CHAPTER Two

REVIEW OF LITERATURE
In this Chapter, an attempt is being made to review some relevant studies on ISO 9000 Quality Management Systems and Employee Involvement.

Quality has been a key aspect of increasing organizational competitiveness for many years. In the 1980s and 1990s many organizations throughout the world were under tremendous pressure from competition in quality and cost. Some were battered by international competition, others were confronted by new entrepreneurial companies that redefined businesses, and others were seriously challenged by the new technologies that created formidable alternatives to their products and services.

During these years there has been an increasing global emphasis on quality management. In global competitive markets quality had become the most important single factor for success. Quality Management had become the competitive issue for many organizations. Juran (1998), has even stated that “Just as the 20th Century was the century for productivity, the 21st Century will be the Quality Century”

Curt Reimann (1992), then the Director for Quality Programs at the National Institute of Standards And Technology of the U.S. Department of Commerce, stated, “there is now far clearer perception that quality is central to company competitiveness and to national competitiveness”.

In an attempt of refining the quality management system thinking, various researcher contributed right from the basic concepts such as having an apt definition of quality. There are various definitions suggested by these researchers. Juran (1988) defined Quality as ‘Fitness for Use’. It placed emphasis on the consumer aspect of quality, including design quality. Shewhart (1931) had argued that quality is often best described as “qualities”, that it is quantifiable, from this perspective, but that there is both an objective and a subjective side to quality. Deming (1986) stressed that “quality should be aimed at the needs of the consumer, present and the future.” That “Quality begins with the intent, which is fixed by management, “The intent must be translated by engineers and others into plans, specifications, tests, production.”

The continuous improvement and thinking on the aspects of quality lead to the concept of Quality management System such as ISO 9000. H.M.Wadsworth, Stephens K.S. and Godfrey A.B. (2001), discussed the ISO 9000 series of standards and pointed out that these standards have been promoted widely, and their adoption has contributed to attracting attention to the quality discipline. They further observed that the requirements of these system are sound and they contain the fundamentals of quality system that will
benefit both the customers and the suppliers.  

D.Deadrick and D.G.Gardiner remarked that Quality Management System certification enables organizations to demonstrate your commitment to quality and customer satisfaction, as well as continuously improving organizational quality systems and integrating the realities of a changing world.

The ISO 9000 Quality Management System is an integral part of Total Quality Management (TQM). At the heart of TQM is the concept of intrinsic motivation. People at all levels are the essence of an organization and their full involvement enables their abilities to be used for the organization’s benefit. This led to various studies in the area of role of employee involvement in managing total quality.

Quality management is cross-functional in nature and involves the entire organization. Operations in an organization have a special responsibility to produce a quality product for the customer. This requires the cooperation of the entire organization and careful attention to the management and control of quality.

Thomas H.Berry (1991) observed that the total quality movement has caused business to look more closely at the human side of work. The focus on customer satisfaction and flexibility to meet ever-changing customer demands has brought new approaches to work design and employee developments.

A.Osland (1997) found that meeting the company’s quality and performance goals requires a fully committed well-trained workforce which is also fully involved. First-line workers need the skill to listen to customers, production workers need specific skills in developing technologies and all employees need to understand how to use data and information to achieve continuous improvement.

Involvement in decision making is commonly viewed as essential for assuring sustained results. Indeed it is becoming a maxim of good management that human factors are the most important dimension in quality and productivity improvement.

M.Maccoby (1982) points out that, the Total Quality Management Movement provides an ideal umbrella under which EI efforts can thrive. Its customer focus, its extensive use of problem solving teams, and its emphasis on developing new skills have offered an ideal context for Employee Involvement to flourish.

Modern programs of quality management system recognize the importance and contribution of the employee and provide programs of employee involvement and recognition. They make use of different concepts, principles. Employee Involvement is an attempt to utilize employee energy for achieving the organizational quality goals.

According to B.Sanders (1997), “The human Resource is the only one that competitors cannot copy, and is the only one that can synergize; that is, produce output whose value is greater than the sum of its parts”.

W.A.Pasmore and M.R.Fagans (1992) established that people who participate in making a decision tend to more committed to the outcomes of the decision than are those who are not involved.
While highlighting the importance of Employee Involvement, J.Huey (1993) emphasizes on the fact that employees who are involved in the change process are better able to understand the need for change, and are therefore less likely to resist it.\(^{15}\)

G.P.Latham, et al. (1998) observe that one obvious way of enhancing organizational goal acceptance is to involve employees in the goal setting process. He further found that worker’s participation in goal setting has demonstrated also that people better accept goal that they have been involved in setting than goals that have been assigned by their supervisors and they work harder as a result.\(^{16}\)

E.E.Lawler (1986) points out that if people at all levels of an organization manage their own work then they will find their jobs more rewarding. He continues to argue that this can result in ‘higher quality products’ and reduced labor costs since fewer employees are required.\(^{17}\)

Robert Howard (1994) is of the opinion that, employee involvement is the key to the whole thing. If people come to work and understand why they are doing what they are doing, it can’t help but make a difference. Management has to go in to the employee base and convince people that they are valuable, that their ideas are valuable, and that the management will listen to their ideas.\(^{18}\)

A.Wilkinson, et al. (1992) advocate that TQM is unequivocally good and leads to the involvement of employees and deservedly attracts bouquets. But he argued that both of these perspectives are blinkered and that the reality is more dependent on local circumstances and motives. They also discussed the growing importance of quality management, outlined the basic principles of TQM, and examined its implications for employee involvement. They suggested that there are contradictions between the ‘hard’ and ‘soft’ sides of TQM. This can be exemplified in the relationship between TQM and employee involvement. They argued that the links between TQM and employee involvement are more complex.\(^{19}\)

Michael Porter (1985) found that, “So far as corporate transformation is concerned, involvement and participation to be essential when fundamental and discontinuous change occurs”.\(^{20}\)

S.P.Rubinstein (1993) observes that involving employees, and bringing them into decision making process provides the opportunity for continuous quality improvement. The untapped ideas, innovations, and creative thoughts of employees can make the difference between success and failure.\(^{21}\)

R.Luthans (1995) observes that “like most things in a quality effort, employee involvement is a matter of degree, not of time. Involvement moves from sharing of information at a basic level up the scale towards. The next stage is where organization starts to solicit input from people. At the next stage, management isn’t involved because people are doing things themselves because they know what needs to be done to meet the company’s goals”.\(^{22}\)

S.Cai, B.Dally and M.Jun (1999) argued that the benefits resulting from EI fall into two major categories: cognitive benefits, which are positive outcomes pertaining
directly to productivity; and affective benefits, which include increased morale, increased job satisfaction, and reduced grievances, disciplinary actions, turnover, and absenteeism.\textsuperscript{23}

**J. Coyle-Shapiro (1995)** argued that the ultimate benefit of EI comes from the use of employees' hidden knowledge and know-how.\textsuperscript{24}

**Jerald Greenberg and Robert A. Baron (1997)** opined that, the philosophy behind EI is that, given time and the proper work structure, most People, no matter their level in an organization, want to work smarter and more responsibly. All they need is a work environment that recognizes employees as intelligent and trustworthy, provides the necessary tools, encourages involvement.\textsuperscript{25}

**J.L. Cotton (1993)** observed that what is clear from various areas of research is that most types of employee involvement are, whether aimed at problem solving or empowering employees, more likely to fail unless there is a strong commitment by employers towards employee participation.\textsuperscript{26}

Thus if quality is the objective, employee involvement will greatly facilitate the result because of two reasons: motivation and productivity. The theory of motivation, but not necessarily its practice, is fairly mature, and there is substantial proof that it can work.\textsuperscript{27}

The studies on Employee Involvement resulted into various categories of EI which includes, Downward Communication, Upward Problem solving Communication in the form of Suggestion Schemes and Quality Circles, Representative Participation, and lastly Financial Participation of Employee. Significant literature has thrown light on these schemes.

Systems of communication have been situated in depth in the industrially advanced countries. In India, the interest in the nature of problems of communication is of very recent origin and the professionals in the fields of industry, public relations and mass media have made 'communication' as one of their primary concerns.\textsuperscript{28}

**Charles A. Myers (1955)** observes that written media communication should play secondary role – the role of supplementing the verbal media of communication. He also observes that, in the long run, output and morale are higher in industrial settings where communication follows 'democratic' rather than 'autocratic' pattern, because in the latter, the management is deprived of the feedback on the employees' feelings.\textsuperscript{29}

**S. Nageswaram (1955)** also remarks that workers wish to be recognized as individuals; and for the management to share ideas and opinions with the workers is an excellent way of granting such recognition. Communication is a two-way proposition and upward channel is as important as the downward channel.\textsuperscript{30}

**H.J. Bakhrhu (1963)** observes that the success of any joint Endeavour is directly related to the effectiveness of communication. In his article, he discusses the various systems of communication, the factors that obstruct effective communication and how these could be eliminated.\textsuperscript{31}
J. Desai (1964), in an empirical study, found that in industrial organizations, mutual cooperation and respect among the managers and the workers are conducive to better results. The communication system that facilitates free information flow for quick decision-making only can make this possible.\(^{32}\)

Y.V.S. Nath (1965) explains that communication is one of the most vital processes in the organization and a good part of the managers’ time is spent on maintaining the communication system. However, it has often been noticed that the efforts of management to plan and establish reliable and formalized system of communication are defeated because of the widespread tendencies in people at different levels in the organization either to set up informal channels of communication or to introduce a variety of distortions in the contents and perspectives of their communications. In fact, it is a major concern for most managements to find out how, by what means and under which conditions can communication processes be maintained as an efficient and reliable system. In trying to seek solution to this problem, he has described the nature of organizational communication, the ideal pattern of communications; and finally suggesting an approach that should be adopted by the management.\(^{33}\)

P.V.L.N. Rao (1965) is of the opinion that in the modern businesses, good communication system and the manager’s ability to communicate properly are more important than any other single factor. He also describes a host of communication barriers and examines the various processes that are pressed into service, for example, attitude surveys, joint consultations, suggestion schemes, interview techniques, training schemes, conferences, press-releases, pamphlets and posters. He maintains that for maintaining good organizational communication both within and outside; the role of a public relations officer is most crucial.\(^{34}\)

A. V. Athavale’s (1967) study assumes that efficient communication is necessary for effective administration and cordial industrial relations. Accordingly, he has evaluated the managerial communication processes in 10 industrial units and found that employee consultations are the best upward and downward communication channels, whereby both managers and workers can learn so much from each other and thereby contribute to the organizational effectiveness.\(^{35}\)

Z. Khairoodiwala and S. K. Ahmed (1984) maintain that intra-organizational communication at different levels is a complex process; and effective decision-making at each level depends on effective communication. Hence, different types of communication processes need to be devised for different levels. Moreover, the communication barriers inherent in the organization structure usually distort the communication process.\(^{36}\)

Niraj Kumar’s (1976-77) study found that an effective communication system assists in building up and boosting employee morale, motivation, leadership and individual as well as organizational efficiency.\(^{37}\)

D. P. Laughrin (1984) observes that in the communication situations, there are some common needs faced by the managers, namely, (i) clear information and instructions to staff, (ii) explanation to how the work of a particular unit fits in with other work in an organization. (iii) providing inspiration by showing how work and its results can meet,
(iv) persuasion to encourage staff to cooperate with changes in procedure or technology, and (v) education about the existence of a problem and identification of ways to solve. He advises that good managers get out of their offices and talk to their staff where they are working every day.  

N.L.Reinseh (Jr.) and Phillip V.Lewis (1984) found the effects of communication apprehension or channel choices (face-to-face, telephone and written). The results indicated that various measures of communication apprehension, telephone apprehension and writing apprehension can account for a small yet significant percentage of the variance in channel performance, suggesting that personal fears (apprehensions) have the potential to reduce organizational efficiency and interfere with the achievement of personal goals.  

R.K.Mehra (1985), after studying the organizational communication process, emphasized that the computer revolution would lead to improved communication, but this cannot be automatically true. The computers can undoubtedly handle a massive volume of information accurately at a tremendous speed. But still, the human beings operating the computers will have to formulate and execute the communication plans, because computers can only serve as a tool in the communication process.  

S.K.Srivastava (1986), after studying the barriers in the organizational communication process, classified them as: (a) technical barriers like by passing or omitting someone from the communication chain, incomplete communication, poor personal relationship, and (b) human barriers like non-realization of the significance of the message received, semantics, failure to listen, self-interestedness and preoccupation with one’s position/situation. He observes that good communication does not occur by accident, but needs some advance planning; that the time spent on planning is usually compensated by long-term results. Hence, most of the communication failures could be traced to one or more failures in the planning stage.  

G.Srinivasan (1986) emphasizes the importance of participation in communication and its impact on quality. One of the major objective of his study was to bring out the constructive role of participation in improving the intra-organizational communication network. In the modern-day complex organizations, communication has man-man, man-machine and man-management interface. Under such circumstances, the primary goal of the organizational communication system would be to create an information handling network that would contribute significantly to the achievement of the organizational goals. He advises that the intra-organizational communication system should be less time-consuming and costly but more purposeful.  

A.S.Targowski and J.P.Bowman (1988) observe that the modern culture with its rapidly increasing reliance on information exchange requires that we develop a better understanding of the communication process. Although communication is such a complex process, earlier communication models have generally oversimplified it and failed to provide its usable and systematic overview.  

Upward Problem solving schemes such as suggestion schemes has received attraction of many thinkers. Dunn and Lloyd (1997) observed that the concept of a suggestion scheme is simple. They noted that ‘it is a formal mechanism, which encourages
employees to contribute constructive ideas for improving their organisation’. In its simplest form, a suggestion scheme will elicit suggestions from employees, classify them, and dispatch them to ‘experts’ for evaluation.  

P.S. Smith (1989) found that suggestion schemes typically aim to collect ideas from operational-level employees in order to improve standardised procedures and raise quality.  

Frese (1999) and others observed that Suggestion schemes are based on exploiting the insights of employees as a source of innovation and quality improvement, and they predate concern with knowledge management.

A study of innovation in UK organizations by D. Leach, et al. (2001) found that the degree of success of major innovations was greater in organizations that captured more ideas from non-management employees and gave greater feedback to employees about their ideas.

T.J. Car tin (1993) noted that suggestion schemes/systems/programs are far stronger than ever before and can be found in various guises in both Western and Eastern organizations, public and private company’s, and for some organizations, across continents.

W.J. Kolarik (1995) mentions that suggestions schemes originated out of the Japanese Total Quality Management ethos where everyone from the bottom up in a company is encouraged to get things right first time and do their best.

L.R. Barry and B. Rhonda (1997) observed that Employee suggestions are the most fundamental element in EI because most EI programs (such as labor-management committees, quality circles, self-managing teams) are designed to use employees’ untapped knowledge, ideas, and creativity in a more effective and efficient way. Indeed, a formal employee suggestion system is often an integral part of EI programs.

According to L. Holden (1991), suggestion schemes traditionally offers opportunities to coworkers to contribute their ideas to improve safety, quality of products or service, the workplace and the other aspects of business. EI approach have now taken over administration of suggestion system and brought out significant improvement in cycle time and quality of suggestion and time to implementation.

The literature on another EI concept named Quality Circles, reveals that in intense competitive pressures, many organizations have adopted team-based employee involvement (EI) programs (e.g., Quality Circles, Total Quality Management, Quality of Work Life Committees), with the belief that such programs will lead to increased productivity and cost reductions (A. Blinder, 1989; Lawler and Mohrman, 1985, 1987; Meyer and Scott, 1985).

J. Nykodym, et al. (1994) mentioned that employees involved in circles are often confined to a specific task or project, but Quality Circles and Suggestion Schemes provide the mechanism and motivation for involving everyone in an organization in continuous improvement.
In the words of L. Holden (1994), “it is a mental and emotional involvement of a person in a group situation which encourages him to contribute to goals and share responsibilities with them.”

Representative Participation Schemes also have been studied deeply by various renowned researchers. J.L. Cotton (1993) calls Representative Participation as “the most widely legislated form of Employee Involvement around the world.”

I. Nonaka and H. Takeuchi (1995) analyzed three aspects of Representative Participation. They noted that “The representative’ participation in management is inevitable from the economic, psychological and sociological points of view.”

Economically, it flows from the assumption that employees can contribute substantially to the progress and prosperity of the enterprise, and that they have, therefore, a legitimate right to share equitably in the gains of higher productivity. The higher productivity is achieved through the fullest cooperation between labor and management, for “poor labour-management relations do not encourages the workers to give more than the minimum necessary to retain the job; and that, in many cases, is all that he gives.”

Psychologically, it implies recognition of employees’ non-economic needs; the satisfaction of these needs through effective participation can help to raise the level of motivation. “Participation gives the worker a sense of importance, pride and accomplishment; it gives him freedom and opportunity for expression; a feeling of belonging to the place of work, and a sense of workmanship and creativity. It provides for the integration of his interests with those of the management by making the worker a joint partner in the enterprise.”

Sociologically, the need for participation arises because modern industry is a social institution with the interest of the owner, the employer, the community and the workers equally vested in it. It aims at reducing the number of industrial disputes and creates positive conditions and an atmosphere in which industrial harmony and peace can develop. “Participation forges ties of understanding between individuals, leading to better efforts all round; and its absence leads to stagnation of minds and allows the abilities of producers to remain dormant, introduces a sullenness in behavior which ultimately may flare up into breaches of discipline and a consequent loss in production.”

When other concepts of EI were being implemented and further studied and refined, the concept of Financial Participation also was being used to motivate the employee for achieving the organizational goals related quality. Several major empirical studies have found a positive association between financial participation and business performance.

Jerald Greenberg and Robert Baron (1997) mention that one rather obvious, and quite successful, mechanism for facilitating organizational change is rewarding people for behaving in desired fashion.

The purpose of monetary incentives is to reward associates for excellent job performance through money. Monetary incentives include profit sharing, project bonuses,
stock options and warrants, scheduled bonuses, and additional paid vacation time. Traditionally, these have helped maintain a positive motivational environment for associates.²⁸

Bob Nelson (1999) suggested that some employee financial participation schemes, as well as encouraging a participative style of management, are more likely to lead to better organizational health, seen in lower absenteeism and staff turnover rates, and in an improved employee relations climate.²⁹

References:


