby continually introducing new blood into groups that may be running out of ideas. In addition, executives should rotate the circle program, along with its training and facilitation resources, among various work areas so that the circles work on the most obvious problems and then move elsewhere. These programs need to be carefully introduced. Management should give the groups a very narrow mandate with no indication that the program represents the arrival of a new management style.

The chief benefit of this approach is the good ideas that result in savings. The approach also improves communication, particularly upward, and raises the consciousness of employees concerning issues of quality and productivity. In addition, managers who have used it mention that as a result of exposure to the circles, supervisors develop more skills and have an opportunity to identify workers with a lot of potential.

The danger of this approach is that workers may feel that they have been manipulated: they see their ideas saving the company money, but they find no change in their daily work lives or in their opportunity to get involved on an ongoing basis. Also when employees become aware of the difficulty of getting ideas approved and implemented as well as of the cumbersome organizational decision-making and resource-allocation processes, they may become cynical about their organization and its management.

Special projects. Executives can also use quality circles effectively to deal with temporary or critical organizational issues. For instance, in introducing new technologies, retooling for new product lines, or helping to solve major quality problems, management can use circles

to work out the bugs as well as to help workers accept the change. This approach implies a limited degree of movement toward participative management.

When managers use this form, they should let the problem at hand define the circle's lifetime. For example, the circle should disband when the new technology has been debugged or when quality has been brought within acceptable bounds. Because the group's activities can make an appreciable difference in a chosen problem area and because management is concerned enough to be responsive to good ideas, workers are enthusiastic about this approach.

We found a few companies that have used QC programs for more than ten years and have gone through successive cycles of start-up and decline. A start-up typically occurred when the company was introducing a new product or a new technology and wanted employee input. At those points, managers seemed to almost spontaneously rediscover quality circles and start the activity again. Experience made the start-up and development of the circles much quicker and easier.

This approach to circles represents a significant but limited development in the direction of employee participation. Employees benefit from influencing change, which affects their work lives, and from contributing to quality improvements, which fosters pride of workmanship. On the other hand, their daily work lives and job content do not shift much toward increased responsibility. Also, circle activity is limited to management-defined problems. We have encountered numerous situations where participants in such special purpose circles think that the company benefits but they don't.

Nevertheless, the use of quality circles to address particular problem areas can be an effective management tool. Because it produces good solutions to critical organizational problems, a circle has the potential of making an important contribution to organizational performance. It has, however, the obvious disadvantage of heavy start-up cost as well as the potential of raising expectations unrealistically high.

Transitional vehicle. Finally, managers can use quality circles as an interim or transitional device in moving toward a more participative management system and culture. What often happens is that a company embarks on a QC program, discovers its limitations, and then sets out on a course of action to further develop the participative culture of the organization.

As Exhibit II indicates, quality circles can evolve into other forms of employee participation and expand organizational commitment. Employees often want to work on issues that extend beyond their work group. In our experience, many of the issues that groups identify in their brainstorming sessions involve questions of intergroup relations and of organizationwide policies and practices. Group members become frustrated when they are unable to initiate needed changes in these areas, particularly when they see a close relationship between the problems they identify and organizational performance. The QC activity may lead group members to want to transcend their status as a parallel suggestion system to become an integral part of the decision-making system.

Exhibit II **Moving circles to other forms of participation**

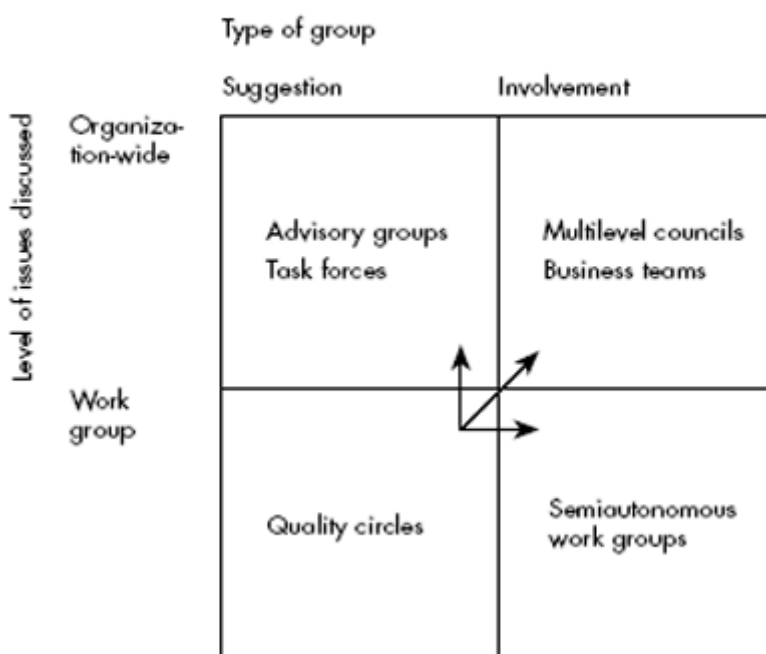| | Type of group | |
	Suggestion	Involvement
Organiza-tion-wide	Advisory groups Task forces	Multilevel councils Business teams
Work group	Quality circles	Semiautonomous work groups

Level of issues discussed

Exhibit II Moving circles to other forms of participation

Management can move from quality circles to other forms of group activity in one or both of two directions. It can expand participative activities by establishing task forces composed of people from different work groups and at different organizational levels. The groups can be mandated to work on organization-wide problems. It can also transfer decision-making authority to the quality circles and task forces by providing them with the information, expertise, and resources needed to make and implement decisions.

Organizations with a commitment to participative management will, most likely, move in both these directions. In our experience, interdepartmental and organization-wide suggestion groups, if they remain dependent on others to approve and implement their ideas, tend to be no more stable than more homogeneous suggestion groups. Thus, by themselves they do not represent a workable long-term approach to participation.

The transition of quality circles into self-managing teams is also a possibility. Teams are intact work groups in which the workers assume responsibility for performing many of the functions that supervisory or support groups previously carried out. They may, for instance, perform their own scheduling, assigning of workers to tasks, monitoring of work quality, and goal setting. Teams foster participation by giving employees responsibility for day-to-day decision making concerning their work. Quality circles can prepare employees for this type of structure by fostering development of skills and knowledge.

In our studies, we encountered only one instance where a company attempted to transform a QC program into a self-managing work group design. In this case, all intact work groups were formed into circles, which meant that they were, in a sense, not special groups. Furthermore, managers in this company had designed the circles program to give the groups a broad mandate and had committed a great deal of organizational resources to circle activities.

In this plant, the circles went through the initial stages. Because the production system was being retooled for a completely new product line, the circles could make a visible difference in plenty of areas

through their suggestions. Eventually the circles reached their limit. Rather than allow them to peter out, however, management encouraged them to continue meeting weekly. It developed a sophisticated measurement and feedback system so team members could mark their performance along a number of dimensions. The meetings began to assume the appearance of staff meetings and were used for information exchange, goal setting, and performance feedback as well as for social interaction. The plant is now trying to give the teams other tools, including additional technical, business, and interpersonal training, to make them more self-managing.

Because it requires making many changes in important features of the organization, the transition from quality circles to an institutionalized participative structure is difficult. Exhibit III illustrates the chain of events that needs to take place in such a transition. This progression implies alterations in job design, personnel policies, and the reward structure. It also implies extensive additional training. In addition, management must be willing not only to listen to worker suggestions but also to trust work groups with important responsibilities.

Exhibit III   The transition from quality circles to semiautonomous work groups
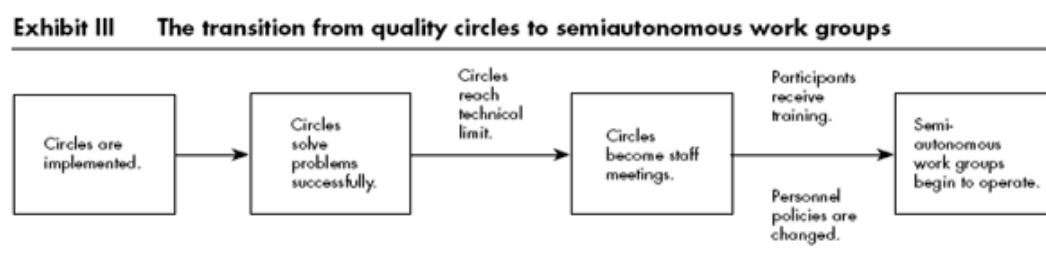

Exhibit III The transition from quality circles to semiautonomous work groups

This transformation does not naturally flow from the implementation of quality circles. Rather, it is a conscious departure from the assumptions and philosophy of parallel suggestion groups. Its movement is toward stable participation groups that have a clearly defined arena of responsibility and can command the resources necessary to implement their solutions.

Managers who seriously want to adopt a participative philosophy and style of management may want to avoid using quality circles as a first step because the transition is so difficult to make. Even if the shift

succeeds, this route to participative management is long and rather inefficient in comparison with the alternative of beginning with work teams. Those organizations that already use circles as suggestion devices, however, may want to try to make the transition rather than let them die.

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